

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, CIN : L32309KA1954GOI000787

सूचना / NOTICE

प्रति

सभी शेयरधारक

एतद्वारा सूचना दी जाती है कि भारत इलेक्ट्रॉनिक्स लिमिटेड के शेयरधारकों की 60वीं वार्षिक सामान्य बैठक गुरुवार, दिनांक 25 सितंबर 2014 को अपराह्न 2.00 बजे बीईएल राष्ट्रकवि कुवेम्पु 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 2014 को समाप्त वर्ष हेतु लाभ व हानि की विवरणी एवं यथा उस तिथि को तुलन पत्र और उसमें निदेशकों व लेखा परीक्षकों के प्रतिवेदनों को प्राप्त करने, उस पर विचार करने और उसे अपनाने हेतु ।
- 21 फरवरी 2014 को पहले ही अदा किए गए ₹ 6 प्रति साम्या शेयर का अंतरिम लाभांश संपुष्ट करने हेतु तथा साम्या शेयरों पर अंतिम लाभांश घोषित करने हेतु ।
- श्री एम एल षण्मुख, 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 एक निदेशक नियुक्त करने हेतु ।
- श्री पी सी जैन, 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 एक निदेशक नियुक्त करने हेतु ।

विशेष कारोबार

सामान्य संकल्प

(क) निदेशक की नियुक्ति

- 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 कंपनी अधिनियम, 2013 की धारा 161 के प्रावधानों के तारतम्य में, ले. जन. सी ए कृष्णन, उत्तम युद्ध सेवा मेडल, अति विशिष्ट सेवा मेडल, जिन्हें 30 मई 2014 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 2013 की धारा 160 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव रखते हुए लिखित में सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्त द्वारा निर्धारित होगा।"

TO

ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the 60th Annual General Meeting of the Shareholders of Bharat Electronics Limited will be held on Thursday, the 25 September 2014, at 2.00 PM. at BEL Rashtrakavi Kuvempu Kalakshetra (Opposite BEL PU College and 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 2014 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
- To confirm the Interim Dividend of ₹ 6 per equity share already paid on February 21, 2014 and declare Final Dividend on Equity Shares.
- To appoint a Director in place of Mr M L Shanmukh, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr P C Jain, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

ORDINARY RESOLUTIONS

(A) Appointment of Director

- To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:
"RESOLVED THAT Lt Gen C A Krishnan, UYSM, AVSM, who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 30 May 2014, pursuant to provisions of Section 161 of the Companies Act, 2013, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature 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."

(ख) पूर्णकालिक निदेशकों की नियुक्ति

6. 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 कंपनी अधिनियम, 2013 की धारा 161 के प्रावधानों के तारतम्य में, श्री पी आर आचार्या, जिन्हें 25 अक्टूबर 2013 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 2013 की धारा 160 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव रखते हुए लिखित में सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।"

"इसके अतिरिक्त संकल्प किया गया कि कंपनी अधिनियम, 2013 की धारा 196 और 197 के प्रावधानों के तारतम्य में, कंपनी के सदस्य श्री पी आर आचार्या को भारत सरकार, रक्षा मंत्रालय के पत्र दिनांक 24 मई 2013 तथा दिनांक 12 फरवरी 2014 में समाविष्ट निबंधनों के अनुसार दिनांक 02 सितंबर 2013 से प्रभावी करते हुए ₹ 75000-100000 के वेतनमान में निदेशक (वित्त) के रूप में नियुक्ति किए जाने के लिए एतद्वारा अपने अनुमोदन की सूचना देते हैं।"

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

"संकल्प किया गया कि कंपनी अधिनियम, 2013 की धारा 161 के प्रावधानों के तारतम्य में, श्री मनमोहन हाण्डा, जिन्हें 31 जुलाई 2014 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 2013 की धारा 160 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव रखते हुए लिखित में सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।"

"इसके अतिरिक्त संकल्प किया गया कि कंपनी अधिनियम, 2013 की धारा 196 और 197 के प्रावधानों के तारतम्य में, कंपनी के सदस्य श्री मनमोहन हाण्डा को भारत सरकार, रक्षा मंत्रालय के पत्र दिनांक 23 जून 2014 में समाविष्ट निबंधनों के अनुसार दिनांक 24 जून 2014 से प्रभावी करते हुए ₹ 75000-100000 के वेतनमान में पूर्णकालिक निदेशक (बेंगलूर काम्प्लेक्स) के रूप में नियुक्ति किए जाने के लिए एतद्वारा अपने अनुमोदन की सूचना देते हैं।"

(क) लागत लेखा परीक्षक के पारिश्रमिक का अनुसमर्थन

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

"संकल्प किया गया कि कंपनी अधिनियम, 2013 की धारा 148(3) जो कंपनी (लेखा परीक्षा एवं लेखा परीक्षक नियम), 2014 के साथ पढ़ा जाना है, के तारतम्य में कंपनी के निदेशक मंडल द्वारा दिनांक 30 मई 2014 को आयोजित इसकी बैठक में किए गए अनुमोदन के अनुसार, वित्तीय वर्ष

(B) Appointment of Whole Time Directors

6. To consider and if thought fit, to pass, with or without modifications, the following resolutions as Ordinary Resolutions:

"RESOLVED THAT Mr P R Acharya, who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 25 October 2013, pursuant to provisions of Section 161 of the Companies Act, 2013, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature 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."

"FURTHER RESOLVED THAT pursuant to provisions of S. 196 & 197 of the Companies Act, 2013, the Members of the Company hereby convey their approval for the appointment of Mr P R Acharya as Director (Finance) in the Scale of Pay of ₹ 75000-100000, w.e.f. 02 September, 2013, as per terms contained in the Government of India, Ministry of Defence letters dtd 24 May, 2013 & 12 February 2014."

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

"RESOLVED THAT Mr Manmohan Handa, who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 31 July 2014, pursuant to provisions of Section 161 of the Companies Act, 2013, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice in writing under Section 160 of the Companies Act, 2013 from a member proposing his candidature 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."

"FURTHER RESOLVED THAT pursuant to provisions of S. 196 & 197 of the Companies Act, 2013, the Members of the Company hereby convey their approval for the appointment of Mr Manmohan Handa as Director (Bangalore Complex) in the Scale of Pay of ₹ 75000-100000, w.e.f. 24 June, 2014, as per terms contained in the Government of India, Ministry of Defence letter dtd 23 June 2014"

(C) Ratification of remuneration of the Cost Auditor

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

"RESOLVED THAT pursuant to S.148(3) of the Companies Act, 2013 read with Rule 14 of Companies (Audit and Auditors Rules), 2014 following remuneration to the Cost Auditors for conducting cost audit of the Company for the financial

2014-15 के लिए कंपनी की लागत लेखा परीक्षा करने के लिए लागत लेखा परीक्षकों को निम्नलिखित पारिश्रमिक दिया जाए और एतद्वारा उसका अनुसमर्थन किया जाता है -

- (क) वर्ष 2014-15 के लिए कंपनी की लागत लेखा परीक्षा करने के लिए कंपनी के लागत लेखा परीक्षक मेसर्स पीएसवी एंड एसोसिएट्स, बेंगलूर को देय पारिश्रमिक - ₹ 5 लाख (कर अतिरिक्त), यात्रा और फुटकर खर्चों की प्रतिपूर्ति अतिरिक्त ।
- (ख) इसके अतिरिक्त, अध्यक्ष व प्रबंध निदेशक उपर्युक्त निर्धारित लेखा परीक्षा शुल्क को पुनरीक्षित (कम करने) करने के लिए प्राधिकृत हैं, यदि कंपनी (लागत लेखा परीक्षा रिपोर्ट) नियम, 2013 के अनुसार वर्ष 2014-15 की लेखा परीक्षा की परिधि तथा यदि कंपनी (लागत लेखा परीक्षा रिपोर्ट) नियम, 2011 के तहत लेखा परीक्षा की परिधि से कार्य भार उल्लेखनीय रूप से कम हो ।"

मंडल के आदेशानुसार,
कृते **भारत इलेक्ट्रॉनिक्स लिमिटेड**

बेंगलूर
11 अगस्त 2014

एस श्रीनिवास
कंपनी सचिव

नोट

1. यथा उपरोक्त विशिष्ट कारोबार के संबंध में कंपनी अधिनियम, 2013 (अधिनियम) की धारा 102 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 कम समय पूर्व 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 कार्पोरेट 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, कार्पोरेट कार्य मंत्रालय (एमसीए) ने अपने परिपत्र सं. 17/2011 तथा 18/2011 दिनांक क्रमशः 21 अप्रैल 2011 तथा 29 अप्रैल 2011 के माध्यम से, तुलन-पत्र, लाभ व हानि लेखा, लेखा परीक्षकों का प्रतिवेदन, निदेशकों का प्रतिवेदन, व्याख्यात्मक विवरण तथा अन्य दस्तावेजों के साथ वार्षिक सामान्य बैठक की सूचना इलेक्ट्रॉनिक मेल द्वारा प्रेषित करने की अनुमति कंपनियों को दी है । इससे पहले सभी शेयरधारकों को यह सूचित किया गया था कि एक जिम्मेदार कार्पोरेट 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 ।

year 2014-15, as approved by the Board of Directors of the Company in its meeting held on 30 May 2014, be and is hereby ratified :

- (a) Remuneration payable to M/s PSV & Associates, Bangalore, Cost Auditor of the Company to conduct cost audit of the Company for the year 2014-15 : ₹ 5 lakhs (plus taxes) in addition to reimbursement of travel and out-of-pocket expenses.
- (b) Further, the Chairman & Managing Director is authorized to revise (downward) the above fixed audit fee, if the scope of Audit for the year 2014-15, as per The Companies (Cost Audit Report) Rules, 2013 and the work load is significantly less from the scope of Audit under the Companies (Cost Audit Report) Rules, 2011."

By order of the Board,
For **Bharat Electronics Limited**

Bangalore
11 August 2014

S Sreenivas
Company Secretary

NOTE

1. Relevant Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 (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.

भारत सरकार की हरित पहल के समर्थन में तथा अधिनियम की धारा 101 तथा कंपनी (प्रबंधन एवं प्रशासन) नियम, 2014 के नियम 18 के परिप्रेक्ष्य में, वार्षिक सामान्य बैठक की यह सूचना तथा वार्षिक प्रतिवेदन सहित अन्य दस्तावेज ईमेल द्वारा इलेक्ट्रॉनिक माध्यम से ऐसे शेयरधारकों को भेजे जा रहे हैं, जिन्होंने अपने डीमेट खातों में ईमेल का पता दिया है।

बहरहाल, सदस्य कृपया नोट करें कि वे आवश्यकता प्राप्त करने पर, लाभ व हानि के विवरण और लेखा परीक्षकों के प्रतिवेदन सहित कंपनी के तुलन-पत्र और उसके साथ संलग्न किए जाने वाले सभी दस्तावेजों की हार्ड प्रति निःशुल्क प्राप्त करने के लिए हकदार होंगे।

दस्तावेज भौतिक रूप में प्राप्त करने के इच्छुक सदस्य कंपनी के पंजीयक, मे. इंटीग्रेटेड इंटरप्राइजेस (इंडिया) लि. को डीमेट खाते के ब्योरे विधिवत् देते हुए यथाशीघ्र सूचित करें। वैकल्पिक रूप से, अपने डीमेट खाते के ब्योरे को विधिवत् उद्धृत करते हुए अनुरोध को ईमेल आईडी irg@integratedindia.in पर ईमेल द्वारा भेजा जा सकता है।

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 यानी <http://www.bel-india.com> पर भी उपलब्ध कराएगी। साथ ही, वार्षिक प्रतिवेदन की भौतिक प्रतियाँ कार्य घण्टों के दौरान निरीक्षण के लिए कंपनी के पंजीकृत कार्यालय में उपलब्ध होंगी।

5. अधिनियम की धारा 170 के तहत रखे गए अनुसार, निदेशकों तथा मुख्य प्रबंधकीय कार्मिकों तथा उनकी शेयरधारिता की पंजी वार्षिक सामान्य बैठक में सदस्यों के निरीक्षणार्थ उपलब्ध होंगी।
6. इस सूचना में संदर्भित सभी दस्तावेज तथा व्याख्यात्मक विवरणी इस सूचना की तारीख से वार्षिक सामान्य बैठक की तारीख तक, कंपनी के पंजीकृत कार्यालय में प्रातः 10.00 बजे से लेकर अपराह्न 4.00 बजे तक सदस्यों के निरीक्षणार्थ उपलब्ध होंगी।
7. 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 बही को दिनांक 16/09/2014 से 25/09/2014 तक (दोनों दिनों सहित) बंद रखा जाएगा।
8. वर्ष 2013-14 हेतु अंतिम लाभांश, यदि बैठक में घोषित हो, घोषणा की तिथि से 30 दिनों के भीतर उन सदस्यों को प्रदेय होगा जिनके नाम यथा 15 सितंबर 2014 को कंपनी के सदस्यों की पंजी में प्रकट होते हैं।

कंपनी जहाँ कहीं संभव हो, लाभांश भुगतान ईसीएस (इलेक्ट्रॉनिक क्लियरिंग सिस्टम) द्वारा तथा अन्य मामलों में लाभांश वारंट / बैंक मांग पत्र द्वारा करेगी। इलेक्ट्रॉनिक रूप में धारित शेयरों के मामले में, लाभांश का भुगतान यथा 15 सितंबर 2014 को कारोबारी घण्टों की समाप्ति पर इस प्रयोजन हेतु निक्षेपकर्ताओं (एन एस डी एल तथा सी डी एस एल) द्वारा दिए गए हिताधिकारी स्वामित्व ब्योरों के आधार पर किया जाएगा। इलेक्ट्रॉनिक रूप में शेयर धारित करने वाले सदस्य नोट करें कि उनके संबंधित निक्षेपागार खातों के समक्ष दर्ज बैंक विवरणों का प्रयोग कंपनी द्वारा लाभांश के भुगतान हेतु किया जाएगा।

In support of the "Green Initiative" of the Government of India and in terms of Section 101 of the Act and Rule 18 of the Companies (Management & Administration) Rules 2014, 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, Members may please note that they will be entitled to 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, free of cost.

Members interested to receive the documents in physical form may please give the intimation to the Company's Registrars, M/s. Integrated Enterprises (India) Ltd. at the earliest, duly quoting the Demat A/c details. Alternatively, the request, duly quoting the Demat A/c details, may be sent by email at email ID : irg@integratedindia.in

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

5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Sec. 170 of the Act, will be available for inspection by the Members at the AGM.
6. All the documents referred to in this Notice and the Explanatory Statement will be available for inspection by the Members at the Registered Office of the Company between 10.00 am and 4.00 pm on all working days from the date of this Notice upto the date of the AGM.
7. The Company's Register of Members and Share Transfer Books will be closed from 16/09/2014 to 25/09/2014 (both days inclusive) for determining the names of members eligible for dividend on Equity shares, if declared at the Meeting.
8. The Final Dividend for the year 2013-14, if declared at the Meeting, will be payable within 30 days from the date of declaration, to those members whose names appear on the Company's Register of Members as on 15 September 2014.

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 15 September 2014, for this purpose. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be

कंपनी या इसके पंजीयक बैंक संबंधी विवरणों या बैंक आज्ञा में किसी परिवर्तन के लिए इलेक्ट्रॉनिक रूप में शेर 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 11 सितंबर 2014 से पहले अपने निक्षेपागार सहभागी से अपने बैंक खाते के ब्यौरे (नौ अंकों के बैंक कूट सहित) में परिवर्तन / सुधार कर लें।

9. अधिनियम की धारा 124 के तहत कंपनियों को अदत्त लाभांश खाते में कंपनियों द्वारा अंतरित ऐसी राशि जो सात वर्षों की अवधि हेतु दावा न की गई / अदत्त रहती है, को अधिनियम की धारा 125 के तहत सरकार द्वारा स्थापित निवेशक शिक्षा व संरक्षा कोष (कोष) में अंतरित करना आवश्यक है। इस अधिनियम की धारा 125 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 2013-14 के दौरान, कंपनी ने अदत्त लाभांश खाते से ₹ 146,240 की राशि को कोष में अंतरित किया है (2005-06 के अंतिम लाभांश का ₹ 110,504 और वर्ष 2006-07 के अंतरिम लाभांश का ₹ 35,736)। वर्ष 2006-07 के लिए दावा न किए गए / अदत्त लाभांश और वर्ष 2007-08 के लिए अंतरिम लाभांश वर्ष 2014-15 में निधि में अंतरित करने हेतु नियत है। इसे कार्यान्वित करने और राशि प्राप्त करने के लिए संबंधित शेरधारकों को सूचनाएँ भेज दी गई हैं। कंपनी ने अपनी वेबसाइट www.bel-india.com में "निवेशकों के लिए सूचना" नामक एक पृथक पृष्ठ में 2006-07 से लेकर अब तक के लाभांश भुगतान के ब्यौरे तथा अदत्त लाभांश का दावा करने की मार्गदर्शी सूचना लगाई है। शेरधारकों से निवेदन है कि वे अदत्त / दावा न किए गए लाभांश का दावा करने के लिए इसमें दिए गए फार्म का प्रयोग करें।
10. कंपनी के लेखों के संबंध में कोई भी सूचना प्राप्त करने के इच्छुक सदस्यों से अनुरोध है कि वे अपने प्रश्न, लिखित में, कंपनी के पंजीकृत कार्यालय में ऐसे भेजें कि वे बैठक से कम से कम 7 दिनों पहले पहुँच जाएँ ताकि अपेक्षित सूचना बैठक में उपलब्ध हो सके।
11. सदस्यों से अनुरोध है कि वे वार्षिक प्रतिवेदन और सूचना की अपनी प्रतियाँ बैठक में साथ लेकर लाएँ।
12. बैठक में सम्मिलित हो रहे सदस्यों / परोक्षियों से अनुरोध है कि वे संलग्न उपस्थिति पर्ची भरकर उसे बैठक के प्रवेश स्थल पर सुपुर्द करें।
13. बैठक में भाग लेने वाले संयुक्त धारकों के मामले में, केवल ऐसे संयुक्त धारक जो नामों के क्रम में ऊपर होंगे, मतदान करने के हकदार होंगे।
14. शेरों 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,

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 11 September 2014.

9. Under Section 124 of the Act, companies are required to transfer to the Investor Education and Protection Fund (the Fund) established by the Government under Section 125 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 125 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 2013-14, the Company transferred to the Fund an amount of ₹ 146,240 from the Unpaid Dividend Account (₹ 110,504 of final dividend 2005-06, and ₹ 35,736 of interim dividend 2006-07). The unclaimed/ unpaid final dividend for the year 2006-07 and interim dividend for the year 2007-08 are due for transfer to the Fund in 2014-15. 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 2006-07 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.
10. 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.
11. Members are requested to bring their copies of the Annual Report and the Notice to the meeting.
12. Members/Proxies attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting venue.
13. 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.
14. 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,

4था क्रॉस, सम्पिंगे रोड, मल्लेश्वरम, बेंगलूर-560 003, दूरभाष 080-23460815-18, फ़ैक्स 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।

15. 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।

ई-मतदान के लिए अनुदेश

कंपनी अधिनियम, 2013 की धारा 108 तथा कंपनी (प्रबंधन एवं प्रशासन) नियम, 2014 के नियम 20 के प्रावधानों के अनुपालन में तथा साथ ही स्टॉक एक्सचेंजों के साथ सूचीकरण करार के पुनरीक्षित खण्ड 35-बी के परिप्रेक्ष्य में, सदस्यों को दिनांक 25 सितंबर 2014 को मध्याह्न 2 बजे होने वाली 60वीं वार्षिक सामान्य बैठक आयोजित करने की सूचना में निर्धारित सभी संकल्पों पर इलेक्ट्रॉनिक रूप से मतदान करने हेतु अतिरिक्त रूप से ई-मतदान की सुविधा सहर्ष प्रस्तुत करती है। कंपनी ने ई-मतदान सुविधा प्रदान करने के लिए नेशनल सेक्योरिटीज़ डिपोज़िटरी लिमिटेड (एनएसडीएल) की सेवाओं को नियोजित किया है।

ई-मतदान सुविधा <https://www.evoting.nsdl.com> लिंक में उपलब्ध है।

कृपया अपने मताधिकार का प्रयोग करने से पहले नीचे मुद्रित अनुदेशों को पढ़ें।

ये ब्यौरे तथा अनुदेश 25 सितंबर 2014 को होने वाली 60वीं वार्षिक सामान्य बैठक की सूचना का अभिन्न भाग बनते हैं।

ई-मतदान के अनुदेश इस प्रकार हैं -

ई-मतदान करने के कदम -

- I. सदस्य जिनकी शेयरधारिता डीमटीयलीकृत फार्म में हैं तथा जिनके ई-मेल एड्रेस कंपनी / डिपोज़िटरी सहभागी (सहभागियों) के पास दर्ज किए गए हैं, एनएसडीएल से ई-मेल प्राप्त करेंगे जिसमें यूज़र-आईडी तथा पासवर्ड सूचित किए जाएंगे।
 1. ई-मेल खोले और अपने क्लाइंट आईडी या फोलियो संख्या को पासवर्ड बनाते हुए पीडीएफ फाइल यानी "Bharat Electronics e-voting.pdf" खोलें। इस पीडीएफ फाइल में ई-मतदान के लिए आपका यूज़र आईडी और पासवर्ड होगा। कृपया नोट करें कि यह पासवर्ड प्रारंभिक पासवर्ड है, जिसे सदस्य बदल सकते हैं।
 2. यूआरएल URL: <https://www.evoting.nsdl.com> टाइप करते हुए इंटरनेट ब्राउज़र लॉच करें।
 3. शेयरधारक - लॉगिन पर क्लिक करें।

4th Cross, Sampige Road, Malleswaram, Bangalore – 560 003, 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.

15. 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. In this connection, Members may please contact the Registrar and Transfer Agent, M/s Integrated Enterprises (India) Ltd.

Instructions for e-voting

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, as well as in terms of the revised Clause 35-B of the Listing Agreement with Stock Exchanges, the Company is pleased to offer e-voting facility, additionally, to the members to cast their votes electronically on all resolutions set forth in the Notice convening the 60th Annual General Meeting to be held on the 25 day of September, 2014 at 2.00 pm. The Company has engaged the services of National Securities Depository Limited (NSDL) to provide the e-voting facility.

The e-voting facility is available at the link <https://www.evoting.nsdl.com>

Please read the instructions printed below before exercising your vote.

These details and instructions form an integral part of the Notice for the 60th Annual General Meeting to be held on 25 September 2014.

The instructions for e-voting are as under :

Steps for e-voting :

- I. Members whose shareholding is in the dematerialised form and whose email addresses are registered with the Company/ Depository Participants(s) will receive an email from NSDL informing the User-ID and Password.
 1. Open email and open PDF file viz.; "Bharat Electronics e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password, which the member may change.
 2. Launch internet browser by typing the URL: <https://www.evoting.nsdl.com>
 3. Click on Shareholder – Login.

4. यदि आप ई-मतदान करने के लिए एनएसडीएल में पहले से पंजीकृत हैं, तो लॉगिन करने के लिए आप अपने विद्यमान यूजर आईडी और पासवर्ड का इस्तेमाल कर सकते हैं।
 5. यदि आप पहली बार लॉगिंग कर रहे हैं, तो कृपया कदम (1) में बताए गए प्रारंभिक पासवर्ड के रूप में यूजर आईडी और पासवर्ड को प्रविष्ट करें।
 6. पासवर्ड चेंज का मेन्यू, प्रकट होगा। अपनी पसंद का ऐसा नया पासवर्ड डालें जिसमें कम से कम 8 अंकों / अक्षरों का सम्मिश्रण हो। इस नए पासवर्ड को नोट कर लें। आपको सख्त हिदायत दी जाती है कि अपने पासवर्ड को किसी अन्य व्यक्ति के साथ साझा न करें और अपने पासवर्ड को गोपनीय बनाए रखने के लिए अत्यधिक ध्यान रखें।
 7. ई-मतदान का होम पेज खुलेगा। ई-वोटिंग - एक्टिव वोटिंग साइकल्स पर क्लिक करें।
 8. भारत इलेक्ट्रॉनिक्स लिमिटेड के "EVEN" (ई वोटिंग इवेंट नंबर) को चुनें।
 9. मताधिकार का प्रयोग करें - पेज खुलते ही अब आप ई-मतदान के लिए तैयार हैं।
 10. उपयुक्त विकल्प को चुनते हुए अपने मताधिकार का प्रयोग करें और "Submit" पर क्लिक करें और उसके बाद "Confirm" पर क्लिक करें।
 11. पुष्टिकरण के बाद, "Vote cast successfully" संदेश प्रदर्शित होगा।
 12. संकल्प पर एक बार मतदान कर दिए जाने के बाद, आप अपने मत में संशोधन नहीं कर सकेंगे।
 13. संस्थागत सदस्यों (यानी व्यक्ति, एचयूएफ, एनआरआई आदि) को विधिवत् प्राधिकृत हस्ताक्षरी जो मतदान करने के लिए प्राधिकृत हैं, के हस्ताक्षर के अधिप्रमाणित नमूनों के साथ-साथ संबंधित मंडल संकल्प / प्राधिकार पत्र आदि की स्कैन की गई प्रति (pdf/jpg फॉर्मेट) gthirupal@gmail.com को तथा उसकी प्रति evoting@nsdl.co.in को ई-मेल द्वारा स्क्रीटिनाइज़र, को भेजनी है।
- II. ऐसे सदस्य जो शेयरों को डीमटीरियलीकृत रूप में धारित करते हैं जिनके ई-मेल आईडी कंपनी / डिपोजिटरी सहभागियों के पास दर्ज नहीं हैं, ऐसे सदस्य जो शेयरों को भौतिक रूप में धारित करते हैं तथा ऐसे सदस्य जिन्होंने सूचना तथा वार्षिक प्रतिवेदन की भौतिक प्रति का अनुरोध किया है, निम्नलिखित अनुदेश नोट करें -
1. वार्षिक सामान्य बैठक के लिए उपस्थिति पर्ची के नीचे प्रारंभिक पासवर्ड इस प्रकार दिया गया है -
EVEN (ई मतदान इवेंट संख्या) **यूजर आईडी पासवर्ड**
 2. अपने मताधिकार का प्रयोग करने के लिए कृपया उपर्युक्त, (I) में क्र.सं. 1 से क्र.सं. 13 तक के सभी कदमों का पालन करें।

सामान्य अनुदेश

1. यदि आपको कोई प्रश्न पूछना है तो शेयरधारकों के लिए अक्सर पूछे जाने वाले प्रश्न (एफएक्यू) तथा www.evoting.nsdl.com के डाउनलोड करने योग्य भाग में उपलब्ध शेयरधारकों के ई-मतदान प्रयोक्ता मैनुअल का संदर्भ लें या फ़ोन नंबर 022-24994600 पर एनएसडीएल से संपर्क करें।

4. If you are already registered with NSDL for e-voting, then you can use your existing User ID and Password for Login.
 5. If you are logging for the first time, please enter the User ID and Password as initial password noted in step (1) above. Click Login.
 6. Password change menu appears. Change the password with new password of your choice with minimum 8 digits / characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 7. Home page of e-voting opens. Click on e-voting: Active Voting Cycles.
 8. Select "EVEN" (E Voting Event Number) of Bharat Electronics Limited.
 9. Now you are ready for e-voting as Cast Vote page opens.
 10. Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
 11. Upon confirmation, the message "Vote cast successfully" will be displayed.
 12. Once you have voted on the resolution, you will not be allowed to modify your vote.
 13. Institutional Members (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (pdf/jpg format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorised to vote, to the Scrutinizer through e-mail to gthirupal@gmail.com with a copy marked to evoting@nsdl.co.in.
- II. For Members holding shares in dematerialised form whose email IDs are not registered with the Company/Depository Participants, Members holding shares in physical form as well as those Members who have requested for a physical copy of the Notice and Annual Report, the following instructions may be noted :
1. Initial password is provided as below at the bottom of the Attendance Slip for the AGM :
EVEN (E Voting Event Number) **USER ID PASSWORD**
 2. Please follow all steps from Sr. No. 1 to Sr. No. 13 in (I) above, to cast vote.

General Instructions

1. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for shareholders and e-voting user manual for shareholders available at the downloads section of www.evoting.nsdl.com or contact NSDL at the phone No. 022-24994600.

2. ई-मतदान वेबसाइट पर लॉगिन करने के लगातार पाँच असफल प्रयास के बाद वेबसाइट निष्क्रिय हो जाएगी। ऐसी स्थिति में, आपको पासवर्ड दोबारा सेट करने के लिए साइट में उपलब्ध 'Forgot Password' विकल्प से आगे बढ़ना होगा।
3. यदि आप ई-मतदान करने के लिए एनएसडीएल में पहले से पंजीकृत हैं, तो अपने मताधिकार का प्रयोग करने के लिए आप अपने विद्यमान यूजर आईडी और पासवर्ड का इस्तेमाल कर सकते हैं।
4. आप फोलियो के यूजर प्रोफाइल ब्योरे में अपना मोबाइल नंबर और ई-मेल आईडी अद्यतन भी कर सकते हैं जिसका इस्तेमाल भावी सम्प्रेषण भेजने के लिए किया जा सकता है।
5. ई-मतदान की अवधि 19 सितंबर 2014 (सुबह 9:00 बजे) से शुरू होगी और 21 सितंबर 2014 (शाम 6:00 बजे) को समाप्त होगी। इस अवधि के दौरान, कंपनी के सदस्य जो शेयरों को भौतिक रूप में या डीमटीरियलीकृत रूप में धारित करते हैं, 22 अगस्त 2014 की संबद्ध तारीख (रिकार्ड तारीख) को, अपने मताधिकार का प्रयोग इलेक्ट्रॉनिक रूप से कर सकते हैं। उसके बाद मतदान के लिए एनएसडीएल द्वारा ई-मतदान का मॉड्यूल निष्क्रिय कर दिया जाएगा। सदस्य द्वारा किसी संकल्प पर मतदान का प्रयोग कर लिए जाने के बाद, सदस्यों को उसे बदलने की अनुमति नहीं होगी।
6. सदस्यों के मतदान अधिकार 22 अगस्त 2014 की संबद्ध तारीख (रिकार्ड तारीख) को कंपनी की चुकता साम्या शेर पूंजी के उनके हिस्से के अनुपात में होंगे।
7. कंपनी ने ई-मतदान की प्रक्रिया की उचित एवं पारदर्शी ढंग से छानबीन करने के लिए श्री तिरुपाल गोरिजे, एफसीएस 6680, प्रैक्टिसिंग कंपनी सचिव को स्क्रीटिनाइज़र नियुक्त किया है।
8. स्क्रीटिनाइज़र ई-मतदान की अवधि की समाप्ति से अधिकतम तीन (3) कार्यदिवसों की अवधि के भीतर, ऐसे दो (2) गवाह जो कंपनी के नियोजन में नहीं हैं, की मौजूदगी में मतों को खोलेंगे और पक्ष या विपक्ष, यदि कोई हो, में डाले गए मतों की स्क्रीटिनाइज़र की रिपोर्ट तत्काल रूप से कंपनी के अध्यक्ष को करेंगे।
9. परिणामों की घोषणा कंपनी की वार्षिक सामान्य बैठक में या बैठक के बाद की जाएगी। स्क्रीटिनाइज़र की रिपोर्ट के साथ-साथ घोषित परिणामों को कंपनी की वार्षिक सामान्य बैठक में संकल्पों के पारित होने के दो (2) दिनों के भीतर कंपनी की वेबसाइट www.bel-india.com पर और एनएसडीएल की वेबसाइट पर लगाया जाएगा और स्टॉक एक्सचेंजों को सूचित किया जाएगा।
2. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
3. If you are already registered with NSDL for e-voting then you can use your existing user ID and password for casting your vote.
4. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).
5. The e-voting period commences on 19 September 2014 (9:00 am) and ends on 21 September 2014 (6:00 pm). During this period Members of the Company, holding shares either in physical form or in dematerialised form, as on the relevant date (record date) of 22 August 2014, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
6. The voting rights of Members shall be in proportion to their share of the paid-up equity share capital of the Company as on the relevant date (record date) of 22 August, 2014.
7. The Company has appointed Mr Thirupal Gorige, FCS 6680, Practicing Company Secretary as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
8. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the e-voting period unblock the votes in the presence of at least two(2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
9. The Results shall be declared on or after the AGM of the Company. The Results declared alongwith the Scrutinizer's Report shall be placed on the Company's website www.bel-india.com and on the website of NSDL within two(2) days of passing of the resolutions at the AGM of the Company and communicated to the stock exchanges.

सूचना का संलग्नक

कंपनी अधिनियम, 2013 की धारा 102 के तारतम्य में व्याख्यात्मक विवरण।

मद सं. 5 - 7 के संबंध में

चूंकि आपकी कंपनी एक सरकारी कंपनी है, इसके मंडल के निदेशक भारत सरकार (सरकार) द्वारा नियुक्त किए जाते हैं।

सरकार ने श्री पी आर आचार्या, आईए एवं एएस को उनके पद ग्रहण करने की तारीख से पाँच वर्षों की अवधि के लिए या उनकी अधिवाषिर्ता की तारीख तक या जब तक आगे के आदेश नहीं दिए जाते, इनमें से जो भी पहले हो, तत्काल अवशोषण आधार पर, ₹ 75000-100000 के वेतनमान में निदेशक (वित्त), बीईएल के पद पर नियुक्त किया

ANNEXURE TO THE NOTICE

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.

In respect of item No. 5 - 7

Your Company being a Government Company, the Directors on the Board are appointed by the Government of India (the Government).

The Government appointed Mr P R Acharya, IA&AS to the post of Director (Finance), BEL in the scale of pay of ₹ 75000-100000 (vide letters dtd 24 May, 2013 & 12 February 2014), on immediate absorption basis for a period of five years from the date of his assumption of the charge of the post or till the date

(पत्र दिनांक 24 मई 2013 और 12 फरवरी 2014 देखें)। श्री पी आर आचार्या ने दिनांक 02 सितंबर 2013 से प्रभावी, निदेशक (वित्त) का कार्यभार संभाला।

सरकार ने दिनांक 15 मई 2014 को ले. जन. सी ए कृष्णन, उत्तम युद्ध सेवा मेडल, अति विशिष्ट सेवा मेडल, उप थलसेनाध्यक्ष (पी एंड एस), र.मं. के आईएचक्यू (थलसेना) को आगे के आदेश दिए जाने तक, दिनांक 1 मई 2014 से प्रभावी करते हुए, बीईएल के मंडल में अंशकालिक सरकारी निदेशक (सरकारी निदेशक) नियुक्त किया।

सरकार ने श्री मनमोहन हाण्डा को उनके पद ग्रहण करने की तारीख से पाँच वर्षों की अवधि के लिए या उनकी अधिवाषिता की तारीख तक या जब तक आगे के आदेश नहीं दिए जाते, इनमें से जो भी पहले हो, तत्काल अवशोषण आधार पर, ₹ 75000-100000 के वेतनमान में निदेशक (वित्त), बीईएल के पद पर नियुक्त किया (पत्र दिनांक 23 जून 2014 देखें)। श्री मनमोहन हाण्डा ने दिनांक 24 जून 2014 से प्रभावी, निदेशक (बेंगलूर काम्प्लेक्स) का कार्यभार संभाला।

पूर्णकालिक निदेशकों का पारिश्रमिक और उनकी नियुक्ति के निबंधन

केन्द्रीय सरकार के सरकारी क्षेत्र का उद्यम होने के कारण, पूर्णकालिक निदेशकों की नियुक्ति, कार्यकाल और पारिश्रमिक का निर्णय भारत सरकार द्वारा लिया जाता है। पूर्णकालिक निदेशकों की नियुक्ति के सरकारी पत्र में नियुक्ति की अवधि, मूल वेतन, वेतनमान, महंगाई भत्ता, आवास की हकदारिता आदि सहित उनकी नियुक्ति के विस्तृत निबंधन व शर्तें दर्शाई जाती हैं और इसमें यह भी दर्शाया जाता है कि ऐसे अन्य निबंधन व शर्तों के संबंध में जो पत्र में शामिल नहीं किए गए हैं, कंपनी के संबद्ध नियम लागू होंगे।

नियुक्ति पत्र में दर्शात वेतनमान के अतिरिक्त, वे सरकारी नियमों के अनुसार नई आईडीए योजना के अनुसार डी.ए., एचआरए / कंपनी के अपने आवास / पट्टे के आवास / स्व-पट्टे, मूल वेतन के अधिकतम 50% की शर्त पर अनुलब्धियाँ, कार्य-निष्पादन संबंधी वेतन, स्टाफ कार आदि के लिए हकदार होते हैं और इन्हें उनके नियुक्ति पत्र में दर्शाया जाता है। उनकी छुट्टी की हकदारिता तथा अन्य अनुलाभ कंपनी के नियमों के अनुसार होते हैं।

कंपनी अधिनियम 2013 की धारा 161(1) तथा कंपनी की अंतर्नियमावली के अनुच्छेद 71सी के तारतम्य में निदेशक मंडल ने क्रमशः दिनांक 25 अक्टूबर 2013, 30 मई 2014 और 31 जुलाई 2014 को हुई बैठकों में उपर्युक्त तीन व्यक्तियों को अगली वार्षिक सामान्य बैठक की तिथि तक पदधारित करने के लिए अतिरिक्त निदेशकों के रूप में नियुक्त किया है।

तत्पश्चात, कंपनी ने सदस्यों से अधिनियम की धारा 160 के तहत कंपनी के निदेशकों के रूप में उपर्युक्त तीन व्यक्तियों को नियुक्त करने का प्रस्ताव करने के आशय को स्पष्ट करते हुए लिखित में तीन सूचनाएँ प्राप्त की हैं और ऐसी प्रत्येक सूचना के साथ ₹ 1,00,000/- की राशि प्राप्त की है।

स्टाक एक्सचेंजों के सूचीकरण करार के अनुसार शेयरधारकों को अग्रप्रेषित किए जाने हेतु आवश्यक, उपरोक्त नए निदेशकों के संक्षिप्त जीवन-वृत्त संलग्न है। आपके निदेशक महसूस करते हैं नए निदेशकों के ज्ञान तथा समृद्ध अनुभव से कंपनी को अत्यधिक लाभ होगा और तदनुसार सूचना की मद सं. 5-7 में प्रस्तावित संकल्प पारित करने की संस्तुति करते हैं।

of his superannuation, or until further orders, whichever is earlier. Mr P R Acharya assumed charge as Director (Finance) w.e.f. 02 September 2013.

The Government on 15 May 2014 appointed Lt Gen C A Krishnan, UYSM, AVSM, Deputy Chief of Army Staff(P&S), IHQ of MoD (Army) as part-time official Director (Govt. Director) on the BEL Board w.e.f. 1 May 2014, till further orders.

The Government appointed Mr Manmohan Handa to the post of Director (Bangalore Complex), BEL in the scale of pay of ₹ 75000-100000 (vide letter dtd 23 June 2014), on immediate absorption basis for a period of five years from the date of his assumption of the charge of the post or till the date of his superannuation, or until further orders, whichever is earlier. Mr Manmohan Handa assumed charge as Director (Bangalore Complex) w.e.f. 24 June 2014.

Remuneration and terms of appointment of whole time Directors

Being a Central Government Public Sector Enterprise, the appointment, tenure and remuneration of whole time Directors are decided by the Government of India. The Government letter appointing the whole time Directors indicate the detailed terms and conditions of their appointment, including the period of appointment, basic pay, scale of pay, dearness 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 will apply.

In addition to the pay scale indicated in the appointment letter, they are entitled to DA in accordance with the New IDA scheme, HRA / Company's own accommodation / leased accommodation / self-lease, perquisites subject to a maximum of 50% the basic pay, performance related pay, staff car etc. as per Government rules and indicated in their appointment order. Their leave entitlement and other benefits will be as per Company Rules.

Pursuant to Section 161(1) of the Companies Act, 2013 and Article 71C of the Articles of Association of the Company, the Board of Directors at Board meetings held on 25 October 2013, 30 May 2014 and 31 July 2014, respectively, appointed the above three persons as Additional Directors to hold office upto the date of the next Annual General Meeting.

Subsequently, the Company has received three notices in writing under Section 160 of the Act from members signifying their intention to propose the appointment of above three persons as Directors of the company and a deposit of ₹ 1,00,000/- has been received along with each of these notices.

Brief resume of the above new directors, required to be forwarded to the Shareholders as per Listing Agreement with Stock Exchanges is enclosed. Your Directors feel that the Company would immensely benefit from the knowledge and rich experience possessed by the new Directors and accordingly recommend the passing of the resolutions proposed at item No. 5-7 of the Notice.

कंपनी के कोई भी निदेशक (ऊपर उल्लिखित नाम के तीन नए निदेशकों को छोड़कर) तथा कंपनी के प्रमुख प्रबंधकीय कार्मिक या उनके रिश्तेदार मद सं. 5-7 में दिए गए संकल्प में किसी भी प्रकार से संबद्ध या इच्छुक नहीं है।

मद सं. 8 के संबंध में

कार्पोरेट कार्य मंत्रालय द्वारा जारी आदेश सं. एफ. नं. 52/26/सीएबी-2010 दिनांक 6 नवंबर 2012 के प्रावधानों के अंतर्गत अपेक्षितानुसार, कंपनी अपने लागत लेखांकन के अभिलेखों को वित्तीय वर्ष 2012-13 से लेखा परीक्षा कराती आ रही है।

कार्पोरेट कार्य मंत्रालय ने लागत लेखों को रखने तथा दिनांक 26 मार्च 2014 को लागत लेखा परीक्षा के संबंध में कंपनी अधिनियम, 2013 (एक्ट) की धारा 148 को अधिसूचित किया है जिसे दिनांक 1 अप्रैल 2014 से प्रभावी होना है।

अधिनियम की धारा 148(3) जो 31 मार्च 2014 को अधिसूचित (तथा 1 अप्रैल 2014 से प्रभावी) कंपनी (लेखा परीक्षा एवं लेखा परीक्षकों के नियम), 2014 (नियम) के साथ पढ़ा जाना है, के अनुसार, कंपनी का निदेशक मंडल लेखा परीक्षा समिति, जो लागत लेखा परीक्षक के पारिश्रमिक की भी सिफारिश करेगी, की सिफारिश पर लागत लेखा परीक्षक की नियुक्ति करेगा। इस नियम की यह भी आवश्यकता है कि लागत लेखा परीक्षक के पारिश्रमिक का अनुसमर्थन तदुपरांत शेरधारकों द्वारा भी किया जाएगा।

लेखा परीक्षा समिति द्वारा की गई सिफारिश के अनुसार, बीईएल के निदेशक मंडल ने मे. पी एस वी एंड एसोसिएट्स, लागत लेखाकार, बेंगलूर को इस संकल्प में यथा दर्शित निबंधनों/पारिश्रमिक पर वित्तीय वर्ष 2014-15 के लिए कंपनी की लागत लेखा परीक्षा करने के लिए नियुक्त किया है। अधिनियम की धारा 148(3) जिसे नियमों के नियम 14 के साथ पढ़ा जाना है, के तहत यथा अपेक्षित, निदेशक मंडल द्वारा तय किए गए लागत लेखा परीक्षकों के पारिश्रमिक को अनुसमर्थन के लिए शेरधारकों के समक्ष पेश किया जाता है।

कंपनी के कोई भी निदेशक तथा कंपनी के प्रमुख प्रबंधकीय कार्मिक या उनके रिश्तेदार मद सं. 8 में दिए गए संकल्प में किसी भी प्रकार से संबद्ध या इच्छुक नहीं है।

स्टॉक एक्सचेंजों के सूचीकरण करार के खण्ड 49 के तहत यथा अपेक्षित, नियुक्ति / पुनःनियुक्ति चाहने वाले निदेशकों का संक्षिप्त जीवन-वृत्त

निदेशकों की पुनःनियुक्ति

श्री एम एल षण्मुख ने 14 अगस्त 2004 को निदेशक (मानव संसाधन) के रूप में बीईएल में कार्यग्रहण किया। वे अर्थशास्त्र में बीए, एलएलबी और कार्मिक एवं औद्योगिक संबंध में स्नातकोत्तर डिप्लोमा धारित करते हैं। बीईएल के मंडल में उच्च पद पर पदोन्नत होने से पूर्व श्री षण्मुख रेल मंत्रालय के अधीन ब्लूचिप पीएसयू भारतीय कंटेनर कार्पोरेशन में ग्रुप महाप्रबंधक (मा.सं.वि.) थे। इससे पहले उन्होंने केरल राज्य इलेक्ट्रॉनिक्स विकास निगम लिमिटेड में कार्य किया था। उन्हें मानव संसाधन प्रबंधन, औद्योगिक संबंध एवं कर्मचारी कल्याण के क्षेत्रों में कई वर्षों का अनुभव है। श्री एम एल षण्मुख बीईएल की सहायक कंपनी, बीईएल ऑप्टोनिक डिवाइसेस लि. (बेलॉप) के मंडल में बीईएल के नामित निदेशक हैं। वे बेलॉप में लेखा परीक्षा समिति के अध्यक्ष भी हैं। वे बीईएल में शेरधारक / निवेशक शिकायत समिति के सदस्य हैं। वे बीईएल में कोई शेर धारित नहीं करते।

श्री पी सी जैन ने 1 सितंबर 2013 को निदेशक (विपणन) का कार्यभार संभाला। इस पदोन्नति से पहले वे बीईएल-बेंगलूर में मिसाइल सिस्टम्स रणनीतिक कारोबारी

None of the Company Directors (other than the above named three new Directors) and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the resolutions set out at item No. 5 – 7.

In respect of item No. 8

As required under the provisions of Order No F.No 52/26/CAB – 2010 dated 6 November 2012 issued by Ministry of Corporate Affairs the Company has been getting its Cost Accounting Records audited from the Financial Year 2012-13 onwards.

The Ministry of Corporate Affairs has notified Section 148 of the Companies Act, 2013 (the Act) regarding maintenance of Cost Accounts and Cost Audit on 26 March 2014 to be effective from 1 April 2014.

As per S.148(3) of the Act read with Rule 14 of Companies (Audit and Auditors Rules), 2014 (the Rules) notified on 31 March 2014 (and effective from 1 April 2014) the Board of Directors of the company shall appoint the Cost Auditor on the recommendation of the Audit Committee, which shall also recommend remuneration for the Cost Auditor. The rule also requires that the remuneration of the Cost Auditor shall be ratified by the shareholders subsequently.

As recommended by the Audit Committee, BEL Board of Directors appointed M/s P S V & Associates, Cost Auditors, Bangalore to conduct cost audit of the Company for the financial year 2014-15 on the terms/remuneration as indicated in the resolution. As required under S.148(3) of the Act, read with Rule 14 of the Rules, the remuneration of the cost auditors, fixed by the Board of Directors, is placed before the Shareholders for ratification.

None of the Company Directors and Key Managerial Personnel of the Company or their relatives is in any way concerned or interested in the resolutions set out at item No. 8.

BRIEF RESUME OF DIRECTORS SEEKING APPOINTMENT / REAPPOINTMENT, AS REQUIRED UNDER CLAUSE 49 OF THE LISTING AGREEMENT WITH STOCK EXCHANGES

RE-APPOINTMENT OF DIRECTORS

Mr M L Shanmukh joined BEL as Director (Human Resources) on 14 August 2004. He holds BA in Economics, LLB and Post Graduate Diploma in Personnel and Industrial Relations. Before being elevated to the BEL Board, Mr Shanmukh was Group General Manager (HRD) at Container Corporation of India, a blue chip PSU under the Ministry of Railways. Prior to that, he had worked in the Kerala State Electronics Development Corporation Limited. He possesses several years of experience in the fields of Human Resources Management, Industrial Relations and Employee Welfare. Mr M L Shanmukh is a BEL nominee Director on the Board of BEL's subsidiary company, BEL Optronic Devices Ltd. (BELOP). He is also the Chairman of the Audit Committee in BELOP. He is a member of Shareholders/Investors Grievance Committee in BEL. He does not hold any shares in BEL.

Mr P C Jain took charge as Director (Marketing) on 1 September 2013. He was General Manager of Missile Systems Strategic Business

यूनिट के महाप्रबंधक थे। श्री जैन ने आईआईटी, दिल्ली से मेकेनिकल अभियांत्रिकी में स्नातक करने के बाद उप अभियंता के रूप में फरवरी 1978 में बीईएल-गाज़ियाबाद में कार्यग्रहण किया था। तदुपरांत, सेवा में रहते हुए उन्होंने आईआईटी, दिल्ली से माइक्रोवेव में एम.टेक. किया। उन्होंने आईएफएफ रेडारों के लिए स्ट्रिपलाइन और माइक्रोस्ट्रिपलाइन एंटेना के विकास की ओर योगदान दिया और संचार, सीआई तथा रेडार प्रणालियों के उत्पादन परीक्षण पर कार्य किया। बीईएल-बेंगलूर में सैन्य रेडार रणनीतिक कारोबारी यूनिट के महाप्रबंधक के रूप में, उन्होंने प्रतिष्ठित परियोजनाओं को निष्पादित किया जैसे स्वदेशी वेपन लोकेटिंग रेडार का विकास और आकाश शस्त्र प्रणाली का उत्पादन। महाप्रबंधक के रूप में उनके कार्यकाल के दौरान सैन्य रेडार एसबीयू ने सभी रक्षा पीएसयू में सर्वश्रेष्ठ कार्य-निष्पादन करने वाले प्रभाग के लिए रक्षा मंत्री का पुरस्कार, आयात प्रतिस्थापन के लिए रक्षा मंत्री का पुरस्कार और कारोबारी उत्कृष्टता में सर्वश्रेष्ठ एसबीयू के लिए सीएमडी की रोलिंग शील्ड जैसे पुरस्कार जीते। श्री पी सी जैन किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारण नहीं करते।

निदेशकों की नियुक्ति

ले. जन. सी ए कृष्णन, उत्तम युद्ध सेवा मेडल, अति विशिष्ट सेवा मेडल, उप थलसेनाध्यक्ष (योजना एवं प्रणाली) तथा रेंजिमेंट 4 गोरखा रायफल्स के कर्नल को दिनांक 1 मई 2014 से प्रभावी करते हुए बीईएल के मंडल में अंशकालिक सरकारी निदेशक (सरकारी निदेशक) नियुक्त किया गया है। ले. जनरल कृष्णन राष्ट्रीय रक्षा अकादमी, खड़कवास्ला के पूर्व-विद्यार्थी हैं। उन्हें 13 जून 1976 को 4 गोरखा रायफल्स (चिनडिट्स) में कमीशन प्रदान किया गया। अपने लंबे सेवा करियर के दौरान वे भारतीय थलसेना में सभी स्तरों पर विभिन्न प्रकार की कमान, स्टाफ और अनुदेशात्मक समनुदेशनों को पूरा किया और विभिन्न अनुदेशात्मक पाठ्यक्रमों में भाग लिया जिनमें रक्षा सेवा स्टाफ पाठ्यक्रम, उच्चतर कमान तथा राष्ट्रीय रक्षा कॉलेज शामिल हैं। इस जनरल अधिकारी ने जम्मू और कश्मीर में नियंत्रण रेखा पर एक बटालियन की कमान संभाली, 'आपरेशन रक्षक' (जम्मू-कश्मीर) में इफेंटी ब्रिगेड की कमान संभाली, मणिपुर राज्य में 'आपरेशन हिफाज़त' में असम रायफल्स (दक्षिण) के महानिरीक्षक थे और असम तथा अरुणाचल प्रदेश राज्यों में 'आपरेशन राइनों' तथा 'आपरेशन फॉल्कन' में 4 कोर के जनरल अफसर कमांडिंग थे। वे फोर्थ गोरखा रायफल्स के कर्नल हैं। उन्हें अति विशिष्ट सेवा मेडल और उत्तम युद्ध सेवा मेडल प्रदान किए गए हैं। वे रक्षा अध्ययन में स्नातकोत्तर हैं और उच्चतर रक्षा प्रबंध एवं रणनीतिक अध्ययन में एम.फिल हैं। वे पत्रकारिता में और साथ ही नेशनल लॉ स्कूल ऑफ इंडिया यूनिवर्सिटी, बेंगलूर से मानवाधिकार कानून में स्नातकोत्तर डिप्लोमा धारक भी हैं। ले जन कृष्णन किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारण नहीं करते।

श्री पी आर आचार्या ने 2 सितंबर 2013 को निदेशक (वित्त) का कार्यभार संभाला। उन्हें भारत सरकार में कार्य करने का लगभग 28 वर्षों का अनुभव है। श्री आचार्या ने अपने करियर की शुरुआत तात्कालीन डीसीएम लि. से की और उसके बाद ओएनजीसी में कार्य किया। उन्होंने 1985 में भारतीय लेखा परीक्षा और लेखा सेवा में कार्यग्रहण किया। तब से, उन्होंने सार्वजनिक नीति, वित्त, कार्मिक, प्रशासन तथा चूक प्रबंधन में व्यापक विशेषज्ञता के साथ विभिन्न भूमिकाओं में कार्य किया। उन्होंने दिल्ली विकास प्राधिकरण के वित्त सदस्य; संयुक्त सचिव (वित्त), नेटग्रिड, गृह मंत्रालय; प्रधान निदेशक (अंतर्राष्ट्रीय संबंध), भारतीय सी एंड एजी कार्यालय; महालेखाकार (लेखा परीक्षा), पश्चिम बंगाल; लेखा परीक्षा के प्रधान निदेशक तथा पदेन सदस्य, लेखा परीक्षा बोर्ड, कोलकाता; भारतीय उच्चायोग में काउंसलर, लंदन; सहायक (कार्मिक)

Unit at BEL-Bangalore before his elevation. Mr Jain joined BEL-Ghaziabad in February 1978 as Deputy Engineer after graduating in Mechanical Engineering from IIT, Delhi. Later on, while in service, he did MTech in Microwaves from IIT, Delhi. He contributed to the development of Stripline and Microstripline antennas for IFF Radars and worked on production testing of communication, C4I and Radar Systems. As General Manager of the Military Radars Strategic Business Unit at BEL-Bangalore, he executed prestigious projects such as the development of indigenous Weapon Locating Radar and productionisation of Akash Weapon System. During his tenure as General Manager, Military Radars won awards such as the Raksha Mantri Award for Best Performing Division among all Defence PSUs, the Raksha Mantri Award for Import Substitution and CMD's Rolling Trophy for Best SBU in Business Excellence. Mr P C Jain is not on the Board of any other company. He does not hold any shares in BEL.

APPOINTMENT OF DIRECTORS

Lt Gen C A Krishnan, UYSM, AVSM, Deputy Chief of Army Staff (Planning & System) and Colonel of the Regiment 4 Gorkha Rifles, has been appointed as part time official Director (Government Director) on BEL Board w.e.f. 1 May 2014. Lt Gen Krishnan is an alumni of the National Defence Academy, Khadakwasla. He was commissioned into the 4th Gorkha Rifles (CHINDITS) on 13 Jun 1976. During his long service career, he has held a variety of command, staff and instructional assignments at all levels in the Indian Army and has attended various courses of instructions that include, Defence Services Staff Course, Higher Command and National Defence College. The General Officer commanded a battalion on the line of control in J&K, an Infantry Brigade in 'OP RAKSHAK' (J&K) and was Inspector General Assam Rifles (South) in 'OP HIFAZAT' in the State of Manipur and General Officer Commanding 4 Corps in 'OP RHINO' and 'OP FALCON' in the States of Assam and Arunachal Pradesh. He is the Colonel of the Fourth Gorkha Rifles. He is a recipient of Ati Vishisht Seva Medal and Uttam Yudh Seva Medal. He is a post graduate in Defence Studies and M Phil in Higher Defence Management and Strategic Studies. He also holds a post graduate Diploma in Journalism as well as in Human Rights Laws from the National Law School of India University, Bangalore. Lt Gen Krishnan is not on the Board of any other company. He does not hold any shares in BEL.

Mr P R Acharya took charge as Director (Finance) on 2 September 2013. He has nearly 28 years of work experience with the Government of India. Mr Acharya started his career with the then DCM Ltd and went on to work for ONGC. He joined the Indian Audit and Accounts Service in 1985. Since then, he has handled diverse roles with broad-based expertise in public policy, finance, personnel, administration and oversight management. He has served as Finance Member of the Delhi Development Authority; Joint Secretary (Finance), NATGRID, Ministry of Home Affairs; Principal Director (International Relations), O/o C&AG of India; Accountant General (Audit), West Bengal; Principal Director of Audit & Ex-Officio Member Audit Board, Kolkata; Counsellor in the High Commission of

एवं निदेशक सी एंड एजी (कार्मिक) ; तथा भू परिवहन मंत्रालय में उप सचिव के रूप में अपनी सेवाएँ प्रदान की । वे आईआईएफटी, नई दिल्ली से अंतर्राष्ट्रीय व्यवसाय में एमबीए है, सीएलसी, दिल्ली विश्वविद्यालय से स्नातक है, उत्कल विश्वविद्यालय से स्नातकोत्तर तथा भारतीय विधि संस्थान, नई दिल्ली से श्रम विधि में डिप्लोमा धारक है । संप्रति वे निर्वहनीय कार्य-निष्पादन प्रबंधन के क्षेत्र में पीएच.डी. कर रहे हैं । श्री पी आर आचार्या बीईएल की सहायक कंपनी, बीईएल ऑप्ट्रॉनिक डिवाइसेस लि. तथा संयुक्त उद्यम कंपनी, जीई बीई प्रा. लि. के मंडल में निदेशक हैं । वे बीईएल ऑप्ट्रॉनिक डिवाइसेस लि. तथा जीई बीई प्रा. लि. में लेखा परीक्षा समितियों के भी सदस्य हैं । वे बीईएल में कोई शेयर धारण नहीं करते ।

श्री मनमोहन हाण्डा ने 24 जून 2014 को बीईएल के निदेशक (बंगलूर काम्प्लेक्स) का कार्यभार संभाला । इस पदोन्नति से पहले वे महाप्रबंधक (मिसाइल सिस्टम्स)/बंगलूर थे । श्री मनमोहन हाण्डा ने आरईसी, कुरुक्षेत्र से बी.ई. (मेकेनिकल) पूरा करने के बाद 1978 में बीईएल में कार्यग्रहण किया था । वर्ष 2008 में नवी मुंबई यूनिट में महाप्रबंधक के रूप में कार्यग्रहण करने से पहले, उन्होंने 2004-2008 तक बीईएल-गजियाबाद में अपर महाप्रबंधक (सिस्टम्स) तथा अपर महाप्रबंधक (एंटैना) के रूप में सेवाएँ प्रदान की थी । वर्ष 2010 में उन्हें महाप्रबंधक (निर्यात विनिर्माण)/बंगलूर के रूप में तैनात किया गया । वर्ष 2013 में उन्होंने महाप्रबंधक (एम.एस.)/बंगलूर का कार्यभार संभाला । श्री हाण्डा पैन-इंडिया की दो परियोजनाओं - पोलनेट तथा जम्मू एवं कश्मीर के अखनूर, पूँछ एवं राजौरी में रणनीतिक संचार नेटवर्क की संस्थापना, के कार्यक्रम प्रबंधक रहे हैं । उन्होंने शस्त्र एवं रेडार प्रणालियों के लिए हाइ-एंड के सिम्युलेटर्स का निर्माण करने वाली टीमों का नेतृत्व किया । नवी मुंबई यूनिट के महाप्रबंधक के उनके कार्यकाल के दौरान यूनिट में विक्रय और लाभ में महत्वपूर्ण बढ़ोतरी दर्ज की गई । महाप्रबंधक (मिसाइल सिस्टम्स) के रूप में उन्होंने भारतीय वायुसेना को आकाश मिसाइल सिस्टम के दो स्ववाङ्मनों की आपूर्ति करने और आकाश मिसाइल सिस्टम (थलसेना रूपांतर) के 'प्रथम उत्पादन मॉडल' के उपस्करों की आपूर्ति करने में सफलता हासिल की । महाप्रबंधक (निर्यात विनिर्माण)/बंगलूर के रूप में, वे मतदाता सत्यापनीय कागज लेखा परीक्षा टूल के साथ नई इलेक्ट्रॉनिक मतदान मशीन के विकास कार्य में सूत्रधार रहे । उन्होंने बीईएल की निम्न लागत के टेबलेट पीसी के विकास में भी महत्वपूर्ण भूमिका निभाई । श्री हाण्डा, जो इंडियन एसोसिएशन ऑफ मार्टीरियल्स मैनेजमेंट, बंगलूर से सामग्री प्रबंधन में स्नातकोत्तर डिप्लोमा धारक है, ने विविध क्षेत्रों में कार्य किया है जिनमें उत्पादन नियंत्रण, उप-ठेका, औद्योगिकी अभियांत्रिकी, प्रबंध सेवाएँ और प्रणालियाँ (टर्नकी समाधान) शामिल हैं । श्री मनमोहन हाण्डा संयुक्त उद्यम कंपनी, जीई बीई प्रा. लि. के मंडल में निदेशक हैं । वे बीईएल में कोई शेयर धारित नहीं करते ।

India, London; Assistant (Personnel) & Director C&AG (Personnel); and Deputy Secretary in the Ministry of Surface Transport. He is an MBA in International Business from IIFT, New Delhi, a Law Graduate from CLC, Delhi University, a Post Graduate from Utkal University, and Diploma holder in Labour Laws from the Indian Law Institute, New Delhi. He is presently pursuing Ph.D in the area of Sustainable Performance Management. Mr P R Acharya is a Director on the Boards of BEL's subsidiary, BEL Optronics Devices Ltd and the Joint Venture Company, GE BE Pvt Ltd. He is also a Member of the Audit Committees in BEL Optronics Devices Ltd and GE BE Pvt Ltd. He does not hold any shares in BEL.

Mr Manmohan Handa took charge as Director (Bangalore Complex) of BEL on 24 June 2014. He was GM (Missile Systems)/BG before his elevation. Mr Manmohan Handa joined BEL in 1978 after completing BE (Mechanical) from REC Kurukshetra. He served as AGM (Systems) and AGM (Antenna) at Ghaziabad Unit of BEL during 2004-2008, before taking charge as GM, Navi Mumbai (NAMU) in 2008. He was posted as GM (EM)/BG in 2010. In 2013, he took charge as GM (MS)/BG. Mr Handa has been Programme Manager for two pan-India projects: POLNET and establishment of strategic communication network in Akhnoor, Poonch & Rajouri of J&K. He has led teams in the manufacture of high-end simulators for weapon and radar systems. NAMU saw a turnaround in sales and profit during his tenure as GM. As GM (Missile Systems)/BG, he succeeded in supplying two squadrons of Akash Missile System for the Indian Air Force and equipment for 'First of Production Model' of Akash (Army version). As GM (EM)/BG, he was instrumental in the development of the new EVM with Voter Verifiable Paper Audit Trail. He has also played a pivotal role in developing BEL's low cost Tablet PC. Mr Handa, who holds a PG Diploma in Materials Management from the Indian Association of Materials Management, Bangalore, has handled diverse areas including production control, subcontracts, industrial engineering, management services and systems (turnkey solutions). Mr Manmohan Handa is a director on the Board of the Joint Venture Company, BE GE Pvt Ltd. He does not hold any share in BEL.

वार्षिक सामान्य बैठक के स्थल के लिए बीएमटीसी बसें

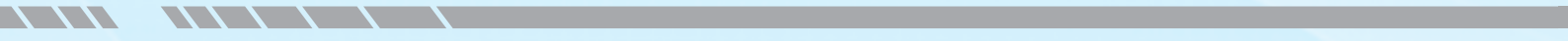
| | |
|-----------|---------------------------------------|
| यहाँ से | |
| मैजेस्टिक | - 271 सीरीज़, 273 सीरीज़ और 274 |
| शिवाजीनगर | - 270 और 272 |
| मार्केट | - 275 सीरीज़ |
| | (स्टेट बैंक स्टॉप में उतरें) |
| यहाँ से | |
| मैजेस्टिक | - 276 (बीईएल अस्पताल स्टॉप में उतरें) |

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) |

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Chairman's Letter



Dear Shareholders

It gives me immense pleasure to write to you and share through this letter the achievements and financial highlights of your company during the past year. Your company is able to sustain the growth in revenues and profits. At ₹ 2,345,200 lakhs the order book continues to be robust. Your company has maintained its leadership position in supplying equipments / systems to Defence forces and is on a steady growth path. I take this opportunity to share with you the performance highlights during the past year and the future outlook for the Company.

Highlights of the year

Your company achieved a turnover of ₹ 617,423 lakhs during 2013-14 against ₹ 601,190 lakhs in 2012-13, thereby registering a growth of 2.70%. A steep growth of 28% in exports has resulted in the company achieving an all time high Export turnover of US \$ 42 Million compared to US \$ 32.78 Million the previous year. For the first time your company exported state-of-the-art Sonar system and also successfully commenced manufacturing of aircraft cable looms for Pilatus of Switzerland. Some of the other major equipments exported this year are Radar Warning Receiver, Identification of Friend or Foe, Radar Finger Printing System and Automatic Identification System.

All the 9 manufacturing Units of the company have performed well. The Profit After Tax for 2013-14 was ₹ 93,162 lakhs against ₹ 88,983 lakhs last year, an increase of 4.70% over

previous year. The Net Worth of the company has now increased to ₹ 701,724 lakhs from ₹ 630,369 lakhs in year 2012-13.

R&D has been the main focus area of your company for increasing indigenisation and value addition in our products / systems. The total expenditure on R&D as a percentage of turnover during the year was 7.56% which is one of the highest among the defence PSUs. It is our constant efforts on indigenous developments that has led us to achieve 85% of our turnover from indigenous products. Only 15% of our revenues came from products manufactured through ToT from foreign OEMs. Defence being the mainstay of the company, has contributed 83% of sales revenue, with the balance 17% coming from the civilian sector.

Some of the major products / systems introduced during 2013-14 are the 3D Tactical Control Radar, Low Level Light Weight Surveillance Radar, Missile Approach Warning System, Electronic Voting Machine with new specifications including digital certification and tamper proof mechanism, Voter Verifiable Paper Audit Trail (VVPAT), a Printing attachment to the Electronic Voting Machine (EVM) to facilitate comparison of votes in the event of a dispute, etc. I have the privilege to inform you that during this year, your company has filed applications for 9 Patents in the areas of X-ray baggage scan images, Radar scan converter, Gradient estimate for adaptive analog beam, Accurate target bearing using Digital Compass, Multiple voice streams in packet based transmission, Wide band switch limiter, Monocycle Impulse generator and Strip line filter.

Some of the highlights are:

- Successful test firing of Akash Weapon System for Indian Army.
- Induction of 3D Tactical Control Radar and Low Level Light Weight Surveillance Radar (Bharani) by Indian Army.
- An all time high Export turnover of US\$ 42 Million.
- Supply of over 1.0 Lakhs EVMs.
- Commissioning of state-of-the-art facility for manufacture of high performance Radio Frequency and Microwave components.
- Obtaining Government approval for formation of Joint Venture Company with Thales, France. This JVC is expected to be operational shortly.

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

- Raksha Mantri Awards for "Excellence 2011-12" in the category of Best Performance in Exports, Indigenization, Innovation and Design Efforts.
- SCOPE Meritorious Award for the year 2012-13 for Best Practices in Human Resource Management.
- Four Units of BEL - Ghaziabad, Hyderabad, Machilipatnam and Navi Mumbai have won the 'Strong Commitment to Excel' recognition this year in the CII-EXIM Bank Award for Business Excellence (2013).
- Bagged 12 Gold Medals for Six Sigma Projects in the Competition conducted by Quality Circle Forum of India (QCFI).

Future outlook

Introduction of prioritization of various categories for acquisition with preference to Indian made products / systems, Clear definition for Indigenous content and Govt's firm resolve to ensure faster progress in "Make" and "Buy & Make (Indian)" cases in DPP 2013 provides a great opportunity for the Company to enhance its indigenization efforts and to address the opportunities in Indian Defence sector.

Backed by a healthy order book we are targeting a turnover of about ₹ 700,000 Lakhs during 2014-15. Segments like Radar and Missile systems, Communication and Network Centric Systems, Tank Electronics, Gun upgrades & EO systems and Electronic Warfare & Avionics systems will continue to drive the Company's growth in the coming 4 to 5 years. Capacity enhancements and creation of new test facilities will help the Company in achieving the targeted growth. Sensing growth opportunity in the civil segment we are pursuing business in the field of Homeland Security, Smart cards and Telecom. Defence will continue to be our main business and provide close to 80% of our revenues with civilian business providing the balance.

The future looks promising as well as challenging. The Defence Sector is increasingly being opened up for private sector participation with evolutions of Defence Procurement Procedure. All this has pushed the company towards much higher competitiveness and productivity through initiatives for enhancing value addition. It is extremely important for BEL to stay abreast of technology and develop new products regularly. Thrust on R&D across the company will continue with roadmaps drawn for future products, acquisition of

key technologies and filing of patents. The company is also laying greater emphasis on working closely with DRDO labs, other research institutions and academic institutions as well as niche technology companies for development of new products and systems. The important projects planned for this year are Akash Weapon System, 3D TCR, Low Level Tracking Radar, Schilka Upgrade, etc. On the export front, your Company has acquired orders worth US\$ 141.85 Million this year. The export order book as on 1st April 2014 is US \$ 194 Million including Offset orders of US \$ 28.45 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, as per the Listing Agreement with Stock Exchanges and the guidelines issued by the Department of Public Enterprises for CPSEs, forms part of the Directors' Report.

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

Acknowledgements

I am grateful to the Board of Directors and members of management committee for their unwavering support and guidance. Ministry of Defence and Defence Services have been continuously providing valuable guidance and support. I take this opportunity to express my appreciation and gratitude to the Defence Research and Development Organisation and the various Research Laboratories under DRDO for their support, particularly in the joint development programmes. I further deeply appreciate our shareholders, esteemed customers and business associates for providing the opportunities to earn their confidence.

Best wishes,

Sincerely,



S K Sharma

Bangalore
05 August 2014

Chairman & Managing Director

CORPORATE VISION, MISSION, VALUES AND OBJECTIVES

Vision

To be a world-class enterprise in professional electronics.

Mission

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

Values

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

Objectives

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

Board of Directors

(As on 01 August 2014)

Whole-time Directors

1. Mr Sunil Kumar Sharma, Chairman and Managing Director
2. Mr M L Shanmukh, Director (Human Resources)
3. Mr Amol Newaskar, Director (Other Units)
4. Dr Ajit T Kalghatgi, Director (Research & Development)
5. Mr P C Jain, Director (Marketing)
6. Mr P R Acharya, Director (Finance)
7. Mr Manmohan Handa, Director (Bangalore Complex)

Part-time Government Directors

8. Mr P K Mishra, Joint Secretary (ES), Ministry of Defence, Department of Defence Production
9. Lt Gen C A Krishnan, UYSM, AVSM, Deputy Chief of Army Staff (P&S), Army Headquarters

Part-time Independent Directors

10. Mr S M Acharya, IAS (Retd), ex-Secretary to Government of India
11. Lt Gen (Retd) Vinod Kumar Mehta, ex-Director General Quality Assurance, Ministry of Defence
12. Mr Vikram Srivastava, IPS (Retd), ex-DG CRPF & ITBP

Permanent Special Invitees to all the Board meetings

1. Mr P K Kataria, Additional Financial Adviser & Joint Secretary, Ministry of Defence
2. Air Marshal R K Sharma, PVSM, AVSM, VM, ADC, Vice Chief of the Air Staff
3. Vice Admiral K R Nair, AVSM, VSM Chief of Material, Indian Navy
4. Mr S S Sundaram, Director General, Electronics & Communication Systems, DRDO

Principal Executives

CORPORATE OFFICE

Chief Vigilance Officer

Mr S Shiva Kumar, IAS

Executive Directors / General Managers

Mr G Raghavendra Rao

Mr Vipin Katara

Mr V V Balakrishnan

Mr V K Mehta

Mr Koshy Alexander

Mr D C Das

Mr C P Suresh

Mrs Hema G Acharya

Company Secretary

Mr S Sreenivas

UNITS

Executive Directors / General Managers

Bangalore

Mr Philip Jacob

Mr R Chandrakumar

Mr N Suresh

Mr Sanmoy Kumar Acharya

Mr M V Gowtama

Mr M M Joshi

Mr Suresh Katyal

Mr S Chandrasekar

Cdr (Retd) T Jagannath

Mr Nataraj Krishnappa

Mr V D Bevinamarad

Mrs Rani Vergis

Mr G Arunachalam

Mr G A Rasheed

Chennai

Mr Charan Singh

Ghaziabad

Mr Girish Kumar

Mr R K Handa

Mr A K Sharma

Mr Manmohan Pandey

Hyderabad

Mr R N Bagdalkar

Kotdwara

Mr D K Mehrotra

Machilipatnam

Mr T N Ramesh

Panchkula

Mr K Baljit Chander

Pune

Mr A R Vaidya

Navi Mumbai

Mr S S Gokhale

CRL, Bangalore

Mr V Mahesh

Chief Scientist

CRL, Ghaziabad

Mr Rajan Banerjee

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

AXIS Bank

HDFC Bank

Canara Bank

Syndicate Bank

Vijaya Bank

Bank of Baroda

Andhra Bank

IDBI Bank

AUDITORS

Statutory Auditors

M/s Badari, Madhusudhan &

Srinivasan, Bangalore

Branch Auditors

M/s Mittal Gupta & Co Lucknow

M/s Rao & Narayan Vijayawada

M/s M B Bafna & Co Pune

Cost Auditors

M/s P S V Associates

Bangalore

The Past Decade

(₹ in lakhs)

| Particulars | 2004-05 | 2005-06 | 2006-07 | 2007-08 | 2008-09 | 2009-10 | 2010-11 | 2011-12 | 2012-13 | 2013-14 |
|--|---------|---------|---------|---------|---------|---------|-----------|---------|---------|---------------|
| Sales & Services | 321209 | 353628 | 395269 | 410254 | 462369 | 521977 | 552969 | 570363 | 601190 | 617423 |
| Value of Production | 323497 | 345003 | 401275 | 411137 | 527327 | 524788 | 552080 | 579358 | 628991 | 612690 |
| Other Income | 12228 | 11858 | 19781 | 27824 | 22997 | 37641 | 38933 | 70312 | 60993 | 42847 |
| Materials | 175823 | 185063 | 213522 | 206889 | 304106 | 302454 | 312931 | 366903 | 408463 | 358356 |
| Employee Benefits Expense | 44161 | 43693 | 51968 | 65917 | 75579 | 100958 | 104186 | 108123 | 111079 | 103043 |
| Depreciation/Amortization | 7147 | 7944 | 8459 | 9264 | 10560 | 11594 | 12204 | 12080 | 13071 | 14210 |
| Interest/Finance Cost | 906 | 2564 | 80 | 25 | 1077 | 53 | 73 | 60 | 78 | 340 |
| Other Expenses (including Excise Duty & Exceptional items) | 39092 | 32071 | 41780 | 39736 | 49319 | 42867 | 45504 | 55019 | 57174 | 77439 |
| Profit Before Tax | 68596 | 85526 | 105247 | 117130 | 109684 | 104502 | 116115 | 107485 | 111459 | 117474 |
| Provision For Tax | 23964 | 27225 | 33431 | 34456 | 35108 | 32415 | 29968 | 24495 | 22476 | 24312 |
| Profit After Tax | 44632 | 58301 | 71816 | 82674 | 74576 | 72087 | 86147 | 82990 | 88983 | 93162 |
| Dividend (Amount) | 8960 | 11680.0 | 14400 | 16560 | 14960 | 15360 | 17280 | 16640 | 17840 | 18640 |
| Dividend (%) | 112 | 146 | 180 | 207 | 187 | 192 | 216 | 208 | 223 | 233 |
| Equity Capital | 8000 | 8000 | 8000 | 8000 | 8000 | 8000 | 8000 | 8000 | 8000 | 8000 |
| Reserves & Surplus | 150008 | 194931 | 249231 | 313295 | 370368 | 424526 | 490571 | 554221 | 622369 | 693724 |
| Loan Funds | 1536 | 881 | 171 | 138 | 121 | 73 | 41 | 10 | 1 | 0 |
| Gross Block | 112928 | 124031 | 132480 | 143076 | 157990 | 170217 | 178900.04 | 190158 | 207323 | 222667 |
| Cumulative Depreciation/Amortization | 80994 | 86993 | 93913 | 101727 | 111245 | 121221 | 130529 | 139142 | 149778 | 157572 |
| Inventory | 106496 | 103714 | 124635 | 135157 | 242096 | 244871 | 246032 | 279182 | 327108 | 337014 |
| Debtors/Trade Receivables | 69912 | 101769 | 169341 | 205571 | 227653 | 216836 | 289681 | 268686 | 333467 | 412854 |
| Working Capital | 110903 | 151777 | 200996 | 263090 | 313556 | 365629 | NA | NA | NA | NA |
| Working Capital (As per Revised Sch VI) | NA | NA | NA | NA | NA | NA | 430800 | 478994 | 544494 | 607714 |
| Capital Employed | 142832 | 188817 | 239563 | 304438 | 360301 | 414625 | NA | NA | NA | NA |
| Capital Employed (As per Revised Sch VI) | NA | NA | NA | NA | NA | NA | 479171 | 530010 | 602039 | 672809 |
| Net Worth | 157637 | 202705 | 257135 | 321295 | 378368 | 432526 | 498571 | 562221 | 630369 | 701724 |
| Earning Per Share (in Rupees) | 55.79 | 72.88 | 89.77 | 103.34 | 93.22 | 90.11 | 107.68 | 103.74 | 111.23 | 116.45 |
| Book Value Per Share (in Rupees) | 197.05 | 253.38 | 321.42 | 401.62 | 472.96 | 540.66 | 623.21 | 702.78 | 787.96 | 877.15 |
| No. of Employees | 12390 | 12262 | 12357 | 12371 | 11961 | 11545 | 11180 | 10791 | 10305 | 9952 |

Directors' Report

To the Members,

I have great pleasure in presenting to you, on behalf of the Board of Directors, the 60th Annual Report of Bharat Electronics Limited and the Audited Accounts for the financial year ended 31 March 2014 together with the reports of the Statutory Auditors and the Comptroller and Auditor General of India thereon.

Performance Highlights

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

(₹ in lakhs)

| | 2013 - 14 | 2012 - 13 |
|--|-------------------|------------|
| Value of Production | 612,689.97 | 628,990.56 |
| Turnover (Gross) | 617,423.25 | 601,189.93 |
| Profit Before Depreciation, Finance Cost and Tax | 132,024.01 | 124,608.42 |
| Finance Cost | 339.61 | 78.17 |
| Depreciation and Amortization | 14,210.45 | 13,071.04 |
| Provision for Tax | 24,311.77 | 22,475.93 |
| Profit After Tax | 93,162.18 | 88,983.28 |
| Add : Balance brought forward from previous year | 265,778.32 | 240,900.14 |
| Balance available for Appropriation | 358,940.50 | 329,883.42 |
| Interim Dividend paid | 4,800.00 | 4,800.00 |
| Proposed Final Dividend | 13,840.00 | 13,040.00 |
| Tax on Dividend | 3,167.87 | 2,994.83 |
| Transfer to General Reserve | 40,000.00 | 40,000.00 |
| Transfer to Capital Reserve | 450.11 | 3,270.27 |
| Reserves & Surplus | 693,723.77 | 622,369.46 |
| Net Worth | 701,723.77 | 630,369.46 |
| Earnings Per Share (in ₹) | 116.45 | 111.23 |
| Book Value Per Share (in ₹) | 877.15 | 787.96 |

Distribution of Value of Production for 2013-14 is given below :

| | Amount (₹ in lakhs) | Percentage |
|-------------------------------|------------------------|------------|
| Materials | 358,355.91 | 58.49% |
| Employee Cost | 103,042.56 | 16.82% |
| Other Expenses (Net) | 19,607.10 | 3.20% |
| Depreciation and Amortization | 14,210.45 | 2.32% |
| Provision for Tax | 24,311.77 | 3.97% |
| Profit After Tax | 93,162.18 | 15.21% |
| Total | 612,689.97 | 100.00% |

Company's sales turnover for the year 2013-14 has increased to ₹ 617,423.25 lakhs from ₹ 601,189.93 lakhs in 2012-13, registering a growth of 2.70%. Profit after Tax for the year is ₹ 93,162.18 lakhs as against ₹ 88,983.28 lakhs in the previous year. Turnover from indigenously developed products is 85%. Supplies to the defence contributed to 83% of turnover as against 85% in 2012-13.

Dividend

The Board has recommended a Final Dividend of 173 % (₹ 17.30 per share), ₹ 13,840 lakhs for the year 2013-14. An interim dividend of 60% (₹ 6 per share), ₹ 4,800 lakhs has already been paid for the year 2013-14. Thus, the total dividend for the year 2013-14 is 233 % (₹ 23.30 per share), ₹ 18,640 lakhs (excluding corporate dividend tax) as against 223% (₹ 22.30 per share), ₹ 17,840 lakhs paid in the previous year.

Provision of ₹ 2,352.11 lakhs has been made for corporate dividend tax on the final dividend proposed. Corporate dividend tax of ₹ 815.76 lakhs has already been paid on the interim dividend paid for the year 2013-14.

Major Orders Executed

Major projects executed during the year for the Army, Navy, Air Force, Coast Guard and non-defence customers include: Akash Missile Systems (Army & Air Force), Passive Night Vision Devices (PNVDs), Low Level Light Weight Radar, Missile Warning System (MWS), Hull mounted Sonar, Shipborne EW system, Central Acquisition Radar, Low Level Transportable Radar (LLTR), Coastal Surveillance System, Electronic Voting machines (EVMs), National Population Register (NPR), etc.

New Products

Some of the important new products introduced during the year include :

- **Bharani** - a Low Level Light weight Radar (LLLR). It is a battery powered Compact Sensor providing two Dimensional Surveillance solution to alert Air defence Weapon System against hostile targets at low and medium altitudes.
- **Hull Mounted Sonar** - for detecting, localizing and tracking surface & sub-surface targets in both active and passive modes. The sonar is designed to meet the naval requirements.
- **Electronic Voting Machine** – with new specification including digital certification and tamper evidence feature.

- **Voter Verifiable Paper Audit Trail (VVPAT)** - a Printing attachment to the Electronic Voting Machine (EVM) to facilitate comparison of votes in the event of a dispute.
- **Radio for LIC EW system** - Radio system for providing reliable back bone data communication.

Other significant developments / achievements during the year 2013-14

- Successful test firing of indigenously developed 'Akash' Missiles from the Integrated Test Range (ITR) at Chandipur, off the Odisha coast.
- Ministry of Defence approval and FIPB approval received for BEL -Thales Joint Venture. This JVC is being established for Design, Development, Marketing, Supply & Support of Civilian and select Defence Radars.
- "Futuring Work Shop" by American Society for Quality (ASQ) Inc., USA to company's senior management. The workshop is focused on Scenario Planning and evolving strategies to face future challenges.
- The turnover from Indigenous technology is around 85% for the year 2013-14 as against 78% of 2012-13.
- Around 1.23 lakh Electronic Voting Machines (EVMs) supplied in record time, during the year 2013-14.

Exports

Your Company achieved an all time high export sales of US\$ 42 million registering a growth of 28% over the previous year's export turnover of US\$ 32.78 million. The Company has an export order book of US\$ 194 million as on 01 April 2014 which includes offset order book of US\$ 28.45 million. The targeted export sales for the year 2014-15 are US\$ 59.75 million. The long term export plan of BEL is to reach export sales to total sales turnover ratio of 7% from the current ratio of 4% by 2018-19.

BEL for the first time exported state-of-the-art Sonar systems. Other major range of products exported during the year includes Automatic Identification System, Radar Warning Systems, Radar Finger Printing System, Casings, Stators, Electro Mechanical parts etc. BEL has successfully established itself as a supply chain partner of global players like Boeing & Hamilton Sunstrand. During the year, BEL has successfully commenced manufacturing of aircraft cable looms for M/s Pilatus of Switzerland.

BEL participated in three International Exhibitions in the year 2013-14 to showcase its products & capabilities. Having established a coastal surveillance radar system for a couple of countries, BEL is interacting with Ministry of External Affairs on a regular basis for supply of these systems to other friendly countries of India.

BEL is also anticipating sizable export orders on account of the "Offset" policy in Defence Procurements. In this regard BEL is interacting with many foreign companies, like Elbit Systems, Boeing, Lockheed Martin, Raytheon, Northrop Grumman, BAE Systems, SAAB, Thales, IAI for possible offset business arising out of various RFPs issued by MoD India. BEL has already signed MoUs with these companies.

MoU with Government

Your Company has been signing a Memorandum of Understanding (MoU) every year with the Government of India, Ministry of Defence. Performance of BEL for the year 2012-13 has been rated as "Very Good" in terms of the MoU with the Government. The MoU rating for 2013-14 is under finalisation by the Government.

Order Book Position

The order book of Company as on 01 April 2014 is ₹ 2,345,200 lakhs. The order book comprises mainly major programs like Weapon Systems for Air Force & Army, Battlefield Surveillance System, Command Information Decision Support System, Fire Control System, Passive Night Vision Devices and some of the new generation Radars, Sonars, Electronic Warfare Systems, etc. However, taking into account the delivery schedule, customer requirements, site/platform readiness, etc., the orders available for execution during 2014- 15 is ₹ 590,000 lakhs.

Finance

During the financial year 2013-14, your Company has been able to meet out of internal resources, the fund requirements towards incremental working capital and additional investments on Capital equipments. 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. This rating will help in securing the best rates for the various services availed from the consortium banks. Based on the user requirements, several changes have been carried out in the online ERP to help in better information flow and control.

The inventory position of your Company as on 31 March 2014 was ₹ 337,014 lakhs (Net), as against ₹ 327,108 lakhs (Net) as on 31 March 2013. The inventory as on 31 March 2014 works out to 202 days of the Value of Production (DPE) for the year 2013-14 as against the corresponding position at 191 days as on 31 March 2013. During the year, several committees were formed to examine inventory management and based on the feedback comprehensive guidelines have been issued to streamline inventory management.

The position of Trade Receivables as on 31 March 2014 was ₹ 412,854 lakhs (Net) as against ₹ 333,467 lakhs (Net) as on 31 March 2013. This works out to 244 days of turnover for the year 2013-14 with the corresponding position at 202 days in the previous year. The increase in Trade Receivables as at the end of the financial year is mainly due to the following reasons :

- (a) Higher proportion of sales in the last quarter, particularly in March 2014;
- (b) Non realization of bills due to budgetary constraints of the Customers which had started as early as Nov 2013 during the current financial year;
- (c) Payment terms in the sale contracts where the release of money is linked to certain specific milestones, even after delivery of the items like Harbor Acceptance Trials/Sea Acceptance Trials, etc.

The Realization of Trade Receivables will be closely monitored to ensure speedy collection during the current financial year which should improve the position by the end of the year 2014-15.

The Company does not have any public deposit scheme at present. However, the matured past public deposits amount with the company was ₹ 36.95 lakhs as on 31 March 2014. Of these, 34 deposits amounting to ₹ 36.50 lakhs are claimed but not paid as these accounts are frozen on advice by Karnataka Lokayukta. Remaining matured deposits of ₹ 0.45 lakhs as on 31 March 2014 is unpaid. The entire amount of public deposits outstanding as on 31 March 2014 is included in the current liabilities, Note No. 8 of the Balance sheet.

Research & Development

Research and Development continued to be a focus area of BEL during the year 2013-14. In-house R&D efforts during the year encompassed all the business segments of the

Company, viz. Radars, Military Communication, Naval Systems, Missile Systems, Electronic Warfare, Avionics, C⁴I systems, Electro-optics, Tank Electronics, Gun up-grades, Civilian equipments & systems and Components.

BEL R&D engineers had close co-operation with DRDO, other national research and development agencies and academic Institutes.

Development & Engineering (D&E) Divisions attached to all the Strategic Business Units (SBUs) 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 (CRLs) of the company supported the D&E Divisions of all the units through development of core technology modules and software required for the development of Products and Systems.

The analysis of turnover of the company for the year 2013-14 indicates that 41% of the turnover is from BEL developed products, 44% of the turnover is from products developed in association with DRDO & other National Labs and remaining 15% is from products for which technologies were acquired through foreign ToT.

Development of New Products

During the year 2013-14, different R&D Divisions completed several development projects leading to new products, systems and technology modules. The Company was also able to bring out many new products through joint development efforts with Defence Research and Development Organisation (DRDO).

New Products developed jointly with DRDO

Bharani - a Low Level Light Weight, Compact, Surveillance Radar (LLLR), powered by a battery for use in Army Air Defence Weapon System against hostile targets like UAV RPV, hovering Helicopters and fixed wing Aircrafts at low and medium altitudes. This product was developed jointly with LRDE.

EO System for Integrated Coastal surveillance system - Developed jointly with IRDE as an indigenous EO solution for integrated Coastal Surveillance System.

EW system – Developed jointly with DLRL.

HMS-X – Developed jointly with NPOL, HMS-X is a Sonar which is capable of performing operation in both active and passive modes.

New Products developed by BEL through in-house R&D effort

Radio for LIC EW system – is a back bone data communication system for Short Distance Direction Finding (SDFS) sub system of LIC EW.

VCCS - The Voice Communication Switching System (VCCS) which is based on IP architecture signaling within own network when interfaced with Legacy Networks and other interfaces available.

Electronic Voting Machine with Voter Verifiable Paper Audit Trail - Electronic Voting Machine is designed as per new specification of Election Commission with additional features like digital certification, tamper evidence on opening of cover and improved diagnostic features. Voter Verifiable Paper Audit Trail is an attachment to the existing Electronic Voting Machine. It is capable of providing a printed paper after each vote is casted by the voter to confirm that printed record matches the electronic ballot.

Scientists from Central Research Laboratories and other R&D divisions of BEL have contributed 86 Technical Papers in the national and international journals during the year. The Company filed 9 new applications for Patents during the year 2013-14, for Patents and related Intellectual Property Rights.

Quality

Your Company's Vision of becoming a 'World-class company in Professional Electronics' is being achieved by giving thrust on three attributes - Quality, Technology and Innovation. Corporate Quality Division takes initiatives which encompass control and monitoring of all critical operational and business performance parameters like On Time Delivery, Process Cycle Time, Manufacturing Yield, Statistical Process Control, Complaint Resolution, Reliability - resulting in enhancement of product quality and in exceeding customer needs and expectations. These factors are monitored through well established 'SAP' enterprise resource planning system across all Strategic Business Units, regional, marketing and purchase offices of the company in India and abroad. The dedicated CRM (Customer Relation Module) and SRM (Supplier Relation Module) in SAP

are able to enhance customer services and improvement in procurement efficiency of the company respectively.

The company is committed to establish internationally recognised systems through process approach. All Units/ Strategic Business Units/Common Services Groups are accredited to ISO 9001 to its latest versions of Quality Management System (QMS) since early nineties. Seven Units/SBUs - Ghaziabad, Panchkula, Kotdwara, Hyderabad, Military Communication, Electronic Warfare & Avionics, Export Manufacturing, have upgraded their QMS to Aerospace standard AS 9100. Calibration and maintenance departments of Bangalore Complex, Ghaziabad and Panchkula units are accredited by NABL to ISO 17025 standards. The Pune unit manufacturing X-ray tubes is certified for ISO 13485 standard for medical devices. The Central Software Development Group at Bangalore is certified to CMMi level 5.

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

The EFQM (European Foundation of Quality Management) model for Business Excellence is being followed since year 2002 in BEL as another process approach for overall strategic and operational excellence leading to enhancement in competitiveness, in meeting and exceeding needs & expectations of stakeholders (Government, shareholders, customers, employees, partners and society). During the year 2013-14, four Units - Ghaziabad, Hyderabad, Machilipatnam and Navi-Mumbai participated for this award and were conferred for 'Commendation for Strong Commitment to Excel'. At present all Units/SBU are at this level except Bangalore Unit, which is at next higher level of Award i.e. 'Commendation for Significant Achievement'.

The continual improvements in product and processes are brought out through various approaches. Middle and senior level executives select Six Sigma projects from different areas of concern related to product and processes and bring about breakthrough improvements. In order to effectively implement six-sigma methodology and to bring culture of improvement through analytical approach, 10 Black Belts were trained and certified by ISI, Bangalore during the year. A total of 621 six sigma projects have been completed so far, of which 200 projects were completed during the year 2013-14. 17 six

sigma projects were nominated for national level competitions. One of the case studies represented the organization at the international competition, ICQCC 2013, held at Taipei, Taiwan. All Six sigma case studies were adjudged either in Excellence or in Par Excellence in their respective categories.

The organization creates impetus towards involvement of non-executives in the quality movement through Quality Circles. In the year 2013-14, 545 presentations for improvement in product and processes were made by various Quality Circles. Twenty Five QC circles were nominated to participate in national competition/conventions and all were adjudged for higher category awards. One circle represented the organization in international convention, ICQCC 2013, held at Taipei, Taiwan and bagged excellence award in its category.

BEL has nominated its D&E engineers for Certified Reliability Engineer (CRE) program conducted by American Society for Quality (ASQ). The CRE certification is a training program followed by stringent exam to ensure proper grasping of the subject. 64 D&E engineers were professionally certified for CRE in year 2013-14.

The year 2013-14 was declared as "Year of Quality" by Ministry of Defence. A twelve point comprehensive program on Quality with defined target was initiated during the year. Under this program, 73% of lower and middle level engineers were exposed on Fundamentals of Quality. The Heads of Quality and the operating level Quality engineers in respective SBUs/Units were certified for Certified Manager on Quality/Organisational Excellence (CMQ/OE) and Certified Quality Engineers (CQE) programs by the American Society for Quality (ASQ). A total of 18 CMQ/OE and 36 CQE have been certified. Awareness program on Reliability and Maintainability by developing in-house faculty was also conducted. 1156 D&E engineers were covered under this program. Revision of existing BEL Quality Manual to latest quality standard including Business Excellence and also covering topics like Evaluation of Vendors, Corporate Quality Audit of all Units/SBUs, determination of Quality Index were also taken up during Year of Quality.

During the year 2013-14, BEL engineers have won 36 Quality Awards in external competitions, including National and International conventions.

A Customer Satisfaction Survey was organised by BEL through external agency, Indian Market Research Bureau (IMRB), to capture the customers' perception on quality of BEL product. Fourteen products from various Units/SBUs were offered for survey. The average Customer Satisfaction Index was found as 81%.

ERP Implementation

Your Company has implemented SAP as a centralized system for all BEL-units and offices in 22 locations. Initially, the core ERP system was implemented first in Bengaluru Complex in 2005. Later on it was rolled out to all other units and offices by 2008. Subsequently, new dimension modules. (eProcurement using Supplier Relationship Management, Customer Relationship Management, Business Intelligence, Business Objects, Knowledge Management using Cfolders and Enterprise Portal) were implemented.

In 2013-14 BEL has upgraded its ERP hardware with Enterprise Class servers which use blade server technology and virtualization for high availability, SAN storage with solid state drives and mission critical support. This was followed by SAP technical upgrade to the latest versions of SAP and Oracle RDBMS. The latest version of SAP has support for the Official language Hindi. The hardware infrastructure at the Disaster Recovery site in Chennai has also been replaced.

SAP Functional upgrade which is directed towards business benefits, with focus on implementing the most valuable functions of the latest SAP software, is planned during FY 14 – 15. WAN up gradation for the entire network is planned during 2014-15. File Life cycle Management (FLM) from SAP, which enables all processes related to files in a digitized manner, is also planned for 2014 -15. FLM encompasses processes such as file creation, movement tracking, noting, review and approval as well as Daak management. It further leverages technology for ensuring better transparency in business processes and administration.

Human Resources

Your Company employed 9,952 persons as on 31 March 2014 as against 10,305 persons as on 31 March 2013. Of these employees, 3,991 were engineers/scientists and 2,080 were women employees on 31 March 2014. A total of 243 engineers, scientists and other professionals were inducted during the year. 57 employees belonging to SC, 39 employees belonging to ST, 83 employees belonging to OBC and

9 employees belonging to the minority community were recruited during the year.

The Company has been implementing the Government Directives on Reservation. The particulars of SC/ST and other categories of employees as on 31 March 2014 are as under :

| Category of Employees | Executives | | Non - Executives | |
|-----------------------|------------|-----------|------------------|-----------|
| | Group 'A' | Group 'B' | Group 'C' | Group 'D' |
| Scheduled Caste | 889 | 28 | 833 | 65 |
| Scheduled Tribe | 290 | 2 | 142 | 24 |
| OBC | 956 | 42 | 832 | 45 |
| Ex - Servicemen | 98 | 4 | 299 | 63 |
| Physically Challenged | 88 | 6 | 141 | 14 |

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

Employee relation continued to be smooth and harmonious across the Company. 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 organized 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. Various cultural programmes were organized by the Fine Arts Clubs in the Units for recreation of employees and their families. Various summer camps/sports programmes were organized for the employees' children.

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.

Accolades

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

- BEL received prestigious Raksha Mantri Awards for "Excellence 2011-12" in the category of Best Performance in Exports, Indigenization, Innovation and Design Efforts.
- BEL has won the SCOPE Meritorious Award for the year 2012-13 for Best Practices in Human Resource Management.
- BEL secured Society of Defence Technologists (SODET) Awards for outstanding contributions by way of technology development and innovation in the area of defence applications for the year 2011-12 & 2012-13.
- Four Units of BEL — Ghaziabad, Hyderabad, Machilipatnam and Navi Mumbai — have won the 'Strong Commitment to Excel' recognition this year in the CII-EXIM Bank Award for Business Excellence (2013).
- BEL bagged 12 Gold Medals for Six Sigma Projects in the Competition conducted by Quality Circle Forum of India (QCFI)
- BEL has been conferred "Karnataka State Export Excellence" Award in the product category Electronics and Communication – Medium and Large Enterprise, for the years 2011-12 and 2012-13.

Environment Management

Your Company has long been integrating environmental sustainability in its operations systematically, for which it has earned a name. Set in clean and green surroundings, all the units of BEL maintain an environment-friendly work process and strongly believe that environmental sustainability is economically viable. Setting up objectives as per the sustainable development guidelines issued by DPE, BEL further enhances its performance-levels towards building a clean future. Even as well-established process controls keep pollution in check for all manufacturing operations, the Company strives continually to look for impacts beyond the boundary and reduce them by conservation of resources, mainly in the use of energy, water and hazardous materials in an organised way. This goes a long way in creating a sustainable future.

Our pristine environment is home to many species of birds that are at the top end of the eco-chain fostering bio-diversity 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 that 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. The company has now measured its carbon footprint and is planning to move towards a Carbon Neutral status by use of green renewable energy for its operations. Several capacity building programmes have been conducted to increase environmental awareness among the workforce and promote a pollution-free environment.

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

Subsidiary / Joint Ventures

Your Company's subsidiary at Pune, BEL Optronics Devices Ltd (BELOP) performed well during the year. BELOP manufactures 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. BELOP achieved a turnover of ₹ 17,147.34 lakhs as against ₹ 14,700.87 lakhs in the previous year. The Profit After Tax for the year was ₹ 496.19 lakhs as against ₹ 575.83 lakhs in the previous year.

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 dtd. 8 February 2011. Hence, Annual Accounts of BELOP are not attached to the Balance Sheet of BEL. BELOP Annual Accounts 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, together with the information required to be disclosed as per the directions contained in the MCA Circular No. 5/12/2007-CL-III dtd. 8 February 2011, is annexed to this report.

The Joint Venture Company (JVC) with General Electric, USA, viz., GE BE Pvt Ltd., continues to perform well. This JVC manufactures CT Max and other latest version X-Ray Tubes. BEL supplies some parts required for the products manufactured by this JVC. GE BE Pvt Ltd recorded a turnover of ₹ 60,685.00 lakhs as against ₹ 51,996.00 lakhs in the previous year. The Profit After Tax was ₹ 6,268 lakhs as against ₹ 7,117.00 lakhs

in the previous year. The JVC declared 100 % dividend for the year 2013-14 and 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 Electronics plc, UK was set up to supply, install and service Private Paging Systems and Pagers. As this JVC was not performing well, it was decided to wind up this company. The JVC Board and the shareholders passed the voluntary winding up resolutions and appointed a Liquidator. Liquidation process is on.

Consolidated Financial Statements

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

Vigilance

Your Company's Vigilance Organization is headed by an Independent Chief Vigilance Officer (CVO). Each Unit of the Company has a Vigilance set up headed by a Senior Vigilance Executive, reporting to the CVO. Preventive Vigilance has been the thrust area of the Vigilance Organisation and the same received focussed attention during the year. The Vigilance Organisation peruses procurement/sub-contract processes and contracts, conducts surprise inspections and investigates instances of any suspicious transactions referred to it. Any employee or third parties can refer any suspected transaction to the notice of CVO for investigation.

Important activities of the Vigilance Department during the year included : 1653 Purchase Orders/Contracts and 625 high value Orders/Contracts reviewed/scrutinised and found to be in order. 2 teams for Inspection of Works Contracts and 2 teams for Inspection of Purchase Orders have been constituted. 9 Works Contracts and 16 high value POs were inspected by in-house inspection teams. 3207 Regular/Surprise inspections were conducted. 9 Vigilance cases were handled during the year. There is no CBI case. 213 Executives have been trained in the Principles of Natural Justice & Domestic Enquiry Training Programme (for Dy. Mgrs. & above). 373 Executives and 121 Non-executives have taken part in Vigilance Awareness Training Programme. 92 Executives & 72 Non Executives working in sensitive areas for 3 years and above have been moved to different posts. 82% of Job Rotation completed for the Year 2013 - 14.

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

- Application forms for online registration of Subcontractors/ Vendors.
- 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.
- CVC circulars and guidelines.

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 dt. 12.01.2012, action has been taken for certification of e-procurement system.

Integrity Pact

One of the recent initiatives of the Central Vigilance Commission (CVC) to eradicate corruption in procurement activity is introduction of the Integrity Pact in large value contracts in Government Organizations. In line with the directives from Ministry of Defence and the Central Vigilance Commission, your Company has adopted Integrity Pact with all vendors / suppliers / contractors / service providers for all Orders / Contracts of value ₹ 2,000 lakhs and above, initially. This threshold value was reduced to ₹ 1,000 lakhs from March 2013 and further reduced to ₹ 500 lakhs from May, 2014. The Pact essentially envisages an agreement between the prospective vendors / bidders and the Principal (BEL), committing the Persons / officials of both sides, not to resort

to any corrupt practices in any aspect / stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

As recommended by the CVC, the Company has appointed Mr 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 the Company. 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, 78 Orders / Contracts are covered under Integrity Pact.

Procurement from MSMEs

Your Company has been providing thrust on enhancing procurement from MSMEs and has implemented the Public Procurement Policy for Micro, Small & Medium Enterprises (MSMEs) as per the guidelines/notification issued by the Ministry of MSMEs. In order to facilitate MSMEs, the company is classifying the existing vendors in Small Scale Industries (SSI) segment into Micro, Small & Medium Enterprises in the company's procurement system through web-based real-time centralized ERP System (SAP). Vendor registration forms are available in the company's official website (bel-india.com). Industry Promotion Officer is nominated to assist vendors regarding Procedure for Registration, understanding the requirements of BEL, report grievances, if any, etc. Some of the other initiatives include uploading of company's procurement plan for MSMEs based on the production plan, with periodic update and details of Unit/SBU specific Industry Promotion Officers in the company's official website, participation in various vendor development programmes like exhibitions, workshops, establishment of industrial estate to give maximum encouragement to ancillaries etc.

With enhanced focus & emphasis on MSMEs the company is confident of achieving the objectives of the Public Procurement Policy in the coming years. Company has been increasing its procurement from MSMEs year on year.

Implementation of Official Language Policy

Your company is committed to adhere to the OL policies of the Government of India. During 2013-14, efforts made towards implementation of Official Language include :

OL Vision and Mission of the company have been adopted. OL Portal was brought out to facilitate OL implementation across the company and to provide latest inputs pertaining to OL. Incentive Schemes for working in Hindi has been extended to the children of employees. These attractive and innovative schemes have been named after famous authors of Hindi Literature. The Premchand, Jayashankar Prasad Yojana for working in Hindi, the Kabir Puraskar for Divisional Heads as motivators and Tulsidas Puraskar for doing entire work in Hindi. Apart from this, there are social awards and awards for children of employees. Hindi language has been enabled in SAP. Company's website is available in Hindi and English and efforts are on to progressively to have the entire website in bilingual. Work on OL training roster is under progress on SAP. Employees of various Units / Offices and Corporate Office bagged prizes in the Inter Organization TOLIC Competitions. Corporate panel for English to Hindi translation has been extended. Hindi Month was observed in all the Units and Offices of the Company. During Hindi month, employees and officers participated enthusiastically in various programs / competitions. Hindi workshops for those having working knowledge in Hindi were conducted during the year. Training on Unicode is being imparted for all Executives and Employees. 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. 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 your Company, viz. www.bel-india.com. It contains general information about the Company, the powers and duties of employees, information about decision making process,

rules, regulations, manuals and records held by BEL, a directory of the Company's officers, pay scales, procedure for requesting additional information about the Company by citizens and associated request formats. During the year 2013-14 the Company received and attended to 295 requests for information under RTI Act. Most of the requests were for information related to Human Resources, particularly recruitment and service related matters.

Directorate

Following changes took place in the Directorate of your Company since the last report. Mr P C Jain was appointed as Director (Marketing) with effect from 01 September 2013 in place of Mr H N Ramakrishna, who retired on attaining the age of superannuation on 31 August 2013. Mr P R Acharya assumed charge as Director (Finance) on 2 September 2013. Government appointed Lt Gen Narendra Singh, AVSM, SM, VSM, ADC, Deputy Chief of Army Staff (P&S) as one of the Government Directors w.e.f. 01 October 2013, in place of Lt Gen S P Kochar. Government appointed Lt Gen C A Krishnan, UYSM, AVSM, Deputy Chief of Army Staff (P&S) as one of the Government Directors w.e.f. 01 May 2014 in place of Lt Gen Narendra Singh, who retired on 30 April 2014. Three part-time Independent Directors, viz. Mr N Sitaram, Prof Anurag Kumar and Prof (Dr) R Venkata Rao exited BEL Board on completion of their three year tenure of appointment on 20 December 2013. Mr Sunil Kumar Sharma assumed charge as Chairman & Managing Director on 01 January 2014 in place of Mr Anil Kumar, who retired on attaining the age of superannuation on 31 December 2013. Mr Manmohan Handa has assumed charge as Director (Bangalore Complex) on 24 June 2014. Government nominated Vice Admiral K R Nair AVSM, VSM, Chief of Material, Indian Navy as Permanent Special Invitee to all the Board Meetings, w.e.f. 01 April 2014 in place of Vice Admiral N N Kumar. Government on 12 June 2014 nominated Mr S S Sundaram, Director General Electronics & Communication Systems, DRDO as special invitee to all the Board Meetings. Government on 25 July 2014 nominated Air Marshal R K Sharma, PVSM, AVSM, VM, ADC, Vice Chief of the Air Staff as special invitee to all the Board Meetings.

Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and in

respect of Accounting Standard 17, necessary explanation for departure has been given in Note No. 30(13) 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 appointed M/s Badari Madhusudhan & Srinivasan, Chartered Accountants, Bangalore, as Statutory Auditors for the year 2013-14 for audit of accounts of Bangalore, Hyderabad and Chennai Units and Corporate Office. M/s. Mittal Gupta & Co., Chartered Accountants, Lucknow, were re-appointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara Units for 2013-14. M/s M B Bafna & Co., Chartered Accountants, Pune were re-appointed as Branch Auditors for Pune and Navi Mumbai Units for 2013-14. M/s Rao & Narayan, Chartered Accountants, Vijayawada were re-appointed as Branch Auditors for Machilipatnam Unit for 2013-14.

The Central Government vide order No GSR No 430 (E) dated 3 June 2011 notified The Companies (Cost Audit) Rules 2011. These Rules are applicable to BEL from financial year 2012-13. As per these Rules, the Cost Audit report duly signed by the Cost Auditor (s) has to be submitted to the Central Government within 180 days from the end of the Financial Year. Accordingly the Cost Audit report for the year 2013-14 will be submitted on or before 27 September 2014. Pursuant to Section 233B(2) of the Act, BEL Board of Directors appointed M/s PSV & Associates, Bangalore, as Cost Auditors of the Company for the financial year 2013-14 after due approval of the Central Government.

Auditors' Report

Auditors' Report on the Annual Accounts for the financial year 2013-14 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 as also under the Government (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises (CPSEs), is attached to this Report as **Annexure 1.**

Corporate Governance Report

DPE guidelines on Corporate Governance for CPSEs provide that CPSEs would be graded on the basis of their compliance with the guidelines. DPE has graded BEL as "Excellent" for 2012-13. A report on Corporate Governance along with a Compliance Certificate from the Auditors as prescribed under the Listing Agreements with the Stock Exchanges as well as the DPE Guidelines, is attached to this Report as **Annexure 2.**

Sustainability Report

The DPE guidelines on Sustainable Development for CPSEs mandates CPSEs to disclose their Sustainable Development efforts in a 'Stand Alone Report' or as a separate chapter in the Annual Report. Pursuant to this requirement, a Report on your Company's efforts on "Sustainable Development" is attached to this Report as **Annexure 3.**

Business Responsibility Report

The Securities and Exchange Board of India (SEBI) has mandated inclusion of Business Responsibility Reports ("BR reports") as part of the Annual Reports for listed entities. This SEBI mandate is also inserted as Clause 55 in the Stock Exchange Listing Agreement. The SEBI guidelines / CI 55 of Listing Agreement provide a format for BR reports. It also contains a list of nine Key Principles and various core elements under each principle to assess compliance with Environmental, Social and Governance norms. Listed companies are required to prepare policies based on these nine Key principles and core elements, put in place a framework to integrate and embed the policies into business activities and a mechanism to measure and report the achievements as BR reports.

Your Company has prepared a comprehensive policy framework for BR report, after studying the SEBI guidelines and keeping in view the business and governance environment in which BEL as a Defence PSU operates. Highlights of this policy are posted on the Company's website www.bel-india.com. The Company's BR report for the year is attached to this Report as **Annexure 4**.

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 given at **Annexure 5**.

Statement pursuant to Section 212 of the Companies Act, 1956, relating to the Subsidiary Company is given at **Annexure 6**.

As per Notification No. GSR 289(E) dated 31 March 2011, issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975, issued in terms of Section 217(2A) of the Companies Act, 1956, it is not necessary for Government Companies to include the particulars of employees drawing salaries of ₹ 60 lakhs or more per annum, if employed throughout the financial year or ₹ 5 lakhs or more per month, if employed for part of the financial year. As your Company is a Government company, the information has not been included as part of the Directors' Report.

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

For and on behalf of the Board

Bangalore
05 August 2014

Sunil Kumar Sharma
Chairman & Managing Director

Annexure 1

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 growth in the Indian economy has slowed down during the year 2013-14 due to contraction in key sectors, external environment, inflationary pressures etc. Among the sectors, manufacturing and services sector have slowed down. However, there is optimism that the economy will pick up momentum in the next financial year. The world economy has been sliding from 3.1 % in 2012 to 3 % in 2013, but this Global market slow down may not have a major impact on the Indian economy.

In the interim Union of India budget, there has been a 9.98% increase in the defence budget compared to 5.31% in the previous year. The major share in the defence budget is towards the revenue expenditure with an increase in percentage share from 57.41% (2013-14) to 60.01% (2014-15). In value terms this amounts to an increase from ₹ 11,693,141 lakhs to ₹ 13,441,205 lakhs.

The percentage share of capital expenditure has come down from 42.59% (2013-14) to 39.99% (2014-15). This amounts to a moderate growth of 3.28% compared to 9% in 2013-14 and in value terms a marginal increase from ₹ 8,674,071 lakhs to ₹ 8,958,795 lakhs.

Among the three armed forces, Army has the highest (19%) increase in the budget. While the Navy's budget has increased by a modest 3.5%, the Air Force's budget has contracted by 5.6%.

BEL is expected to get benefited by these hikes in budgets of Army and Navy, as it supplies Radars, Communication equipments, etc. to Army and Navy. Also, in the modernization of the defence equipments, Army has got an impressive hike (65.55%) in "Other Equipment" category.

Other procurements by defence forces from foreign vendors will have an implication of Offset obligation which will provide BEL an opportunity to export its products and services to foreign vendors. BEL is already in discussion with various foreign vendors for Offsets.

The Government has always stressed on indigenization. In this regard, the Interim budget has made a provision of ₹ 3570 lakhs for prototype development under the 'Make' procedure. The increased allocation should encourage various proactive development programs launched by BEL.

Major countries in Europe have cut military expenditure by more than 10%. United States which is the largest military spender in the world has been cutting down its expenditure in the past few years. As Indian defense budget is increasing over the years and likely to increase further, India will be an attractive market for the foreign defence vendors. This will up the competition for supply of equipments to Indian armed forces. On one side it will have an impact on BEL in terms of competition, but on the other side, it gives an opportunity to forge alliances with these major vendors and also opens the Offset's market.

(b) *SWOT Analysis*

Strengths :

- Clearly defined Vision, Mission, Objectives and Values
- Good Image and reputation
- 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

- Committed work force with good infrastructure and manufacturing facilities
- Well established systems and procedures including ERP
- Decades of experience resulting in excellent domain knowledge and core competencies in all areas of Defence electronics
- Wide product range with strong product support network
- Strong relationship with Defence and Government agencies
- Active learning from domestic and foreign collaborators
- Experience and expertise in executing large System Integration Projects
- Financially sound and continuously profit making
- Long term commitment to customers

Weaknesses:

- Gaps in some of the new technology areas
- Risk averse
- Conservative approach in Business Development & Marketing

Opportunities:

- Growing Defence and Security needs
- Increased Offset opportunities
- Government's emphasis on indigenous development and manufacture of defence equipment
- Growing defence budget allocation
- Growing opportunities in Maintenance, Repair, Overhaul and Upgrade programs of Defence
- Increased impetus on modernisation of central paramilitary forces
- Growing market for Homeland Security

Threats:

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

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

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

The Company is working in many strategic areas of importance like Next Generation Electronic Warfare suites, Air Defence systems, Tactical Communication Systems, Battlefield Management Systems, Passive Night Vision Devices and Multi-sensor stabilisation systems.

Towards this, the Company has entered into many strategic alliances for addressing the emerging opportunities in these areas with suitable partners/defence labs.

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

Having obtained the Government and FIPB approvals for the JV with Thales, the incorporation of the JVC is underway and the JVC is expected to be operational shortly. This JVC is established for design, development, marketing, supply and support of civilian and select defence radars for Indian and global markets.

1. Technology updation and R&D:

Challenges

Core technologies of BEL's business involve applications of fast changing technological fields like Electronics, IT and Software. Some of the most challenging tasks of R&D Engineers of BEL are to keep abreast with latest technologies in the various fields of BEL's business areas. 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 along with the need for maintaining legacy systems places continuous 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.

Another new challenge in the current business scenario is the emerging of Systems of Systems with several technical and program management challenges. These include inter-operability of systems, common hardware, software and interfaces, data exchanges, exploitation challenges, increased user requirements etc.

Measures

BEL has responded to the above challenges positively 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 organizations including academia to enhance indigenous developments. BEL is also taking adequate initiatives for joint developments with reputed foreign companies to quickly harness specialized technologies into the new products. Also, suitable tie-ups with various Indian companies are under study to ensure indigenization in development. In order to meet emerging requirements of Systems of Systems, a higher degree of User involvement is envisaged for better understanding of their requirements right from concept stage to implementation and exploitation.

Initiatives

Following are some of the new initiatives undertaken by BEL in the areas of R&D and Technology development during the year 2013-14 :

- 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 specialized indigenous technologies.
- BEL invested around 7.56 % of its turnover in R&D during 2013-14.
- Based on the EOI floated by BEL and responses received from Firms, Institutions and Individuals for collaborative R&D, BEL has shortlisted different OEMs, other firms and institutions for joint development, Build-to-spec and Build-to-Print activities to meet future development of Products and Technologies.
- Knowledge Management Portal created as part of ERP system has been implemented across the company to provide common platform for all R&D engineers.
- Around 86 technical papers were published by scientists and R&D engineers of BEL in various national and international journals/seminars/conferences.
- BEL has filed for 9 Patents during 2013-14 in the areas of X-ray baggage Scan images, Radar Scan Converter, gradient estimate for adaptive analog beam, accurate Target bearing using Digital compass, Multiple voice streams in packet based transmission, wide band switch limiter and Monocycle Impulse generator.

2. Manufacturing :

Many new Infrastructure facilities have been set up across the Company to augment production. Significant such additions include :

- Expansion of Radio Frequency (RF)/Microwave (MW) Super Components facility at Bangalore Unit - a high performance components manufacturing facility for wide range of applications in Radars, Advanced Electronic Warfare systems, Communication systems etc.
- Near Field Test Range-II facility at Ghaziabad Unit for testing of complex, multi beam, active phased

- array antennae of Aslesha, Flight Level Radar, Weapon Locating Radar, Battery Level Radar, etc.
- Automatic Test Equipment (ATE) for TR Module at Ghaziabad Unit for the measurement of temperature characterized parameters during mass production of TR Modules.
- EMI/EMC Anechoic Chamber at Hyderabad Unit for simulating reflection free and controlled environment in testing of Electronic Warfare (EW) systems.
- Simulator Test stand for T 90 Automatic Loading Gear (ALG) at Chennai Unit to conduct Acceptance tests as per Russian Specifications.
- Environmental Stress Screening (ESS) Facilities including Salt Mist chamber, Shock Machine, PCB Cleaning Machine, Dust Chamber, Climatic Chamber & Chiller were added at Kotdwara Unit.
- Automatic Test Equipment (ATE) lab facility was established at Panchkula Unit for supply of Test programs to Rosoboron export Russia.
- Radio Frequency (RF) based Plasma Enhanced Chemical Vapor Deposition (PECVD) equipment for DLC (Diamond like Carbon) coating on Optical components and State of the art Vibration test setup to conduct Sinusoidal and Random vibration tests as per JSS 55555 standards on all Optical products were setup at Machilipatnam Unit.
- State-of-art 'Component cleaning Facility' at Pune Unit for cleaning of critical components used for Laser applications. The components under goes the cleaning process from ultrasonic to degreasing.

3. Diversification / expansion plans

Presently, the non-defence business accounts for 15 to 20% of total turnover of the company. In 2013-14, 17% of turnover came from Non-defence businesses like Tablet PC, National Population Register, and EVMs etc.

Leveraging its capabilities and strengths in the Defence business, the Company is discussing with reputed foreign OEMs/defence labs for collaboration in the following technology areas allied to its core business

- Critical Infrastructure Protection
- Ammunition fuses
- Indigenous SAM systems
- ATM Radars
- Satcom terminals

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

1. Risk Management:

The Company has an established Risk Management Policy, which outlines a comprehensive framework for risk identification, evaluation, prioritization and treatment of various risks associated with different areas of operation such as technology, product, market, human resources, finance and other operations related risks.

A two tier risk management structure, one at corporate level and another at Unit level, has been established for effective management of the risks. At Corporate level, the Corporate Risk Management Committee (CRMC) is headed by a General Manager with members drawn from important functional areas like Strategic Planning, Technology Planning, Marketing, Finance, Quality and Human Resources. At Unit level, Risk Management Committees (CRMCs) are headed by the General Manager and members drawn from various functional areas. Risk Champion at Corporate level coordinates the risk management processes, ably supported by Unit Risk Management Committees. The Corporate Risk Champion is of the rank of General Manager and Unit Risk Champions are of the level of Addl. General Managers. All Additional General Managers and General Managers have under gone Management development program in Enterprise Risk Management conducted by Indian Institute of Management Kozhikode during 2013-14.

Based on the feedback received from the various units, certain risks have been identified by the Corporate Risk Management Committee (CRMC) in various areas like technology, marketing, Finance & HR. These risks are being addressed by introducing suitable risk practices at the decision making stage

itself which subsequently leads to incorporating suitable Risk mitigation processes. The Company is committed to initiating and formalising the required processes to make Risk Management practices an inbuilt culture of the Company.

2. Cost Reduction :

In the prevailing dynamic business environment, achieving cost efficiency is one of the main strategies to combat competition. BEL has been providing increased focus on cost reduction strategy in the ever increasing competition for Strategic Electronic Products & Systems both in Defence and Non-Defence areas and has been adopting innovative cost control mechanisms. The importance of cost reduction has been percolated at all levels across the company to bring in strong awareness to control cost at various levels of operation.

The company's Cost Reduction activities focus both on manufacturing and non-manufacturing areas and encompass all facets of business like production, administration, finance, services etc. Various avenues such as Design Change, Alternate Material, Labour, Indigenization, Alternate Sourcing, Inventory Management, Process Improvement, Quality Initiatives, Energy Conservation etc., are some of the areas for Cost reduction. The cost reduction efforts have been institutionalized across the company including recognition through awards for significant cost reduction as part of company's endeavor towards cost reduction.

3. Indigenization :

BEL has always been striving to attain self-reliance through indigenization efforts and thereby meet the strategic needs of the nation. The indigenization 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 manufacturers of high cost imported sub-systems & modules within the country. To give further thrust on indigenization, the company is in the process of setting up an Integrated State-of-the-art Corporate R&D Center (Product Development Innovation Center), with

larger infrastructure, resources and facilities at Bangalore to keep pace with the changing technology trend, customer requirements, future business needs etc.

In the year 2013-14 a turnover of around 85% was generated from indigenous technology. BEL has been consistently receiving prestigious Raksha Mantri awards for Design Effort & Indigenisation categories which is a testimony to the company's determined efforts on indigenization.

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. Adequate internal control measures are available in the form of various manuals, policies and procedures issued by the management covering all critical and important activities viz. Purchase, Sub - contract, Material, Stores, Works contracts, Internal Audit, HR and Security. These manuals, policies and procedures are updated from time to time and are subject to strict compliance.

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. Your 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 professionally qualified in - house audit teams, positioned at major manufacturing Units of the Company, which carry out audit covering activities of all the Units and Offices, as per annual audit programme approved by Audit Committee of the Board.

The Internal Audit department checks the adequacy and effectiveness of internal control system through regular audits, system reviews and monitors compliance of applicable statutory provisions, Company's policies and procedures. The Internal Audit function is headed by General Manager (Internal Audit) reporting to the Chairman & Managing Director.

Your Company has an Audit Committee of the Board which reviews internal control systems. The Audit Committee meets the Company's Statutory Auditors to ascertain, inter alia, their views on the adequacy of internal control systems in the Company. The Audit Committee also reviews the coverage of audit areas and the significant audit observations. BEL being a Government Company is subject to audit by Comptroller and Auditor General of India.

C) Financial / Operational Performance

1. 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;
- (vi) To take up Risk Management strategy to minimize losses due to exchange rate variation, unanticipated accidents/ mishaps;

Each of the objectives listed continue to be accorded the highest priority by your Company. 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 financial reports made are in line with the latest changes made by Ministry of Corporate Affairs in terms of reporting.

2. Performance Highlights

(₹ in lakhs)

| | Year ended 31 March 2014 | Year ended 31 March 2013 |
|--|--------------------------------|--------------------------------|
| Turnover | 617,423.25 | 601,189.93 |
| Total Expenditure Before Financing Cost | 557,781.29 | 561,982.31 |
| Profit Before Finance Cost and Tax | 117,813.56 | 111,537.38 |
| Operating Margin (PBIT/Gross Sales) Ratio | 19.08% | 18.55% |
| Profit After Tax | 93,162.18 | 88,983.28 |
| No. of Days Inventory/Value of Production (DPE Method) | 202 | 191 |
| No. of Days Trade Receivables/Turnover | 244 | 202 |
| Current Ratio | 1.85 | 1.70 |
| Debt Equity Ratio | 0 | 0 |

3. Analysis of Financial Performance of 2013-14

- Turnover registered a growth of 2.70% from ₹ 601,189.93 lakhs in 2012-13 to ₹ 617,423.25 lakhs in 2013-14
- Value of Production decreased by 2.59%, from ₹ 628,990.56 lakhs in 2012-13 to ₹ 612,689.97 lakhs in 2013-14
- Profit After Tax rose by 4.7%, from ₹ 88,983.28 lakhs in 2012-13 to ₹ 93,162.18 lakhs in 2013-14
- PAT to Sales Ratio increased from 14.8% in 2012-13 to 15.09% in 2013-14
- Sales per employee has increased from ₹ 58.34 lakhs in 2012-13 to ₹ 62.04 lakhs in 2013-14
- Earning per share has increased from ₹ 111.23 in 2012-13 to ₹ 116.45 in 2013-14
- Book Value Per Share has increased from ₹ 787.96 in 2012-13 to ₹ 877.15 in 2013-14
- Net Worth has grown from ₹ 630,369.46 lakhs in 2012-13 to ₹ 701,723.77 lakhs in 2013-14.

D) Development in Human Resources

Maximizing the value of organizational resources is a key priority. The market turbulence and continuous innovations have fundamentally changed the traditional organizational structure, people processes and ways of working. Managing the present, while being prepared for future possibilities has become the order of the day. Only highly trained and motivated employees can prepare us to be a future ready organization. New idea generation, flexibility and innovation through human capital is essential and hence sustained development of our employees, both at the individual and at the team level has been the focus of all our human resource development initiatives.

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

Apart from this, 360-degree feedback and Leadership Development programs were conducted to equip our senior managers with Leadership competencies. 5 batches of senior executives underwent the program last year.

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

The advantages of teamwork and collaboration are reinforced in an Outbound learning program. This training takes the participant away from comfort zone, in an informal risk-free environment, thereby enabling the participant to experiment and explore the hidden potential. 10 cross-functional teams attended the program during the year 2013-14.

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. 10 programs were conducted during 2013-14.

Strategizing is an important component for senior executives. "Strategy Building and Competitive Intelligence" program was organized through the faculty of a premier Management Institute and 50 senior executives attended the program.

In order to provide a conceptual framework for identifying and mitigating potential business risks, 5 two day program on "Enterprise Risk Management" have been organized for the senior executives (AGMs) on the theory of Risk Management and practices. A 1 day program for GMs was also conducted.

Considering the significance of Innovation in business, 5 programs on "Strategic Innovation" were organized to emphasize that innovation is not just a management ideology but a way of life that is required to be understood and implemented for sustained competitive advantage.

To identify the individual strengths and areas for improvement and enable focused developmental activities, Competency Based Online Development Centre (ODC) has been implemented for Executives across various Units/Offices in the Grades of E-II to E-V (Dy. Engineers/Officer to Manager), consisting of simulation exercises for assessing BEL Behavioral Competencies by providing participants an opportunity to demonstrate behavior relevant to BEL Competencies. Tools like Case study, illustrated role play, Inbox and Scheduling are used. ODC has been administered through a web-based platform. After the ODC Tool administration, the participants are provided with Individual Development Plans/Reports which are followed by one-to-one feedback by a Senior Consultant for defining individual action plan for development.

To sensitize and imbibe the philosophy and spirit of Corporate Social Responsibility and Sustainability to executives at various levels, 12 Workshops on "Corporate Social Responsibility and Sustainability" have been organized covering 262 executives.

With a view to develop a dedicated group of Industrial Engineers who will take up productivity improvement, resource efficiency improvement, cost reduction etc a 6 week "Dedicated Industrial Engineering Program" was organized covering 25 executives through a premier Institute.

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

In order to enhance the Presentation and Communication Skills of our executives placed in various domains like Marketing, Sales, Customer/Product Support, D&E and other allied areas, Ten 2 day workshops on "Presentation and Communication skills" were organized.

Strategy Retreat Workshop was conducted for 2 days for all Functional Directors. Faculty from a reputed Management Institute facilitated the workshop.

In order to enhance the Quality awareness and impart key Quality concepts, Structured Quality Programs have been conducted and a total of 150 executives attended the program during 2013-14. The course is being conducted through the faculty of BEL Quality Institute (BEQI).

Technology programs to enhance knowledge of our engineers in various technology areas were conducted/nominations were made for Technology programs. Some of the programs are Altera Based FPGA Program- Basic & Intermediate Courses, ZEMAX optical design, Advanced Design DSP techniques, Advances in VLSI Signal Processing, Opal RT Training, Cloud Computing, Software Validation & Cyber Security, EMI/EMC & its Relevance for Defence Systems, Advances in non destructive examination etc.

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

BEL has won the Gold Trophy of "SCOPE Meritorious Award for Best Practices in Human Resource Management" for the year 2012-13.

E) Corporate Social Responsibility & Sustainability

Your Company has a CSR & Sustainability Policy approved by the Board, in line with the DPE Guidelines which came into effect from 01 April 2013. This policy is being modified to align it in accordance with relevant provisions of the Companies Act, 2013. The Company is pursuing its cherished value of endeavouring to fulfil its Corporate Social

Responsibilities. A three tier structure has been established to identify and implement CSR & SD programmes/projects focused towards community and sustainable development. The Board level Committee is headed by the Chairman & Managing Director and comprises of Director (HR), Director (Other Units), Director (Finance) and an Independent Director as Members. An Apex Committee is headed by Director (Other Units). A General Manager rank officer, who is also the Member Secretary of the Apex Committee, has been appointed as the Nodal Officer to facilitate implementation, reporting and co-ordination of CSR projects at the Corporate level. A third level Working committee has also been formed and is headed by GM(HR), Bangalore Complex.

The CSR initiatives being pursued by the Company are broadly in the areas : Health Care, Education, Rural Development, Environment Protection and Conservation of Natural Resources.

The programmes/projects are generally chosen in the neighbourhood of the Company's Units. These programmes/projects are implemented by the in-house teams of the company under the direct supervision of the Apex Committee. During the year 2013-14 as per the DPE guidelines, BEL adopted 3 Gram Panchayats (viz., Malhar, Madhwar & Kadechur) of Yadgir District of Karnataka State (most backward district of Karnataka State as identified by the Planning Commission, Govt of India) for implementing various programmes/projects under its CSR initiatives. A Baseline Survey was carried out by the 'Institute of Social & Economic Change (ISEC), Bangalore on behalf of BEL. Many CSR initiatives are already taken during 2013-14 and many more CSR initiatives are planned during 2014-15. The impact assessment of these various programmes/projects implemented by the Company during the years is planned to be taken up in the latter half of 2014-15 in order to assess the benefits to the local populace.

During the year 2013-14, an amount of ₹ 1055.04 lakhs (including amount set aside) was spent by the Company on various CSR & SD programmes/ projects. Some of the key programmes undertaken during the year are as below :

- Various CSR activities in Yadgir District of Karnataka State as per DPE Guidelines.

- Base Line Survey in Yadgir District by Institute of Social & Economic Change, Bangalore on behalf of BEL.
 - Construction of school building for Govt Model Primary School, Petebeedi, Nelamangala, Bangalore Rural District.
 - Construction of school building for Govt PU College for Girls, Malur, Kolar District.
 - Construction of Library and Auditorium for Govt First Grade College, HSR Agara, Bangalore Rural District.
 - Building classrooms for Nagar Nigam Balika Government High School at Sahibabad, Uttar Pradesh.
 - Providing benches and desks for Govt Primary and Junior High School in Maharajpur Village, Uttar Pradesh.
 - Providing Generator to Dr Pattabhi Red Cross Blood Bank, Parasupeta, Machilipatnam, Andhra Pradesh.
 - Construction of Anganwadi Bhavan, Compound wall for Elementary School at Pallepalem Hamlet of Chinna Karagraharam Village, Machilipatnam District, Andhra Pradesh.
 - Construction of Compound Wall for Upper Primary School at Chinna Karagraharam Village, Machilipatnam District, Andhra Pradesh.
 - Construction of Compound Wall for PHC at Peda Karagraharam Village, Machilipatnam District, Andhra Pradesh.
 - Providing improved drinking water facility, Shed for Dining and improved toilet facilities at Pune Maha Nagara Pallike Shala, Pune.
 - Providing DX300 X-ray Generator (incl DX300 control, HV Transformer), 30 KVA Transformer, Collimax, 90-1r column and horizontal table at Kutir Rugnalaya (under Pune Municipal Corpn), Pune.
 - Construction of BEL Naka Police Chowki, MIDC, Navi Mumbai.
 - Solar Traffic Signal at Mount Poonamallee High Road-Central Bank of India junction, Chennai.
 - Tree Plantation programme, Ghaziabad, Uttar Pradesh
 - Medical Camps by BEL Ghaziabad & BEL- Kotdwara.
- Sustainable Development Projects :
- Setting up of RO recycling plant to recycle RO reject water into RO water in Gas Plant of Components SBU, Bangalore Complex.
 - Rain water harvesting in Components SBU, Bangalore Complex.
 - Lectures on CSR & Sustainable Development for BEL Employees/Executives by external faculty.

Annexure 2

Corporate Governance Report

Philosophy and Code of Governance

BEL's philosophy of Corporate Governance is based on the principles of compliances, accountability, transparency disclosures. BEL adheres to its corporate values and objectives and discharges its 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 the Listing Agreements with Stock Exchanges and the Guidelines on Corporate Governance for Central Public Sector

Enterprises issued by the Dept of Public Enterprises, Government of India (DPE Guidelines). BEL Board of Directors comprises 7 Whole-time Functional (Executive) Directors, including the Chairman & Managing Director, 2 Part-time Government (Non-executive) Directors, and 9 Part-time Independent (Non-executive) Directors. In addition, under Government directives, the following are Permanent Special Invitees to all the Board Meetings of the Company : (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, Ministry of Defence.

Meetings and Attendance

During the financial year ended 31 March 2014, five Board Meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 8 April 2013, 30 May 2013, 26 July 2013, 25 Oct 2013 and 24 Jan 2014. 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 2013-14 etc are given below :

| Sl. No. | Directors | Meetings held during respective tenure of Director | No. of Meetings attended | Attendance at the last AGM held on 20 Sept 2013 | No. of other directorships held | * No. of committee membership across all companies | |
|---|--|--|--------------------------|---|---------------------------------|--|-----------|
| | | | | | | As Chairman | As Member |
| Whole-time Functional (Executive) Directors | | | | | | | |
| 1 | Mr S K Sharma (CMD from 1 Jan 2014) | 5 | 5 | Yes | 3 | Nil | Nil |
| 2 | Mr M L Shanmukh | 5 | 5 | Yes | 1 | 1 | 1 |
| 3 | Mr Amol Newaskar | 5 | 5 | Yes | Nil | Nil | 1 |
| 4 | Dr Ajit T Kalghatgi | 5 | 5 | Yes | 2 | Nil | 1 |
| 5 | Mr P C Jain (from 1 Sept 2013) | 2 | 2 | Yes | Nil | Nil | Nil |
| 6 | Mr P R Acharya (from 2 Sept 2013) | 2 | 2 | Yes | 2 | Nil | 2 |

| Sl. No. | Directors | Meetings held during respective tenure of Director | No. of Meetings attended | Attendance at the last AGM held on 20 Sept 2013 | No. of other directorships held | * No. of committee membership across all companies | |
|---|--|--|--------------------------|---|---------------------------------|--|-----------|
| | | | | | | As Chairman | As Member |
| 7 | Mr Anil Kumar (Up to 31 Dec 2013) | 4 | 4 | Yes | 1 | Nil | Nil |
| 8 | Mr H N Ramakrishna (Up to 31 Aug 2013) | 3 | 3 | No | Nil | Nil | Nil |
| Part-time Government (Non - executive) Directors | | | | | | | |
| 9 | Mr P K Mishra | 5 | 3 | No | 2 | Nil | 1 |
| 10 | Lt Gen Narendra Singh (from 1 Oct 2013) | 2 | 1 | No | Nil | Nil | Nil |
| 11 | Lt Gen S P Kochhar (Up to 31 Aug 2013) | 3 | 1 | No | 2 | Nil | Nil |
| Part-time Independent (Non - executive) Directors | | | | | | | |
| 12 | Mr S M Acharya | 5 | 5 | No | Nil | 1 | Nil |
| 13 | Lt Gen (Retd) V K Mehta | 5 | 5 | No | Nil | Nil | 1 |
| 14 | Mr Vikram Srivastava | 5 | 5 | No | 1 | 1 | 1 |
| 15 | Prof Anurag Kumar (Up to 20 Dec 2013) | 4 | 3 | No | Nil | Nil | Nil |
| 16 | Mr N Sitaram (Up to 20 Dec 2013) | 4 | 4 | Yes | Nil | 1 | Nil |
| 17 | Prof R Venkata Rao (Up to 20 Dec 2013) | 4 | 4 | No | 2 | 2 | 2 |
| 18 | Rear Adm (Retd) K C Sekhar (Up to 30 July 2013) | 3 | 2 | No | Nil | Nil | Nil |

Note : * Under Clause 49, the Chairmanship/ Membership of Audit Committee and Shareholders' Grievance Committee are considered.

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

Code of Conduct

Board of Directors of the Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company under Clause 49 and DPE Guidelines. The Code of Conduct has been posted on the Company's website, www.bel-india.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct during the year 2013-14. 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 Companies Act 1956 (the Act), Clause 49, and DPE Guidelines. The Company's Audit Committee comprised three Independent Directors and one Government Director. In addition, the Company's Statutory Auditors, Director (Finance), Director (Bangalore Complex), Director (Other Units) and General Manager (Internal Audit) are also regularly invited to attend the Audit Committee meetings. 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 20 Sept 2013. The terms of reference of the Audit Committee are as specified in Section 292A of the Act, Clause 49, and DPE Guidelines.

During the year ended 31 March 2014, the Audit Committee met four times on 30 May 2013, 25 July 2013, 24 Oct 2013, and 23 Jan 2014.

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 |
|---------------------------------|--|--------------------------|
| Mr S M Acharya, Chairman | 4 | 4 |
| Lt Gen (Retd) V K Mehta, Member | 1 | 1 |
| Mr Vikram Srivastava, Member | 1 | 1 |

| Name | Meetings held during respective tenure of Director | No. of meetings attended |
|----------------------------|--|--------------------------|
| Mr N Sitaram, Chairman | 3 | 3 |
| Prof R Venkata Rao, Member | 3 | 3 |
| Mr P K Mishra, Member | 4 | 1 |

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, 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 will apply.

Details of remuneration of Whole-time Directors during the year 2013-14 are given below :

(in ₹)

| Name of Director | Salary | Perquisites | Company contribution to PF & Incremental Gratuity / leave / BERECHS | Arrears pension contribution | Incentive | Lease rental + Maintenance | Total |
|------------------------------------|---------|-------------|---|------------------------------|-----------|----------------------------|---------|
| S K Sharma | 2750548 | 34214 | 613486.3 | 161681 | 290549 | 637500 | 4487978 |
| M L Shanmukh | 2772019 | 58355 | 715512.6 | 585935 | 347385 | 600000 | 5079207 |
| Amol Newaskar | 2493071 | 32400 | 447446 | 87024 | 256417 | 600000 | 3916358 |
| Ajit T Kalghatgi | 2116872 | 36397 | 687503.9 | 61840 | 213308 | 0 | 3115921 |
| P C Jain (wef 01.09.13) | 1393978 | 30342 | 794498 | 0 | 108196 | 0 | 2327014 |
| P R Acharya (wef 02.09.13) | 1509070 | 20341 | 419379 | 0 | 0 | 0 | 1948790 |
| Anil Kumar (upto 31.12.13) | 2377781 | 30400 | 258295 | 312831 | 412210 | 0 | 3391517 |
| H N Ramakrishna (upto 31.08.13) | 1043893 | 142030 | 212180 | 346506 | 308260 | 0 | 2052869 |

Part-time Government (Non-executive) Directors are not paid any remuneration. They are also not paid sitting fees for attending Board/ Committee meetings. Part-time Independent (Non-executive) Directors are paid sitting fees of ₹ 20,000 per

meeting of the Board/ Board Committee attended. However, if the same Independent 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 2013-14 are given below :

(in ₹)

| Name | Sitting Fees | | Total |
|----------------------------|----------------|--------------------|--------|
| | Board Meetings | Committee Meetings | |
| Mr S M Acharya | 100000 | 180000 | 280000 |
| Lt Gen (Retd) V K Mehta | 100000 | 40000 | 140000 |
| Mr Vikram Srivastava | 100000 | 20000 | 120000 |
| Prof Anurag Kumar | 60000 | 0 | 60000 |
| Mr N Sitaram | 80000 | 110000 | 190000 |
| Prof R Venkata Rao | 80000 | 110000 | 190000 |
| Rear Adm (Retd) K C Sekhar | 40000 | 0 | 40000 |

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 Government 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

None of the BEL Directors hold any Company shares or convertible instruments of the Company as on 31 March 2014.

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 comprised following members of the Board :

- (1) Prof R Venkata Rao : Chairman
- (2) Mr M L Shanmukh : Member
- (3) Mr Amol Newaskar : Member

Transfer requests and complaints from the shareholders are attended to promptly as and when they are received. Seven grievances from shareholders, mainly relating to dividend payment, were received and resolved during the year. No grievance was pending as on 31 March 2014. There were no pending share transfers at the close of the financial year.

Other Board Subcommittees

The following Subcommittees of the Board have been constituted :

- (1) R&D Committee comprising the Chairman & Managing Director, one Independent Director, Director (R&D), and Director (Finance) to consider and approve major research, development and engineering proposals.
- (2) Remuneration Committee headed by an Independent Director, comprising 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-unionized supervisors.
- (3) CSR & Sustainability Committee comprising the Chairman & Managing Director, one Independent Director, Director (HR), Director (Other Units) and Director(Finance) to consider and approve CSR & Sustainability programmes / projects.
- (4) Capital Investment Committee headed by an Independent Director, comprising of Director (Bangalore Complex), Director (Other Units) and Director (Finance) to consider and approve major capital investment proposals.
- (5) Investment Committee comprising the Chairman & Managing Director, the Director (Other Units), and the Director (Finance) to approve investment of short-term surplus funds.
- (6) Appointments Committee comprising the Chairman & Managing Director and Whole-time Directors of relevant functional areas and one Part-time Director for filling up vacancies in the posts of General Managers/ Executive Directors.

Compliance Officer

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

Mr S Sreenivas, Company Secretary
 Bharat Electronics Ltd,
 Regd. & Corp. Office, Outer Ring Road,
 Nagavara, Bangalore – 560045
 Telephone : 080 25039300, Fax : 080 25039266
 Email : secretary@bel.co.in

General Body Meetings

Details of last three Annual General Meetings are as follows :

| Year | Location | Date & Time |
|---------|--|----------------------------|
| 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 |
| 2011-12 | Rashtrakavi Kuvempu Kalakshetra Near BEL Hospital & BEL Factory Jalahalli, Bangalore – 560 013 | 21 Sept 2012 at 2.00 pm |
| 2012-13 | Rashtrakavi Kuvempu Kalakshetra Near BEL Hospital & BEL Factory Jalahalli, Bangalore – 560 013 | 20 Sept 2013 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. During the year, a Special Resolution in respect of Amendment of Articles of Association (for buy-back of shares) was passed in the Annual General Meeting held on 20 Sept 2013. No resolutions were put through postal ballot last year.

Disclosures

- (a) The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the Company at large. Nonetheless, transactions with related parties have been disclosed in point No. 15 of Note 30 of Notes to Accounts in the Annual Report.
- (b) There were no cases of non-compliance by the Company and no penalties/ strictures were imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets, in the last three years.

- (c) No items of expenditure, other than those directly related to its business or incidental thereto, those spent towards the welfare of its employees/ ex-employees, towards fulfilling its Corporate Social Responsibility, were debited in books of accounts.
- (d) Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management.

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

Administrative and office expenses were 4.20% of the total expenses for the year 2013-14 as against 3.67% in the previous year. The increase is nominal.

Training of Directors

Directors were sponsored in previous years to attend 2-day residential Programmes for Directors, organized by the Centre for Corporate Governance / The Institute of Public Enterprise, Hyderabad along with ONGC Subir Raha Chair on Corporate Governance. In the previous year Director (Finance) was deputed to attend 2 days residential "Reorientation Programme for Directors of PSEs", jointly organized by Indian Institute of Corporate Affairs and Institute of Directors, UK at IICA, Manesar, Gurgaon. Company will continue to depute its Directors for similar programmes in future.

Presidential Directives and Guidelines

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

BEL has implemented the Presidential Directive issued by the Government of India regarding implementation of Executives Pay Revision effective from 1 Jan 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, i.e., Economic Times/ Business Standard/ Financial Express/ Business Line (in English), Business Bhaskar/Jan Satta/Rashtriya Sahara (in Hindi) and Samyuktha Karnataka/Prajavani/Vijayavani/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 the 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 to prevent insider trading in the Company's securities and for transparent/ streamlined disclosure/ dissemination of information to the investors/ public. This Code is applicable to all Directors, officers (top three tiers in all the Units/ Offices of the Company) 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 15 days 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 Act (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 2013-14.

Listing on Stock Exchanges

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

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

The Company has paid listing fees for the financial years 2013-14 and 2014-15 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 |
| BSE Ltd | 500049 |
| National Stock Exchange of India Ltd | BEL |
| Demat Share ISIN | INE263A01016 |
| MCA CIN | L32309KA1954GOI000787 |

Custody Fees to Depositories

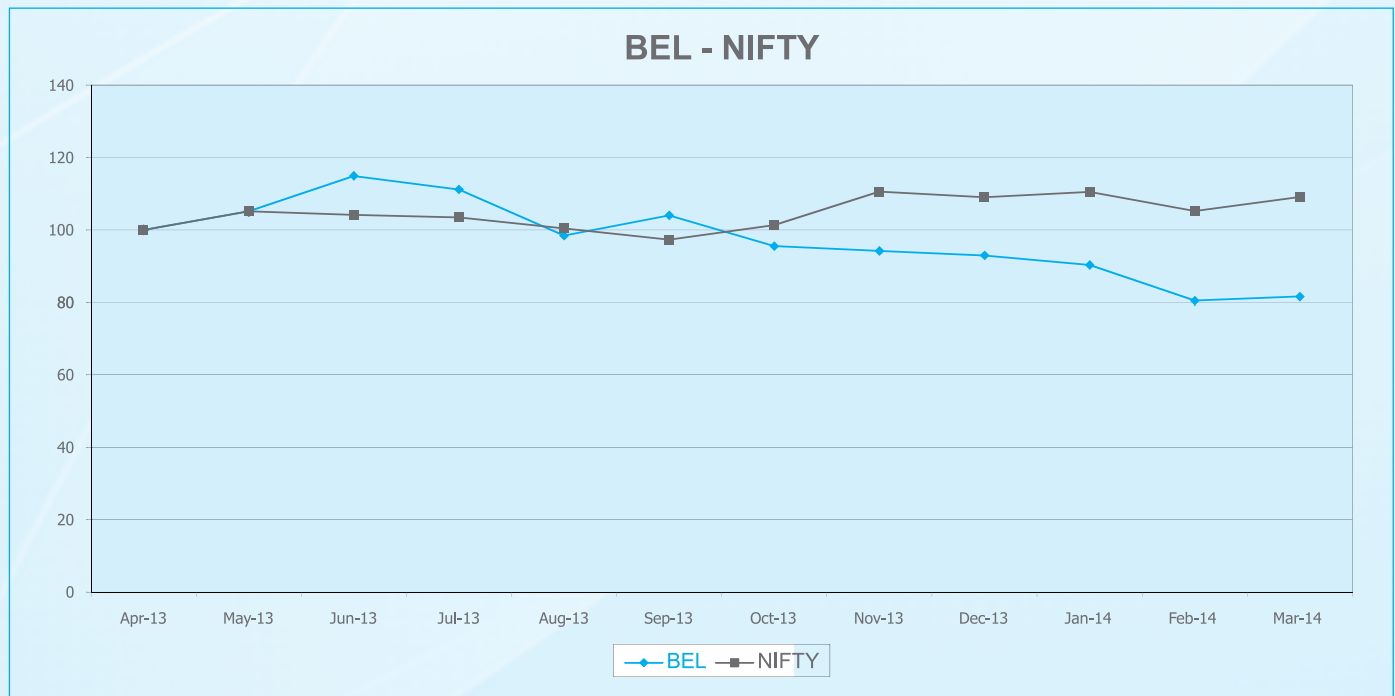
The Company has paid annual custody fees for the financial years 2013-14 and 2014-15 to both the Depositories, viz, NSDL and CDSL.

Market Price Data

The details of high/low market prices of the shares of the Company at BSE Ltd and 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 2013 | 1232.00 | 1126.10 | 1233.70 | 1120.00 |
| May 2013 | 1354.00 | 1165.00 | 1350.00 | 1171.15 |
| June 2013 | 1375.00 | 1238.00 | 1379.95 | 1232.85 |
| July 2013 | 1298.60 | 1073.05 | 1295.95 | 1074.95 |
| Aug 2013 | 1246.00 | 1110.00 | 1230.00 | 1105.10 |
| Sept 2013 | 1210.00 | 1054.00 | 1209.80 | 1043.85 |
| Oct 2013 | 1154.75 | 1050.50 | 1135.00 | 1051.10 |
| Nov 2013 | 1083.10 | 1050.00 | 1087.95 | 1048.00 |
| Dec 2013 | 1100.00 | 990.00 | 1064.85 | 990.00 |
| Jan 2014 | 1045.00 | 924.00 | 1046.05 | 925.05 |
| Feb 2014 | 994.00 | 895.00 | 994.00 | 893.00 |
| March 2014 | 1192.80 | 912.90 | 1193.10 | 918.00 |

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY figure during the year 2013-14 (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 2013 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 2013-14 is given below :

| | BSE | NSE | BSE+NSE |
|----------------------|-----------|-----------|-----------|
| No. of shares traded | 1,052,835 | 6,248,930 | 7,301,765 |
| Value (₹ in lakhs) | 11,249.48 | 68,648.62 | 79,898.10 |

Share Transfer

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

Integrated Enterprises (India) Ltd
No. 30, Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bangalore – 560 003
Telephone : 080 23460815 to 818 Fax : 080 23460819
Email : irg@integratedindia.in

Share Transfer System

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

Shareholding Pattern as on 31 March 2014

| Sl. No. | Category | No. of Share holders | No. of Shares | % Holding |
|---------|-------------------------------|----------------------|---------------|-----------|
| 1 | Central Government | 3 | 60,015,859 | 75.02 |
| 2 | Mutual Funds/ UTI | 59 | 4,849,537 | 6.06 |
| 3 | Financial Institutions/ Banks | 7 | 54,101 | 0.07 |

| Sl. No. | Category | No. of Share holders | No. of Shares | % Holding |
|---------|---------------------------------|----------------------|---------------|-----------|
| 4 | Insurance Companies | 24 | 8,637,627 | 10.80 |
| 5 | Foreign Institutional Investors | 76 | 2,949,487 | 3.69 |
| 6 | Bodies Corporate | 482 | 1,985,590 | 2.48 |
| 7 | Individuals | 18,735 | 1,379,004 | 1.72 |
| 8 | Trusts | 2 | 29,390 | 0.04 |
| 9 | NRIs | 450 | 41,822 | 0.05 |
| 10 | Clearing Members | 248 | 57,583 | 0.07 |
| | Total | 20,086 | 80,000,000 | 100.00 |

Top 10 Shareholders as on 31 March 2014

| Sl. No. | Name | No. of Shares | % Holding |
|---------|--|---------------|-----------|
| 1 | Central Government | 60,015,859 | 75.02 |
| 2 | Life Insurance Corporation of India | 4,758,331 | 5.95 |
| 3 | LIC of India Market Plus 1 Growth Fund | 1,371,928 | 1.71 |
| 4 | LIC of India Market Plus Growth Fund | 1,178,095 | 1.47 |
| 5 | CPSE ETF | 673,741 | 0.84 |
| 6 | HDFC Trustee Company Ltd – HDFC Tax Saver Fund | 588,951 | 0.74 |
| 7 | Aviva Life Insurance Company India Ltd | 511,074 | 0.64 |
| 8 | ICICI Prudential Tax Plan | 502,627 | 0.63 |
| 9 | ICICI Prudential Discovery Fund | 400,000 | 0.50 |
| 10 | Life Insurance Corporation of India – ULIF004200910LICEnd+GRW512 | 390,715 | 0.49 |

Distribution of Shareholding as on 31 March 2014

| No. of Equity Shares Held | No. of Share holders | % | No. of Shares | % |
|---------------------------|----------------------|--------|---------------|--------|
| Up to 500 | 19,489 | 97.03 | 833,131 | 1.04 |
| 501 - 1000 | 249 | 1.24 | 189,252 | 0.24 |
| 1001 - 2000 | 110 | 0.55 | 159,514 | 0.20 |
| 2001 - 3000 | 44 | 0.22 | 109,342 | 0.14 |
| 3001 - 4000 | 24 | 0.12 | 85,992 | 0.11 |
| 4001 - 5000 | 24 | 0.12 | 112,983 | 0.14 |
| 5001 - 10,000 | 39 | 0.19 | 281,916 | 0.35 |
| 10001 and above | 107 | 0.53 | 78,227,870 | 97.78 |
| Total | 20,086 | 100.00 | 80,000,000 | 100.00 |

Dematerialisation of Shares

99.98% of total equity share capital of the Company is held by the investors in dematerialized form with NSDL and CDSL.

Outstanding GDRs / ADRs / Warrants : Not Applicable

Transfer to IEPF Account

Under Section 205A(5) of 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. Under Section 205C of the Act, no claims will lie against the Fund or the Company on the amounts thus transferred to the Fund and no payment will be made on any such claims. During the year 2013-14, the Company transferred to the Fund an amount of ₹146,240 from the Unpaid Dividend Account (₹ 110,504 of final dividend 2005-06, and ₹ 35,736 of interim dividend 2006-07). The unclaimed/ unpaid final dividend for the year 2006-07 and interim dividend for the year 2007-08 are due for transfer to the Fund in 2014-15. 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 2006-07 onwards and guidance information for claiming unpaid dividend. Shareholders are requested to make use of the claim form provided there to claim unpaid/ unclaimed dividend.

Credit Rating

ICRA has reaffirmed the following credit ratings of the Company for 2014-15 :

- (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]A1+ (pronounced ICRA A one plus) to ₹ 270,000 lakhs non-fund based bank limits.
- (iii) Short-term rating of [ICRA]A1+ (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 (i) & (ii) are valid till 28 Feb 2015, and rating (iii) till 31 March 2015.

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 Government, 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.

DPE Grading

The DPE guidelines on Corporate Governance for CPSEs provide that the CPSEs would be graded on the basis of their compliance with the guidelines. DPE has graded BEL as "Excellent" for the year 2012-13.

Additional / General Information for Shareholders

Annual General Meeting

Date : 25 September 2014
 Time : 2.00 pm
 Venue : Rashtrakavi Kuvempu Kalakshetra
 Near BEL Hospital & BEL Factory
 Jalahalli, Bangalore -560 013.

Financial Calendar 2014 - 15

Financial Year : 1 April 2014 to 31 March 2015
 First quarter results : By end of July 2014
 Second quarter results : By end of Oct 2014
 Third quarter results : By end of Jan 2015
 Annual Audited results : By end of May 2015
 Annual General Meeting : Sept 2015

Book Closure

16 Sept 2014 to 25 Sept 2014 (both days inclusive)

Dividend Payment Date

Dividend will be paid within 30 days of declaration.

Plant Locations

- (1) Jalahalli Post,
Bangalore – 560 013 (Karnataka)
Phone : (080) 28382626
Fax : (080) 28382067
- (2) Site IV, Sahibabad Industrial Area,
Bharat Nagar Post,
Ghaziabad – 201 010 (Uttar Pradesh)
Phone : (0120) 2777707, 2813500, 2814000
Fax : (0120) 2776730, 2776733, 2770923
- (3) Plot No. 405, Industrial Area,
Phase III, Panchkula – 134 113 (Haryana)
Phone : (0172) 3937252, 2591528, 3937400
Fax : (0172) 2594548, 2591463
- (4) Balbhadrapur, Dist. Pauri Garhwal,
Kotdwara – 246 149, (Uttarakhand)
Phone : (01382) 231171 to 231178
Fax : (01382) 231132, 231135
- (5) Plot No.L-1, M.I.D.C. Industrial Area,
Navi Mumbai – 410 208 (Maharashtra).
Phone : (022) 27412701
Fax : (022) 27412888, 27412887

- (6) N.D.A. Road, Pashan,
Pune – 411 021 (Maharashtra)
Phone : (020) 25865400, 22903000
Fax : (020) 25865577, 22903313
- (7) Industrial Estate, Nacharam,
Hyderabad – 500 076
(Andhra Pradesh)
Phone : (040) 27194700
Fax : (040) 27171406
- (8) Post Box No. 26,
Ravindranath Tagore Road,
Machilipatnam – 521 001,
(Andhra Pradesh)
Phone : (08672) 223581, 223582
Fax : (08672) 222640
- (9) Post Box No. 981, Nandambakkam,
Chennai – 600 089 (Tamil Nadu)
Phone : (044) 22326906
Fax : (044) 22326905

Registered Office / Address for Correspondence

Bharat Electronics Ltd
CIN : L32309KA1954GOI000787
Registered Office, Outer Ring Road,
Nagavara, Bangalore – 560 045
Telephone : (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 2014.

For **Bharat Electronics Ltd**

Bangalore
26 June 2014

Sunil Kumar Sharma
Chairman & Managing Director

Badari, Madhusudhan & Srinivasan
Chartered Accountants

132, Kantha Court, 2nd floor,
Lalbagh Road, Bangalore – 560 027
Phone : 22277714, 41142536
Fax : 41248456
E-mail : bmscas@gmail.com
Website : www.bmscas.in

AUDITORS' CERTIFICATE

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 on 31 March 2014, as stipulated in Clause 49 of the Listing Agreement 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 conditions of corporate governance is the responsibility of the management. Our examination was carried out in accordance with the guidance note on certification of corporate governance (as stipulated in clause 49 of the listing agreement), issued by Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and DPE guidelines. *However, we observe that there were only seven independent directors from 01 April 2013 to 30 July 2013, six independent directors from 01 August 2013 to 20 December 2013 and three independent directors from 21 December 2013 to 31 March 2014 on the Board, against the requirement of nine independent directors during the year. Further, we have to report that the filling up of the said independent directors vacancies is pending with the appointing authority namely Government of India.*

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

We further state that no investor grievances are pending for a period exceeding one month against the company as per the records maintained by the Shareholders'/Investors' Relations Committee.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Registration Number : 005389S

N K Madhusudhan
Partner
Membership No : 020378

Bangalore
30 May 2014

Annexure 3

Sustainability Report

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

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

Cleaner Technology

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

Based on the above guidelines, many of the RoHS compliant processes have been introduced in PCB manufacturing and

metal finishing processes. During the previous year, low smoke halogen cables were introduced in the manufacture of Naval-based electronic equipments. Low VOC metal finishing operation (Poly urethane) and anti IR coating systems are adopted to contain pollution. Eco-friendly Chlorine-free copier paper for photocopying and laser printing has been standardised for lower environmental impact. We have substituted all ozone-depleting chemicals with eco-friendly non-Ozone depleting substances in air conditioning system and in many places use of alternative chemical in place of trichloroethylene in the degreasing process has been implemented.

Emission to Air

Air emissions from process are controlled through appropriate air pollution control equipment although the chemicals used in the manufacturing of electronics products are less polluting. The results are substantiated by the ambient air quality measured at different locations within the factory. As a continual improvement Some old paint booths have been replaced by new efficient booths with appropriate scrubbing facility.

Water Management

The implementation of several water conservation projects have led to a consistent reduction of water consumption each year, during the past ten years. 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. Roof top rainwater harvesting has been created to harvest appx.5000 KL/Annum. Harvested rainwater has been directly used in preparation of de-mineral water. In addition, the Reverse Osmosis (RO) recycling plant installed in the Gas plant has resulted in water saving of appx. 21000 m³/annum.

Wastewater generated during the manufacturing process is treated to meet Pollution Control Board norms. BEL has gone one step ahead to treat the wastewater to meet reusable standards and is recycled for purposes of production again. Likewise, domestic effluents generated are treated and recycled for horticulture purposes.

Hazardous Waste Management

Hazardous wastes generated are handled in a scientific way. BEL has established a system for safe-keeping/ handling of hazardous waste by constructing an exclusive, well-protected place for the safe-keeping of the hazardous waste. BEL has tied up with the State Pollution Control Board, "Treatment, Storage & Disposal Facility" operators for disposal of landfillable solid hazardous waste. Recyclable wastes are handed over to Pollution Control Board authorised agencies for scientific processing and recycling. This system effectively prevents pollution caused by hazardous wastes.

The generation of hazardous waste has been reduced at the process level itself by the introduction of appropriate chemicals that generate less hazardous sludge in detoxification of wastewater and by adoption of cleaner technology. Besides, introduction of cyanide-free zinc and copper plating processes, use of sodium hydrides, sodium hypochlorite and sodium metabisulphate in place of lime, bleaching powder and ferrous sulphate, help in reduction of large volume of hazardous sludge. There has been a drastic reduction in sludge-generation as a result of these process improvements.

E- Waste Management

BEL's proactive initiative helped in the established compliance to E- waste (M & H) rules, 2011. E-waste generated is handed over to Pollution Control authorised agencies for scientific processing and recycling.

Biomedical Waste Management

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

Solid Waste Management

BEL has established a system to segregate waste generated at the source itself for facilitating scientific disposal of municipal solid waste. Presently, such waste is being 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 sent to landfills. BEL has been participating in recycling of paper and plastic waste with M/s. ITC Wealth out of Waste scheme (WOW). This has resulted in recycling of 214080 kg paper, in turn saving of 4710 trees, energy and water.

On Site Emergency Plan and Systems

Emergency preparedness and response plans exist at the plant level and workplace level, which have been institutionalised with the integration of a multi-disciplinary task team covering hazard assessment, risk reduction and emergency response. The plan includes well-organised fire rescue, first aid and incident area control. Incident controllers go to the accident site and co-ordinate with rescue teams and take steps to restore normalcy after the incident, if any.

Sustainable development Initiatives

Your Company has taken up sustainable development projects in the areas of air conditioning, air compressor, lighting management system, natural day light harvesting, carbon footprint and water footprint. It has also incorporated the DPE guidelines in the construction of new buildings for GRIHA certification.

BEL has established a systematic approach for conservation of natural resources. Major focus revolves around saving power, water and greenery and several initiatives have been taken in this regard.

Generation of wind energy (Green Energy) through 2.5 MW and 3 MW capacity windmills thereby reducing the release of Green House Gases into the atmosphere. With a total capacity of 5.5 MW wind energy plants 97, 63,000 units generated during 2013-14 and expected generation during 2014-15 will be around 98,00,000 units.

BEL is in the process of expanding its renewable energy generation resources with the addition of another 8.0 MW by the end of June 2015. With this, BEL Bangalore will be close to achieving carbon neutral status against consumption of electrical energy in the Complex.

To further strengthen its commitment of pursuing environment-friendly growth, BEL Bangalore Complex has demonstrated its interest to carry out "Carbon Footprint Study". CII – Godrej GBC team carried out Carbon Footprint Study at BEL, Bangalore, in February and May 2012. This study was carried out in accordance with the Corporate GHG Accounting and Reporting Standard (GHG Protocol)/ISO 14064 standard which categorises emissions into three scopes that includes direct and indirect emissions.

In addition, BEL Bangalore Complex conducted water footprint study through CII-Triveni Water Institute, Bangalore with an aim to reduce, reuse and recycle water.

BEL Bangalore Complex Specific water consumption as derived by a study was 0.94 m³/lakh turn over in 2012-13.

Ecological Sustainability

The Company pursues its journey towards Ecological Sustainability, verdant greenery, right from the entrance of the BEL campus. Around 1,35,750 different species of plants are grown in the campus that are home to a variety of birds and other creatures supported by fruits and flower bearing plants. Even open areas are covered with lawns and shrubs, around 3,74,000 square metres of lawns and 23,000 metre hedges are nurtured in the campus. The green carpet helps in arresting

dust, absorbing heat, low carbon sink and release of fresh oxygen. Lush, green plantations, spread over 170 acres of land stands as a testimony for Bharat Electronics' commitment to afforestation.

BEL Bangalore Complex has taken the novel step of transplanting as many as 80 trees that would otherwise have been cut. These transplanted trees are growing very well. BEL has planted around 2000 trees against its afforestation programme.

OHSAS 18001(2007)

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

Annexure 4

Business Responsibility Report

Section A : General Information about the Company

1. Corporate Identity Number (CIN) of the Company } L32309KA1954GOI000787
2. Name of the Company : Bharat Electronics Limited
3. Registered address } Outer Ring Road, Nagavara, Bangalore - 560 045
4. Website : www.bel-india.com
5. E-mail id : secretary@bel.co.in
6. Financial Year reported : 2013- 14
7. Sector(s) that the Company is engaged in (industrial activity code- wise) } Radar & Communication Equipment
Electro- Optic Equipment
Electronic Components
8. List three key products/services that the Company manufactures/provides (as in balance sheet) :
 - i. Radars
 - ii. Communication Transmitters - cum - Receivers
 - iii. Electro - Optic Products
9. Total number of locations where business activity is undertaken by the Company :
 - i. Number of International Locations (Provide details of major 5) :
Overseas Offices at : New York (USA) and Singapore
 - ii. Number of National Locations :
Manufacturing Units at : Bangalore (Karnataka), Ghaziabad (Uttar Pradesh), Panchkula (Haryana), Kotdwara (Uttarakhand), Pune and Navi Mumbai (Maharashtra), Hyderabad and Machilipatnam (Andhra Pradesh) and Chennai (Tamil Nadu)

Regional/Marketing Offices at: New Delhi, Mumbai, Kolkatta and Visakhapatnam
10. Markets served by the Company – Local/State/National/International :
National and International

Section B : Financial Details of the Company

1. Paid up Capital (INR) : 8000 lakhs
2. Total Turnover (INR) : 617,423.25 lakhs
3. Total Profit After Taxes (INR) : 93,162.18 lakhs
4. Total Spending on Corporate Social Responsibility (CSR) (including amount set aside) as percentage of profit after tax (%) : ₹ 1055.04 lakhs 1.13% of PAT
5. List of activities in which expenditure in 4 above has been incurred :-

- Various CSR activities in Yadgir District of Karnataka State.
- Base Line Survey in Yadgir District by Institute of Social & Economic Change, Bangalore on behalf of BEL.
- Construction of school building for Govt Model Primary School, Petebeedi, Nelamangala, Bangalore Rural District.
- Construction of school building for Govt PU College for Girls, Malur, Kolar District.
- Construction of Library and Auditorium for Govt First Grade College, HSR Agara, Bangalore Rural District.
- Building classrooms for Nagar Nigam Balika Government High School at Sahibabad, Uttar Pradesh.
- Providing benches and desks for Govt Primary and Junior High School in Maharajpur Village, Uttar Pradesh.
- Providing Generator to Dr. Pattabhi Red Cross Blood Bank, Parasupeta, Machilipatnam, Andhra Pradesh.
- Construction of Anganwadi Bhavan, Compound wall for Elementary School at Pallepalem Hamlet of Chinna Karagraharam Village, Machilipatnam District, Andhra Pradesh.
- Construction of Compound Wall for Upper Primary School at Chinna Karagraharam Village, Machilipatnam District, Andhra Pradesh.
- Construction of Compound Wall for PHC at Peda Karagraharam Village, Machilipatnam District, Andhra Pradesh.
- Providing improved drinking water facility, Shed for Dining and improved toilet facilities at Pune Maha Nagara Pallike Shala, Pune.

- Providing DX300 X-ray Generator (incl DX300 control, HV Transformer), 30 KVA Transformer, Collimax, 90-1r column and horizontal table at Kutir Rugnalaya (under Pune Municipal Corpn), Pune.
- Construction of BEL Naka Police Chowki, MIDC, Navi Mumbai.
- Solar Traffic Signal at Mount Poonamallee High Road-Central Bank of India junction, Chennai.
- Tree Plantation programme, Ghaziabad, Uttar Pradesh
- Medical Camps by BEL Ghaziabad & BEL Kotdwara.

Section C : Other Details

1. Does the Company have any Subsidiary Company/ Companies?
Yes. BEL Optronics Devices Ltd, Pune
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)
No
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

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

Besides, the standard terms & conditions in the purchase order clearly specifies conformance to safety handling & environment. The Company also has introduced e-Procurement, Integrity Pact etc., to further ensure transparency and fair business practices. Based on the vendor rating mechanism, feedback is provided

to suppliers with regard to Quality, Cost, Delivery & Performance. To summarize, majority (more than 60%) of the vendors available in the AVD conform to key principles of Business Responsibility.

Section D: BR Information

1. Details of Director / Directors responsible for BR

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

DIN : 00058949
 Name : Mr M L Shanmukh
 Designation : Director (Human Resources)

b) Details of the BR head

| Sl. No. | Particulars | Details |
|---------|---------------------|----------------------------|
| 1. | DIN (if applicable) | 00058949 |
| 2. | Name | Mr M L Shanmukh |
| 3. | Designation | Director (Human Resources) |
| 4. | Telephone number | 080 - 25039205 |
| 5. | e - mail id | shanmukhml@bel.co.in |

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

| Sl. No | Questions | P 1 | P 2 | P 3 | P 4 | P 5 | P 6 | P 7 | P 8 | P 9 |
|--------|--|---|-----|-----|-----|-----|-----|-----|-----|-----|
| 1 | Do you have policy/policies for... | Y | Y | Y | Y | Y | Y | Y | Y | Y |
| 2 | Has the policy being formulated in consultation with the relevant stakeholders? | Policy formulated after extensive internal consultation, covering all functional areas | | | | | | | | |
| 3 | Does the policy conform to any national / international standards? If yes, specify? | Policy conforms to SEBI guidelines on "BR Reports" for listed entities and the Ministry of Corporate Affairs 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business' | | | | | | | | |
| 4 | Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director? | Policy approved by the management and issued as Office Order for compliance by employees at all level across the Company. Yes. (File approval obtained from Chairman & Managing Director) | | | | | | | | |
| 5 | Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy? | Yes. Director (Human Resources) | | | | | | | | |
| 6 | Indicate the link for the policy to be viewed online? | Policy posted on Company website : www.bel-india.com under "Information for Investors" | | | | | | | | |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | Yes. Communicated to all internal stakeholders. | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy/policies? | Yes | | | | | | | | |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies? | Yes | | | | | | | | |
| 10 | Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency? | No. Policy formulated in January, 2013. Audit / evaluation will be carried out in subsequent years after watching the implementation in the initial years. | | | | | | | | |

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

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

Not Applicable as the Company has formulated policies based on all the nine Principles.

3. Governance related to BR

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

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

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

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

vendors / bidders and the Principal (BEL), committing the Persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors/bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. Integrity Pact, in respect of a particular contract, would be operative from the stage of invitation of bids till the final completion of the contract. Any violation of the same would entail disqualification of the bidders and exclusion from future business dealings.

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

The Company has appointed Public Grievance Officers at the level of General Manager. The public can write to these Officers about their concern or send complaints online.

Section E: Principle - wise performance

Principle 1

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

The policy covers the Company. In addition, the Company has adopted Integrity Pact with all vendors / suppliers / contractors / service providers for all Orders / Contracts of value ₹ 500 lakhs and above. The pact essentially envisages an agreement between the prospective

Product Support services are headed by a General Manager. Three Additional General Managers attend to product support issues of major customers like Army, Navy and Air Force. Product Support Monitoring Groups have been established across the Company to address all customer grievances. A Customer Coordination Cell has been set up at Bangalore for registration of customer complaints. This facility includes Toll Free BSNL/MTNL numbers along with CRM module of SAP connected through internet. BEL customers can log into the Customer Coordination Cell and register complaints. Also, the CRM module helps

the customer to track progress of complaint online by getting Unique Identification Number for the registered complaint. The cell generates monthly report on summary of complaints for the management.

The Company Secretary as Compliance Officer attends to the complaints of shareholders. The Company has also constituted a Board level Shareholders / Investors Grievance Committee headed by an Independent Director.

The Company has laid down a policy for Grievance redressal of its employees. Negotiating Trade Unions, Works Committees and Shop floor committees are involved in resolving the employees' grievances.

All the public grievances received during the year were promptly attended to. All the shareholder grievances received during the year were also attended to satisfactorily. 94.2% of the customer complaints received during the year were resolved satisfactorily within the year 2013-14. 5.8% of the customer complaints were outstanding as on 31.3.2014. Most of these pending complaints were resolved subsequently. Employee relation has been cordial and harmonious during the year.

Principle 2

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

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

- Grain Vending Machine
- Electronic Voting Machine with VVPAT (EVM with VVPAT)
- Traffic Integrated Management system (H-TRIM)

Brief description of each product is given below.

- Grain Vending Machine

The Grain Vending Machine is designed for dispensing pre-defined / demanded quantity (by weight) of grain stored in the container called Hopper. The requirement of grain is to be entered through the touch input panel/ Numeric Keypad after authentication through a Smart card swiping facility. The final machine is designed for operation with backend Public Distribution System

for network enabled features like Central monitoring, identification, SMS based automatic request for replenishment of Hopper, Tamper alarm, selective PDS beneficiary data loading etc. The machine is designed to operate through Solar power with Mains backup.

- Electronic Voting Machine with Voter Verifiable Paper Audit Trail

Electronic Voting Machine is designed as per new specification of Election Commission which incorporate additional features like digital certification, tamper evidence on opening of cover and improved diagnostic features. Voter Verifiable Paper Audit Trail is an attachment to the existing Electronic Voting machine. It is capable of providing a printed paper after each vote is casted. The voter gets confirmation through printed record which will be retained in the machine itself.

- Traffic Integrated Management system (H-TRIM).

Traffic Integrated Management system is designed to interconnect traffic signals from 221 junctions in and around Hyderabad city through Fiber optic cable / GPRS to a central control centre for effective Traffic controls. The signal electronics is designed to work on Solar panel with Mains back up. Video loop based camera is used for vehicle actuated control for decision on Green time. Based on traffic congestion the Green time will be estimated adaptively for each cycle.

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

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?
- Reduction during usage by consumers (energy, water) has been achieved since the previous year? Such product specific information not captured. Provision of this information is optional.

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

Yes

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

Environmental policy of the Company addresses conservation of natural resources. It is being followed across the Company from design to disposal of the product and infrastructure developmental activities, including sourcing of transport. Substantial efforts have been made in sourcing energy efficient equipments.

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

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

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

In order to increase indigenization content and to encourage Micro, Small & Medium Enterprises (MSMEs), BEL is outsourcing various items and services required for products to be supplied to defence forces. The Company also participates in the annual conferences and workshops of MSMEs and bring out clearly the emerging needs and future requirements. Besides, BEL also has Ancillary Units in the vicinity of the Company owned by small entrepreneurs. The ancillary units were established to encourage establishment of small industries in different areas of production. The common input materials like Electronic Components & Sub-systems, Mechanical Items, Wires & Cables, Chemicals & Paints, PCB Assemblies, Fasteners, Raw Materials, Plastic Items, Office Furniture, Hand Tools, Installation & Commissioning, Annual Maintenance Contract Services etc., are being procured from MSMEs / small producers.

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

A detailed procedure for Registration of vendors is covered in Company's well- established Purchase procedure and the same is made available in Company's official website to have easy access to vendors. The website also covers information regarding payments, tenders floated, contracts awarded, etc. An Industry promotion officer is nominated to assist vendors regarding procedure for registration, understanding the requirements of BEL, report grievances, if any, etc. The name of contact person, address, e-mail ID, Telephone no, etc is mentioned in our official website. As consortium approach, Company has been executing various projects through Public-Private Partnership. This business model has evolved vendors as partners and complemented each other in bringing out the state-of-the-art products/systems in defence. On an average, every year, Company includes 1300 new vendors in the Approved Vendor Directory (AVD) out of which majority are indigenous vendors. This signifies the efforts of the Company to encourage indigenous participation. Introduction of e-procurement to bring in fairness & enhanced transparency in procurement is also one of the efforts in this direction.

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

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

Company has well-established mechanism to channelize waste generated during the manufacture of product/equipment to authorized recycler/handlers. Metal wastes, Used Oil, Solvents and Copper bearing Etchants are totally (100%) sent to authorized recyclers for recycling and recovery.

Wastewater generated during the manufacturing are treated and totally (100%) recycled for production purposes.

Principle 3

1. Please indicate the Total number of employees: 9,952
2. Please indicate the Total number of employees hired on Contractual basis : 3,863
3. Please indicate the Number of permanent women employees : 2080
4. Please indicate the Number of permanent employees with disabilities : 249
5. Do you have an employee association that is recognized by management? : Yes
6. What percentage of your permanent employees is members of this recognized employee association? : 94%
7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

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

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

| Sl. No. | Category | % of Persons trained on Safety Aspects | % of Persons trained for skill up-gradation |
|---------|---------------------------|--|---|
| 1. | Permanent Employees | 13.33 | 40.25 |
| 2. | Permanent Women Employees | 14.64 | 50.64 |
| 3. | Contract Employees | 22.81 | 0.63 |
| 4. | Employees with Disability | 11.37 | 30.98 |

Principle 4

1. Has the company mapped its internal and external stakeholders? : Yes
2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?] Yes
] SC/ST employees
Employees with disabilities
Women employees
3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof.

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

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

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

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

BEL has been organizing a number of programmes related to creating health awareness among women employees. Free health checkups are conducted in coordination with

other hospitals. Also programmes are conducted on creating awareness regarding nutrition, diet, life style management, etc.

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

Principle 5

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

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

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

Principle 6

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

Cover the Company. In addition, the Company promotes customer awareness in environment management to minimize impact on environment during usage of the Company's products. The Company also persuades and encourages its business partners to move towards environmentally friendly processes right from design to disposal.

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

Yes. Company addresses issues such as climate change, global warming through energy conservation measures, like energy efficient chillers, wind energy, solar energy, lighting management system, Building management systems.

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

Yes.

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

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

Details of electrical energy wheeled from Wind power Plants at Davanagere and Hassan, Carbon credits earned, etc during the year 2013-14 and cumulative from inception of these plants are provided below :

DAVANAGERE 2.5 MW wind energy power plant (0.5 MW x 5 Nos.)

- | | |
|---|---|
| a. Total Generation during 2013-14 | : 4071150 kWhrs |
| b. Total wheeled energy during 2013-14 | : 3687614 kWhrs |
| c. Reduction in CO ₂ emission | : 3699 tons of CO ₂ equivalent |
| d. Carbon Credits | : 4852 CERs |
| e. Cumulative wheeled from inception: | 23337282 kWhrs |
| f. Cumulative CO ₂ emission reduction: | 26143 tons of CO ₂ equivalent |

HASSAN 3.0 MW wind energy power plant (1.5 MW x 2 Nos.)

- | | |
|--|-----------------|
| a. Total Generation during 2013-14 | : 6710100 kWhrs |
| b. Total wheeled energy during 2013-14 | : 6085757 kWhrs |

- c. Reduction in CO₂ emission : 6103 tons of CO₂ equivalent
- d. Carbon Credits : Registered with UNFCC
- e. Cumulative wheeled from inception : 27502274 kWhrs
- f. Cumulative CO₂ emission reduction : 36739 tons of CO₂ equivalent
5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc? Y/N. If yes, please give hyperlink for web page etc.
- Yes. Details reported separately as Sustainability Report (Annexure 3 to Directors' Report)
6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?
- Yes.
7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year : NIL

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
- Federation of Indian Chambers of Commerce & Industry (FICCI)
 - Standing Conference of Public Enterprises (SCOPE)
 - Confederation of Indian Industry (CII)
 - Associated Chambers of Commerce and Industry of India (ASSOCHAM)
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

Whenever Policy guidelines are issued, the Company has been providing its suggestions to the Government and

above Trade / Chamber Associations. Company officials have also been attending seminars / workshops organized by these apex organizations for facilitating views on the Policies.

Principle 8

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

Yes. The Company has formulated a CSR & Sustainability Policy in line with the DPE Guidelines which had come into effect from 01 April 2013. This policy is being modified to align it in accordance with relevant provisions under the Companies Act, 2013 and rules thereunder. The company is pursuing its cherished value of endeavouring to fulfil its Corporate Social Responsibilities. A three tier structure has been established to identify and implement CSR & SD programmes / projects focused towards community and sustainable development. The Board level Committee is headed by CMD and an Apex Committee is headed by the Director (Other Units). A General Manager rank officer, who is also the Member Secretary of the Apex Committee, has been appointed as the Nodal Officer to facilitate implementation, reporting and co-ordination of CSR projects at the corporate level. A third level Working committee has also been formed and is headed by GM(HR), Bangalore Complex.

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

All the CSR & SD initiatives in the company are taken up through in-house team. The CSR initiatives being perused by the company are broadly in the following areas:

Health Care
 Education
 Rural Development
 Environment Protection
 Conservation of Natural Resources

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

The programmes / projects are generally chosen in the neighbourhood of the Company's Units. These programmes / projects are implemented by the in-house

teams of the company under the direct supervision of the Apex Committee. During the year 2013-14 as per the DPE guidelines, BEL adopted 3 Gram Panchayats (viz., Malhar, Madhwar & Kadechur) of Yadgir District of Karnataka State (most backward district of Karnataka State as identified by the Planning Commission, Govt of India) for implementing various programmes / projects under its CSR initiatives. A Baseline Survey was carried out by the 'Institute of Social & Economic Change (ISEC), Bangalore on behalf of BEL. Many CSR initiatives are already taken during 2013-14 and many more CSR initiatives are planned during 2014-15. The impact assessment of these various programmes/projects implemented by the Company during the years is planned to be taken up in the latter half of 2014-15 in order to assess the benefits to the local populace.

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

During the year 2013-14, an amount of ₹ 1055.04 Lakhs (including amount set aside) was spent by the Company on various CSR & SD programmes/projects. Some of the key programmes undertaken during the year are listed as item No.5 under Section B of this Report.

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

Consequent to the implementation of our new initiatives on CSR and Sustainability programmes in 3 Gram Panchayats of Yadgir District (most backward district) of Karnataka State, various community development programmes in the areas of education, health care, environment protection and rural development are being planned in association with the district administration and local communities. Some of our initiatives are already implemented at Yadgir. These programmes are likely to make an impact on the lives of the rural people and accelerate the development of the district.

The various programmes are :

- Education
 - * Construction of classrooms, toilets and providing classroom furniture
 - * Construction of Science Labs, Computer Labs and libraries

- Health Care
 - * Infrastructure augmentation including medical equipment
 - * Provisions for clean drinking water for students
- Skill Development
 - * Skill training to youth of villages for livelihood
- Sustainable Development
 - * Solar power plant for schools and hospitals / primary health centres
 - * Rain water harvesting / revival of natural water bodies
- Rural Development
 - * Sewage collection and disposal systems
 - * Community toilets
 - * Park developments in villages
 - * Clean drinking water projects

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.
5.8% of the customer complaints were outstanding as on 31.3.2014. Most of these pending complaints were resolved subsequently. No consumer case was pending as on 31.3.2014.
2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)
BEL being a Defence Undertaking, the product information is sensitive and classified. Hence, there is no display of product information.
3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof.
No such case was filed against the Company during the last five years.
4. Did your company carry out any consumer survey/ consumer satisfaction trends?
Yes. Customer satisfaction survey is conducted periodically and the outcome of the survey is being used in improving the satisfaction level.

Annexure 5

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 2013-14

Energy conservation measures taken during the year 2013-14 include the following :

- Introduction of VRV based Air conditioning of total capacity 120 HP for new buildings.
- Energy efficient motors for pumping, Variable frequency drives for motors and centrifugal fans.
- Usage of energy efficient 5 star rated split air conditioners.
- Building Management System for optimization of Air conditioning and other loads in the buildings.
- Automation system for energy efficiency improvement in Gas plant operations.
- Energy audit of Air compressor plants and arresting air leakages by periodic monitoring and optimizing compressed air system operation.
- Energy efficient screw chillers in AC plants for meeting variable cooling load demand.
- Lighting Management System with occupancy based lighting controls and daylight harvesting at new buildings.
- Installation of LED Street lighting, Area lighting and LED indoor lighting for energy saving.
- Optimization of Air conditioning areas and usage of portable chillers to minimize energy wastage.
- Sustainability awareness training and Water foot print assessment.

(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 ₹ 350 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 75 units during 2013-14 from 78 units during 2012-13.
- The electrical energy consumption for the year 2013-14 is 46.54 million KWhrs as against 46.55 million KWhrs during 2012-13.
- During the year 2013-14, about 9.77 million KWhrs of electrical energy was wheeled from wind power plants installed at Davanagere and Hassan, Karnataka state for captive consumption, which contributes to 38% of energy consumed by Bangalore Unit.

B. Technology Absorption

Form B

R&D Activities

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

During 2013-14, 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 : IFF MKXII for Rohini Akash, IFF MKII for TLR Akash, OPS Shelter for Ashwini and Arudhra Radars, Upgraded Shilka, Integration of Reporter Radar with upgraded Fly catcher, C band Array group receiver and Ground Penetrating Radar .

Integration and commissioning of Akash missile system for Air Force and for Army.

Communication : AREN Router, Radio relay (PTMP) for MRSAM, Radio for LIC EW, Antenna Tuning unit

| | | | |
|---------------------------|--|--------------------------------|--|
| | for 100 W HF Transreceiver, Advanced Man portable MSS terminal (MK IV), Ruggedized handset MSS Terminal, (MK IV), MIL STD 461E compliant Combat Net Radio (AFV), Smart Cell Phone Jammer, Communication Terminal for LLLWR, Satcom Network for Air Force, Voice Communication Switching System for Ashwini, Arudhra and Advitya Radar. | | tester, IR guided bomb tester Laser SPOT identifier, Eye safe Laser Range finder. |
| Naval Systems | : HMS, SHARANG MKII, Sonar Information Processor, Naval FCS for P28 class of ships. | Tank Electronics & Gun upgrade | : Indigenization of AK630 Gun drives, Stabilized Optronic Pedestal MK II for CRN91, Video Processing unit for NAMICA , Scan converter for OSA-AK. |
| Electronic Warfare | : LIC EW System, ESM for Ellora Mk II, Integration of ESM Processor and display, DRFM based truncated ECM System, SANKET -S display application software, Ellora MKII interfaces and ESM test based ESM system for Varuna, Tarang software development, Antenna Switching Unit for Radio relay of Himshakti. | Other Products | : Signal conditioner for Missile sensor, Band Pass Filter for VSSC, Voltage tuned filter for VLF Rx, High speed RF switch for R118, VVPAT, EVM upgraded version, Reporter Radar Simulator and Driving simulator. |
| Command & Control Systems | : CMS-17 – integration on board for P17, System software for CMS 28A and CMS 15A, ADC & RS test bed, IP Encryptor for Aakanksha, IACCS –SIM for MRSAM, CDMA Dongle Encryptor, LIC Encryptor, IP Encryptor for Himshakti, CIDSS Ph2 enhanced Test bed, Security solution for CIDSS Ph.2, Rugged Media converter, CCPT, and FINSAS. | | |
| Electro-optics | : Electro Optic Sight for ICSS, DNS for MBT Arjun & T90 TI & CCD for BARC, IR Zoom lens, Integrated Uncooled TI based Gun sight. Laser range finder Aerostat, laser guided bomb | | |

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

BEL has been consistently and substantially investing in R&D. Apart from developing new variants of existing products, several new products are being developed due to Research and Development activities in BEL. While variants of existing products help in maintaining the performance level of the products taking due care of obsolescence issues, new products will bring new business to the company and help in expanding into new areas. The indigenous development of components, modules, products and software ensure saving of considerable foreign exchange. Also, BEL is striving for self reliance in defence through indigenous R&D activities. Other benefits include establishing an Intellectual Property for the company through filing of patents, copyrights, IC Design Layouts etc.

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 roadmap. Infrastructure, Capital items and manpower requirements of various R&D divisions have been identified and are 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 wherever necessary. R&D will continue to be given high priority for future investments in terms of new R&D facilities and upgrading of others.

4. Expenditure on R&D

During 2013-14, BEL has spent a sum of ₹ 46,701.45 lakhs on R&D. The expenditure on Revenue account was ₹ 42,658.42 lakhs and on Capital account was ₹ 4,043.03 lakhs. The total expenditure as percentage of turnover during the year was 7.56%.

5. Technology Absorption, Adaptation and Innovation:

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

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

In respect of indigenous technologies, BEL R&D divisions have worked closely with various Defence Research and Development Organizations (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.

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

BEL Engineers have been able to absorb the indigenous technologies as a result of close interactions with DRDO and other National Labs.

These efforts have helped BEL engineers to improvise and innovate while developing their own in-house products. Absorption of indigenous technologies developed through such efforts help in increasing in-house value addition thus resulting in reduced dependence on others. This helps to commercialize the products at BEL and provide product support to the customers. Such efforts can potentially result in increased cost savings in the longer run. BEL Engineers endeavor in bringing out updates of the existing technologies and apply such technologies in different applications. All these efforts help to commercialize 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 ₹ 24,622.48 lakhs as against ₹ 16,614.03 lakhs in the previous year. Foreign Exchange Outgo was ₹ 167,139.67 lakhs as against ₹ 255,109.92 lakhs in the previous year.

Annexure 6

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 2013-14 (as at 31 March 2014)
 - (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 : ₹ 460 lakhs
 - ii) for the financial years/period of the Subsidiary since it became the holding Company's Subsidiary : ₹ 4,142 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.

S K Sharma
Chairman & Managing Director

P R Acharya
CFO & Director (Finance)

S Sreenivas
Company Secretary

Bangalore
30 May 2014

ADDITIONAL INFORMATION RELATING TO SUBSIDIARY COMPANY DISCLOSED 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 2014

| | | | | (₹ in lakhs) |
|---|---|-----------|------------------------------|--------------|
| (a) Capital | : | 1,832.29 | (f) Turnover (Gross) | : 17,147.34 |
| (b) Reserves & Surplus | : | 3,618.88 | (g) Profit Before Tax/(Loss) | : 767.07 |
| (c) Total Assets (Current & Non-current) | : | 35,445.36 | (h) Provision for Taxation | : 270.88 |
| (d) Total Liabilities (Current & Non-current) | : | 9,171.51 | (i) Profit After Tax | : 496.19 |
| (e) Details of Investment | : | NIL | (j) Proposed Dividend (%) | : NIL |

Independent Auditor's Report

To the Members of Bharat Electronics Limited,

Report on the Financial Statements

We have audited the accompanying financial statements of Bharat Electronics Limited ("Company") which comprise the balance sheet as at 31 March 2014, the statement of profit and loss for the year then ended and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate

in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements of the Company for the year ended 31 March 2014 give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India :

- a) in the case of the balance sheet, of the state of affairs of the Company as at 31 March 2014.
- b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
- c) in the case of the cash flow statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure, a statement on the matters specified in paragraphs 4 and 5 of the said Order.
2. Further to our comments in the Annexure referred to in paragraph above and as required by Section 227 (3) of the Act, 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 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. In the case of New York and Singapore Offices, not visited by us, and in respect of which the accounts are maintained at Corporate Office, the returns / records received from the said offices have been verified and found to be adequate for the purpose of our audit.

(bb) the report on the audit of branch offices audited under section 228 of the Act, in respect of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam units, by respective branch auditors has been forwarded to us under section 228 (3) (c) of the Act and have been dealt with in preparing our Report in the manner considered necessary by us.

(c) the balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account.

(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 Act, read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013, and clause 13 of Note 30 regarding Segment Reporting.

(e) as the Company is a Government Company, it is exempted from the provisions of Section 274(1)(g) of the Act regarding disqualification of Directors vide Notification GSR 829(E) dated 21 October 2003 issued by the Ministry of Finance, Department of Company Affairs.

For **Badari, Madhusudhan & Srinivasan**

Chartered Accountants

Firm Registration Number: 005389S

N.K. Madhusudhan

Partner

Membership No. 020378

Bangalore
30 May 2014

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in Report on Other Legal and Regulatory Requirements]

- (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 and based on our examination of records, the Management has generally carried out the physical verification 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) Fixed assets sold/disposed off during the year were not substantial and therefore do not affect the going concern assumption.
- (ii) (a) The raw materials, stores and spare parts, tools, work-in-progress, semi-finished goods and finished goods inventory, excluding stocks with third parties and materials in transit, have been physically verified by the Management. In our opinion, the frequency of verification is reasonable.
- (b) The procedures for physical verification of inventory followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and has been dealt with properly in the books of account.
- In respect of materials with sub-contractors, confirmations have been received generally and reconciled with the book records. However, in case of such items for which no confirmations have been received, which are not significant, the company has dealt with the same by making adequate provision in the books of account.
- (iii) The Company has not granted / taken any loans secured or unsecured to / from parties covered in the register maintained under Section 301 of the Act and hence, Clause No. 4 (iii) of the Order, as amended, is not applicable.
- (iv) In our opinion and according to the information and explanations given to us and based on our examination of records, there are adequate internal control systems commensurate with the size of the Company and nature of its business with regard to purchase of Inventory and Fixed Assets and with regard to the Sale of Goods and Services. During the course of audit, we have not observed any continuing failure to correct major weakness in the internal control systems.
- (v) In our opinion and according to the information and explanations given to us, there are no contracts or arrangements referred to in section 301 of the Act, that need to be entered in the register required to be maintained under that section.
- (vi) The Company has not accepted any deposit from public in the current year and all deposits had matured and settled except for ₹ 36.95 lakhs, out of which ₹ 36.50 lakhs are being retained as per Garnishee Order of Lok Ayukta, Bangalore and the balance of ₹ 0.45 lakhs though matured is unpaid due to other legal issues. In our opinion and according to the information and explanations given to us and based on our examination of records, the Company has complied with the provisions of Section 58A and Section 58AA and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 1975.
- (vii) In our opinion, the Company has an internal audit system commensurate with its 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 and audit of cost records under section 209 (1) (d) of the Act, has maintained cost records. We are of the opinion that prima facie the prescribed cost accounts and cost records have been made and maintained. We have not however made a detailed examination of the cost 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), Service Tax, Customs Duty, Excise Duty and other applicable material statutory dues.

- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax (VAT), Service Tax, Customs Duty, Excise Duty were in arrears, as at 31 March 2014 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and based on our examination of records, there were no dues in respect of Income Tax, Sales Tax (VAT), Wealth Tax, Service Tax, Customs Duty and Excise Duty which have not been deposited with the appropriate authorities on account of any dispute except as follows :

| Nature of Statute | Nature of Dues | Forum where dispute is pending | Amount (₹ in Lakhs) |
|----------------------|---|--|---------------------|
| Sales Tax Act, Bihar | Sales Tax | Commissioner of Commercial Tax (Appeals), Chirkunda, Bihar | 66.44 |
| Central Sales Act | Sales Tax | Joint Commissioner (Appeals) | 1,970.85 |
| Karnataka VAT Act | Sales Tax | Joint Commissioner (Appeals) | 501.02 |
| Karnataka VAT Act | Sales Tax | Dy. Commissioner of Commercial Tax | 156.01 |
| Finance Act | Service Tax | CESTAT | 103.38 |
| Finance Act | Service Tax-Revisionary Show Cause Notice | Commissioner | 34.01 |
| Central Excise Act | Modvat Credit | Dy. Commissioner | 23.65 |
| Central Excise Act | Excise Duty | Commissioner (Appeals) | 6.04 |
| Central Excise Act | Excise Duty | Commissioner | 8.67 |
| Customs Act | Custom Duty | CESTAT | 103.52 |
| Trade Tax | Benefit of Concessional Form not allowed | Uttarakhand High Court, Nainital | 220.07 |

| Nature of Statute | Nature of Dues | Forum where dispute is pending | Amount (₹ in Lakhs) |
|--|--|---|---------------------|
| Trade Tax | Benefit of Concessional form not allowed | Uttarakhand High Court, Nainital | 141.09 |
| Income Tax Act | TDS u/s 194 I against deduction made u/s 194C | High court of Allahabad | 73.32 |
| Income Tax Act | Penalty u/s 201 A passed by DCIT | High court of Allahabad | 63.21 |
| Central Sales Tax Act | Sales Tax dues & benefit of Concessional Form C | Deputy Commissioner (Appeals) | 8.63 |
| Central Sales Tax Act | Benefit of Concessional Form D not allowed (1989-90) | Assistant Commissioner (Appeals) | 2.47 |
| U.P. Trade Tax Act | Acceptance of duplicate copy of 3D(1) | DC (Appeals) | 1.32 |
| ESI Act | Interest & Damages towards late deposit | Punjab & Haryana High Court, Chandigarh | 3.52 |
| Central Sales Tax Act | Central Sales Tax | Sales Tax Appellate Tribunal | 1,346.14 |
| The Andhra Pradesh Value Added Tax Act | AP VAT | Sales Tax Appellate Tribunal | 46.58 |
| Finance act | Service Tax | CESTAT-Bangalore | 10.58 |
| Urban land Tax | Land Tax | Principal Commissioner and commissioner Land Reform Chennai | 41.44 |
| Vacant Land Tax | Land Tax | Director, Directorate of Town Panchayath, Chennai | 10.35 |
| Tamil Nadu Sales Tax | Sales Tax | Sales Tax Appellate Authorities | 48.00 |

| Nature of Statute | Nature of Dues | Forum where dispute is pending | Amount (₹ in Lakhs) |
|-------------------|----------------|--------------------------------------|---------------------|
| Income Tax Act | Income Tax | Income Tax Appellate Tribunal | 264.50 |
| Income Tax Act | Income Tax | Commissioner of Income Tax (Appeals) | 6,956.44 |

- (x) The Company does not have any 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 based on our examination of records, the Company has not defaulted in repayment of dues to banks.
- (xii) In our opinion and based on our examination of records, the Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and others securities.
- (xiii) The Company is not a chit fund / nidhi / mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Order, as amended, 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 (xiv) of the Order, as amended, are not applicable to the Company.
- (xv) According to the information and explanations given to us and the representations made by the Management, 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 the Order, as amended, is not applicable.
- (xvii) According to the information and explanations 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 Act.
- (xix) The Company has not issued any debentures during the year.
- (xx) The Company has not raised any money by Public Issues and hence clause (xx) of the Order, as amended, is not applicable to the Company.
- (xxi) During the course of our examination of the books of account and records of the Company carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud 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 **Badari, Madhusudhan & Srinivasan**

Chartered Accountants

Firm Registration Number: 005389S

N.K. Madhusudhan

Partner

Bangalore

30 May 2014

Membership No. 020378



सं. / No. Insp/BEL Accnts(2013-14)/2014-15/57

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 : 09.07.2014

To

Shri S.K. Sharma
Chairman & Managing Director,
Bharat Electronics Limited,
Outer Ring Rd, Kanaka Nagar,
Nagavara, Bangalore,
Bangalore-560 045.

Sir,


Sub: Comments of the Comptroller and Auditor General of India
under section 619 (4) of the Companies Act, 1956 in respect of
M/s. Bharat Electronics Limited, Bangalore for the year ended
31.3.2014.

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 **M/s.
Bharat Electronics Limited, Bangalore**, for the year ended 31st March, 2014.

It may please be ensured that the Comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,

(V.K.GIRIJAVALLABHAN)
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

दू. भा. / Phone : 2226 7646 / 2226 1168
Email : mabbangalore@cag.gov.in

फैक्स / Fax : 080-2226 2491

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BHARAT ELECTRONICS LIMITED, BANGALORE FOR THE YEAR ENDED 31 MARCH 2014.

The preparation of financial statements of **Bharat Electronics Limited, Bangalore** for the year ended 31 March, 2014 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 Standards on Auditing 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 30 May 2014.

I, on the 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 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619(4) of the Companies Act, 1956.

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



(V. K. GIRIJAVALLABHAN, IA&AS)
Pr. Director of Commercial Audit
& Ex-officio Member, Audit Board, Bangalore.

Bangalore

Dated: 09 July 2014.

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, the provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable) 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. Premium arising at the time of entering into an Options contract is charged off at the time of inception 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 / reporting date are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

In accordance with the announcement of ICAI on Accounting for Derivatives, Forward Exchange Contracts / Options Contracts entered into to Hedge the Foreign Currency Risk of a "Firm Commitment" or a Highly Probable forecast transaction and outstanding as on reporting date are valued on Marked to Market basis and losses, if any, are adjusted in the Statement of Profit and Loss. Any gain on Marked to Market valuation is not recognized by the company keeping in view the principle of prudence as enunciated in AS-1-Disclosure of Accounting Policy.

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 Leave, Sick Leave and Half Pay Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.

- (ii) (a) Defined contribution to Employee Pension Scheme is made on monthly accrual basis at the applicable rates.
 b) Defined contribution to Superannuation Pension Scheme is made on Annual 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 **Badari, Madhusudhan & Srinivasan**

Chartered Accountants
 Firm Regn. No. 005389S

N. K. Madhusudhan

Partner
 Membership No. 020378

Bangalore
 30 May 2014

S K Sharma

Chairman & Managing Director

P R Acharya

CFO & Director (Finance)

S Sreenivas

Company Secretary

Balance Sheet

| | | (₹ in Lakhs) | |
|--|----------|------------------------|------------------------|
| PARTICULARS | Note No. | As at 31 March 2014 | As at 31 March 2013 |
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Fund | | | |
| (a) Share Capital | 1 | 8,000.00 | 8,000.00 |
| (b) Reserves & Surplus | 2 | 693,723.77 | 622,369.46 |
| | | 701,723.77 | 630,369.46 |
| (2) Government Grants | 3 | 1,261.25 | 1,917.16 |
| (3) Non-Current Liabilities | | | |
| (a) Other Long-Term Liabilities | 4 | 694.61 | 432.30 |
| (b) Long-Term Provisions | 5 | 35,618.95 | 34,841.85 |
| | | 36,313.56 | 35,274.15 |
| (4) Current Liabilities | | | |
| (a) Short-Term Borrowings | 30.4 | - | - |
| (b) Trade Payables | 6 | 119,705.91 | 112,685.61 |
| (c) Other Current Liabilities | 7 | 569,393.54 | 627,592.37 |
| (d) Short-Term Provisions | 8 | 24,329.65 | 36,775.40 |
| | | 713,429.10 | 777,053.38 |
| TOTAL | | 1,452,727.68 | 1,444,614.15 |
| II. ASSETS | | | |
| (1) Non-Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 9 | 65,044.89 | 57,422.74 |
| (ii) Intangible Assets | 10 | 49.77 | 122.72 |
| (iii) Capital Work-in-Progress | 11 | 19,673.73 | 16,129.92 |
| (iv) Intangible Assets under Development | 12 | 11.99 | 11.99 |
| (b) Non-Current Investments | 13 | 1,198.11 | 1,198.11 |
| (c) Deferred Tax Assets (Net) | 14 | 29,949.46 | 27,157.31 |
| (d) Long-Term Loans & Advances | 15 | 6,284.11 | 13,038.11 |
| (e) Other Non-Current Assets | 16 | 9,373.11 | 7,985.78 |
| | | 131,585.17 | 123,066.68 |
| (2) Current Assets | | | |
| (a) Inventories | 17 | 329,870.83 | 319,126.65 |
| (b) Trade Receivables | 18 | 412,853.69 | 333,467.08 |
| (c) Cash & Bank Balances | 19 | 456,436.61 | 530,249.23 |
| (d) Short-Term Loans & Advances | 20 | 115,353.02 | 130,786.87 |
| (e) Other Current Assets | 21 | 6,628.36 | 7,917.64 |
| | | 1,321,142.51 | 1,321,547.47 |
| TOTAL | | 1,452,727.68 | 1,444,614.15 |

Accounting Policies & Note No. 1 to 30 form part of Financial Statements.

As per our report of even date attached

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
CFO & Director (Finance)

N. K. Madhusudhan
Partner
Membership No. 020378

S Sreenivas
Company Secretary

Bangalore
30 May 2014

Statement of Profit & Loss

(₹ in Lakhs)

| PARTICULARS | Note No. | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|---|----------|-------------------------------------|-------------------------------------|
| I. REVENUE FROM OPERATIONS | | | |
| (i) Turnover | | | |
| (a) Sale of Products | | 550,336.71 | 541,153.22 |
| (b) Sale of Services | | 67,086.54 | 60,036.71 |
| (c) Gross (a+b) | | 617,423.25 | 601,189.93 |
| (d) Excise Duty | | 5,195.09 | 2,173.45 |
| (e) Net Turnover (c-d) | | 612,228.16 | 599,016.48 |
| (ii) Other Operating Revenues | 22 | 15,324.16 | 11,336.60 |
| TOTAL [i(e)+ii] | | 627,552.32 | 610,353.08 |
| II. OTHER INCOME | 23 | 42,847.44 | 60,993.16 |
| III. TOTAL REVENUE (I + II) | | 670,399.76 | 671,346.24 |
| IV. EXPENSES | | | |
| (a) Cost of Material Consumed | | 310,938.06 | 329,945.98 |
| (b) Cost of Stores & Spares Consumed | | 3,015.04 | 2,491.29 |
| (c) Purchases of Stock in Trade | | 44,402.81 | 76,025.99 |
| (d) Changes in Inventories of Finished Goods, WIP & Scrap | 24 | 4,733.28 | (27,800.63) |
| (e) Employee Benefits Expense | 25 | 103,042.56 | 111,078.87 |
| (f) Finance Costs | 26 | 339.61 | 78.17 |
| (g) Depreciation and Amortization Expense | 9 & 10 | 14,210.45 | 13,071.04 |
| (h) Other Expenses | 27 | 72,308.59 | 54,392.69 |
| TOTAL EXPENSES (a to h) | | 552,990.40 | 559,283.40 |
| V. Profit before exceptional & extraordinary items & tax (III - IV) | | 117,409.36 | 112,062.84 |
| VI. Exceptional Items | | - | - |
| VII. Profit before extraordinary items and tax (V-VI) | | 117,409.36 | 112,062.84 |
| VIII. Extraordinary items | | - | - |
| IX. Profit for the year (VII-VIII) | | 117,409.36 | 112,062.84 |
| X. Prior Period Items (Net) | 28 | 64.59 | (603.63) |
| XI. Profit for the year before tax (IX+X) | | 117,473.95 | 111,459.21 |
| XII. Tax Expense | | | |
| - Current Year | | 29,100.00 | 26,500.00 |
| - Earlier Years | | (1,996.08) | 317.68 |
| - Deferred Taxes | | (2,792.15) | (4,341.75) |
| Total Provision for Taxation | | 24,311.77 | 22,475.93 |
| XIII. Profit for the year after tax (XI - XII) | | 93,162.18 | 88,983.28 |
| XIV. Earnings per equity share: | 29 | | |
| (1) Basic [in Rupees] | | 116.45 | 111.23 |
| (2) Diluted [in Rupees] | | 116.45 | 111.23 |

Accounting Policies & Note No. 1 to 30 form part of Financial Statements.

As per our report of even date attached

For **Badari, Madhusudhan & Srinivasan**
 Chartered Accountants
 Firm Regn. No. 005389S

S K Sharma
 Chairman & Managing Director

P R Acharya
 CFO & Director (Finance)

N. K. Madhusudhan
 Partner
 Membership No. 020378

S Sreenivas
 Company Secretary

Bangalore
 30 May 2014

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|--|------------------------|------------------------|
| NOTE - 1 | | |
| SHARE CAPITAL | | |
| Authorised Capital | | |
| 10,00,00,000 (10,00,00,000) Equity Shares of ₹ 10 each | 10,000.00 | 10,000.00 |
| Issued, Subscribed & Fully Paid-up Capital | | |
| 8,00,00,000 (8,00,00,000) Equity Shares of ₹ 10 each | 8,000.00 | 8,000.00 |

i. Reconciliation of No. of Shares

| Particulars | 2013 - 14 | | 2012 - 13 | |
|---|--------------------|-----------------|---------------|----------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Shares outstanding at the beginning of the reporting period | 8,00,00,000 | 8,000.00 | 8,00,00,000 | 8,000.00 |
| Add: Shares issued during the year | - | - | - | - |
| Less: Shares Bought Back, Others etc during the year | - | - | - | - |
| Shares outstanding at the end of the reporting period | 8,00,00,000 | 8,000.00 | 8,00,00,000 | 8,000.00 |

ii. Details of shareholders holding more than 5% of paid up share capital as on 31.03.2014 is given below :

| Name of Shareholder | 2013 - 14 | | 2012 - 13 | |
|-------------------------------------|--------------------|-------------------|---------------|-------------------|
| | No. of Shares | % of Shareholding | No. of Shares | % of Shareholding |
| Government of India | 6,00,15,859 | 75.02% | 6,06,89,600 | 75.86% |
| Life Insurance Corporation of India | 47,58,331 | 5.95% | 41,06,807 | 5.13% |

- 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 Directors and 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 Shareholder 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 2014 | As at 31 March 2013 |
|---|------------------------|------------------------|
| NOTE - 2 | | |
| RESERVES & SURPLUS | | |
| CAPITAL RESERVE | | |
| a) Land Valuation Reserve | 200.64 | 200.64 |
| b) Capital Profit : | | |
| At the beginning of the year | 4,217.32 | 947.05 |
| Add: Transfer from Profit for the period | 450.11 | 3,270.27 |
| | 4,667.43 | 4,217.32 |
| c) On acquisition of Machilipatnam Unit | 0.85 | 0.85 |
| d) General Investment Subsidy for Kotdwara Unit | 50.00 | 50.00 |
| | 4,918.92 | 4,468.81 |
| GENERAL RESERVE | | |
| At the beginning of the year | 352,122.33 | 312,122.33 |
| Add: Transfer from Surplus for the period | 40,000.00 | 40,000.00 |
| | 392,122.33 | 352,122.33 |
| SURPLUS | | |
| At the beginning of the year | 265,778.32 | 240,900.14 |
| Add: Profit for the period | 93,162.18 | 88,983.28 |
| Amount available for appropriation | 358,940.50 | 329,883.42 |
| Less: Appropriation | | |
| Dividend on Equity Shares | | |
| - Interim Dividend | 4,800.00 | 4,800.00 |
| - Proposed Final Dividend | 13,840.00 | 13,040.00 |
| Dividend Tax | 3,167.87 | 2,994.83 |
| Transfer to General Reserve | 40,000.00 | 40,000.00 |
| Transfer to Capital Reserve | 450.11 | 3,270.27 |
| Surplus carried forward | 296,682.52 | 265,778.32 |
| | 693,723.77 | 622,369.46 |
| NOTE - 3 | | |
| GOVERNMENT GRANTS | | |
| Grant from Government for Research and Other purposes | | |
| At the beginning of the year | 1,917.16 | 1,474.56 |
| Add : Additions during the year | 294.05 | 729.60 |
| Less: Transfer to Statement of Profit & Loss | 949.96 | 287.00 |
| | 1,261.25 | 1,917.16 |
| | 1,261.25 | 1,917.16 |
| NOTE - 4 | | |
| OTHER LONG TERM LIABILITIES | | |
| Trade Payables | 611.22 | 329.69 |
| Security Deposits | 63.61 | 102.61 |
| Payables Other Trade Payables | 19.78 | - |
| | 694.61 | 432.30 |

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|--|------------------------|------------------------|
| NOTE - 5 | | |
| LONG TERM PROVISIONS | | |
| Employee Benefits | | |
| Long-term Compensated Absences | 16,753.92 | 17,595.26 |
| BEL Retired Employees' Contributory Health Scheme (BERECHS) | 18,865.03 | 17,246.59 |
| | 35,618.95 | 34,841.85 |
| i. Long Term Compensated Absence Scheme: | | |
| Total liability in respect of Long Term Compensated Absences | 19,509.59 | 20,492.46 |
| Less: Amount expected to be paid within next 12 months (Refer Note 8) | 2,755.67 | 2,897.20 |
| | 16,753.92 | 17,595.26 |
| 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) & Half Pay Leave (HL) in case of Executives and Annual Leave (AL) & Sick Leave (SL) in case of Non-Executives . The Scheme provides for compensation to employees against the unavailed Leave (AL & HL in case of Executives and AL & SL in case of Non-Executives) on attaining the age of superannuation, VRS, or death. AL can also be encashed during service or at the time of resignation. | | |
| The following table summarises the components of net benefit expense recognised in the Statement of Profit & Loss and amount recognised in the Balance Sheet for the plan as furnished in the disclosure Report provided by the Actuary: | | |
| Particulars | 2013 - 14 | 2012-13 |
| a) Expenses Recognised in the Statement of Profit & Loss: | | |
| Net Expenses Recognised in the Statement of Profit & Loss [Leave Encashed: ₹ 3,389.04, Provision Withdrawn: ₹ 982.87] | 2,406.17 | 8,340.27 |
| b) Principal Assumptions : | | |
| Discounting Rate | 9.20% | 8.10% |
| Rate of increase in compensation level | 7.50% | 7.50% |
| c) Amounts to be recognised in Balance Sheet : | | |
| Liability recognised in Balance Sheet [as per Actuarial Valuation] | 19,509.59 | 20,492.46 |
| iv. BEL Retired Employees' Contributory Health Scheme (BERECHS) | | |
| a. Total outstanding of BERECHS | 20,785.53 | 19,149.62 |
| Less : Amount expected to be payable within next 12 months (Refer Note 8) | 1,920.50 | 1,903.03 |
| | 18,865.03 | 17,246.59 |
| b. The amount of Liability in respect of BERECHS has been bifurcated between current and non current based on the report of Actuary. | | |

Notes to Accounts

(₹ in Lakhs)

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 inpatient treatment. In addition to the annual insurance premium, the Company bears 60% of the medicine cost and 75% of the cost of diagnostic tests for outpatient treatment and for the treatment of specified diseases, the Company bears the full cost of treatment, over and above the insurance coverage.

The following table 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 | 2013 - 14 | 2012 - 13 |
|--|------------------|------------------|
| a. Change in Benefit Obligations : | | |
| Present Value of Obligation (PVO) as at the beginning of the year | 19,149.62 | 14,821.74 |
| Current Service Cost | 1,001.51 | 922.69 |
| Interest Cost | 1,470.50 | 1,190.79 |
| Actuarial (Gain) / Loss | 1,154.63 | 4,165.05 |
| Benefits paid | (1,990.73) | (1,950.65) |
| Present Value of Obligation as at the end of the period | 20,785.53 | 19,149.62 |
| 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 | 1,990.73 | 1,950.65 |
| Benefits paid | (1,990.73) | (1,950.65) |
| Actuarial Gain / (Loss) | - | - |
| Fair value of Plan Assets at the end of the period | - | - |
| c. Expenses Recognised in the Statement of Profit & Loss: | | |
| Opening Net Liability | - | - |
| Current Service cost | 1,001.51 | 922.69 |
| Interest on Defined benefit obligation | 1,470.50 | 1,190.79 |
| Expected return on Plan Assets | - | - |
| Net Actuarial (Gain) / Loss recognised in the period | 1,154.63 | 4,165.05 |
| d. Expenses Recognised in the Statement of Profit & Loss | 3,626.64 | 6,278.53 |
| Less : Withdrawal of excess Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.03.2004)* | - | 32.05 |
| Net Expenses Recognised in the Statement of Profit & Loss (Expenses : ₹ 1,990.73, Provisions : ₹ 1,635.91) | 3,626.64 | 6,246.48 |
| e. Principal Assumptions : | | |
| Discounting Rate | 9.20% | 8.10% |
| Rate of increase in compensation level | 7.50% | 7.50% |
| Health care costs escalation rate | 3.25% | 3.00% |
| Attrition Rate | 1.00% | 1.00% |

Notes to Accounts

(₹ in Lakhs)

| Particulars | 2013 - 14 | 2012 - 13 |
|---|--------------------|-------------------|
| f. Amounts recognised in Balance Sheet : | | |
| Present Value of Obligation as at the end of the period | 20,785.53 | 19,149.62 |
| Fair Value of Plan Assets at the end of the period | - | - |
| Funded Status | (20,785.53) | (19,149.62) |
| Unrecognised Actuarial (Gains) / Losses | - | - |
| Liability recognised in Balance Sheet (as per Actuarial Valuation) | 20,785.53 | 19,149.62 |
| Less : Initial actuarial Liability towards existing employees (valued on 31.03.2004) | - | 2,972.56 |
| Add : Amortisation of above initial Actuarial Liability over 9 years * | - | 2,972.56 |
| Liability recognised in Balance Sheet | 20,785.53 | 19,149.62 |
| Effect of a one percentage point increase in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation: | | |
| Effect on the aggregate of the service cost and interest cost | 302.85 | 239.33 |
| Effect on defined benefit obligation | 2,160.42 | 2,221.30 |
| Effect of a one percentage point decrease in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation: | | |
| Effect on the aggregate of the service cost and interest cost | (256.37) | (202.77) |
| Effect on defined benefit obligation | (1,828.85) | (1,852.20) |

* The BERECHS liability assessed in Financial Year 2003-04 towards existing employees amounted to ₹ 2,972.56, which was being charged off every year at ₹ 333.85 (including the deferment cost). Since the deferment cost pertaining to the initial liability is already included as a part of "Interest on Defined Benefit Obligation" every year and as the nine instalments of ₹ 333.85 (charged off upto FY 2011-12) covers the full initial liability of ₹ 2,972.56, the excess amount of ₹ 32.05 has been withdrawn in the FY 2012-13.

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|-------------------------------------|------------------------|------------------------|
| NOTE-6 | | |
| TRADE PAYABLES | | |
| - Dues to Micro & Small Enterprises | 165.02 | 121.25 |
| - Others | 119,540.89 | 112,564.36 |
| | 119,705.91 | 112,685.61 |

- 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 2014 is furnished below :

| Particulars | 2013 - 14 | 2012 - 13 |
|---|---------------|-----------|
| a. The principal amount and the interest due thereon remaining unpaid to any supplier as at 31 March : | | |
| Principal Amount | 165.02 | 121.25 |
| Interest | 2.52 | 1.35 |
| 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 : | | |
| Principal Amount | 106.52 | 31.77 |
| Interest | 0.12 | 0.56 |
| 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 | 1.04 | 0.20 |
| d. The amount of interest accrued and remaining unpaid at the end of the year ending 31 March | 5.81 | 3.23 |
| 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. | 2.70 | 0.84 |

- 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.

NOTE-7

OTHER CURRENT LIABILITIES

| | | |
|--|-------------------|------------|
| Current maturities of Finance Lease Obligations (Liability on Leased Assets - Vehicles) | - | 1.36 |
| Management Contribution to BEL Superannuation (Pension) * | 1,134.75 | - |
| Unpaid Dividend # | 20.16 | 19.47 |
| Unpaid Matured Deposits (including interest thereon) # | 38.87 | 38.87 |
| Interest accrued and due on Trade Payables - MSMED (Refer Note 6) | 5.81 | 3.23 |
| Other Liabilities | | |
| Security Deposits | 1,882.89 | 1,510.11 |
| Outstanding Expenses | 18,070.43 | 13,031.85 |
| Advances/Progress Payment received from Customers | 527,267.87 | 590,168.40 |
| Statutory Liabilities | 16,215.05 | 17,543.28 |
| Others | 4,757.71 | 5,275.80 |
| | 569,393.54 | 627,592.37 |

* Provision upto 31.03.2013 is shown under Short Term Provision (Refer Note 8).

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

NIL

NIL

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|---|------------------------|------------------------|
| Current maturities of Finance Lease Obligations | | |
| i. Total outstanding liability on Leased Assets | - | 1.36 |
| Less: Amount expected to be paid beyond 12 months | - | - |
| | - | 1.36 |

ii. The above liability is secured by vehicles taken on lease. (Refer Note 9)

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 | - | 0.94 |
| b) Total minimum lease payments as at the reporting period date | - | 1.42 |
| c) The present value of minimum lease payments as at the reporting period date | - | 1.36 |
| d) The minimum lease amount payable with present value for each of the following periods is given below: | | |

| Particulars | 2013-14 | | 2012-13 | |
|--|---------------------------|------------------|---------------------------|------------------|
| | Minimum Lease Payments | Present Value | Minimum Lease Payments | Present Value |
| a) Not later than one year | - | - | 1.42 | 1.36 |
| b) Later than one year & not later than five years | - | - | - | - |
| c) Later than five years | - | - | - | - |
| TOTAL | - | - | 1.42 | 1.36 |

v. The Primary Lease Period in respect of Car taken on Lease has expired on 30.11.2013 and pending transfer of Car to third party, the Company has entered into an Agreement for Secondary Lease Period from 01.12.2013 to 30.11.2016 with the Lessor at nominal Lease Rental of ₹ 855 (Rupees Eight Hundred and Fifty Five only) per annum.

NOTE - 8 SHORT TERM PROVISIONS

| | | |
|---|------------------|-----------|
| Taxation [Net of Advance Tax ₹ 85,400.00 (₹ 88,200.00)] | - | - |
| (Refer Note 15) | | |
| Proposed Final Dividend | 13,840.00 | 13,040.00 |
| Dividend Tax | 2,352.11 | 2,216.15 |

Employee Benefits

| | | |
|---|------------------|-----------|
| Gratuity | - | 2,196.45 |
| Management Contribution to BEL Superannuation (Pension) * | - | 11,807.01 |
| Long-Term compensated absences | 2,755.67 | 2,897.20 |
| BEL Retired Employees' Contributory Health Scheme (BERECHS) | 1,920.50 | 1,903.03 |
| | 4,676.17 | 18,803.69 |
| Provision for Performance Warranty | 3,461.37 | 2,715.56 |
| | 24,329.65 | 36,775.40 |

* Current year liability is shown under Other Current Liabilities. (Refer Note 7).

Notes to Accounts

(₹ in Lakhs)

- 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 | 2013 - 14 | 2012 - 13 |
|--|-----------------|-----------|
| Opening Balance (a) | 2,715.56 | 2,452.71 |
| Additional Provisions made during the year (b) | 1,073.62 | 697.96 |
| Amounts used during the year (c) * | - | - |
| Unused Amounts reversed during the year (d) | 327.81 | 435.11 |
| Closing Balance (e) = (a+b-c-d) | 3,461.37 | 2,715.56 |

* a) Represents amount debited to opening provision.

b) An amount of ₹ 4,304.83 (₹ 2,546.96) has been debited to Natural Code Heads.

- ii. During the year the Company has recognised an amount of ₹ 6,743.35 (₹ 6,146.67) towards contribution to Employees Provident Fund and Pension Schemes in the Statement of Profit and Loss. 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 31st March 2014, 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 table summarises the disclosure report provided by the actuary:

EMPLOYEES PROVIDENT FUND

| Particulars | 2013 - 14 | 2012 - 13 |
|---|--------------------|-------------|
| i) Change in Benefit Obligations : | | |
| Present Value of Obligation as at the beginning of the year | 124,231.05 | 110,225.27 |
| Current Service Cost | 25,545.21 | 24,315.84 |
| Interest Cost | 8,403.22 | 8,929.24 |
| Past Service Cost (Non vested Benefits) | - | - |
| Past Service Cost (Vested Benefits) | - | - |
| Actuarial (Gain) / Loss | 21,710.60 | (6,445.35) |
| Benefits paid | (40,975.15) | (12,793.95) |
| Present Value of Obligation as at the end of the period | 138,914.93 | 124,231.05 |
| ii) Change in Fair Value of Plan Assets: | | |
| Fair value of Plan Assets at the beginning of the year | 149,557.49 | 127,516.08 |
| Expected return on Plan Assets | 12,673.82 | 11,662.62 |
| Contributions | 22,011.95 | 24,459.54 |
| Benefits paid | (40,975.15) | (12,793.95) |
| Actuarial Gain / (Loss) on Plan Assets | (814.76) | (1,286.80) |
| Fair value of Plan Assets at the end of the period | 142,453.35 | 149,557.49 |

Notes to Accounts

(₹ in Lakhs)

| Particulars | 2013 - 14 | 2012 - 13 |
|--|--------------------|----------------|
| iii) Expenses Recognised in the Statement of Profit & Loss: | | |
| Opening Net Liability | - | - |
| Current Service cost | 25,545.21 | 24,315.84 |
| Interest Cost | 8,403.22 | 8,929.24 |
| Expected return on Plan Assets | (12,673.82) | (11,662.62) |
| Net Actuarial (Gain) / Loss recognised in the period | 22,525.36 | (5,158.55) |
| Past Service Cost (Non vested Benefits) | - | - |
| Past Service Cost (Vested Benefits) | - | - |
| Expenses Recognised in the Statement of Profit & Loss | 43,799.97 | 16,423.91 |
| iv) Amounts recognised in Balance Sheet : | | |
| Present Value of Obligation as at the end of the period | 138,914.93 | 124,231.05 |
| Fair Value of Plan Assets at the end of the period | 142,453.35 | 149,557.49 |
| Difference | (3,538.42) | (25,326.44) |
| Unrecognised Actuarial (Gains) / Losses | - | - |
| Liability recognised in Balance Sheet | - | - |
| v) Amount for the Current Period: | | |
| Present Value of Obligation | 138,914.93 | 124,231.05 |
| Plan Assets | 142,453.35 | 149,557.49 |
| Surplus / (Deficit) | 3,538.42 | 25,326.44 |
| Experience Adjustments on Plan liabilities - (Loss)/ Gain | (21,714.92) | 6,455.50 |
| Experience Adjustments on Plan Assets - (Loss)/ Gain | (814.76) | (1,286.80) |
| vi) Category of Assets as at 31 March 2014 : | | |
| Government of India Securities | 25.67% | 20.98% |
| State Government Securities | 17.20% | 22.47% |
| High Quality Corporate Bonds | 53.33% | 45.59% |
| Equity shares of listed companies | 0.00% | 0.00% |
| Property | 0.00% | 0.00% |
| Special Deposit Scheme | 3.80% | 10.96% |
| Mutual Funds | 0.00% | 0.00% |
| Cash | 0.00% | 0.00% |
| Total | 100.00% | 100.00% |
| vii) Principal Assumptions : | | |
| Discounting Rate | 9.20% | 8.10% |
| Salary escalation rate | 7.50% | 7.50% |
| Expected rate of Return on Plan Assets | 9.18% | 9.05% |

iii. Pension Scheme

Pension Scheme has been introduced for Executives (including TC Personnel) with effect from 01.01.2007 subsequent to receipt of approval for the Scheme from MoD. The Company has set up a Trust under the name of "Bharat Electronics Limited Superannuation (Pension) Trust" to administer the Scheme. Against a provision of ₹ 11,807.01 as on 31.03.2013, an amount of ₹ 9,298.83 has been ascertained as payable to the Trust for the period from 01.01.2007 to 31.03.2013. The balance amount of ₹ 2,508.18 has been withdrawn/adjusted during the FY 2013-14. Amount of ₹ 10,617.92 (including contribution of ₹ 2,403.45 for FY 2013-14) has been remitted to the Trust during FY 2013-14. The outstanding liability of ₹ 1,134.75 represents ₹ 1,122.17 in respect of contribution to be made towards Retired Executives and ₹ 12.58 in respect of Existing Executives is shown under Other Current Liabilities.

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:

"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 table 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 | 2013 - 14 | 2012 - 13 |
|--|-------------------|------------|
| i. Change in Benefit Obligations : | | |
| Present Value of Obligation as at the beginning of the year | 38,022.07 | 37,773.15 |
| Current Service Cost | 633.96 | 796.14 |
| Interest Cost | 2,875.22 | 3,022.86 |
| Past Service Cost (Non vested Benefits) | - | - |
| Past Service Cost (Vested Benefits) | - | - |
| Actuarial (Gain) / Loss | (2,413.56) | 1,677.20 |
| Benefits paid | (5,050.98) | (5,247.28) |
| Present Value of Obligation as at the end of the period | 34,066.71 | 38,022.07 |
| ii. Change in Fair Value of Plan Assets: | | |
| Fair value of Plan Assets at the beginning of the year | 35,825.62 | 35,492.98 |
| Expected return on Plan Assets | 3,316.00 | 3,105.06 |
| Contributions | 2,196.45 | 2,280.17 |
| Benefits paid | (5,050.98) | (5,247.28) |
| Actuarial Gain / (Loss) on Plan Assets | 290.14 | 194.69 |
| Fair value of Plan Assets at the end of the period | 36,577.23 | 35,825.62 |
| Excess of Obligation over Plan Assets | (2,510.52) | 2,196.45 |
| iii. Expenses Recognised in the Statement of Profit & Loss: | | |
| Opening Net Liability | - | - |
| Current Service cost | 633.96 | 796.14 |
| Interest Cost | 2,875.22 | 3,022.86 |
| Expected return on Plan Assets | (3,316.00) | (3,105.06) |
| Net Actuarial (Gain) / Loss recognised in the period | (2,703.70) | 1,482.51 |
| Past Service Cost (Non vested Benefits) | - | - |
| Past Service Cost (Vested Benefits) | - | - |
| Expenses Recognised in the Statement of Profit & Loss | - | 2,196.45 |
| Actual Return on Plan Assets | 8.98% | 9.64% |

Notes to Accounts

(₹ in Lakhs)

| Particulars | 2013-14 | 2012-13 |
|--|------------------|------------|
| iv. Amounts recognised in Balance Sheet : | | |
| Present Value of Obligation as at the end of the period | 34,066.71 | 38,022.07 |
| Fair Value of Plan Assets at the end of the period | 36,577.23 | 35,825.62 |
| Funded Status | 2,510.52 | (2,196.45) |
| Unrecognised Actuarial (Gains) / Losses | - | - |
| Liability recognised in Balance Sheet [after considering payment of ₹ NIL (₹ NIL) to the Trust during the year] | - | 2,196.45 |
| v. Category of Assets as at 31 March 2014: | | |
| State Govt. Securities | 10.47% | 14.08% |
| Govt. of India Securities | 2.35% | 2.70% |
| High Quality Corporate Bonds | 10.42% | 16.62% |
| Special Deposit | 0.00% | 0.00% |
| Investment with Insurer | 76.76% | 66.60% |
| Principal Assumptions : | | |
| Discounting Rate | 9.20% | 8.10% |
| Salary escalation rate | 7.50% | 7.50% |
| Expected rate of Return on Plan Assets | 8.98% | 9.64% |

v. 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].

Gratuity :

| Particulars | 2013-14 | 2012-13 | 2011-12 | 2010-11 | 2009-10 |
|---|------------------|------------|------------|------------|------------|
| i) Present Value of Obligation as at the end of the period | 34,066.71 | 38,022.07 | 37,773.15 | 38,107.60 | 41,585.38 |
| ii) Fair value of Plan Assets at the end of the period | 36,577.23 | 35,825.62 | 35,492.98 | 35,296.38 | 38,436.96 |
| iii) Excess of Obligation over Plan Assets - Surplus/ (Deficit) | 2,510.52 | (2,196.45) | (2,280.17) | (2,811.22) | (3,148.42) |
| Experience Adjustments | | | | | |
| iv) Experience Adjustments on Plan liabilities - (Loss)/ Gain | (624.71) | (281.64) | (3,375.25) | (2,176.81) | (1,485.62) |
| v) Experience Adjustments on Plan Assets - (Loss)/ Gain | 290.14 | 194.69 | 97.29 | (55.53) | 3,074.51 |

vi. 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 ₹ Nil (₹ 2,196.45). In case of Provident Fund, there is no actuarial liability assessed for shortfall in interest as at year end.

vii. For BERECHS & Long Term Compensated Absence, Refer Note 5 for disclosure details.

Notes to Accounts

NOTE - 9 FIXED ASSETS - TANGIBLE

(₹ in Lakhs)

| PARTICULARS | GROSS BLOCK (AT COST) | | | DEPRECIATION / AMORTIZATION | | | NET BLOCK | | |
|--|-----------------------|---|--|-----------------------------|---|---|--|------------------|------------------|
| | Cost as at 01.04.2013 | Additions / Adjustments during the year | Deductions / Adjustments during the year | Total cost as at 31.03.2014 | Accumulated Depreciation/ Amortisation as at 01.04.2013 | Depreciation/ Amortization for the year | Deductions / Adjustments during the year | As at 31.03.2014 | As at 31.03.2013 |
| Freehold Land * | 1,086.64 | 1,210.86 | 0.56 | 2,296.94 | - | - | - | 2,296.94 | 1,086.64 |
| Leasehold Land | 706.35 | - | - | 706.35 | 102.48 | 11.09 | - | 592.78 | 603.87 |
| Roads and Culverts | 680.92 | 25.65 | - | 706.57 | 468.12 | 17.59 | - | 220.86 | 212.80 |
| Buildings ++ | 22,786.14 | 4,725.95 | 33.67 | 27,478.42 | 9,807.10 | 713.71 | 31.57 | 16,989.18 | 12,979.04 |
| Installations ++ | 6,579.00 | 596.61 | 154.68 | 7,020.93 | 4,860.67 | 321.31 | 154.69 | 1,993.64 | 1,718.33 |
| Plant and Machinery ++ | 74,838.21 | 6,327.48 | 3,533.36 | 77,632.33 | 58,811.03 | 4,991.87 | 3,533.35 | 17,362.78 | 16,027.18 |
| Electronic Equipment ++ | 50,701.10 | 3,076.03 | 1,073.08 | 52,704.05 | 39,440.96 | 3,510.88 | 1,068.24 | 10,820.45 | 11,260.14 |
| Equipment for R & D Lab | 26,683.32 | 3,272.48 | 432.34 | 29,523.46 | 18,256.44 | 2,995.85 | 432.08 | 8,703.25 | 8,426.88 |
| Vehicles | 889.24 | 37.32 | 8.44 | 918.12 | 775.62 | 50.34 | 8.44 | 100.60 | 113.62 |
| Vehicles - Under Lease | 7.11 | - | - | 7.11 | 6.17 | 0.94 | - | - | 0.94 |
| Office Equipment ++ | 11,657.21 | 1,321.73 | 670.79 | 12,308.15 | 9,505.94 | 896.43 | 670.81 | 2,576.59 | 2,151.27 |
| Furniture, Fixtures and other Equipment ++ | 7,334.29 | 1,101.71 | 517.40 | 7,918.60 | 4,493.26 | 621.92 | 517.39 | 3,320.81 | 2,841.03 |
| Assets acquired for Sponsored Research ** | 1,334.91 | 71.58 | - | 1,406.49 | 1,333.91 | 5.57 | - | 67.01 | 1.00 |
| Total *** | 205,284.44 | 21,767.40 | 6,424.32 | 220,627.52 | 147,861.70 | 14,137.50 | 6,416.57 | 65,044.89 | 57,422.74 |
| Previous Year *** | 188,118.73 | 19,661.03 | 2,495.32 | 205,284.44 | 137,486.61 | 12,809.97 | 2,434.88 | 57,422.74 | 50,632.12 |

Freehold Land consists of 1,038.83 acres (943.67 acres) and Leasehold Land consists of 301.33 acres (301.33 acres). During the Financial Year 2012-13, 1.07 acres was converted to Free Hold Land and sold along with building.

* Land includes 6.21 acres (5.81 acres) leased to commercial/religious organisations and in their possession.

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

++ Additions during the year include ₹ 770.55 (₹ 1,443.18) in respect of the assets of Central Research Laboratories of BEL.

*** Gross Block and Accumulated Depreciation include ₹ 4,728.08 (₹ 5,378.00) pertaining to assets not in active use, disposal of which is pending.

Assets acquired fully out of non-government grants have been valued at nominal value of ₹ 1 (Rupee One only). Where such Assets have been partially funded, they have been valued after adjusting the proportionate grant amount.

Notes to Accounts

FIXED ASSETS - TANGIBLE

- (₹ in Lakhs)
- In respect of Freehold Land pertaining to Machilipatnam Unit admeasuring 0.516 acres valuing ₹ 3.75 (0.516 acres valuing ₹ 3.75), execution of title/sale Deed by the appropriate authorities is pending. Pending finalisation of formal deeds, no provision towards registration and other costs have been made.
 - Deeds containing the terms of transfer / grant of land from State Governments / State Undertakings have not been finalised in respect of 86.78 acres valuing ₹ 181.63 (86.78 acres valuing ₹ 181.63) pertaining to Panchkula Unit. Out of this, title in respect of land measuring 0.300 acres (0.962 acres) is under litigation. Pending finalisation of formal deeds, no provision towards registration and other costs have been made.
 - Pending execution of title/sale deeds and handing over of physical possession of land allotted to BEL Hyderabad Unit by Andhra Pradesh Industrial Infrastructure Corporation (APIIC) in respect of land admeasuring 5.60 acres (5.60 acres) in Mallapur, Hyderabad and the matter being under litigation, no provision towards registration and other cost has been made in the books of accounts. Cost of land paid to APIIC amounting to ₹ 65.12 (₹ 65.12) is included in Long Term Loans & Advances.
 - 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.
 - Land acquired free of cost from the Government in some units has been accounted at a notional value by corresponding credit to Capital Reserve.
 - 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.
 - Freehold land of Pune Unit measuring 1.10 acres (Cost ₹ 0.56) is handed over to Pimpri-Chinchwad Municipal Corporation during the FY 2013-14 for the purpose of road widening. Compensation of ₹ 434.69 has been received in FY 2012-13 based on the rates fixed by Moolya Nirdharan Suchi of Government of Maharashtra.
 - Approval for extension of lease period from DRDO in respect of Land admeasuring 26.994 acres (Pune Unit) is under process.
- 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.
 - 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.
 - Depreciation for multiple shifts is charged on block of assets for the full year.
 - 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, Fixtures and Other Equipment | 10% / 15% / 20% / 25% |
| (v) Assets under Build, Own, Operate and Transfer (BOOT) Contract | Depreciated over the period of Contract |

NOTE - 10

FIXED ASSETS - INTANGIBLE

(₹ in Lakhs)

| PARTICULARS | GROSS BLOCK (AT COST) | | AMORTISATION | | | NET BLOCK | | | |
|---|-----------------------|---|--|-----------------------------|---|---------------------------|---|------------------|------------------|
| | Cost as at 01.04.2013 | Additions / Adjustments during the year | Deductions / Adjustments during the year | Total cost as at 31.03.2014 | Accumulated Amortization as at 01.04.2013 | Amortization for the year | Deductions/ adjustments during the year | As at 31.03.2014 | As at 31.03.2013 |
| Enterprise Resource Planning (ERP) - Software Licenses / Implementation | 2,039.04 | - | - | 2,039.04 | 1,916.32 | 72.95 | - | 1,989.27 | 122.72 |
| Total | 2,039.04 | - | - | 2,039.04 | 1,916.32 | 72.95 | - | 1,989.27 | 122.72 |
| Previous Year | 2,039.04 | - | - | 2,039.04 | 1,655.25 | 261.07 | - | 1,916.32 | 383.79 |

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|--|-------------------------|------------------------|
| NOTE - 11 | | |
| CAPITAL WORK IN PROGRESS | | |
| Civil Construction | 4,226.18 | 6,406.74 |
| Plant and Machinery | 10,459.06 | 7,032.17 |
| Others | 2,090.88 | 13.84 |
| | <u>16,776.12</u> | <u>13,452.75</u> |
| Add : Capital Items in Transit | 3,266.34 | 3,045.90 |
| | 20,042.46 | 16,498.65 |
| Less : Provision | 368.73 | 368.73 |
| | <u>19,673.73</u> | <u>16,129.92</u> |
| NOTE - 12 | | |
| Intangible Assets under Development | | |
| Enterprise Resource Planning (ERP)- | | |
| Software Licenses / Implementation | | |
| Opening Balance | 11.99 | 11.99 |
| Add : Addition during the year | - | - |
| | <u>11.99</u> | <u>11.99</u> |
| Less: Amount Capitalized during the year | - | - |
| | 11.99 | 11.99 |
| | <u>11.99</u> | <u>11.99</u> |

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|---|------------------------|------------------------|
| NOTE - 13 | | |
| NON-CURRENT INVESTMENTS (at Cost) | | |
| TRADE, UNQUOTED | | |
| INVESTMENT IN EQUITY INSTRUMENTS | | |
| SUBSIDIARY : | | |
| BEL Optronics Devices Ltd., Pune | | |
| 17,00,223 (17,00,223) Equity Shares of ₹ 100 each fully paid | 936.08 | 936.08 |
| JOINT VENTURE : | | |
| GE-BE Private Ltd., Bangalore | | |
| 26,00,000 (26,00,000) Equity Shares of ₹ 10 each fully paid | 260.00 | 260.00 |
| BEL Multitone Private Ltd., Bangalore | | |
| 3,18,745 (3,18,745) 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 |
| OTHERS, UNQUOTED | | |
| INVESTMENT IN CO-OPERATIVE SOCIETIES | | |
| Cuffe Parade Persopolis Premises Co-operative 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 Sapta Ratna 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 |

i. 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 9).

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|----------------------------|------------------------|------------------------|
| NOTE - 14 | | |
| DEFERRED TAX ASSETS | | |
| Deferred Tax Assets | 35,252.76 | 32,593.31 |
| Deferred Tax Liabilities | 5,303.30 | 5,436.00 |
| | <u>29,949.46</u> | <u>27,157.31</u> |

Break up of Net Deferred Tax Assets is given below:

| | 2013 - 14 | 2012 - 13 |
|---|------------------|------------------|
| Deferred Tax Asset | | |
| Provision against Debts, Inventory, Performance Guarantee & Leave Encashment, etc | 34,783.13 | 32,132.17 |
| Technical Know-how fee | 469.63 | 461.14 |
| | <u>35,252.76</u> | <u>32,593.31</u> |
| Deferred Tax Liability | | |
| Depreciation | 5,303.30 | 5,436.00 |
| | <u>5,303.30</u> | <u>5,436.00</u> |
| Net Deferred Tax Assets | <u>29,949.46</u> | <u>27,157.31</u> |

NOTE - 15

LONG TERM LOANS & ADVANCES

Unsecured, Considered Good

| | | | |
|---|-----------------|------------------|--|
| Capital Advances | 1,544.34 | 293.75 | |
| Security Deposits | 1,803.30 | 2,200.54 | |
| Other Loans & Advances - | | | |
| Loans to Employees | 900.23 | 975.30 | |
| Loans to Others | 1.25 | 2.39 | |
| Advances to Employees | 1.79 | 0.69 | |
| Advances for Purchase | 1,489.43 | 1,130.24 | |
| Advances to Others | 253.16 | 864.90 | |
| Advance payment of Income Tax - [Net of Provision for Tax - ₹ 85,400.00 (₹ 88,200.00)] - Refer Note 8 | 195.53 | 7,501.03 | |
| Balances with Customs, Port Trust and Other Government Authorities | 90.59 | 60.59 | |
| Prepaid Expenses | 4.49 | 8.68 | |
| | <u>6,284.11</u> | <u>13,038.11</u> | |

Unsecured, Considered Doubtful

| | | | |
|--|-----------------|------------------|---|
| Capital Advances | 8.02 | 7.85 | |
| Security Deposits | 61.23 | 72.76 | |
| Other Loans & Advances - | | | |
| Loans to Others | 132.00 | 132.11 | |
| Advances to Employees | 0.85 | 0.85 | |
| Advances for Purchase | 738.84 | 430.43 | |
| Advances to Others | 1,671.99 | 2,057.03 | |
| Advance payment of Income Tax | 0.12 | 0.12 | |
| Balances with Customs, Port Trust and Other Government Authorities | 28.93 | 38.71 | |
| | <u>2,641.98</u> | <u>2,739.86</u> | |
| Less: Provisions | 2,641.98 | 2,739.86 | - |
| | <u>-</u> | <u>-</u> | |
| | <u>6,284.11</u> | <u>13,038.11</u> | |

i. For Related Party Disclosures refer Note 30 (15).

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|---------------------------------------|------------------------|------------------------|
| NOTE - 16 | | |
| OTHER NON CURRENT ASSETS | | |
| Inventories | | |
| Raw Materials & Components | 26,328.14 | 25,309.97 |
| Less: Provision | 19,382.78 | 17,605.98 |
| | 6,945.36 | 7,703.99 |
| Work In Progress | 241.88 | 272.65 |
| Less: Provision | 125.91 | 56.27 |
| | 115.97 | 216.38 |
| Stores & Spares | 105.90 | 137.04 |
| Less: Provision | 74.20 | 121.97 |
| | 31.70 | 15.07 |
| Loose Tools | 94.45 | 95.92 |
| Less: Provision | 44.23 | 49.69 |
| | 50.22 | 46.23 |
| | 7,143.25 | 7,981.67 |
| Trade Receivables | | |
| Unsecured, Considered Doubtful | | |
| Trade Receivables | 86,722.29 | 63,028.10 |
| Less: Provision | 86,722.29 | 63,028.10 |
| | - | - |
| | - | - |
| Others | | |
| Unsecured, Considered Good | | |
| Other Non-Current Assets | 2,229.86 | 4.11 |
| | 2,229.86 | 4.11 |
| Unsecured, Considered Doubtful | | |
| Receivables Other Trade Receivables | 96.84 | 20.74 |
| Claims Receivables - Purchases | 516.42 | 473.79 |
| Other Non-Current Assets | 86.84 | 90.92 |
| | 700.10 | 585.45 |
| Less: Provision | 700.10 | 585.45 |
| | - | - |
| | 2,229.86 | 4.11 |
| | 9,373.11 | 7,985.78 |

- Valuation of Inventories has been made as per Company's Accounting Policy. (Refer Accounting Policy 10).
- In respect of Trade Receivables, necessary provisions have been made towards Doubtful Debts on the basis of Prudence and in line with Accounting Policy 11.

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|---|------------------------|------------------------|
| NOTE - 17 | | |
| INVENTORIES | | |
| Raw Materials & Components | 164,335.15 | 153,729.26 |
| Add: Raw Materials & Components in Transit | 13,895.19 | 9,073.91 |
| Less: Provisions | 265.60 | 261.96 |
| | 177,964.74 | 162,541.21 |
| Work In Progress | 128,765.85 | 133,893.63 |
| Finished Goods | 10,086.67 | 7,831.43 |
| Add: Finished Goods in Transit | 5,721.22 | 7,547.99 |
| Less: Provisions | 8.95 | 3.71 |
| | 15,798.94 | 15,375.71 |
| Stock in Trade | 3,628.01 | 5,267.87 |
| Add: Stock in Trade in Transit | 1,173.13 | 34.70 |
| Less: Provisions | 89.10 | - |
| | 4,712.04 | 5,302.57 |
| Stores & Spares | 1,490.13 | 1,324.82 |
| Add: Stores & Spares in Transit | 121.34 | 109.00 |
| Less: Provisions | 0.77 | 21.23 |
| | 1,610.70 | 1,412.59 |
| Loose Tools | 668.79 | 447.67 |
| Add: Loose Tools in Transit | 199.71 | - |
| | 868.50 | 447.67 |
| Disposable Scrap | 150.06 | 153.27 |
| | 329,870.83 | 319,126.65 |
| <p>i) Raw Materials and Components include ₹ 4,176.12 (₹ 3,999.44) being materials with sub-contractors, out of which ₹ 50.47 (₹ 220.72) of materials is subject to confirmation and reconciliation. Against ₹ 50.47, an amount of ₹ 35.58 has been provided for. The impact, if any, on consequent adjustment for the balance amount is considered not material.</p> <p>ii) Stock verification discrepancies for the year are as follows: Shortages of ₹ 114.26 (₹ 106.86) and surplus of ₹ 71.01 (₹ 49.32). Pending reconciliation, an amount of ₹ 56.47 has been provided for.</p> <p>iii) Valuation of Inventories has been made as per Companies Accounting Policy. (Refer Accounting Policy 10).</p> <p>iv) a. The United Nations Climate Change Secretariat has granted 15,856 (4,852) TON CO₂EQ 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 31.03.2012. This represents 11,004 TON CO₂EQ Carbon Credit granted in the FY 2012-13 for the period 01.04.2009 to 31.03.2012 and 4,852 TON CO₂EQ Carbon Credit granted in FY 2011-12 for the period 05.11.2007 to 31.03.2009. The carbon Credits are included under Finished Goods at a value of ₹ 1.90 (₹ 0.59). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.</p> <p>b. CER under Certification: Nil (11,004) CERs.</p> <p>c. Depreciation & Operation Cost of Emission Reduction Equipments during the year :</p> | | |
| (i) Depreciation | 292.51 | 459.86 |
| (ii) Operation Cost of Emission Reduction Equipments | 79.53 | 77.92 |
| Total | 372.04 | 537.78 |

Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|--|------------------------|------------------------|
| NOTE - 18 | | |
| TRADE RECEIVABLES | | |
| Secured, Considered Good | | |
| Not Exceeding Six Months | 33.00 | 29.56 |
| Exceeding Six Months | 7.00 | 7.00 |
| | 40.00 | 36.56 |
| Unsecured, Considered Good | | |
| Not Exceeding Six Months | 231,939.92 | 177,693.91 |
| Exceeding Six Months | 180,873.77 | 155,736.61 |
| | 412,813.69 | 333,430.52 |
| | 412,853.69 | 333,467.08 |
| NOTE - 19 | | |
| CASH & BANK BALANCES | | |
| CASH & CASH EQUIVALENTS | | |
| Balance with Banks | 40,318.19 | 40,575.84 |
| Cheques/Drafts on hand | - | 31.07 |
| Cash on hand | 16.94 | 30.98 |
| Term Deposits (incl. accrued interest) | 134,395.94 | 137,585.42 |
| | 174,731.07 | 178,223.31 |
| OTHER BANK BALANCES | | |
| Term Deposits (incl. accrued interest) | 281,669.38 | 352,006.45 |
| Margin Money held with Banks | 16.00 | - |
| Unpaid Dividend | 20.16 | 19.47 |
| | 281,705.54 | 352,025.92 |
| | 456,436.61 | 530,249.23 |

- 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 - 20 **SHORT TERM LOANS & ADVANCES**

Unsecured, Considered Good

| | | |
|--|------------|------------|
| Security Deposits | 763.18 | 626.69 |
| Loans to Employees | 207.19 | 210.85 |
| Loans to Others | 1.25 | 1.25 |
| Advances to Employees | 471.05 | 465.06 |
| Advances for Purchase | 101,867.60 | 118,173.51 |
| Advance to Others | 5,863.31 | 3,615.67 |
| Balances with Customs, Port Trust and Other Government Authorities | 4,712.71 | 6,130.97 |
| Prepaid Expenses | 1,466.73 | 1,562.87 |
| | 115,353.02 | 130,786.87 |

- i. For Related Party Disclosures refer Note 30 (15).

NOTE - 21 **OTHER CURRENT ASSETS**

| | | |
|--|----------|----------|
| Receivables other than Trade Receivables | 383.50 | 634.11 |
| Claims Receivables - Purchases | 2,490.46 | 3,630.61 |
| Other Current Assets | 3,754.40 | 3,652.92 |
| | 6,628.36 | 7,917.64 |

Notes to Accounts

(₹ in Lakhs)

| | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|--|--|--|
| NOTE - 22 | | |
| OTHER OPERATING REVENUES | | |
| Sale of Scrap | 740.01 | 657.42 |
| Export Benefits | 202.34 | 138.08 |
| Transport Receipts | 379.51 | 395.97 |
| Rent Receipts | 537.15 | 482.69 |
| Canteen Receipts | 657.83 | 578.60 |
| Electricity Charges Collected | 113.39 | 113.41 |
| Water Charges Collected | 28.82 | 33.72 |
| Provisions Withdrawn | | |
| - Doubtful Debts, LD | 3,728.72 | 1,157.89 |
| - Inventory | 788.01 | 594.02 |
| - Loans & Advances | 223.73 | 237.36 |
| - Others | 347.26 | 221.60 |
| Transfer from Grants | 930.96 | 287.00 |
| Miscellaneous | 6,646.43 | 6,438.84 |
| | 15,324.16 | 11,336.60 |
| NOTE - 23 | | |
| OTHER INCOME | | |
| Interest income on Term Deposits | 41,366.49 | 54,810.26 |
| Income from Long Term Investments (Dividend) | 260.00 | 260.00 |
| Interest Income from Staff/IT Refund/Others | 159.80 | 465.76 |
| Profit on Sale of Fixed Assets | 601.18 | 3,468.04 |
| Foreign Exchange Differential Gain | - | 1,709.53 |
| Miscellaneous (Net of expenses) | 459.97 | 279.57 |
| | 42,847.44 | 60,993.16 |

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

NOTE - 24 CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND SCRAP [(ACCRETION)/ DECRETION]

| | | | |
|--------------------|-----------------|-----------------|--------------------|
| Work-in-Progress : | | | |
| Closing Balance | 129,007.73 | 134,166.28 | |
| Opening Balance | 134,166.28 | 111,900.00 | |
| | | 5,158.55 | (22,266.28) |
| Finished Goods : | | | |
| Closing Stock | 15,807.89 | 15,379.41 | |
| Opening Stock | 15,379.41 | 9,900.70 | |
| | | (428.48) | (5,478.71) |
| Scrap : | | | |
| Closing Stock | 150.06 | 153.27 | |
| Opening Stock | 153.27 | 97.63 | |
| | | 3.21 | (55.64) |
| | 4,733.28 | | (27,800.63) |

Notes to Accounts

(₹ in Lakhs)

| | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|--|--|--|
| NOTE - 25 | | |
| EMPLOYEE BENEFITS EXPENSE | | |
| Salaries, Wages and Bonus/Ex-gratia | 82,646.98 | 84,686.28 |
| Gratuity | - | 2,196.45 |
| Contribution to Provident and Pension Funds | 6,662.15 | 6,078.64 |
| Management Contribution to BEL Superannuation (Pension) | 2,453.84 | 2,605.46 |
| Less: Excess provision of earlier years reversed during the year | 1,651.73 | - |
| | 802.11 | 2,605.46 |
| Provision for BEL Retired Employees' Contributory Health Scheme | 1,635.91 | 4,295.83 |
| Welfare Expenses [including Salaries ₹ 975.00 (₹ 1,009.16) PF Contribution ₹ 81.20 (₹ 68.03)] | 11,295.41 | 11,216.21 |
| | 103,042.56 | 111,078.87 |

No Incremental Provision has been made towards Gratuity during the FY 2013-14 as Fair Value of Plan Assets is more than the Present Value of Obligations as on 31.03.2014 (As per Actuarial Report).

NOTE - 26

FINANCE COSTS

Interest Expenses

| | | |
|---|---------------|-------|
| Interest on Lease Finance | 0.08 | 0.59 |
| Interest on Dues to Micro & Small Enterprises | 2.70 | 0.84 |
| Interest on Income Tax | 175.21 | - |
| Other Interest Expenses | 136.62 | 51.74 |
| | 314.61 | 53.17 |
| Other borrowing costs | | |
| Loan Processing Charges | 25.00 | 25.00 |
| | 339.61 | 78.17 |

Notes to Accounts

(₹ in Lakhs)

| | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|---|--|--|
| NOTE - 27 | | |
| OTHER EXPENSES | | |
| Power and Fuel [after adjusting ₹ 559.98 (₹ 548.83) Wind Energy Income] | 3,399.41 | 3,085.94 |
| Water charges | 337.22 | 327.41 |
| Royalty & Technical Assistance | 1,395.43 | 1,236.34 |
| Rent | 2,353.52 | 2,092.82 |
| Rates & Taxes | 337.00 | 377.61 |
| Insurance | 727.60 | 642.66 |
| Auditors Remuneration | | |
| Audit Fees | 10.78 | 10.71 |
| Cost Audit Fee | 5.00 | 5.00 |
| Tax Audit Fees | 2.16 | 2.13 |
| Fees for Company Law Matters | 0.93 | 0.93 |
| Other Services (Certification Fees) | 1.42 | 1.42 |
| Reimbursement of Expenses | 5.09 | 5.92 |
| | 25.38 | 26.11 |
| Repairs & Maintenance : | | |
| Buildings | 1,456.37 | 1,320.27 |
| Plant & Machinery | 1,285.82 | 1,225.21 |
| Others | 7,451.75 | 6,094.59 |
| | 10,193.94 | 8,640.07 |
| Bank Charges | 255.42 | 559.66 |
| Printing and Stationery | 430.13 | 388.70 |
| Advertisement & Publicity | 481.95 | 746.95 |
| Travelling Expenses | 6,807.42 | 6,748.21 |
| Hiring Charges for Van & Taxis | 899.57 | 720.73 |
| Excise Duty - Others | 2.84 | 150.22 |
| Packing & Forwarding | 1,692.19 | 1,139.05 |
| Bad Debts & Advances written off | 1,245.72 | 2,587.57 |
| Less: Charged to Provisions | 1,048.94 | 2,584.30 |
| | 196.78 | 3.27 |
| Provision for Obsolete/Redundant Materials | 3,495.09 | 4,985.28 |
| Provisions for Doubtful Debts, Liquidated damages, customers' claims and disallowances | 28,550.71 | 12,133.86 |
| Provision for Doubtful Advances, claims | 199.28 | 287.38 |
| Provision for Performance Warranty | 745.81 | 262.85 |
| Write off of Raw Materials, Stores & Components due to obsolescence and redundancy | 1,023.75 | 268.61 |
| Less: Charged to Provisions | 844.32 | 266.15 |
| | 179.43 | 2.46 |
| Sponsorship/Contribution for Professional & Social Activities | 1,055.04 | 432.17 |
| Others: | | |
| Other Misc Direct Expenditure | 2,927.95 | 4,718.47 |
| After Sales Service | 290.34 | 856.15 |
| Telephones | 583.16 | 520.10 |
| Expenditure on Seminars & Courses | 800.82 | 690.12 |
| Other Selling Expenses | 47.80 | 331.51 |
| Foreign Exchange Differential Loss | 1,079.16 | - |
| Miscellaneous | 2,818.20 | 2,286.59 |
| | 8,547.43 | 9,402.94 |
| | 72,308.59 | 54,392.69 |

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

Notes to Accounts

(₹ in Lakhs)

| | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|---|--|--|
| NOTE - 28 | | |
| PRIOR PERIOD ITEMS | | |
| Prior Period Income : | | |
| Sales & Services | 21.24 | 28.68 |
| Grant | 19.00 | - |
| Others | 11.86 | 40.17 |
| Total Prior Period Income (A) | 52.10 | 68.85 |
| Prior Period Expenditure : | | |
| Material Consumed | - | 638.77 |
| Others | (12.49) | 33.71 |
| Total Prior Period Expenditure (B) | (12.49) | 672.48 |
| Total Prior Period Items Net Income / (Expenditure) [(A) - (B)] | 64.59 | (603.63) |

NOTE - 29

EARNING PER SHARE

| | | |
|---|------------|------------|
| Profit for the year - Before Extraordinary items | 93,162.18 | 88,983.28 |
| Profit for the year - After Extraordinary items | 93,162.18 | 88,983.28 |
| Number of Shares used in computing earnings per share | 80,000,000 | 80,000,000 |
| Earnings per Share - Basic & Diluted | | |
| Before Extraordinary items (Amount in Rupees) | 116.45 | 111.23 |
| After Extraordinary items (Amount in Rupees) | 116.45 | 111.23 |

NOTE - 30

GENERAL NOTES TO ACCOUNTS

- 1) As per the requirement of Schedule VI to the Companies Act, 1956, the Operating Cycle Period has been determined at individual contract level.
- 2) The Company has changed the following Accounting Policies with effect from FY 2013-14:
 - A) Basis of Accounting (Policy No. 1) - to take cognizance of the Companies Act, 2013 (to the extent applicable)
 - B) Foreign Currency Transactions (Policy No. 14) - to take cognizance of the Foreign Exchange Risk Management Policy which has been introduced with effect from FY 2013-14.
 - C) Employee Benefits (Policy No. 15) - to take cognizance of introduction of Half Pay Leave in respect of Executives. The financial impact of the change in above Accounting Policies during the Financial Year is as follows: NIL in respect of A & B above and an additional expenditure of ₹ 1,123.90 in respect of C above.
- 3) The Company has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Unit has found indications of Impairment of its Assets and hence no provision is considered necessary.
- 4) A) The Company has been sanctioned working capital limit of ₹ 290,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20,000 of fund based limit (interchangeable with non fund based LC limits).
 - B) The interest rate payable on fund based limit is linked to SBI Base Rate plus 0.40%. (Interest rate payable as on 31.03.2014 is 10.40% p.a.).
 - C) The amount utilised is repayable on demand. Utilisation as on 31.03.2014 is NIL (NIL).
 - D) The above sanction limit is secured by hypothecation of Inventories and Trade Receivables.

Notes to Accounts

(₹ in Lakhs)

| Particulars | 2013 - 14 | 2012 - 13 |
|--|------------------|-----------|
| 5) A) Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March | 13,989.55 | 23,107.95 |
| B) Other commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved) as on 31 March | - | - |

- 6) Exemption has been granted vide GoI Letter No. F.No.46/9/2013-CL-III, dated 22.01.2014 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 C.I.F. 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 F.O.B. basis; II) Royalty, know-how, professional and consultation fees; III) Interest and dividend; IV) Other income, indicating the nature thereof. |

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

| Particulars | 2013 - 14 | 2012 - 13 |
|-----------------------------------|------------------|-----------|
| EXPENDITURE | | |
| Materials | 10,496.38 | 15,042.75 |
| Employees Remuneration & Benefits | 23,750.62 | 21,722.64 |
| Depreciation | 3,851.16 | 3,253.97 |
| Others | 8,411.42 | 8,942.93 |
| Gross Expenditure | 46,509.58 | 48,962.29 |
| INCOME | | |
| Sales | 2,525.36 | 4,314.93 |
| Others | 2,427.80 | 3,030.20 |
| Gross Income | 4,953.16 | 7,345.13 |
| Net Expenditure | 41,556.42 | 41,617.16 |

Notes to Accounts

(₹ in Lakhs)

8) Contingent Liabilities:

| Particulars | 2013 - 14 | 2012 - 13 |
|--|------------------|-----------|
| Claims not acknowledged as debts | 17,930.62 | 19,111.76 |
| Outstanding Letters of Credit | 29,146.53 | 22,838.78 |
| Others | 560.65 | 1,093.66 |
| Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired | 15,736.49 | 11,152.96 |
| Company has offered MTNL to get the Convergent Billing Project completed on BEL's risk and cost basis. Liability of the Company in this regard is not ascertainable at this stage. | | |

- 9) Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and provisions / adjustments will be made wherever considered necessary.
- 10) In respect of Labour matters, as the matters are yet to be adjudicated, the liability, if any, is not ascertainable. However, such liability is not expected to be material.
- 11) 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 | 2013 - 14 | 2012 - 13 |
|---|------------------|-----------|
| a) Contract revenue recognised during the year | 272.83 | - |
| b) Contract revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts till date to the estimated total cost of the contracts, was used to determine the stage of completion. | | |
| c) Aggregate amount of cost incurred | 43,168.26 | 43,009.84 |
| d) Recognised profit upto 31 March (Net of Provision for Contingency) | 3,636.49 | 3,522.08 |
| e) Amount of advances received and Outstanding as at 31 March | - | 48.85 |
| f) The amount of retention | - | 1,466.65 |

- 12) "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. 27 - "Other Expenses" represents incremental provision of Excise Duty on Finished Goods, Excise Duty paid on Sale of Scrap and Others.
- 13) 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 AS 17 is not disclosed. Such non disclosure has no financial effect.
- 14) The Value of Retention Sales (i.e., Goods retained with the Company at the Customers' request and at their risk) included in Gross Turnover during the year is ₹ 42,539.00 (₹ 9,073.00).
- 15) 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. (Previous Year figures are shown in brackets).

| Sl. No. | Particulars | Subsidiary | Joint Ventures | | Grand Total |
|---------|---|---------------------------|----------------|------------------------|-------------|
| | | BEL Optronics Devices Ltd | GE BE Pvt Ltd | BEL Multi-tone Pvt Ltd | |
| 1 | Purchase of Goods | 11,049.16 | - | - | 11,049.16 |
| | | (12,794.96) | - | - | (12,794.96) |
| 2 | Sale of Goods | - | 2,143.32 | - | 2,143.32 |
| | | - | (1,694.67) | - | (1,694.67) |
| 3 | Rendering Services | - | 0.39 | - | 0.39 |
| | | - | (0.74) | (27.51) | (28.25) |
| 4 | Receiving Services | - | - | - | - |
| | | - | - | - | - |
| 5 | Rent Received | - | - | 0.43 | 0.43 |
| | | - | - | (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 31.03.2014 | 764.16 | - | - | 764.16 |
| | | (1,164.53) | - | - | (1,164.53) |
| 10 | Trade Receivables Outstanding as on 31.03.2014 | - | 480.76 | - | 480.76 |
| | | - | (422.56) | - | (422.56) |
| 11 | Provision for Doubtful Trade Receivables as on 31.03.2014 | - | - | - | - |
| | | - | (10.27) | - | (10.27) |
| 12 | Provision for Customer Disallowances as on 31.03.2014 | - | - | - | - |
| | | - | (6.44) | - | (6.44) |
| 13 | Investment in Equity as on 31.03.2014 * | 936.08 | 260.00 | 31.88 | 1,227.96 |
| | | (936.08) | (260.00) | (31.88) | (1,227.96) |
| 14 | Advances for Purchase Outstanding as on 31.03.2014 | 7,027.68 | - | - | 7,027.68 |
| | | (4,855.17) | - | - | (4,855.17) |

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

- (b) (i) The amount of ₹ 15,624.00 received by the Company from MoD, upto 31.03.2013, on behalf of BELOP (out of total receivable of ₹ 26,040.00) towards funding of ToT cost of XD-4 II Tubes, being acquired by BELOP (Subsidiary) from PHOTONIS France S.A.S., has been passed on to BELOP as on 31.03.2014.
- (ii) The Company has entered into an Agreement with BELOP in April, 2013 to temporarily fund the amount of ₹ 10,416.00 (₹ 26,040.00 less ₹ 15,624.00) for enabling BELOP to make payment towards ToT for XD-4 II Tubes, pending receipt of balance amount from MoD. As on 31.03.2014, an amount ₹ 8,404.88 has been paid to BELOP, out of which an amount of ₹ 6,176.69 has been received from MoD. The balance amount of ₹ 2,228.19 has been shown under Other Non-Current Assets (Refer Note 16). As per the Agreement, an amount of ₹ 198.62 has been recovered from BELOP towards the cost of funds in the form of Price Reduction during the FY 2013-14.

Notes to Accounts

(₹ in Lakhs)

(c) Management Contracts including deputation of Employees :-

Two Officials of BEL have been deputed to BEL Optronics Devices Ltd. (Subsidiary) and their Salary and Other Costs is paid by BELOP during the year as per terms and conditions of employment.

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

The total salary including other benefits drawn by the key management personnel during the year 2013-14 is ₹ 263.20 (₹ 238.62) as detailed below :

| Names with Designation | Year | Salary & Allowances incl. Benefits* | Contribution to PF, BEL Superannuation (Pension) Scheme & Incremental Gratuity / Leave / BERECHS | Arrears of Pension Contribution to BEL Superannuation (Pension) Scheme (Up to 31.03.2013) | Leased Accommodation | Others | Total |
|---|---------|-------------------------------------|--|---|----------------------|--------|--------|
| Shri S K Sharma CMD from 01.01.14 & Dir [BG Cx] upto 31.12.13 | 2013-14 | 27.84 | 6.13 | 1.62 | 6.38 | 2.91 | 44.88 |
| | 2012-13 | 20.93 | 4.74 | - | 6.00 | 2.03 | 33.70 |
| Shri Anil Kumar CMD upto 31.12.13 | 2013-14 | 24.09 | 2.58 | 3.13 | - | 4.12 | 33.92 |
| | 2012-13 | 32.11 | 3.13 | - | - | 2.83 | 38.07 |
| Shri M L Shanmukh Dir [HR] | 2013-14 | 28.30 | 7.16 | 5.86 | 6.00 | 3.47 | 50.79 |
| | 2012-13 | 23.98 | 7.43 | - | 6.00 | 2.72 | 40.13 |
| Shri P R Acharya Director [Finance] from 02.09.13 | 2013-14 | 15.30 | 4.19 | - | - | - | 19.49 |
| | 2012-13 | - | - | - | - | - | - |
| Shri M G Raghuvier Director [Finance] upto 31.05.12 | 2013-14 | - | - | - | - | - | - |
| | 2012-13 | 9.80 | 1.13 | - | - | 2.42 | 13.35 |
| Shri P C Jain Dir [Mktg] from 01.09.13 | 2013-14 | 14.25 | 7.94 | - | - | 1.08 | 23.27 |
| | 2012-13 | - | - | - | - | - | - |
| Shri H N Ramakrishna Dir [Mktg] upto 31.08.13 | 2013-14 | 11.86 | 2.12 | 3.47 | - | 3.08 | 20.53 |
| | 2012-13 | 30.51 | 3.21 | - | - | 2.42 | 36.14 |
| Shri Ajit T Kalghatgi Dir [R&D] from 01.09.12 | 2013-14 | 21.53 | 6.88 | 0.62 | - | 2.13 | 31.16 |
| | 2012-13 | 20.25 | 2.86 | - | - | 0.89 | 24.00 |
| Shri I V Sarma Dir [R&D] upto 31.08.12 | 2013-14 | - | - | - | - | - | - |
| | 2012-13 | 16.35 | 1.63 | - | 2.32 | 2.52 | 22.82 |
| Shri Amol Newaskar Dir [Other Units] from 24.05.12 | 2013-14 | 25.26 | 4.47 | 0.87 | 6.00 | 2.56 | 39.16 |
| | 2012-13 | 20.57 | 3.99 | - | 5.00 | 0.85 | 30.41 |
| Total [Current Year] | 2013-14 | 168.43 | 41.47 | 15.57 | 18.38 | 19.35 | 263.20 |
| Total [Previous Year] | 2012-13 | 174.50 | 28.12 | - | 19.32 | 16.68 | 238.62 |

* includes terminal benefits at the time of retirement.

Notes to Accounts

(₹ in Lakhs)

16) 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) | |
|---|------------------------------|------------------|--------------------------------------|--------------|
| | 2013-14 | 2012-13 | 2013-14 | 2012-13 |
| EQUITY AND LIABILITIES | | | | |
| Share Capital | 260.00 | 260.00 | 31.88 | 31.88 |
| Reserves & Surplus | 15,885.74 | 14,560.26 | (29.43) | (37.06) |
| Non-Current Liabilities | | | | |
| Long-term Borrowings | 27.04 | 21.84 | - | - |
| Other Long Term Liabilities | - | - | - | - |
| Long-term Provisions | 18.98 | 20.54 | - | - |
| Current Liabilities | | | | |
| Short Term Borrowings | - | - | - | - |
| Trade Payables | 1,993.42 | 1,885.26 | - | 12.26 |
| Other Current Liabilities | 244.92 | 216.32 | - | 21.93 |
| Short-term Provisions | 304.20 | 304.20 | - | - |
| TOTAL - EQUITIES AND LIABILITIES | 18,734.30 | 17,268.42 | 2.45 | 29.01 |
| ASSETS | | | | |
| Non Current Assets | | | | |
| Fixed Assets - Tangible Assets | 2,164.24 | 1,726.14 | - | - |
| Capital Work in progress | 205.14 | 228.28 | - | - |
| Investments | - | - | - | - |
| Deferred Tax Assets | 207.22 | 213.20 | - | - |
| Long-term Loans & Advances | 749.84 | 674.70 | - | 0.30 |
| Other Non Current Assets | - | - | - | - |
| Current Assets | | | | |
| Inventories | 1,630.72 | 1,836.38 | - | - |
| Trade Receivables | 2,070.90 | 1,486.16 | - | 1.20 |
| Cash & Bank Balances | 1,509.30 | 590.20 | 2.45 | 27.51 |
| Short-term Loans & Advances | 9,949.68 | 10,326.68 | - | - |
| Other Current Assets | 247.26 | 186.68 | - | - |
| TOTAL ASSETS | 18,734.30 | 17,268.42 | 2.45 | 29.01 |

Notes to Accounts

(₹ in Lakhs)

| Particulars | GE BE Pvt. Ltd. (Audited) | | BEL Multitone Pvt. Ltd. (Audited) | |
|--|------------------------------|-----------|--------------------------------------|---------|
| | 2013-14 | 2012-13 | 2013-14 | 2012-13 |
| REVENUE FROM OPERATION | | | | |
| Sale of Manufactured Products (Gross) | 15,097.94 | 12,842.44 | - | - |
| Less: Excise Duty | 16.64 | 13.78 | - | - |
| Net Sale of Manufactured Products | 15,081.30 | 12,828.66 | - | - |
| Sale of Services | 680.16 | 676.52 | - | - |
| Other Operating Revenue | 69.68 | 40.04 | - | - |
| Total Revenue from Operations | 15,831.14 | 13,545.22 | - | - |
| Other Income | 864.24 | 872.04 | 12.26 | 3.03 |
| Total Income (A) | 16,695.38 | 14,417.26 | 12.26 | 3.03 |
| EXPENDITURE | | | | |
| Cost of Material Consumed | 10,817.30 | 8,908.38 | - | - |
| Change in inventories of Finished Goods, WIP & Scrap | 173.68 | (50.70) | - | - |
| Employee Benefits Expenses | 875.16 | 757.90 | - | - |
| Finance Costs | 6.24 | 5.98 | - | - |
| Depreciation and Amortization Expense | 587.86 | 485.16 | - | - |
| Other Expenses | 1,749.54 | 1,591.20 | 3.32 | 14.78 |
| Total Expenditure (B) | 14,209.78 | 11,697.92 | 3.32 | 14.78 |
| Profit Before Tax (A)-(B) | 2,485.60 | 2,719.34 | 8.94 | (11.75) |
| Tax Expense (C) | | | | |
| Current Tax | 849.94 | 866.58 | 1.31 | - |
| Deferred Tax | 5.98 | 2.34 | - | - |
| Profit / (Loss) after Tax (A)-(B)-(C) | 1,629.68 | 1,850.42 | 7.63 | (11.75) |

17) The company's share of contingent liabilities in the JVCs is as under.

| Particulars | GE BE Pvt. Ltd. (Audited) | | BEL Multitone Pvt. Ltd. (Audited) | |
|------------------------------|------------------------------|----------|--------------------------------------|---------|
| | 2013-14 | 2012-13 | 2013-14 | 2012-13 |
| Capital Commitments | 55.90 | 203.06 | - | - |
| Other Commitments | - | - | - | - |
| Other Contingent Liabilities | 1,338.22 | 1,324.70 | - | - |

18) BEL Multitone Pvt. Ltd. (Joint Venture Company) is under liquidation consequent to Special Resolution passed by its Members on 25.11.2013 for Members' Voluntary winding up.

Notes to Accounts

(₹ in Lakhs)

19) Pursuant to the announcement of the ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2014 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 | 552.86 | 33,258.82 | 205.76 | 12,195.87 | 452.62 | 27,433.33 |
| | (498.58) | (27,420.21) | (136.18) | (7,357.23) | (400.66) | (22,019.60) |
| EURO | 194.99 | 16,308.84 | 23.74 | 1,843.68 | 74.21 | 6,207.49 |
| | (121.19) | (8,607.56) | (38.48) | (2,655.37) | (108.59) | (7,689.07) |
| GBP | 22.39 | 2,260.90 | 0.79 | 77.52 | 13.74 | 1,388.64 |
| | (11.27) | (945.29) | (0.41) | (33.38) | (5.14) | (430.68) |
| JYEN | - | - | - | - | - | - |
| | (80.17) | (47.07) | - | - | (22.14) | (13.13) |
| SGD | 1.27 | 61.26 | - | - | 0.02 | 0.76 |
| | (0.20) | (9.10) | - | - | (0.22) | (9.70) |
| CHF | 83.04 | 5,703.17 | - | - | 3.34 | 229.71 |
| | (79.25) | (4,611.53) | - | - | (1.48) | (86.11) |
| CANADIAN DOLLAR | 0.08 | 4.16 | - | - | - | - |
| | - | - | - | - | - | - |
| OTHERS | | 713.87 | | 58.10 | | - |
| | | (97.34) | | - | | (3.01) |
| Total (₹) | | 58,311.02 | | 14,175.17 | | 35,259.93 |
| | | (41,738.10) | | (10,045.98) | | (30,251.30) |
| Amount covered by Exchange Rate variation clause from Customers out of the above | | 27,152.78 | | - | | 13,875.14 |
| | | (20,177.71) | | - | | (10,608.86) |

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

During the FY 2013-14, the Company has entered Forward Contracts to mitigate its risks associated with Foreign Currency fluctuations in respect of Firm Commitments. There are no outstanding Forward Contracts as on 31.03.2014.

20) Previous year's figures have been regrouped/reclassified wherever necessary. Figures in brackets relate to previous year.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
CFO & Director (Finance)

N K Madhusudhan
Partner
Membership No. 020378

S Sreenivas
Company Secretary

Bangalore
30 May 2014

Cash Flow Statement

| Particulars | (₹ in Lakhs) | |
|---|--------------------|--------------|
| | 2013 - 14 | 2012 - 13 |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Profit Before Tax as per Statement of Profit & Loss | 117,473.95 | 111,459.21 |
| Adjustments for: | | |
| Extraordinary Items | - | - |
| Depreciation and Amortization Expense | 14,210.45 | 13,071.04 |
| Provision for Employee Benefits | (12,215.67) | 7,268.05 |
| Provision for Performance Guarantee | 745.81 | 262.85 |
| Interest Income | (41,366.49) | (54,810.26) |
| Dividend Income | (260.00) | (260.00) |
| Finance Cost | 339.61 | 78.17 |
| Profit on Sale of Fixed Assets | (601.18) | (3,468.04) |
| Transfer from Government Grants | (949.96) | (287.00) |
| Operating Profit Before Working Capital Changes | 77,376.52 | 73,314.02 |
| Adjustments for: | | |
| Trade Receivables & Advances | (65,440.72) | (45,779.90) |
| Inventories | (9,905.76) | (47,926.51) |
| Trade Payables & Advances | (52,050.31) | (122,512.05) |
| Cash Generated from Operations | (50,020.27) | (142,904.44) |
| Receipt of Grants | 294.05 | 729.60 |
| Direct Taxes Paid (Net) | (19,798.42) | (23,273.21) |
| Cash Flow Before Extraordinary Items | (69,524.64) | (165,448.05) |
| Extraordinary Items | - | - |
| Net Cash from / (used in) Operating Activities | (69,524.64) | (165,448.05) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | (25,311.21) | (24,446.48) |
| Sale of Fixed Assets | 608.93 | 3,528.48 |
| Increase / (Decrease) in Term Deposits & Other Bank Balances | 70,320.38 | 154,685.08 |
| Interest Received | 41,366.49 | 54,810.26 |
| Dividend Received | 260.00 | 260.00 |
| Net Cash from/(used in) Investing Activities | 87,244.59 | 188,837.34 |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Increase/(Decrease) in Long-term Borrowings | (1.36) | (8.45) |
| Dividend Paid (including Dividend Tax) | (20,871.22) | (15,618.98) |
| Increase / (Decrease) in Unpaid Matured Deposits | - | (1.60) |
| Finance Cost | (339.61) | (78.17) |
| Net Cash from / (used in) Financing Activities | (21,212.19) | (15,707.20) |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | (3,492.24) | 7,682.09 |
| Cash and Cash Equivalents at the beginning of the Year | 178,223.31 | 170,541.22 |
| Cash and Cash Equivalents at the end of the Year | 174,731.07 | 178,223.31 |

Notes:

- The above statement has been prepared under indirect method as per 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 19 is inclusive of ₹ 2,81,669.38 (₹ 3,52,006.45) being the deposits having a original maturity period of more than three months.
- Previous year's figures have been regrouped / rearranged wherever necessary.

As per our report of even date attached.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

N K Madhusudhan
Partner
Membership No. 020378

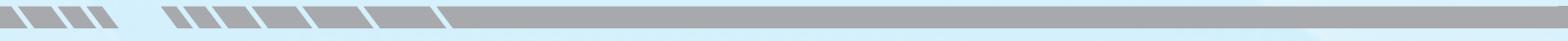
Bangalore
30 May 2014

S K Sharma
Chairman & Managing Director

P R Acharya
CFO & Director (Finance)

S Sreenivas
Company Secretary

Consolidated Financial Statements



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Bharat Electronics Limited,

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Bharat Electronics Limited and its subsidiary and joint ventures ("the Group"), which comprise the consolidated balance sheet as at 31 March 2014, the consolidated statement of profit and loss for the year then ended and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position and consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13 September 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit of the standalone financial statements and reliance placed on the audit reports provided by the auditors of the Subsidiary and Joint Venture Companies (JVCs). We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Consolidated Financial Statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of the reports of the other auditors on the financial statements of the Subsidiary and Joint Venture Companies, as noted below, and further explanations and management response in respect of the items qualified by the auditor of BEL Optronics Devices Limited, a subsidiary of the company, the consolidated financial statements of the Group for the year ended 31 March 2014, in all material respects, in the manner so required, give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the consolidated balance sheet, of the state of affairs of the company as at 31 March 2014.
- 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.

Other Matter

We did not audit total assets of ₹ 35,445.36 lakhs as at 31 March 2014, total revenues of ₹ 20,227.52 lakhs and net cash inflows amounting to ₹ 297.37 lakhs for the year then ended, included in the accompanying consolidated financial statements in respect of the Subsidiary, BEL Optronics Devices Limited whose financial statements and other financial information has been audited by other auditor and whose report has been furnished to us. Further, the accompanying consolidated financial statements also include the financial statements of JVCs viz., GE BE Private Limited and BEL Multitone Private Limited, which are audited by other auditors, and whose reports have been furnished to us. Our opinion, in so far as it relates to affairs of such subsidiary and JVCs is based solely on the report of other auditors.

In respect of investment of the company in BEL Multitone Pvt Ltd, a joint venture company which is under liquidation, adequate provision has been made in the books of the company for diminution in the value of such investment.

Above opinion and other matters specified therein is not in the nature of qualification.

For **Badari, Madhusudhan & Srinivasan**

Chartered Accountants

Firm Registration Number : 005389S

N K Madhusudhan

Partner

Membership No. 020378

Bangalore
30 May 2014

Significant Accounting Policies on the Consolidated Financial Statements (CFS) for the year 2013-14

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, the provisions of the Companies Act, 1956 and the Companies Act, 2013 (to the extent applicable) 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. Premium arising at the time of entering into an Options contract is charged off at the time of inception 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 / reporting date are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change.

In accordance with the announcement of ICAI on Accounting for Derivatives, Forward Exchange Contracts/ Options Contracts entered into to Hedge the Foreign Currency Risk of a "Firm Commitment" or a Highly Probable forecast transaction and outstanding as on reporting date are valued on Marked to Market basis and losses, if any, are adjusted in the Statement of Profit and Loss. Any gain on Marked to Market valuation is not recognized by the company keeping in view the principle of prudence as enunciated in AS-1- Disclosure of Accounting Policy.

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 Leave, Sick Leave and Half Pay Leave is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.

- (ii) (a) Defined contribution to Employee Pension Scheme is made on monthly accrual basis at the applicable rates.
 (b) Defined contribution to Superannuation Pension Scheme is made on Annual 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 covered by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government :

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 **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

N K Madhusudhan
Partner
Membership No. 020378

Bangalore
30 May 2014

S K Sharma
Chairman & Managing Director

P R Acharya
CFO & Director (Finance)

S Sreenivas
Company Secretary

Consolidated Balance Sheet

(₹ in Lakhs)

| PARTICULARS | Note No. | As at 31 March 2014 | As at 31 March 2013 |
|--|----------|------------------------|------------------------|
| I. EQUITY AND LIABILITIES | | | |
| (1) Shareholders' Fund | | | |
| (a) Share Capital | 1 | 8,000.00 | 8,000.00 |
| (b) Reserves & Surplus | 2 | 714,025.79 | 640,746.53 |
| | | 722,025.79 | 648,746.53 |
| (2) Minority Interest | 2A | 376.72 | 341.27 |
| (3) Government Grants | 3 | 22,058.27 | 15,967.88 |
| (4) Non - Current Liabilities | | | |
| (a) Long - Term Borrowings | 4 | 27.04 | 21.84 |
| (b) Other Long - Term Liabilities | 5 | 758.38 | 3,677.75 |
| (c) Long - Term Provisions | 6 | 35,683.50 | 34,905.48 |
| | | 36,468.92 | 38,605.07 |
| (5) Current Liabilities | | | |
| (a) Short - Term Borrowings | 31 | - | - |
| (b) Trade Payables | 7 | 123,398.12 | 117,431.80 |
| (c) Other Current Liabilities | 8 | 568,422.85 | 626,914.05 |
| (d) Short - Term Provisions | 9 | 24,819.54 | 37,083.65 |
| | | 716,640.51 | 781,429.50 |
| TOTAL | | 1,497,570.21 | 1,485,090.25 |
| II. ASSETS | | | |
| (1) Non Current Assets | | | |
| (a) Fixed Assets | | | |
| (i) Tangible Assets | 10 | 69,423.84 | 59,896.44 |
| Less: Unrealised Profit | | 0.12 | 0.12 |
| | | 69,423.72 | 59,896.32 |
| (ii) Intangible Assets | 11 | 49.77 | 122.72 |
| (iii) Capital Work - in - Progress | 12 | 26,894.02 | 23,658.60 |
| (iv) Intangible Assets under development | 13 | 18,928.59 | 9,141.10 |
| (b) Non Current Investment | 14 | 0.07 | 0.07 |
| (c) Deferred Tax Assets (Net) | 15 | 30,151.77 | 27,397.78 |
| (d) Long - Term Loans & Advances | 16 | 6,872.53 | 16,074.08 |
| (e) Other Non Current Assets | 17 | 9,373.11 | 7,985.78 |
| | | 161,693.58 | 144,276.45 |
| (2) Current Assets | | | |
| (a) Inventories | 18 | 333,973.82 | 325,528.31 |
| (b) Trade Receivables | 19 | 415,587.83 | 336,356.45 |
| (c) Cash & Bank Balances | 20 | 460,453.18 | 533,051.03 |
| (d) Short - Term Loans & Advances | 21 | 118,979.21 | 137,762.33 |
| (e) Other Current Assets | 22 | 6,882.59 | 8,115.68 |
| | | 1,335,876.63 | 1,340,813.80 |
| TOTAL | | 1,497,570.21 | 1,485,090.25 |

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

As per our report of even date attached.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

S K Sharma
Chairman & Managing Director

P R Acharya
CFO & Director (Finance)

N K Madhusudhan
Partner
Membership No. 020378

S Sreenivas
Company Secretary

Bangalore
30 May 2014

Consolidated Statement of Profit & Loss

(₹ in Lakhs)

| PARTICULARS | Note No. | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|--|----------|-------------------------------------|-------------------------------------|
| I. REVENUE FROM OPERATIONS | | | |
| (i) Turnover | | | |
| (a) Sale of Products | | 570,976.22 | 556,573.75 |
| (b) Sale of Services | | 67,823.96 | 60,738.58 |
| (c) Gross (a + b) | | 638,800.18 | 617,312.33 |
| (d) Excise Duty | | 5,214.17 | 2,226.93 |
| (e) Net Turnover (c-d) | | 633,586.01 | 615,085.40 |
| (ii) Other Operating Revenues | 23 | 18,199.87 | 12,187.50 |
| TOTAL [i(e) + ii] | | 651,785.88 | 627,272.90 |
| II. OTHER INCOME | 24 | 43,727.77 | 62,540.64 |
| III. TOTAL REVENUE (I + II) | | 695,513.65 | 689,813.54 |
| IV. EXPENSES | | | |
| (a) Cost of Material Consumed | | 323,912.19 | 342,934.78 |
| (b) Cost of Stores & Spares Consumed | | 3,111.54 | 2,515.07 |
| (c) Purchases of Stock in Trade | | 44,402.81 | 76,025.99 |
| (d) Changes in Inventories of Finished Goods, WIP & Scrap | 25 | 7,391.43 | (29,820.11) |
| (e) Employee Benefits Expense | 26 | 104,611.61 | 112,470.16 |
| (f) Finance Costs | 27 | 351.98 | 84.33 |
| (g) Depreciation and Amortisation Expenses | 10 & 11 | 14,987.45 | 13,648.87 |
| (h) Other Expenses | 28 | 76,202.45 | 56,852.81 |
| TOTAL EXPENSES (a to h) | | 574,971.46 | 574,711.90 |
| V. Profit before exceptional & extraordinary items & tax (III - IV) | | 120,542.19 | 115,101.64 |
| VI. Exceptional Items (Refer point No. 4.2) | 31 | - | 255.79 |
| VII. Profit before extraordinary items and tax (V + VI) | | 120,542.19 | 115,357.43 |
| VIII. Extraordinary items | | - | - |
| IX. Profit for the year (VII - VIII) | | 120,542.19 | 115,357.43 |
| X. Prior Period Items (Net) | 29 | 64.79 | (612.49) |
| XI. Profit for the year before tax (IX + X) | | 120,606.98 | 114,744.94 |
| XII. Tax Expense | | | |
| - Current Year | | 30,187.76 | 27,699.05 |
| - Earlier Years | | (1,993.90) | 286.74 |
| - Deferred Taxes | | (2,753.99) | (4,360.15) |
| Total Provision for Taxation | | 25,439.87 | 23,625.64 |
| XIII. Profit for the year before Minority Interest (XI - XII) | | 95,167.11 | 91,119.30 |
| XIV. Minority Interest | | 35.78 | 41.52 |
| XV. Profit for the year after Minority Interest (XIII - XIV) | | 95,131.33 | 91,077.78 |
| XVI. Earnings per equity share: | 30 | | |
| (1) Basic [in Rupees] | | 118.91 | 113.85 |
| (2) Diluted [in Rupees] | | 118.91 | 113.85 |

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

As per our report of even date attached.

For **Badari, Madhusudhan & Srinivasan**
 Chartered Accountants
 Firm Regn. No. 005389S

S K Sharma
 Chairman & Managing Director

P R Acharya
 CFO & Director (Finance)

N K Madhusudhan
 Partner
 Membership No. 020378

S Sreenivas
 Company Secretary

Bangalore
 30 May 2014

Consolidated Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|---|------------------------|------------------------|
| NOTE - 1 | | |
| SHARE CAPITAL | | |
| Authorised Capital | | |
| 100,000,000 (100,000,000) Equity Shares of ₹ 10 each | <u>10,000.00</u> | <u>10,000.00</u> |
| Issued, Subscribed & Fully Paid - up Capital | | |
| 80,000,000 (80,000,000) Equity Shares of ₹ 10 each | <u>8,000.00</u> | <u>8,000.00</u> |

i. Reconciliation of No. of Shares

| Particulars | 2013 - 14 | | 2012 - 13 | |
|---|--------------------|-----------------|---------------|----------|
| | No. of Shares | Amount | No. of Shares | Amount |
| Shares outstanding at the beginning of the reporting period | 8,00,00,000 | 8,000.00 | 8,00,00,000 | 8,000.00 |
| Add: Shares issued during the year | - | - | - | - |
| Less: Shares Bought Back, Others etc., during the year | - | - | - | - |
| Shares outstanding at the end of the reporting period | 8,00,00,000 | 8,000.00 | 8,00,00,000 | 8,000.00 |

ii. Details of shareholders holding more than 5% of paid up share capital as on 31.03.2014 is given below :

| Name of Shareholder | 2013 - 14 | | 2012 - 13 | |
|-------------------------------------|---------------|-------------------|---------------|-------------------|
| | No. of Shares | % of Shareholding | No. of Shares | % of Shareholding |
| Government of India | 6,00,15,859 | 75.02% | 6,06,89,600 | 75.86% |
| Life Insurance Corporation of India | 47,58,331 | 5.95% | 41,06,807 | 5.13% |

- 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 and 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 2014 | As at 31 March 2013 |
|---|------------------------|------------------------|
| NOTE - 2 | | |
| RESERVES & SURPLUS | | |
| CAPITAL RESERVE | | |
| a) Land valuation Reserve | 200.64 | 200.64 |
| b) Capital Profit: | | |
| At the beginning of the year | 4,217.84 | 947.57 |
| Add: Transfer from Profit for the period | 450.11 | 3,270.27 |
| | <u>4,667.95</u> | <u>4,217.84</u> |
| c) Capital Reserve on Consolidation of Subsidiary | 206.82 | 206.82 |
| d) On acquisition of Machilipatnam Unit | 0.85 | 0.85 |
| e) General Investment Subsidy for Kotdwara Unit | 50.00 | 50.00 |
| | <u>5,126.26</u> | 4,676.15 |
| GENERAL RESERVE | | |
| At the beginning of the year | 354,179.95 | 313,994.83 |
| Add: Transfer from Surplus for the period | 40,163.02 | 40,185.12 |
| | <u>394,342.97</u> | 354,179.95 |
| SURPLUS | | |
| At the beginning of the year | 281,890.43 | 255,147.06 |
| Add: Profit for the period | 95,131.33 | 91,077.78 |
| Amount available for appropriation | <u>377,021.76</u> | 346,224.84 |
| Less: Appropriation | | |
| Dividend on Equity Shares | | |
| - Interim Dividend | 4,800.00 | 4,800.00 |
| - Proposed Final Dividend | 13,840.00 | 13,040.00 |
| Dividend Tax | 3,212.07 | 3,039.02 |
| Transfer to General Reserve | 40,163.02 | 40,185.12 |
| Transfer to Capital Reserve | 450.11 | 3,270.27 |
| Surplus carried forward | <u>314,556.56</u> | 281,890.43 |
| | <u>714,025.79</u> | <u>640,746.53</u> |
| NOTE - 2A | | |
| MINORITY INTEREST | | |
| At the beginning of the year | 341.27 | 301.13 |
| Add: Transfer from Statement of Profit & Loss | 35.78 | 41.52 |
| Less: Consolidation Adjustments | 0.33 | 1.38 |
| | <u>376.72</u> | 341.27 |
| | <u>376.72</u> | <u>341.27</u> |
| NOTE - 3 | | |
| GOVERNMENT GRANTS | | |
| Grant from Government for Research and Other purposes | | |
| At the beginning of the year | 15,967.88 | 11,644.95 |
| Add: Additions during the year | 8,827.57 | 5,663.54 |
| Less: Transfer to Statement of Profit & Loss | 2,737.18 | 1,340.61 |
| | <u>22,058.27</u> | 15,967.88 |
| | <u>22,058.27</u> | <u>15,967.88</u> |

Consolidated Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 | | |
|---|-------------------------------|------------------------|------------------------|---------------|
| NOTE - 4 | | | | |
| LONG TERM BORROWINGS | | | | |
| Secured | | | | |
| Long Term Maturity of Finance Lease Obligations | | | | |
| Liability on Leased Assets (Vehicles & Computers) | 27.04 | 21.84 | | |
| Unsecured | | | | |
| Others | - | - | | |
| | 27.04 | 21.84 | | |
| i. Total outstanding liability on Leased Assets | 44.46 | 36.46 | | |
| Less: Amounted expected to be paid within next 12 months (Refer Note 8) | 17.42 | 14.62 | | |
| | 27.04 | 21.84 | | |
| 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 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 | 45.50 | 36.49 | | |
| b) Total minimum lease payments as at the reporting period date | 54.08 | 44.32 | | |
| c) The present value of minimum lease payments as at the reporting period date | 44.46 | 36.46 | | |
| d) The minimum lease amount payable with present value for each of the following periods is given below: | | | | |
| | 2013 - 14 | 2012 - 13 | | |
| Particulars | Minimum Lease Payments | Present Value | Minimum Lease Payments | Present Value |
| a) not later than one year | 22.88 | 17.42 | 18.84 | 14.62 |
| b) later than one year & not later than five years | 31.20 | 27.04 | 25.48 | 21.84 |
| c) later than five years | - | - | - | - |
| TOTAL | 54.08 | 44.46 | 44.32 | 36.46 |
| NOTE - 5 | | | | |
| OTHER LONG TERM LIABILITIES | | | | |
| Trade Payables | 611.22 | 329.59 | | |
| Security Deposits | 63.61 | 102.61 | | |
| Payables other than Trade Payables | 83.55 | 3,245.55 | | |
| | 758.38 | 3,677.75 | | |

Consolidated Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|---|-------------------------------|--------------------------|
| NOTE-6 | | |
| LONG TERM PROVISIONS | | |
| Employee Benefits | | |
| Long -term Compensated Absences | 16,818.47 | 17,658.89 |
| BEL Retired Employees Contributory Health Scheme (BERECHS) | 18,865.03 | 17,246.59 |
| | 35,683.50 | 34,905.48 |
| i. Long Term Compensated Absence Scheme : | | |
| Total liability in respect of Long Term Compensated Absences | 19,590.09 | 20,562.41 |
| Less : Amount expected to be paid within next 12 months (Refer Note 9) | 2,771.62 | 2,903.52 |
| | 16,818.47 | 17,658.89 |
| 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 | 2013-14 | 2012-13 |
| a) Expenses Recognised in the Statement of Profit & Loss : | 2,430.99 | 8,357.53 |
| b) Principal Assumptions : | | |
| Discounting Rate | 9.20% / 9.33% | 8.00% / 8.10% / 8.25% |
| Rate of increase in compensation level | 5.00% / 7.50% / 10.50% | 5.00% / 7.50% / 8.00% |
| c) Amounts to be recognised in Balance Sheet : | | |
| Liability recognised in Balance Sheet [as per Actuarial Valuation] | 19,590.09 | 20,562.41 |
| iv. BEL Retired Employees' Contributory Health Scheme (BERECHS) | | |
| a) Total outstanding of BERECHS | 20,785.53 | 19,149.62 |
| Less : Amount expected to be payable within next 12 months (Refer Note 9) | 1,920.50 | 1,903.03 |
| | 18,865.03 | 17,246.59 |
| b) The amount of Liability in respect of BERECHS has been bifurcated 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 | 2013 - 14 | 2012 - 13 |
| a. Change in Benefit Obligations : | | |
| Present Value of Obligation (PVO) as at the beginning of the year | 19,149.62 | 14,821.74 |
| Current Service Cost | 1,001.51 | 922.69 |
| Interest Cost | 1,470.50 | 1,190.79 |
| Actuarial (gain)/loss | 1,154.63 | 4,165.05 |
| Benefits paid | (1,990.73) | (1,950.65) |
| Present Value of Obligation as at the end of the period | 20,785.53 | 19,149.62 |

Consolidated Notes to Accounts

(₹ in Lakhs)

| Particulars | 2013 - 14 | 2012 - 13 |
|--|--------------------|--------------|
| 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 | 1,990.73 | 1,950.65 |
| Benefits paid | (1,990.73) | (1,950.65) |
| Actuarial gain/(loss) | - | - |
| Fair value of Plan Assets at the end of the period | - | - |
| c. Expenses Recognised in the Statement of Profit & Loss : | | |
| Opening Net Liability | - | - |
| Current Service cost | 1,001.51 | 922.69 |
| Interest on Defined benefit obligation | 1,470.50 | 1,190.79 |
| Expected return on Plan Assets | - | - |
| Net Actuarial (gain)/loss recognised in the period | 1,154.63 | 4,165.05 |
| d. Expenses Recognised in the Statement of Profit & Loss | 3,626.64 | 6,278.53 |
| Less : Withdrawal of excess Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.03.2004)* | - | 32.05 |
| Net Expenses Recognised in the Statement of Profit & Loss (Expenses : ₹ 1,990.73, Provisions : ₹ 1,635.91) | 3,626.64 | 6,246.48 |
| e. Principal Assumptions : | | |
| Discounting Rate | 9.20% | 8.10% |
| Rate of increase in compensation level | 7.50% | 7.50% |
| Health care costs escalation rate | 3.25% | 3.00% |
| Attrition Rate | 1.00% | 1.00% |
| f. Amounts recognised in Balance Sheet : | | |
| Present Value of Obligation as at the end of the period | 20,785.53 | 19,149.62 |
| Fair Value of Plan Assets at the end of the period | - | - |
| Funded Status | (20,785.53) | (19,149.62) |
| Unrecognised Actuarial (gains)/losses | - | - |
| Liability recognised in Balance Sheet (as per Actuarial Valuation) | 20,785.53 | 19,149.62 |
| Less : Initial actuarial Liability towards existing employees (valued on 31.03.2004) | - | 2,972.56 |
| Add : Amortisation of above initial Actuarial Liability over 9 years* | - | 2,972.56 |
| Liability recognised in Balance Sheet | 20,785.53 | 19,149.62 |
| Effect of a one percentage point increase in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation : | | |
| Effect on the aggregate of the service cost and interest cost | 302.85 | 239.33 |
| Effect on defined benefit obligation | 2,160.42 | 2,221.30 |
| Effect of a one percentage point decrease in assumed health care cost trend rates on the aggregate of the service cost and interest cost and defined benefit obligation : | | |
| Effect on the aggregate of the service cost and interest cost | (256.37) | (202.77) |
| Effect on defined benefit obligation | (1,828.85) | (1,852.20) |

* The BERECHS liability assessed in Financial Year 2003-04 towards existing employees amounted to ₹ 2,972.56, which was being charged off every year at ₹ 333.85 (including the deferment cost). Since the deferment cost pertaining to the initial liability is already included as a part of "Interest on Defined Benefit Obligation" every year and as the nine instalments of ₹ 333.85 (charged off upto FY 2011-12) covers the full initial liability of ₹ 2,972.56, the excess amount of ₹ 32.05 has been withdrawn in the FY 2012-13.

Consolidated Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|-------------------------------------|------------------------|------------------------|
| NOTE - 7 | | |
| TRADE PAYABLES | | |
| - Dues to Micro & Small Enterprises | 177.50 | 131.91 |
| - Others | 123,220.62 | 117,299.89 |
| | 123,398.12 | 117,431.80 |

- i. The information regarding amounts due to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31st March 2014 is furnished below :

| Particulars | 2013 - 14 | 2012 - 13 |
|---|-----------|-----------|
| a. The principal amount and the interest due thereon remaining unpaid to any supplier as at 31 March : | | |
| Principal Amount | 177.50 | 131.91 |
| Interest | 2.52 | 1.35 |
| 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 : | | |
| Principal Amount | 229.24 | 145.39 |
| Interest | 0.12 | 0.56 |
| 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. | 1.04 | 1.50 |
| d. The amount of interest accrued and remaining unpaid at the end of the year ending 31 March. | 5.81 | 3.23 |
| 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. | 2.70 | 2.14 |

- 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.

NOTE - 8 OTHER CURRENT LIABILITIES

| | | |
|---|----------|-------|
| Current maturities of Finance Lease Obligations (Liability on Leased Assets - Vehicles & Computers) # | 17.42 | 14.62 |
| Current maturities of Long Term Borrowings | - | 21.50 |
| Management Contribution to Superannuation Scheme * | 1,140.61 | - |
| Unpaid Dividend Account ** | 20.16 | 19.47 |
| Unpaid Matured Deposits (including interest thereon) ** | 38.87 | 38.87 |
| Interest accrued and due on Trade Payables -MSMED (Refer Note 7) | 5.81 | 3.23 |

Other Liabilities

| | | |
|---|-------------------|-------------------|
| Security Deposits | 1,914.77 | 1,542.67 |
| Outstanding Expenses | 18,248.53 | 13,186.55 |
| Advances/Progress Payment received from Customers | 525,556.34 | 589,002.58 |
| Statutory Liabilities | 16,676.65 | 17,641.62 |
| Others | 4,803.69 | 5,442.94 |
| | 568,422.85 | 626,914.05 |

Refer Note No. 4.

* Provision upto 31.03.2013 is shown under Short Term Provision (Refer Note 9).

** 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 2014 | As at 31 March 2013 |
|--|------------------------|------------------------|
| NOTE - 9 | | |
| SHORT TERM PROVISIONS | | |
| Taxation [Net of Advance Tax ₹ 92,091.55 (₹ 93,117.38)] (Refer Note 16) | - | - |
| Proposed Final Dividend | 13,840.00 | 13,040.00 |
| Dividend Tax | 2,396.31 | 2,260.35 |
| Employee Benefits | | |
| Gratuity | 11.44 | 2,224.44 |
| Management Contribution to Superannuation Scheme * | - | 11,807.01 |
| Long-Term compensated absences | 2,771.62 | 2,903.52 |
| BERECHS | 1,920.50 | 1,903.03 |
| Provision for Pay Revision & Incentive | 283.77 | 145.52 |
| | 4,987.33 | 18,983.52 |
| Provision for Performance Warranty | 3,595.90 | 2,799.78 |
| | 24,819.54 | 37,083.65 |

* Current year liability is shown under Other Current Liabilities (Refer Note 8).

- 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 | 2013 - 14 | 2012 - 13 |
|--|-----------------|-----------|
| Opening Balance (a) | 2,799.78 | 2,476.47 |
| Additional Provisions made during the year (b) | 1,123.98 | 762.73 |
| Amounts used during the year (c) * | 0.05 | 4.31 |
| Unused Amounts reversed during the year (d) | 327.81 | 435.11 |
| Closing Balance (e) = (a+b-c-d) | 3,595.90 | 2,799.78 |

* a) Represents amount debited to opening provision.

b) An amount of ₹ 4,304.83 (₹ 2,546.96) has been debited to Natural Code Heads.

- ii. The Parent Company (BEL) has separate Trusts for Provident Fund. During the year the Parent Company (BEL) has recognised an amount of ₹ 6,743.35 (₹ 6,146.67) towards contribution to Employees Provident Fund and Pension Schemes in the Statement of Profit and Loss. 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 2014, 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).

Consolidated Notes to Accounts

(₹ in Lakhs)

The following table summarises the disclosure report provided by the Actuary :

EMPLOYEES PROVIDENT FUND

| Particulars | 2013 - 14 | 2012 - 13 |
|--|-------------|-------------|
| i) Change in Benefit Obligations: | | |
| Present Value of Obligation as at the beginning of the year | 124,231.05 | 110,225.27 |
| Current Service Cost | 25,545.21 | 24,315.84 |
| Interest Cost | 8,403.22 | 8,929.24 |
| Past Service Cost (Non vested Benefits) | - | - |
| Past Service Cost (Vested Benefits) | - | - |
| Actuarial (Gain) / Loss | 21,710.60 | (6,445.35) |
| Benefits paid | (40,975.15) | (12,793.95) |
| Present Value of Obligation as at the end of the period | 138,914.93 | 124,231.05 |
| ii) Change in Fair Value of Plan Assets: | | |
| Fair value of Plan Assets at the beginning of the year | 149,557.49 | 127,516.08 |
| Expected return on Plan Assets | 12,673.82 | 11,662.62 |
| Contributions | 22,011.95 | 24,459.54 |
| Benefits paid | (40,975.15) | (12,793.95) |
| Actuarial Gain / (Loss) on Plan Assets | (814.76) | (1,286.80) |
| Fair value of Plan Assets at the end of the period | 142,453.35 | 149,557.49 |
| iii) Expenses Recognised in the Statement of Profit & Loss: | | |
| Opening Net Liability | - | - |
| Current Service cost | 25,545.21 | 24,315.84 |
| Interest Cost | 8,403.22 | 8,929.24 |
| Expected return on Plan Assets | (12,673.82) | (11,662.62) |
| Net Actuarial (Gain) / Loss recognised in the period | 22,525.36 | (5,158.55) |
| Past Service Cost (Non vested Benefits) | - | - |
| Past Service Cost (Vested Benefits) | - | - |
| Expenses Recognised in the Statement of Profit & Loss | 43,799.97 | 16,423.91 |
| iv) Amounts recognised in Balance Sheet: | | |
| Present Value of Obligation as at the end of the period | 138,914.93 | 124,231.05 |
| Fair Value of Plan Assets at the end of the period | 142,453.35 | 149,557.49 |
| Difference | (3,538.42) | (25,326.44) |
| Unrecognised Actuarial (Gains) / Losses | - | - |
| Liability recognised in Balance Sheet | - | - |
| v) Amount for the Current Period: | | |
| Present Value of Obligation | 138,914.93 | 124,231.05 |
| Plan Assets | 142,453.35 | 149,557.49 |
| Surplus / (Deficit) | 3,538.42 | 25,326.44 |
| Experience Adjustments on Plan liabilities - (Loss)/ Gain | (21,714.92) | 6,455.50 |
| Experience Adjustments on Plan Assets - (Loss)/ Gain | (814.76) | (1,286.80) |

Consolidated Notes to Accounts

(₹ in Lakhs)

| Particulars | 2013 - 14 | 2012 - 13 |
|---|----------------|----------------|
| vi) Category of Assets as at 31 March 2014 : | | |
| Government of India Securities | 25.67% | 20.98% |
| State Government Securities | 17.20% | 22.47% |
| High Quality Corporate Bonds | 53.33% | 45.59% |
| Equity shares of listed companies | 0.00% | 0.00% |
| Property | 0.00% | 0.00% |
| Special Deposit Scheme | 3.80% | 10.96% |
| Mutual Funds | 0.00% | 0.00% |
| Cash | 0.00% | 0.00% |
| Total | 100.00% | 100.00% |
| vii) Principal Assumptions : | | |
| Discounting Rate | 9.20% | 8.10% |
| Salary escalation rate | 7.50% | 7.50% |
| Expected rate of Return on Plan Assets | 9.18% | 9.05% |

iii. The Subsidiary (BEL Optronics Devices Ltd) and JVC (GE BE Pvt Ltd) are funding the Provident Fund contributions with the Government Provident Funds.

iv. Gratuity Scheme :

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

| Particulars | 2013 - 14 | 2012 - 13 |
|--|-------------------|------------------|
| i. Change in Benefit Obligations : | | |
| Present Value of Obligation as at the beginning of the year | 38,240.46 | 37,957.43 |
| Current Service Cost | 652.37 | 811.99 |
| Interest Cost | 2,893.65 | 3,038.99 |
| Past Service Cost (Non vested Benefits) | - | - |
| Past Service Cost (Vested Benefits) | - | - |
| Actuarial (gain) / loss | (2,416.73) | 1,692.44 |
| Benefits paid | (5,060.33) | (5,260.39) |
| Present Value of Obligation as at the end of the period | 34,309.42 | 38,240.46 |
| ii. Change in Fair Value of Plan Assets : | | |
| Fair value of Plan Assets at the beginning of the year | 36,016.02 | 35,642.66 |
| Expected return on Plan Assets | 3,331.87 | 3,117.49 |
| Contributions | 2,231.20 | 2,318.93 |
| Benefits paid | (5,060.33) | (5,260.39) |
| Actuarial gain / (loss) on Plan Assets | 293.09 | 197.33 |
| Fair value of Plan Assets at the end of the period | 36,811.85 | 36,016.02 |
| Excess of Obligation over Plan Assets | (2,502.43) | 2,224.44 |

Consolidated Notes to Accounts

(₹ in Lakhs)

| Particulars | 2013 - 14 | 2012 - 13 |
|--|-------------------------------|-----------------------|
| iii. Expenses Recognised in the Statement of Profit & Loss : | | |
| Opening Net Liability | - | - |
| Current Service cost | 652.37 | 811.99 |
| Interest Cost | 2,893.65 | 3,038.99 |
| Expected return on Plan Assets | (3,331.87) | (3,117.49) |
| Net Actuarial (gain) / loss recognised in the period | (2,709.82) | 1,495.11 |
| Past Service Cost (Non vested Benefits) | - | - |
| Past Service Cost (Vested Benefits) | - | - |
| Expenses Recognised in the Statement of Profit & Loss | 18.20 | 2,228.60 |
| Actual Return on Plan Assets | 7.50% / 8.70% / 8.98% | 7.50% / 8.70% / 9.64% |
| iv. Amounts recognised in Balance Sheet : | | |
| Present Value of Obligation as at the end of the period | 34,309.42 | 38,240.46 |
| Fair Value of Plan Assets at the end of the period | 36,811.85 | 36,016.02 |
| Funded Status | 2,502.43 | (2,224.44) |
| Unrecognised Actuarial (gains) / losses | - | - |
| Liability recognised in Balance Sheet [after considering payment of ₹ NIL (₹ NIL) to the Trust during the year] | 11.44 | 2,224.44 |
| v. Category of Assets as at 31 March 2014 : | | |
| State Govt. Securities | 10.47% | 14.08% |
| Govt. of India Securities | 2.35% | 2.70% |
| High Quality Corporate Bonds | 10.42% | 16.62% |
| Special Deposit | 0.00% | 0.00% |
| Investment with Insurer | 76.76% / 100% | 66.60% / 100% |
| Principal Assumptions : | | |
| Discounting Rate | 9.20% / 9.33% | 8.00% / 8.10% / 8.25% |
| Salary escalation rate | 5.00% / 7.50% / 10.50% | 5.00% / 7.50% / 8.00% |
| Expected rate of Return on Plan Assets | 7.50% / 8.70% / 8.98% | 7.50% / 8.70% / 9.64% |

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 / AMORTIZATION | | | NET BLOCK | | |
|--|-----------------------|---|--|-----------------------------|--|--|--|-------------------|------------------|
| | Cost as at 01.04.2013 | Additions / Adjustments during the year | Deductions / Adjustments during the year | Total cost as at 31.03.2014 | Accumulated Depreciation / Amortisation as at 01.04.2013 | Depreciation / Amortisation for the year | Deductions / Adjustments during the year | As at 31.03.2014 | As at 31.03.2013 |
| Free Hold Land * | 1,184.62 | 1,210.90 | 0.56 | 2,394.96 | - | - | - | 2,394.96 | 1,184.62 |
| Lease Hold Land | 729.70 | - | - | 729.70 | 107.72 | 11.34 | - | 610.64 | 621.98 |
| Roads and Culverts | 680.92 | 25.65 | - | 706.57 | 468.12 | 17.59 | - | 220.86 | 212.80 |
| Buildings ++ | 23,928.06 | 4,906.19 | 33.67 | 28,800.58 | 10,424.16 | 762.34 | 31.57 | 17,645.65 | 13,503.90 |
| Installations ++ | 7,083.92 | 638.45 | 154.68 | 7,567.69 | 5,227.88 | 360.25 | 154.69 | 2,134.25 | 1,856.04 |
| Plant and Machinery ++ | 83,748.34 | 8,699.51 | 3,533.36 | 88,914.49 | 66,184.69 | 5,615.91 | 3,533.35 | 68,267.25 | 17,563.65 |
| Electronic Equipment ++ | 50,848.45 | 3,091.80 | 1,078.28 | 52,861.97 | 39,580.37 | 3,519.49 | 1,073.44 | 42,026.42 | 11,268.08 |
| Equipment for R & D Lab | 26,683.32 | 3,272.48 | 432.34 | 29,523.46 | 18,256.44 | 2,995.85 | 432.08 | 20,820.21 | 8,426.88 |
| Vehicles | 889.28 | 37.28 | 8.44 | 918.12 | 775.62 | 50.34 | 8.44 | 817.52 | 113.66 |
| Vehicles - Under Lease | 68.08 | 32.37 | 14.56 | 85.89 | 31.59 | 22.32 | 13.52 | 40.39 | 36.49 |
| Office Equipment ++ | 11,858.45 | 1,340.75 | 670.79 | 12,528.41 | 9,632.74 | 918.43 | 670.81 | 9,880.36 | 2,225.71 |
| Furniture, Fixtures and other Equipment ++ | 7,512.99 | 1,124.51 | 518.70 | 8,118.80 | 4,631.36 | 635.07 | 517.91 | 4,748.52 | 2,881.63 |
| Assets acquired for Sponsored Research ** | 1,334.91 | 71.58 | - | 1,406.49 | 1,333.91 | 5.57 | - | 1,339.48 | 1.00 |
| Total *** | 216,551.04 | 24,451.47 | 6,445.38 | 234,557.13 | 156,654.60 | 14,914.50 | 6,435.81 | 165,133.29 | 59,896.44 |
| Previous Year *** | 198,383.78 | 20,746.45 | 2,579.19 | 216,551.04 | 145,773.14 | 13,387.80 | 2,506.34 | 156,654.60 | 52,609.77 |

Freehold Land of Parent Company (BEL) consists of 1,038.83 acres (943.67 acres) and Leasehold Land of Parent Company (BEL) consists of 301.33 acres (301.33 acres). During the Financial Year 2012-13, 1.07 acres was converted to Freehold Land and sold along with building.

* Land includes 6.21 acres (5.81 acres) leased to commercial/religious organisations and in their possession.

** Assets are the property of the Government of India

++ Additions during the year include ₹ 770.55 (₹ 1,443.18) in respect of the assets of Central Research Laboratories of BEL.

*** Gross Block and Accumulated Depreciation include ₹ 4,728.08 (₹ 5,378.00) pertaining to assets not in active use, disposal of which is pending.

Assets acquired fully out of non-government grants have been valued at nominal value of ₹ 1 (Rupee One only). Where such Assets have been partially funded, they have been valued after adjusting the proportionate grant amount.

Consolidated Notes to Accounts

FIXED ASSETS - TANGIBLE

- 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 |

NOTE - 11

FIXED ASSETS - INTANGIBLE

(₹ in Lakhs)

| PARTICULARS | GROSS BLOCK (AT COST) | | | AMORTISATION | | | NET BLOCK | | |
|---|-----------------------|--|---|-----------------------------|---|---------------------------|---|------------------|------------------|
| | Cost as at 01.04.2013 | Additions/ Adjustments during the year | Deductions/ Adjustments during the year | Total cost as at 31.03.2014 | Accumulated Amortization As at 01.04.2013 | Amortization for the year | Deductions/ Adjustments during the year | As at 31.03.2014 | As at 31.03.2013 |
| Enterprise Resource Planning (ERP) - Software Licenses / Implementation | 2,039.04 | - | - | 2,039.04 | 1,916.32 | 72.95 | - | 49.77 | 122.72 |
| Total | 2,039.04 | - | - | 2,039.04 | 1,916.32 | 72.95 | - | 49.77 | 122.72 |
| Previous Year | 2,039.04 | - | - | 2,039.04 | 1,655.25 | 261.07 | - | 122.72 | 383.79 |

Consolidated Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|--|------------------------|------------------------|
| NOTE - 12 | | |
| CAPITAL WORK IN PROGRESS | | |
| Civil Construction | 4,226.18 | 6,506.27 |
| Plant & Machinery | 17,467.97 | 14,226.77 |
| Others | 2,296.02 | 242.12 |
| | <u>23,990.17</u> | <u>20,975.16</u> |
| Add: Capital Items in Transit | 3,272.58 | 3,052.17 |
| | <u>27,262.75</u> | 24,027.33 |
| Less : Provision | 368.73 | 368.73 |
| | <u>26,894.02</u> | <u>23,658.60</u> |
| NOTE - 13 | | |
| INTANGIBLE ASSETS UNDER DEVELOPMENT | | |
| Enterprise Resource Planning (ERP) - Software Licenses / Implementation | | |
| Opening Balance | 9,141.10 | 2,919.25 |
| Add: Addition during the year | 9,787.49 | 6,221.85 |
| | <u>18,928.59</u> | <u>9,141.10</u> |
| Less: Amount Capitalized during the year | - | - |
| | <u>18,928.59</u> | 9,141.10 |
| | <u>18,928.59</u> | <u>9,141.10</u> |
| NOTE - 14 | | |
| NON - CURRENT INVESTMENTS (at Cost) | | |
| OTHERS, UNQUOTED | | |
| INVESTMENT IN CO-OPERATIVE SOCIETIES | | |
| Cuffe Parade Persopolis Premises Co-operative 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 | <u>0.02</u> | <u>0.02</u> |
| | 0.05 | 0.05 |
| INVESTMENT IN GOVERNMENT SECURITIES | <u>0.02</u> | <u>0.02</u> |
| | <u>0.07</u> | <u>0.07</u> |
| 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 |

i. 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).

Consolidated Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|----------------------------|------------------------|------------------------|
| NOTE - 15 | | |
| DEFERRED TAX ASSETS | | |
| Deferred Tax Assets | 35,544.29 | 32,868.16 |
| Deferred Tax Liabilities | 5,392.52 | 5,470.38 |
| | <u>30,151.77</u> | <u>27,397.78</u> |

Break up of Net Deferred Tax Assets is given below :

| | 2013 - 2014 | 2012 - 2013 |
|---|------------------|------------------|
| Deferred Tax Asset | | |
| Provision against Debts, Inventory, Performance Guarantee & Leave Encashment, etc., | 35,074.66 | 32,407.02 |
| Technical Know-how fee | 469.63 | 461.14 |
| | <u>35,544.29</u> | <u>32,868.16</u> |
| Deferred Tax Liability | | |
| Depreciation | 5,392.51 | 5,470.38 |
| | <u>5,392.51</u> | <u>5,470.38</u> |
| Net Deferred Tax Assets | <u>30,151.78</u> | <u>27,397.78</u> |

NOTE - 16

LONG TERM LOANS & ADVANCES

Unsecured, Considered Good

| | | |
|--|-----------------|------------------|
| Capital Advances | 1,571.90 | 2,630.24 |
| Security Deposits | 1,879.37 | 2,276.60 |
| Other Loans & Advances - | | |
| Loans to Employees | 900.23 | 975.30 |
| Loans to Others | 1.25 | 2.39 |
| Advances to Employees | 1.79 | 0.69 |
| Advances for Purchase | 1,489.43 | 1,130.24 |
| Advances to Others | 253.16 | 864.90 |
| Advance payment of Income Tax [Net of Provision for Tax - ₹ 92,091.55 (₹ 93,117.38)] Refer Note 9 | 35.69 | 7,662.70 |
| Balances with Customs, Port Trust and Other Government Authorities | 734.87 | 522.09 |
| Prepaid Expenses | 4.84 | 8.93 |
| | <u>6,872.53</u> | <u>16,074.08</u> |

Unsecured, Considered Doubtful

| | | |
|--|-----------------|------------------|
| Capital Advances | 8.02 | 7.85 |
| Security Deposits | 61.23 | 72.76 |
| Other Loans & Advances - | | |
| Loans to Others | 132.00 | 132.11 |
| Advances to Employees | 0.85 | 0.85 |
| Advances for Purchase | 738.84 | 430.43 |
| Advances to Others | 1,671.99 | 2,057.03 |
| Advance payment of Income Tax | 0.12 | 0.12 |
| Balances with Customs, Port Trust and Other Government Authorities | 28.93 | 38.71 |
| | <u>2,641.98</u> | <u>2,739.86</u> |
| Less : Provision | <u>2,641.98</u> | <u>2,739.86</u> |
| | <u>-</u> | <u>-</u> |
| | <u>6,872.53</u> | <u>16,074.08</u> |

i. For Related Party Disclosures refer Note 31(11).

Consolidated Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|--|------------------------|------------------------|
| NOTE - 17 | | |
| OTHER NON CURRENT ASSETS | | |
| Inventories | | |
| Raw Materials & Components | 26,328.14 | 25,309.97 |
| Less: Provision | <u>19,382.78</u> | <u>17,605.98</u> |
| | 6,945.36 | 7,703.99 |
| Work in Progress | 241.88 | 272.65 |
| Less: Provision | <u>125.91</u> | <u>56.27</u> |
| | 115.97 | 216.38 |
| Stores & Spares | 105.90 | 137.04 |
| Less: Provision | <u>74.20</u> | <u>121.97</u> |
| | 31.70 | 15.07 |
| Loose Tools | 94.45 | 95.92 |
| Less: Provision | <u>44.23</u> | <u>49.69</u> |
| | 50.22 | 46.23 |
| | <u>7,143.25</u> | <u>7,981.67</u> |
| Trade Receivables | | |
| Unsecured, Considered Doubtful | | |
| Trade Receivables | 86,722.29 | 63,028.10 |
| Less: Provision | <u>86,722.29</u> | <u>63,028.10</u> |
| | - | - |
| | - | - |
| Others | | |
| Secured, Considered Good | | |
| | - | - |
| Unsecured, Considered Good | | |
| Others | <u>2,229.86</u> | <u>4.11</u> |
| | 2,229.86 | 4.11 |
| Unsecured, Considered Doubtful | | |
| Receivables - Other than Trade Receivables | 96.84 | 20.74 |
| Claims Receivables - Purchases | 516.42 | 473.79 |
| Others | <u>86.84</u> | <u>90.92</u> |
| | 700.10 | 585.45 |
| Less: Provision | <u>700.10</u> | <u>585.45</u> |
| | - | - |
| | 2,229.86 | 4.11 |
| | <u>9,373.11</u> | <u>7,985.78</u> |

- Valuation of Inventories has been made as per Company's Accounting Policy. (Refer Accounting Policy 10).
- In respect of Trade Receivables, necessary provisions have been made towards Doubtful Debts on the basis of Prudence and in line with Accounting Policy 11.

Consolidated Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|---|------------------------|------------------------|
| NOTE - 18 | | |
| INVENTORIES | | |
| Raw Materials & Components | 166,011.20 | 155,072.90 |
| Add: Raw Materials & Components in Transit | 14,346.17 | 9,502.36 |
| Less: Provisions | 388.43 | 348.28 |
| | 179,968.94 | 164,226.98 |
| Work in Progress | | 138,279.62 |
| Finished Goods | 10,279.85 | 8,089.08 |
| Add: Finished Goods in Transit | 5,721.22 | 7,551.30 |
| Less: Provisions | 8.95 | 3.71 |
| | 15,992.12 | 15,636.67 |
| Stock in Trade | 3,628.01 | 5,267.87 |
| Add: Stock in Trade in Transit | 1,173.13 | 34.70 |
| Less: Provisions | 89.10 | - |
| | 4,712.04 | 5,302.57 |
| Stores & Spares | 1,600.44 | 1,413.65 |
| Add: Stores & Spares in Transit | 121.34 | 109.00 |
| Less: Provisions | 0.77 | 21.23 |
| | 1,721.01 | 1,501.42 |
| Loose Tools | 668.79 | 447.67 |
| Add: Loose Tools in Transit | 199.71 | - |
| | 868.50 | 447.67 |
| Disposable Scrap | 150.06 | 153.27 |
| | 333,981.91 | 325,548.20 |
| Less: Unrealised Profit on Unsold Inventory | 8.09 | 19.89 |
| | 333,973.82 | 325,528.31 |

i) Raw Materials and Components include ₹ 4,176.12 (₹ 3,999.44) being materials with sub-contractors, out of which ₹ 50.47 (₹ 220.72) of materials is subject to confirmation and reconciliation. Against ₹ 50.47, an amount of ₹ 35.58 has been provided for. The impact, if any, on consequent adjustment for the balance amount is considered not material.

ii) Valuation of Inventories has been made as per Companies Accounting Policy. (Refer Accounting Policy 10).

iii) a. The United Nations Climate Change Secretariat has granted 15,856 (4,852) TON CO₂EQ 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 31.03.2012. This represents 11,004 TON CO₂EQ Carbon Credit granted in the FY 2012-13 for the period 01.04.2009 to 31.03.2012 and 4,852 TON CO₂EQ Carbon Credit granted in FY 2011-12 for the period 05.11.2007 to 31.03.2009. The carbon Credits are included under Finished Goods at a value of ₹ 1.90 (₹ 0.59). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.

b. CER under Certification: Nil (11,004) CERs.

c. Depreciation & Operation Cost of Emission Reduction Equipments during the year :

| | | |
|--|---------------|---------------|
| (i) Depreciation | 292.51 | 459.86 |
| (ii) Operation Cost of Emission Reduction Equipments | 79.53 | 77.92 |
| Total | 372.04 | 537.78 |

NOTE - 19 TRADE RECEIVABLES

Secured, Considered Good

| | | |
|--------------------------|--------------|-------|
| Not Exceeding Six Months | 33.00 | 29.56 |
| Exceeding Six Months | 7.00 | 7.00 |
| | 40.00 | 36.56 |

Unsecured, Considered Good

| | | |
|--------------------------|-------------------|------------|
| Not Exceeding Six Months | 234,651.18 | 180,562.84 |
| Exceeding Six Months | 180,896.65 | 155,757.05 |
| | 415,547.83 | 336,319.89 |

Unsecured, Considered Doubtful

| | | |
|-----------------------------------|-------------------|------------|
| Less than Six Months | - | - |
| Over Six Months | 24.06 | 24.59 |
| | 24.06 | 24.59 |
| Less: Provision for Doubtful Dues | 24.06 | 24.59 |
| | 415,587.83 | 336,356.45 |

Consolidated Notes to Accounts

(₹ in Lakhs)

| | As at 31 March 2014 | As at 31 March 2013 |
|--|--------------------------|------------------------|
| NOTE - 20 | | |
| CASH & BANK BALANCES | | |
| CASH & CASH EQUIVALENTS | | |
| Balance with Banks | 41,969.88 | 41,388.44 |
| Cheques/Drafts on hand | - | 32.63 |
| Cash on hand | 18.63 | 31.33 |
| Term Deposits (incl. accrued interest) | <u>136,568.48</u> | <u>139,405.42</u> |
| | 178,556.99 | 180,857.82 |
| OTHER BANK BALANCES | | |
| Term Deposits (incl. accrued interest) | | |
| - Deposits with more than twelve months maturity | 51.05 | 53.18 |
| - Deposits - Others | <u>281,808.98</u> | <u>352,120.56</u> |
| Margin Money held with Bank | 16.00 | - |
| Unpaid Dividend | <u>20.16</u> | <u>19.47</u> |
| | 281,896.19 | 352,193.21 |
| | <u>460,453.18</u> | <u>533,051.03</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.

NOTE - 21 **SHORT TERM LOANS & ADVANCES**

Unsecured, Considered Good

| | | |
|--|-------------------|-----------------|
| Inter Corporate Deposits | 9,776.00 | 10,140.00 |
| Security Deposits | 763.18 | 626.69 |
| Loans to Employees | 207.24 | 210.86 |
| Loans to Others | 1.25 | 1.25 |
| Advances to Employees | 480.67 | 466.10 |
| Advances for Purchase | 95,366.80 | 114,507.21 |
| Advance to Others | 5,863.31 | 3,615.67 |
| Balances with Customs, Port Trust and Other Government Authorities | 5,024.82 | 6,604.11 |
| Prepaid Expenses | <u>1,495.94</u> | <u>1,590.44</u> |
| | 118,979.21 | 137,762.33 |

Unsecured, Considered doubtful

| | | |
|-----------------------|--------------------------|-------------------|
| Advances for Purchase | 19.59 | 19.59 |
| Less : Provision | <u>19.59</u> | <u>19.59</u> |
| | - | - |
| | <u>118,979.21</u> | <u>137,762.33</u> |

i. For Related Party Disclosures refer Note 31(11).

NOTE - 22 **OTHER CURRENT ASSETS**

| | | |
|--|-----------------|-----------------|
| Receivables other than Trade Receivables | 2,490.46 | 3,630.62 |
| Claims Receivables - Purchases | 383.50 | 634.11 |
| Others | <u>4,008.63</u> | <u>3,850.95</u> |
| | 6,882.59 | 8,115.68 |

Consolidated Notes to Accounts

(₹ in Lakhs)

| | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|---------------------------------|--|--|
| NOTE - 23 | | |
| OTHER OPERATING REVENUES | | |
| Sale of Scrap | 813.35 | 660.92 |
| Export Benefits | 202.34 | 138.08 |
| Transport Receipts | 379.51 | 395.97 |
| Rent Receipts | 537.15 | 482.69 |
| Canteen Receipts | 657.83 | 578.60 |
| Electricity Charges Collected | 113.39 | 113.41 |
| Water Charges Collected | 28.82 | 33.72 |
| Provisions Withdrawn | | |
| - Doubtful Debts, LD | 3,728.72 | 1,157.89 |
| - Inventory | 788.01 | 594.02 |
| - Loans & Advances | 223.73 | 237.36 |
| - Others | 347.79 | 229.70 |
| Transfer from Grants | 2,718.18 | 1,084.82 |
| Miscellaneous | 7,661.05 | 6,480.32 |
| | <u>18,199.87</u> | <u>12,187.50</u> |

NOTE - 24 OTHER INCOME

| | | |
|---|------------------|------------------|
| Interest income on Term Deposits | 42,503.56 | 56,055.19 |
| Interest Income from Staff/IT Refund/Others | 159.80 | 483.76 |
| Profit on Sale of Fixed Assets | 600.66 | 3,476.35 |
| Foreign Exchange Differential Gain | - | 2,240.83 |
| Miscellaneous (Net of "Nil" expenses) | 463.75 | 284.51 |
| | <u>43,727.77</u> | <u>62,540.64</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/reporting date.

NOTE - 25 CHANGES IN INVENTORIES OF FINISHED GOODS WORK IN PROGRESS AND SCRAP [ACCRETION / (DECRETION)]

Work-in-Progress:

| | | | |
|-----------------|-------------------|-------------------|-------------|
| Closing Balance | 130,811.12 | 138,552.27 | |
| Opening Balance | <u>138,552.27</u> | <u>114,267.95</u> | |
| | | 7,741.15 | (24,284.32) |

Finished Goods:

| | | | |
|---------------|------------------|------------------|------------|
| Closing Stock | 16,001.07 | 15,640.38 | |
| Opening Stock | <u>15,640.38</u> | <u>10,141.72</u> | |
| | | (360.69) | (5,498.66) |

Scrap :

| | | | |
|----------------------------------|---------------|-----------------|--------------------|
| Closing Stock | 150.06 | 153.27 | |
| Opening Stock | <u>153.27</u> | <u>97.63</u> | |
| | | 3.21 | (55.64) |
| | | <u>7,383.67</u> | <u>(29,838.62)</u> |
| Less: Unrealised Profit on Stock | | <u>(7.76)</u> | <u>(18.51)</u> |
| | | <u>7,391.43</u> | <u>(29,820.11)</u> |

Consolidated Notes to Accounts

(₹ in Lakhs)

| | For the year ended 31 March 2014 | | For the year ended 31 March 2013 |
|--|--|----------|--|
| NOTE - 26 | | | |
| EMPLOYEE BENEFITS EXPENSE | | | |
| Salaries, Wages and Bonus/Ex-gratia | 83,937.53 | | 85,840.20 |
| Gratuity | 18.20 | | 2,228.60 |
| Contribution to Provident and Pension Funds | 6,777.37 | | 6,186.95 |
| Management Contribution to Superannuation (Pension) Scheme | 2,459.70 | 2,605.45 | |
| Less: Excess provision of earlier years reversed during the year | 1,651.73 | - | |
| | 807.97 | | 2,605.45 |
| Provision for BEL Retired Employees Contributory Health Scheme | 1,635.91 | | 4,295.83 |
| Welfare Expenses [including Salaries ₹ 975.00 (₹ 1,009.16) PF Contribution ₹ 81.20 (₹ 68.03)] | 11,434.63 | | 11,313.13 |
| | 104,611.61 | | 112,470.16 |

No Incremental Provision has been made towards Gratuity during the FY 2013-14 in respect of Parent Company as Fair Value of Plann Assets is more than the Present Value of Obligations as on 31.03.2014 (As per Actuarial Report).

NOTE - 27

FINANCE COSTS

Interest Expenses

| | | | |
|---|---------------|-------|-------|
| Interest on Lease Finance | 6.32 | 5.27 | |
| Interest on Dues to Micro & Small Enterprises | 2.70 | 2.14 | |
| Interest on Income Tax | 175.21 | - | |
| Other Interest Expenses | 142.75 | 51.92 | |
| | 326.98 | | 59.33 |
| Other borrowing costs | | | |
| Loan Processing Charges | 25.00 | | 25.00 |
| | 351.98 | | 84.33 |

Consolidated Notes to Accounts

(₹ in Lakhs)

| | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|---|--|--|
| NOTE - 28 | | |
| OTHER EXPENSES | | |
| Power and Fuel | 3,861.64 | 3,367.92 |
| Water charges | 340.45 | 329.53 |
| Royalty & Technical Assistance | 3,225.95 | 2,291.40 |
| Rent | 2,353.73 | 2,095.13 |
| Rates & Taxes | 369.36 | 403.50 |
| Insurance | 755.81 | 667.24 |
| Auditors Remuneration | | |
| Audit Fees | 14.75 | 14.97 |
| Cost Audit Fees | 5.00 | 5.00 |
| Tax Audit Fees | 2.27 | 2.19 |
| Fees for Company Law Matters | 0.93 | 0.93 |
| Other Services (Certification Fees) | 1.69 | 1.76 |
| Reimbursement of Expenses | 5.09 | 5.92 |
| | <u>29.73</u> | 30.77 |
| Repairs & Maintenance : | | |
| Buildings | 1,585.94 | 1,412.20 |
| Plant & Machinery | 1,643.08 | 1,463.81 |
| Others | 7,566.22 | 6,188.40 |
| | <u>10,795.24</u> | 9,064.41 |
| Bank Charges | 311.76 | 581.43 |
| Printing and Stationery | 434.49 | 392.30 |
| Advertisement & Publicity | 482.01 | 750.02 |
| Travelling Expenses | 6,922.63 | 6,882.30 |
| Hiring Charges for Van & Taxis | 899.57 | 720.73 |
| Excise Duty - Others | 2.84 | 150.22 |
| Packing & Forwarding | 1,692.19 | 1,139.05 |
| Bad Debts & Advances written off | 1,246.92 | 2,587.57 |
| Less : Charged to Provisions | <u>1,048.94</u> | 2,584.30 |
| | 197.98 | 3.27 |
| Provision for Obsolete/Redundant Materials | 3,507.63 | 4,985.28 |
| Provisions for Doubtful Debts, Liquidated damages, Customers' claims and disallowances | 28,550.71 | 12,136.58 |
| Provision for Doubtful Advances, claims | 199.28 | 287.38 |
| Provision for Performance Warranty | 796.17 | 327.62 |
| Write off of Raw Materials, Stores & Components due to obsolescence and redundancy | 1,023.75 | 268.61 |
| Less: Charged to Provisions | <u>844.32</u> | 266.15 |
| Less: Charged to Provisions | 179.43 | 2.46 |
| Sponsorship / Contribution for Professional & Social Activities | 1,055.04 | 432.17 |
| Others: | | |
| Other Misc Direct Expenditure | 3,362.15 | 5,081.95 |
| After Sales Service | 290.34 | 856.15 |
| Telephones | 601.64 | 533.04 |
| Expenditure on Seminars & Courses | 800.82 | 690.12 |
| Other Selling Expenses | 47.80 | 331.51 |
| Foreign Exchange Differential Loss | 1,402.66 | - |
| Miscellaneous | 2,733.40 | 2,319.33 |
| | <u>9,238.81</u> | 9,812.10 |
| | <u>76,202.45</u> | 56,852.81 |

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

Consolidated Notes to Accounts

(₹ in Lakhs)

| | For the year ended 31 March 2014 | For the year ended 31 March 2013 |
|---|--|--|
| NOTE - 29 | | |
| PRIOR PERIOD ITEMS | | |
| Prior Period Income : | | |
| Sales | 21.24 | 28.68 |
| Grant | 19.00 | - |
| Others | 12.21 | 42.85 |
| Total Prior Period Income (A) | <u>52.45</u> | <u>71.53</u> |
| Prior Period Expenditure : | | |
| Material consumed | - | 638.77 |
| Others | (12.34) | 45.25 |
| Total Prior Period Expenditure (B) | <u>(12.34)</u> | <u>684.02</u> |
| Total Prior Period Items Net Income / (Expenditure) [(A) - (B)] | <u>64.79</u> | <u>(612.49)</u> |

NOTE - 30 **EARNING PER SHARE**

| | | |
|---|------------|------------|
| Profit for the period - Before Extraordinary items | 95,131.33 | 91,077.78 |
| Profit for the period - After Extraordinary items | 95,131.33 | 91,077.78 |
| Number of Shares used in computing earnings per Share | 80,000,000 | 80,000,000 |
| Earnings per Share - Basic & Diluted | | |
| Before Extraordinary items (Amount in Rupees) | 118.91 | 113.85 |
| After Extraordinary items (Amount in Rupees) | 118.91 | 113.85 |

NOTE - 31 **GENERAL NOTES TO ACCOUNTS**

1.0 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.

- 1.1 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.
 - 1.2 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.
- 2.0 Additional information disclosed in individual financial statements of the parent and subsidiary / JVCs having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the Accounting Standards Interpretation ASI - 15 issued by the Institute of Chartered Accountants of India (ICAI).

Consolidated Notes to Accounts

(₹ in Lakhs)

- 3) The Parent Company has changed the following Accounting Policies with effect from FY 2013-14 :
- Basis of Accounting (Policy No. 1) - to take cognizance of the Companies Act, 2013 (to the extent applicable)
 - Foreign Currency Transactions (Policy No. 14) - to take cognizance of the Foreign Exchange Risk Management Policy which has been introduced with effect from FY 2013-14.
 - Employee Benefits (Policy No. 15) - to take cognizance of introduction of Half Pay Leave in respect of Executives.
- The financial impact of the change in above Accounting Policies during the Financial Year is as follows :
NIL in respect of A & B above and an additional expenditure of ₹ 1,123.90 in respect of C above.
- 4.0 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 JVC (GE BE Pvt. Ltd.) have also analysed indications of impairment of assets and found no indication of impairment of assets and hence no provision for the same is considered necessary. BEL Multitone Pvt. Ltd. (JVC) does not have any fixed assets.
- 4.1 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 Written Down Value (WDV) method consistently. BEL Multitone Pvt. Ltd. (JVC) does not have any fixed assets as on 31 March 2014.
- 4.2 The amount of ₹ Nil (₹ 255.79) (pertains to BELOP) represents amount charged off towards TOT expenses, in the year 2011-12, written back in FY 2012-13 due to change in the funding pattern in respect of Grant towards TOT cost.
- 5) A) The Parent Company (BEL) has been sanctioned working capital limit of ₹ 290,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20,000 of fund based limit (interchangeable with non fund based LC limits).
- B) The interest rate payable on fund based limit is linked to SBI Base Rate plus 0.40%.
(Interest rate payable as on 31.03.2014 is 10.40% p.a.).
- C) The amount utilised is re-payable on demand. Utilisation as on 31.03.2014 is NIL (NIL)
- D) The above sanction limit is secured by hypothecation of Inventories and Trade Receivables.

| Particulars | | 2013 - 14 | 2012 - 13 |
|-------------|---|------------------|-----------|
| 6) A) | Estimated amount of contracts remaining to be executed on Capital Account and not provided as on 31 March | 14,199.28 | 23,552.31 |
| B) | Other commitments i.e., Non-cancellable contractual commitments (i.e., cancellation of which will result in a penalty disproportionate to the benefits involved) as on 31 March | - | - |

- 7) Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and provisions / adjustments will be made wherever considered necessary.
- 8) 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 | | 2013 - 14 | 2012 - 13 |
|-------------|--|------------------|-----------|
| A) | Contract revenue recognised during the year | 272.83 | - |
| B) | Contract revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts till date to the estimated total cost of the contracts, was used to determine the stage of completion. | | |
| C) | Aggregate amount of cost incurred | 43,168.26 | 43,009.84 |
| D) | Recognised profit upto 31.03.2014 (net of provision for contingency) | 3,636.49 | 3,522.08 |
| E) | Amount of advances received and Outstanding as at 31.03.2014 | - | 48.85 |
| F) | The amount of retention | - | 1,466.65 |

Consolidated Notes to Accounts

(₹ in Lakhs)

9) 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 |

10) Contingent Liabilities (including share in JVCs) :

| PARTICULARS | 2013 - 14 | 2012 - 13 |
|---|------------------|-----------|
| Claims not acknowledged as debts | 19,282.75 | 20,451.20 |
| Outstanding Letters of Credit | 29,201.36 | 22,886.51 |
| Others | 560.65 | 1,093.66 |
| Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired | 15,876.73 | 11,172.06 |
| Company has offered MTNL to get the Convergent Billing Project completed on BEL's risk and cost basis. Liability of the Company in this regard is not ascertainable at this stage | | |

11) 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 AS 17 is not disclosed. Such non-disclosure has no financial effect.

12) 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 | 2,143.32 | - | 2,143.32 |
| | | (1,694.67) | - | (1,694.67) |
| 3 | Rendering Services | 0.39 | - | 0.39 |
| | | (0.74) | (27.51) | (28.25) |
| 4 | Receiving Services | - | - | - |
| | | - | - | - |
| 5 | Rent Received | - | 0.43 | 0.43 |
| | | - | (0.42) | (0.42) |
| 6 | Dividend Income on Investments | 260.00 | - | 260.00 |
| | | (260.00) | - | (260.00) |
| 7 | Trade Payables outstanding as on 31.03.2014 | - | - | - |
| | | - | - | - |
| 8 | Trade Receivables outstanding as on 31.03.2014 | 480.76 | - | 480.76 |
| | | (422.56) | - | (422.56) |
| 9 | Provision for doubtful trade receivables as on 31.03.2014 | - | - | - |
| | | (10.27) | - | (10.27) |
| 10 | Provision for Customer disallowances as on 31.03.2014 | - | - | - |
| | | (6.44) | - | (6.44) |
| 11 | Investment in Equity as on 31.03.2014 * | 260.00 | 31.88 | 291.88 |
| | | (260.00) | (31.88) | (291.88) |

* A Provision of ₹ 29.90 (₹ 29.90) towards diminution in value of investment in BEL Multitone Private Limited has been made by BEL in 2007-08.

Consolidated Notes to Accounts

(₹ in Lakhs)

- B) The key management personnel & their remuneration details are as follows :
- Shri S K Sharma, CMD from 01.01.14 & Director (Bangalore Complex) upto 31.12.13
 - Shri Anil Kumar, CMD upto 31.12.13
 - Shri M L Shanmukh, Director (Human Resources)
 - Shri P R Acharya, Director (Finance) from 02.09.13
 - Shri M G Raghuvver, Director (Finance) upto 31.05.12
 - Shri P C Jain, Director (Marketing) from 01.09.13
 - Shri H N Ramakrishna, Director (Marketing) upto 31.08.13
 - Shir Ajit T Kalghatgi, Director (R&D) from 01.09.12
 - Shri I V Sarma, Director (R&D) upto 31.08.12
 - Shri Amol Newaskar, Director [Other Units] from 24.05.12
 - Shri Mahesh C Kapri, MD, GE BE Pvt Ltd

The total salary including perquisites drawn by the above key management personnel during the year 2013-14 are ₹ 281.14 (₹ 255.26) as detailed below :

| Particulars | 2013 - 14 | 2012 - 13 |
|--|---------------|-----------|
| Salary & Allowances including benefits | 184.55 | 189.58 |
| Contribution to Provident Fund, Gratuity & Superannuation Fund, etc. | 58.86 | 29.68 |
| Leased Accommodation | 18.38 | 19.32 |
| Others | 19.35 | 16.68 |

- 13) BEL Multitone Pvt. Ltd. (Joint Venture Company) is under liquidation consequent to Special Resolution passed by its Members on 25.11.2013 for Members' Voluntary winding up. Hence the Financial Statements of BEL Multitone Pvt. Ltd. are not prepared on going concern basis.
- 14) Previous year's figures have been regrouped wherever necessary. Figures in brackets relate to previous year.

For **Badari, Madhusudhan & Srinivasan**
 Chartered Accountants
 Firm Regn. No. 005389S

S K Sharma
 Chairman & Managing Director

P R Acharya
 CFO & Director (Finance)

N K Madhusudhan
 Partner
 Membership No. 020378

S Sreenivas
 Company Secretary

Bangalore
 30 May 2014

Consolidated Cash Flow Statement

| Particulars | (₹ in Lakhs) | |
|---|--------------------|--------------|
| | 2013-14 | 2012-13 |
| A. CASH FLOW FROM OPERATING ACTIVITIES : | | |
| Net Profit Before Tax as per Statement of Profit & Loss | 120,606.98 | 114,744.94 |
| Adjustments for: | | |
| Extraordinary Items | - | - |
| Depreciation and Amortisation Expense | 14,987.45 | 13,648.87 |
| Provision for Employee Benefits | (13,218.17) | 7,387.51 |
| Provision for Performance Guarantee | 796.12 | 323.31 |
| Interest Income | (42,503.56) | (56,055.19) |
| Finance Cost | 351.98 | 84.33 |
| Profit on Sale of Fixed Assets | (600.66) | (3,476.35) |
| Transfer from Government Grants | (2,737.18) | (1,340.61) |
| Operating Profit Before Working Capital Changes | 77,682.96 | 75,316.81 |
| Adjustments for: | | |
| Trade Receivables & Advances | (59,871.15) | (55,578.57) |
| Inventories | (7,595.29) | (48,438.23) |
| Trade Payables & Advances | (55,433.62) | (106,431.14) |
| Cash Generated from Operations | (45,217.10) | (135,131.13) |
| Receipt of Grants | 8,827.57 | 5,663.54 |
| Direct Taxes Paid (Net) | (20,566.85) | (24,488.73) |
| Cash Flow Before Extraordinary Items | (56,956.38) | (153,956.32) |
| Extraordinary Items | - | - |
| Net Cash from/(used in) Operating Activities | (56,956.38) | (153,956.32) |
| B. CASH FLOW FROM INVESTING ACTIVITIES : | | |
| Purchase of Fixed Assets | (37,474.38) | (38,847.31) |
| Sale of Fixed Assets | 610.23 | 3,549.20 |
| Increase / (Decrease) in Term Deposits & Other Bank Balances | 70,297.04 | 154,556.71 |
| Interest Received | 42,503.56 | 56,055.19 |
| Net Cash from / (used in) Investing Activities | 75,936.45 | 175,313.79 |
| C. CASH FLOW FROM FINANCING ACTIVITIES : | | |
| Increase/(Decrease) in Long-term Borrowings | (13.50) | 3.18 |
| Dividends Paid (including Dividend Tax) | (20,915.42) | (15,661.15) |
| Increase/Decrease in Unpaid Matured Deposits | - | (1.60) |
| Finance Cost | (351.98) | (84.33) |
| Net Cash from / (used in) Financing Activities | (21,280.90) | (15,743.90) |
| Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C) | (2,300.83) | 5,613.57 |
| Cash and Cash Equivalents at the beginning of the Year | 180,857.82 | 175,244.25 |
| Cash and Cash Equivalents at the end of the Year | 178,556.99 | 180,857.82 |

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 ₹ 2,81,860.03 (₹ 3,52,173.74) being the deposits having a original maturity period of more than three months.
- Previous year's figures have been regrouped / rearranged wherever necessary.

As per our report of even date attached.

For **Badari, Madhusudhan & Srinivasan**
Chartered Accountants
Firm Regn. No. 005389S

N K Madhusudhan
Partner
Membership No. 020378
Bangalore
30 May 2014

S K Sharma
Chairman & Managing Director

P R Acharya
CFO & Director (Finance)

S Sreenivas
Company Secretary