



भारत इलेक्ट्रॉनिक्स लिमिटेड BHARAT ELECTRONICS LIMITED

(भारत सरकार का उद्यम)

(A Government of India Enterprise)

पंजीकृत व कारपोरेट कार्यालय - आउटर रिंग रोड, नागवारा, बेंगलूर - 560 045
Registered & Corporate Office: Outer Ring Road, Nagavara, Bangalore - 560 045

सूचना / NOTICE

प्रति

सभी शेयरधारक

एतद्वारा सूचना दी जाती है कि भारत इलेक्ट्रॉनिक्स लिमिटेड के शेयरधारकों की उनसठवीं वार्षिक सामान्य बैठक शुक्रवार, दिनांक 20 सितंबर, 2013 को अपराह्न 2.30 बजे बीईएल राष्ट्रकवि कुवैम्पु कलाक्षेत्र (बीईएल पीयू महाविद्यालय के सामने, बीईएल अस्पताल और बीईएल कारखाने के पास), जालहल्ली, बेंगलूर - 560 013 में निम्नलिखित कारोबार संचालित करने हेतु आयोजित की जाएगी:-

सामान्य कारोबार

- 31 मार्च 2013 को समाप्त वर्ष हेतु लाभ व हानि का विवरण 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 ।
- 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 एस के शर्मा, जो चक्रानुक्रम से निवृत्त हो रहे हैं और पात्र होने के कारण स्वयं को पुनः नियुक्ति के लिए प्रस्तुत करते हैं, के स्थान पर एक निदेशक नियुक्त करने हेतु ।

विशेष कारोबार

सामान्य संकल्प

- निम्नलिखित संकल्प पर विचार करने और यदि उपयुक्त समझा जाए तो उसे संशोधनों के साथ या उनके बिना सामान्य संकल्प के रूप में पारित करने हेतु -
"संकल्प किया गया कि श्री पी के मिश्रा, जिन्हें 25 जनवरी, 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, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव रखते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा ।"
- 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 -

TO

ALL SHAREHOLDERS

NOTICE IS HEREBY GIVEN THAT the fifty ninth Annual General Meeting of the Shareholders of Bharat Electronics Limited will be held on Friday, the 20 September 2013, at 2.30 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 2013 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
- To confirm the Interim Dividend and declare Final Dividend on Equity Shares.
- To appoint a Director in place of Mr M L Shanmukh, who retires by rotation and being eligible, offers himself for re-appointment.
- To appoint a Director in place of Mr S K Sharma, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

ORDINARY RESOLUTION

- To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:
"RESOLVED THAT Mr P K Mishra, who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 25 January 2013, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."
- To consider and if thought fit, to pass, with or without modifications, the following resolution as Ordinary Resolution:



"संकल्प किया गया कि श्री एस एम आचार्या, भा.प्र.से. (नि.), जिन्हें 08 अप्रैल, 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, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव रखते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।"

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 ले. जनरल (नि.) विनोद कुमार मेहता, जिन्हें 08 अप्रैल, 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, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव रखते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।"

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

"संकल्प किया गया कि श्री विक्रम श्रीवास्तव, भापुसे (नि), जिन्हें 08 अप्रैल 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, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव रखते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।"

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

"संकल्प किया गया कि श्री पी सी जैन, जिन्हें 26 जुलाई 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, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव रखते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा।"

मंडल के आदेशानुसार
कृते **भारत इलेक्ट्रॉनिक्स लिमिटेड**

बेंगलूर
08 अगस्त 2013

सी आर प्रकाश
कंपनी सचिव

"RESOLVED THAT Mr S M Acharya, IAS (Retd) who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 08 April 2013, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

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

"RESOLVED THAT Lt Gen (Retd) Vinod Kumar Mehta, who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 08 April 2013, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

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

"RESOLVED THAT Mr Vikram Srivastava, IPS (Retd), who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 08 April 2013, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

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

"RESOLVED THAT Mr P C Jain who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 26 July 2013, to hold office upto the date of this Annual General Meeting and for the appointment of whom the Company has received a notice under Section 257 of the Companies Act, 1956 from a member proposing his candidacy for the office of Director, be and is hereby appointed as a Director of the Company whose period of office shall be liable to determination by retirement by rotation."

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

Bangalore
08 August 2013

C R Prakash
Company Secretary



टिप्पणी

1. यथा उपरोक्त विशिष्ट कारोबार के संबंध में कंपनी अधिनियम, 1956 (अधिनियम) की धारा 173(2) के तारतम्य में संबंधित व्याख्यात्मक विवरण यहाँ संलग्न है और इस सूचना का भाग है।
2. वार्षिक सामान्य बैठक ("बैठक") में सम्मिलित होने और मतदान करने के हकदार सदस्य उनकी ओर से सम्मिलित होने और मतदान करने के लिए परोक्षी नियुक्त करने के हकदार हैं और परोक्षी को कंपनी का सदस्य होना आवश्यक नहीं है। बहरहाल, परोक्षी को नियुक्त करने के विलेख को बैठक के प्रारंभ होने से पहले, किंतु 48 घण्टों से पहले नहीं, विधिवत् पूर्ण रूप से कंपनी के पंजीकृत कार्यालय में प्रस्तुत किया जाना चाहिए।
3. बैठक में सम्मिलित होने वाले प्राधिकृत प्रतिनिधि को भेजने का आशय रखने वाले 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 भेजे।
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 पतों पर इलेक्ट्रॉनिक माध्यम के जरिए वार्षिक सामान्य बैठक की सूचना और अन्य दस्तावेज भेजेगी। अतः वार्षिक सामान्य बैठक की यह सूचना तथा वार्षिक प्रतिवेदन सहित अन्य दस्तावेजों को ईमेल द्वारा इलेक्ट्रॉनिक माध्यम से ऐसे शेयरधारकों को भेजा जा रहा है जिन्होंने अपने डिमैट खातों में ईमेल का पता दिया है।

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

यदि आप ऊपर उल्लिखित दस्तावेज भौतिक रूप में प्राप्त करना चाहते हैं तो कृपया कंपनी के पंजीयक, मे. इंटीग्रेटेड इंटरप्राइजेस (इंडिया) लि. को अपने डिमैट खाते के ब्यौरे विधिवत् देते हुए यथाशीघ्र सूचित करें। वैकल्पिक रूप से, अपने डिमैट खाते के ब्यौरे को विधिवत् उद्धृत करते हुए अपने अनुरोध को ईमेल आईडी **bel@iepindia.com** पर ईमेल द्वारा भेज सकते हैं।

एमसीए द्वारा उसके उपरोक्त परिपत्रों में यथा निर्देशित, कंपनी इन दस्तावेजों को शेयरधारकों के अवलोकनार्थ एवं उनके द्वारा डाउनलोड करने के लिए कंपनी की वेबसाइट 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।

NOTE

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

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

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

If you wish to receive the above mentioned documents in physical form, please give the intimation to the Company's Registrars, M/s Integrated Enterprises (India) Ltd. at the earliest, duly quoting your Demat A/c details. Alternatively, the request, duly quoting your Demat A/c details, may be sent by email at email ID : **bel@iepindia.com**

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.



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

5. साम्या शेयरों पर लाभांश, यदि बैठक में घोषित किया जाए, के लिए पात्र सदस्यों के नामों को निर्धारित करने के लिए कंपनी के सदस्यों की पंजी और शेयर अंतरण बही को दिनांक 11/09/2013 से 20/09/2013 तक (दोनों दिनों सहित) बंद रखा जाएगा ।
6. वर्ष 2012-13 हेतु अंतिम लाभांश, यदि बैठक में घोषित हो, घोषणा की तिथि से 30 दिनों के भीतर उन सदस्यों को प्रदेय होगा जिनके नाम यथा 10 सितंबर 2013 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 10 सितंबर 2013 को कारोबारी घण्टों की समाप्ति पर इस प्रयोजन हेतु निक्षेपकर्ताओं (एन एस डी एल तथा सी डी एस एल) द्वारा दिए गए हिताधिकारी स्वामित्व ब्यौरे के आधार पर किया जाएगा । इलेक्ट्रॉनिक रूप में शेयर धारित करने वाले सदस्य नोट करें कि उनके संबंधित निक्षेपागार खातों के समक्ष दर्ज बैंक विवरणों का प्रयोग कंपनी द्वारा लाभांश के भुगतान हेतु किया जाएगा । कंपनी या इसके पंजीयक बैंक संबंधी विवरणों या बैंक आज्ञा में किसी परिवर्तन के लिए इलेक्ट्रॉनिक रूप में शेयर धारित करने वाले सदस्यों से सीधे प्राप्त किसी अनुरोध पर कार्रवाई नहीं कर सकते हैं । ऐसे परिवर्तनों को सदस्यों के निक्षेपागार सहभागी को ही सूचित किया जाना है । जिन सदस्यों ने निक्षेपागार खाता खोलने के बाद अपना बैंक खाता परिवर्तित किया है और निक्षेपागार खाता खोलते समय विनिर्दिष्ट खाते के अलावा खाते में लाभांश प्राप्त करना चाहते हैं, ऐसे सदस्यों से अनुरोध है कि वे 06 सितंबर 2013 से पहले अपने निक्षेपागार सहभागी से अपने बैंक खाते के ब्यौरे (नौ अंकों के बैंक कूट सहित) में परिवर्तन / सुधार कर लें ।

7. अधिनियम की धारा 205A(5) के तहत कंपनियों को अदत्त लाभांश खाते में कंपनियों द्वारा अंतरित ऐसी राशि जो सात वर्षों की अवधि हेतु दावा न की गई / अदत्त रहती है, को अधिनियम की धारा 205सी के तहत सरकार द्वारा स्थापित निवेशक शिक्षा व संरक्षा कोष (कोष) में अंतरित करना आवश्यक है । इस अधिनियम की धारा 205 सी के अनुसार, कोष को इस प्रकार अंतरित अलग-अलग राशियों के संबंध में कोष या कंपनी के समक्ष कोई दावे नहीं होने चाहिए तथा ऐसे किसी भी दावे के संबंध में कोई भुगतान नहीं किया जाएगा । वर्ष 2012-13 के दौरान, कंपनी ने अदत्त लाभांश खाते से ₹ 79,702 की राशि को कोष में अंतरित किया है (2004-05 के अंतिम लाभांश का ₹ 52,766 और वर्ष 2005-06 के अंतरिम लाभांश का ₹ 26,936)। वर्ष 2005-06 के लिए दावा न किए गए / अदत्त लाभांश और वर्ष 2005-07 के लिए अंतरिम लाभांश वर्ष 2013-14 में निधि में अंतरित करने हेतु नियत है । इसे कार्यावित करने और राशि प्राप्त करने के लिए संबंधित शेयरधारकों को सूचनाएँ भेज दी गई हैं । कंपनी ने अपनी वेबसाइट www.bel-india.com में "निवेशकों के लिए सूचना" नामक एक पृथक पृष्ठ में 2005-06 से लेकर अब तक के लाभांश भुगतान के ब्यौरे तथा अदत्त लाभांश का दावा करने की मार्गदर्शी सूचना

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

5. The Company's Register of Members and Share Transfer Books will be closed from 11/09/2013 to 20/09/2013 (both days inclusive) for determining the names of members eligible for dividend on Equity shares, if declared at the Meeting.
6. The Final Dividend for the year 2012-13, 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 10 September 2013.

Company will be making the dividend payment by ECS (Electronic Clearing Services), wherever possible and by dividend warrant / Bank demand drafts in other cases. In respect of shares held in electronic form, the dividend will be paid on the basis of beneficial ownership details furnished by the Depositories (NSDL & CDSL), as at the close of business hours on 10 September, 2013, for this purpose. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandate. Such changes are to be advised only to the Depository Participant of the Members. Members who have changed their bank account after opening the Depository Account and want to receive dividend in an account other than the one specified while opening the Depository Account, are requested to change/correct their bank account details (including the nine digit Bank code) with their Depository Participant, before 06 September, 2013.

7. Under Section 205A(5) of the Act, companies are required to transfer to the Investor Education and Protection Fund (the Fund) established by the Government under Section 205C of the Act the money transferred by the companies to the Unpaid Dividend Account and which remain unclaimed/unpaid for a period of seven years. As per Section 205C of the Act no claims shall lay against the Fund or the Company in respect of individual amounts thus transferred to the Fund and no payment shall be made in respect of any such claims. During the year 2012-13, the Company transferred to the Fund an amount of ₹ 79,702 from the Unpaid Dividend Account (₹ 52,766 of final dividend 2004-05, and ₹ 26,936 of interim dividend 2005-06). The unclaimed/unpaid final dividend for the year 2005-06 and interim dividend for the year 2006-07 are due for transfer to the Fund in 2013-14. 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 2005-06 onwards and



- लागाई है। शेयरधारकों से निवेदन है कि वे अदत्त / दावा न किए गए लाभांश का दावा करने के लिए इसमें दिए गए फार्म का प्रयोग करें।
8. कंपनी के लेखों के संबंध में कोई भी सूचना प्राप्त करने के इच्छुक सदस्यों से अनुरोध है कि वे अपने प्रश्न, लिखित में, कंपनी के पंजीकृत कार्यालय में ऐसे भेजे कि वे बैठक से कम से कम 7 दिनों पहले पहुँच जाएँ ताकि बैठक में अपेक्षित सूचना उपलब्ध हो सके।
 9. सदस्यों से अनुरोध है कि वे वार्षिक प्रतिवेदन और सूचना की अपनी प्रतियाँ बैठक में साथ लेकर लाएँ।
 10. बैठक में सम्मिलित हो रहे सदस्यों / परोक्षियों से अनुरोध है कि वे संलग्न उपस्थिति पर्ची भरकर उसे बैठक के प्रवेश स्थल पर सुपुर्द करें।
 11. बैठक में भाग लेने वाले संयुक्त धारकों के मामले में, केवल ऐसे संयुक्त धारक, जिनका नाम क्रम में ऊपर होगा, मतदान करने के हकदार होंगे।
 12. शेयरों को भौतिक रूप में धारित करने वाले सदस्यों से अनुरोध है कि वे अपने पते में हुए किसी भी परिवर्तन के बारे में कंपनी के पंजीयक व अंतरण एजेंट मेसर्स इंटीग्रेटेड इंटरप्राइजेस (इंडिया) लि., 30, रमणा रेसिडेंसी, भूतल, 4था क्रॉस, सम्मिंगे रोड, मल्लेश्वरम, बेंगलूर - 560003, 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।
 13. जो शेयरधारक अब तक शेयरों को भौतिक रूप में धारित करते हैं उन्हें यह परामर्श दिया जाता है कि वे शेयर प्रमाण-पत्रों के खो जाने / गलत स्थान पर रखे जाने / चोरी / जालसाजी से पैदा होने वाली परेशानियों से बचने के लिए अपने हित में शेयरों को डीमैट करा लें। कंपनी ने शेयरधारकों को बी ई एल के शेयरों को डीमैट कराने हेतु दोनों निक्षेपागारों अर्थात् एन एस डी एल और सी डी एस एल के साथ करार किए हैं। सदस्य इस संबंध में कृपया पंजीयक व अंतरण एजेंट, मेसर्स इंटीग्रेटेड इंटरप्राइजेस (इंडिया) लि. से संपर्क करें।
- guidance information for claiming unpaid dividend. Members are requested to make use of the claim form provided therein to claim unpaid/unclaimed dividend.
8. Members desirous of getting any information in respect of Accounts of the Company are requested to send their queries, in writing, to the Company at the Registered Office so as to reach at least 7 days before the meeting so that the required information can be made available at the meeting.
 9. Members are requested to bring their copies of the Annual Report and the Notice to the meeting.
 10. Members/Proxies attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting venue.
 11. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 12. Members holding shares in physical form are requested to notify to the company's Registrars and Transfer Agent, M/s Integrated Enterprises (India) Ltd., 30, Ramana Residency, Ground Floor, 4th Cross, Sampige Road, Malleswaram, Bangalore – 560003, Tel. 080-23460815-18, Fax. 080-23460819 immediately any change in their address, by sending a written communication. Members who are holding shares in demat form are requested to contact the respective Depository Participants with whom they have opened the Demat Account and get the change of address recorded.
 13. Members still holding shares in physical form are advised to dematerialise the shares in their own interest to avoid difficulties arising from loss/misplacement/theft/forgery of share certificates. Company has entered into agreements with both the depositories, viz. NSDL and CDSL to enable the shareholders to dematerialise BEL shares. In this connection, Members may please contact the Registrar and Transfer Agent, M/s Integrated Enterprises (India) Ltd.

सूचना का संलग्नक

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

मद सं. 5 - 9 के संबंध में

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

सरकार ने दिनांक 01 जनवरी 2013 को श्री पी के मिश्रा, संयुक्त सचिव, (ई एस), रक्षा मंत्रालय, रक्षा उत्पादन विभाग को कंपनी के निदेशक मंडल में अंशकालिक सरकारी निदेशक (सरकारी निदेशक) नियुक्त किया है।

ANNEXURE TO THE NOTICE

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

In respect of item No. 5 - 9

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

Government on 01 January 2013 appointed Mr P K Mishra, Joint Secretary (ES), Ministry of Defence, Department of Defence Production as part-time Official Director (Government Director) on the Board of Directors of the Company.



सरकार ने दिनांक 26 मार्च 2013 को निम्नलिखित तीन अंश-कालिक गैर सरकारी निदेशकों को तीन वर्षों की अवधि के लिए कंपनी के निदेशक मंडल में नियुक्त किया है -

1. श्री एस एम आचार्या, भा प्र से (नि), भारत सरकार के पूर्व सचिव
2. ले जन (नि) विनोद कुमार मेहता, पूर्व-महानिदेशक, गुणता आश्वासन, रक्षा मंत्रालय
3. श्री विक्रम श्रीवास्तव, भा पु से (नि), पूर्व महानिदेशक, सीआरपीएफ एवं आईटीबीपी

सरकार ने 10 जुलाई 2013 को श्री पी सी जैन को 01 सितंबर 2013 को या उसके बाद, उनके पद ग्रहण करने की तारीख से पाँच वर्षों की अवधि के लिए निदेशक (विपणन) नियुक्त किया है।

कंपनी अधिनियम 1956 की धारा 260 तथा कंपनी की अंतर्नियमावली के अनुच्छेद 71सी के तारतम्य में निदेशक मंडल ने दिनांक 25-01-2013, 08-04-2013 और 26-07-2013 को हुई बैठक में उपर्युक्त पाँच व्यक्तियों को अगली वार्षिक सामान्य बैठक की तिथि तक पदधारित करने के लिए अतिरिक्त निदेशकों के रूप में नियुक्त किया है।

तत्पश्चात, कंपनी ने अधिनियम की धारा 257 के तहत कंपनी के निदेशकों के रूप में नियुक्त करने का प्रस्ताव करने के आशय को स्पष्ट करते हुए उपर्युक्त पाँच व्यक्तियों से लिखित में पाँच सूचनाएँ प्राप्त की हैं और ऐसी प्रत्येक सूचना के साथ ₹ 500/- की राशि प्राप्त की है।

स्टाक एक्सचेंजों के सूचीकरण करार के अनुसार शेरधारकों को अप्रेशित किए जाने हेतु आवश्यक, उपरोक्त नए निदेशकों के संक्षिप्त जीवन-वृत्त संलग्न है। आपके निदेशक महसूस करते हैं कि नए निदेशकों के ज्ञान तथा समृद्ध अनुभव से कंपनी को अत्यधिक लाभ होगा और तदनुसार सूचना की मद सं. 5-9 में प्रस्तावित संकल्प पारित करने की संस्तुति करते हैं।

ऊपर उल्लिखित नाम के पाँच नए निदेशकों को छोड़कर कोई भी निदेशक मद सं. 5-9 में दिए गए संकल्प में किसी भी प्रकार से संबद्ध या इच्छुक नहीं है।

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

पुनःनियुक्त किए जाने हेतु प्रस्तावित निदेशकगण

श्री एम एल षणमुख 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 षणमुख रेल मंत्रालय के अधीन ब्लूचिप पीएसयू भारतीय कंटेनर निगम लि. 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 दीर्घ अनुभव है। श्री एम एल षणमुख बीईएल की सहायक कंपनी, बीईएल ऑप्ट्रॉनिक डिवाइसेस लि. (बेलाप) के मंडल में बीईएल के नामित निदेशक हैं। वे बेलाप 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।

Government on 26 March 2013 appointed the following three part-time Non-Official Directors on the Board of Directors of the Company for a period of three years:

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

Government on 10 July 2013 appointed Mr P C Jain to the post of Director (Marketing) for a period of five years from the date of his assumption of the charge of the post on or after 01 Sep 2013.

Pursuant to Section 260 of the Companies Act, 1956 and Article 71C of the Articles of Association of the Company, the Board of Directors at Board meetings held on 25-01-2013, 08-04-2013 and 26-07-2013 appointed above five persons as Additional Directors to hold office upto the date of the next Annual General Meeting.

Subsequently, the Company has received five notices in writing under Section 257 of the Act from members signifying their intention to propose the appointment of above five persons as Directors of the company and a deposit of ₹ 500/- 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, 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. 5-9 of the Notice.

No Director other than the above named five new Directors is in any way concerned or interested in the resolutions set out at item No. 5-9.

BRIEF RESUME OF DIRECTORS PROPOSED TO BE REAPPOINTED/APPOINTED

DIRECTORS PROPOSED TO BE REAPPOINTED

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 Optronics 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.



श्री एस के शर्मा ने यूनिवर्सिटी कालेज ऑफ इंजीनियरिंग, बेंगलूर से स्नातक करने के बाद, 1978 में बीईएल में कार्यग्रहण किया। सेवा में रहते हुए व्यवसाय प्रशासन में स्नातकोत्तर पूरा किया। श्री शर्मा को बहु-क्षेत्रों में व्यापक अनुभव है जिनमें इलेक्ट्रॉनिक युद्धपद्धति, वैमानिकी, नेटवर्क केन्द्रित प्रणालियाँ, रेडार एवं घटक शामिल हैं और उन्होंने बीईएल के बेंगलूर, गाजियाबाद और हैदराबाद यूनिटों में विभिन्न पदों पर अपनी सेवा प्रदान की है। डीआरडीओ के सहयोग से नए वायुवाहित रेडार चेतावनी रिसीवर एवं वैमानिकी प्रस्तुत करने का श्रेय उन्हें प्राप्त है। निदेशक (बेंगलूर कामप्लेक्स) के रूप में पदोन्नत होने से पहले श्री शर्मा महाप्रबंधक (नेटवर्क केन्द्रित प्रणालियाँ) तथा बीईएल की गाजियाबाद यूनिट के प्रमुख थे। उनके नेतृत्व में, बीईएल-गाजियाबाद ने अनुसंधान एवं विकास तथा उत्पादन के लिए विभिन्न विस्तारण एवं आधुनिकीकरण परियोजनाओं की पहल करने के अलावा, रेडार, कमान एवं नियंत्रण प्रणालियों के क्षेत्रों में उल्लेखनीय कारोबारी प्रगति हासिल की थी। श्री एस के शर्मा बीईएल की संयुक्त उद्यम कंपनियाँ जीई बीई प्रा. लि. तथा बीईएल मल्टीटोन प्रा. लि. के मंडलों में बीईएल के नामिती निदेशक हैं। वे बीईएल में कोई शेयर धारित नहीं करते।

नियुक्त किए जाने हेतु प्रस्तावित निदेशक

श्री पी के मिश्रा भारतीय लेखा परीक्षा एवं लेखा सेवा के 1984 बैच के अधिकारी हैं। श्री मिश्रा का प्रशासनिक अनुभव समृद्ध है और उन्होंने राज्य सरकारों के साथ-साथ केन्द्रीय सरकार में विभिन्न ओहदों में कार्य किया है। श्री मिश्रा द्वारा धारित महत्वपूर्ण पद इस प्रकार हैं - वे ओडिशा सरकार में ऊर्जा विभाग में विशेष सचिव के रूप में तैनात थे और शक्ति क्षेत्र के सुधारों के साथ गहनता से जुड़े रहे। ओडिशा शक्ति क्षेत्र में स्वतंत्र रेग्युलेटर स्थापित करने वाला पहला राज्य था और श्री मिश्रा ऐसी संरचना सृजित करने वाली विधि का मसौदा तैयार करने में शामिल थे। उन्होंने ओडिशा सरकार में वित्त विभाग में सचिव के रूप में भी कार्य किया जहाँ वे सरकारी उद्यम सुधार कार्यों से जुड़े रहे और राज्य के पीएसयू के विनिवेश कार्यक्रम का नेतृत्व किया। वे विक्रय कर के स्थानापन के रूप में वैट के प्रारंभ किए जाने से भी जुड़े थे। श्री मिश्रा ने यूपएन के लेखा परीक्षकों के बोर्ड की ओर से मेसेडोनिया में यूपएनएचसीआर ऑपरेशन के साथ-साथ संयुक्त राष्ट्र के मुख्यालय की लेखा परीक्षा का नेतृत्व किया। उन्होंने महालेखाकार, दिल्ली के साथ-साथ महालेखाकार, ओडिशा के रूप में कार्य किया। वे सी एंड एजी के कार्यालय में प्रधान निदेशक के रूप में तैनात थे और केन्द्रीय सरकारी क्षेत्र उपक्रमों के लेखों के प्रमाणन और उनकी लेखा परीक्षा के प्रभारी थे। श्री पी के मिश्रा बीईएमएल लि. के मंडल में सदस्य हैं। वे बीईएल में लेखा परीक्षा समिति के सदस्य हैं। वे बीईएल में कोई शेयर धारित नहीं करते।

श्री एस एम आचार्या, जो कर्नाटक काडर के सेवानिवृत्त भा.प्र.से. अधिकारी हैं, अर्थशास्त्र में स्नातकोत्तर हैं। वे वर्ष 2009 में रक्षा मंत्रालय में भारत सरकार के सचिव के रूप में सेवानिवृत्त हुए। उन्होंने विशेष सचिव, नगरी विकास मंत्रालय; अपर सचिव, नगरी विकास मंत्रालय तथा कर्नाटक सरकार के प्रधान सचिव जैसे महत्वपूर्ण पद धारित किए। वर्ष 1974 में सेवा में आने के बाद, उन्होंने कर्नाटक में विभिन्न पदों में सेवा प्रदान करते हुए कर्नाटक में 20 वर्ष और शिक्षा, वाणिज्य, नगरी विकास और रक्षा मंत्रालयों में नई दिल्ली में 15 वर्ष रहे। राज्य सरकार में उन्होंने विनियामक, विकासीय, कार्पोरेट और सृजनात्मक पदों में अपनी सेवाएँ दीं। श्री एस एम आचार्या किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारित नहीं करते।

Mr S K Sharma joined BEL in 1978 after graduating from the University College of Engineering, Bangalore. He completed his Masters in Business Administration while in service. Mr Sharma has wide experience in multiple disciplines covering Electronic Warfare, Avionics, Network Centric Systems, Radars and Components, having served in various capacities at BEL's Bangalore, Ghaziabad and Hyderabad Units. Mr Sharma is responsible for bringing out new Airborne Radar Warning Receivers and Avionics in collaboration with DRDO. Mr Sharma was General Manager (Network Centric Systems) and head of BEL's Ghaziabad Unit before his elevation as Director (Bangalore Complex). Under his stewardship, BEL-Ghaziabad achieved significant business growth in the area of Radars, Command and Control Systems apart from initiating various expansion and modernization projects for R&D and production. Mr S K Sharma is a BEL nominee Director on the Boards of BEL Joint Venture Companies GE BE Pvt Ltd and BEL Multitone Pvt Ltd. He does not hold any shares in BEL.

DIRECTORS PROPOSED TO BE APPOINTED

Mr P K Mishra belongs to the 1984 batch of the Indian Audit and Accounts Service. Mr Mishra has rich administrative experience and has worked in various capacities in the Central as well as State Governments. Important assignments held by Mr Mishra are: He was posted as Special Secretary in the Department of Energy in the Government of Orissa and was intimately associated with the power sector reforms. Orissa was the first State to set up an independent Regulator in the Power Sector and Mr Mishra was involved in the drafting of the law which created such a structure. He also worked as a Secretary in the Finance department in the Government of Orissa where he was associated with public enterprise reform and led the disinvestment programme of State PSUs. He was also associated with the introduction of VAT as a replacement of Sales Tax. Mr Mishra led the Audit of the United Nations Headquarters Office as well as the UNHCR operation in Macedonia on behalf of the UN Board of Auditors. He worked as Accountant General, Orissa as well as Accountant General, Delhi. He was posted as Principal Director in the Office of the C&AG and was in charge of Certification of Accounts and the Audit of Central Public Sector Undertakings. Mr P K Mishra is a member of the Board of BEML Ltd. He is a member of the Audit Committee in BEL. He does not hold any shares in BEL.

Mr S M Acharya, who is a retired IAS officer of the Karnataka cadre, holds a Masters Degree in Economics. He retired as Secretary to the Government of India in the Ministry of Defence in 2009. He has held important positions such as Special Secretary, Ministry of Urban Development; Additional Secretary, Ministry of Urban Development; and Principal Secretary to the Government of Karnataka. Having joined the service in 1974, he spent 20 years in Karnataka, serving the state in various capacities and 15 years in New Delhi, in the Ministries of Education, Commerce, Urban Development and Defence. In the State Government he has served in regulatory, developmental, corporate and creative capacities. Mr S M Acharya is not on the Board of any other company. He does not hold any shares in BEL.



ले जन (नि) वी के मेहता, बी.एससी अभियांत्रिकी (इलेक्ट्रॉनिक्स) और एमई (मेक./शस्त्र) हैं। उन्होंने विभिन्न पदों पर तीन संगठनों, नामतः थलसेना, डीआरडीओ और डीजीक्यूए में सेवाएँ प्रदान की और उन्हें थलसेना द्वारा प्रयुक्त इलेक्ट्रॉनिक्स एवं संचार उपस्कर पर कार्य करने का 18 वर्षों का व्यावहारिक अनुभव है। उन्होंने एआरडीई, पुणे के इलेक्ट्रॉनिक्स प्यूज प्रभाग में परियोजना लीडर के रूप में कार्य किया। वर्ष 1992 से उन्होंने डीजीक्यूए में विभिन्न पदों पर कार्य किया - निदेशक (इलेक्ट्रॉनिक्स), नियंत्रक (इलेक्ट्रॉनिक्स युद्धपद्धति), कमांडेंट, केन्द्रीय साक्ष्य संस्थापना, अपर महानिदेशक- गुणता आश्वासन (आर्मामेंट) तथा अपर महानिदेशक-गुणता आश्वासन (इलेक्ट्रॉनिक्स)। जनवरी, 2011 से लेकर जनवरी, 2012 में अपनी सेवानिवृत्ति तक, उन्होंने महानिदेशक (गुणता आश्वासन) का पद धारित किया। ले जन (नि) वी के मेहता किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारित नहीं करते।

श्री विक्रम श्रीवास्तव, भा.पु.से. (नि.) आधुनिक इतिहास में स्नातकोत्तर डिग्री धारक हैं। उन्होंने भारत सरकार में 22 वर्षों तक भा.पु.से. के अधिकारी के रूप में और उ.प्र. के अपने मूल काउंटी में 16 वर्षों तक कार्य किया। उनके पेशेवर विशेषज्ञता के मुख्य क्षेत्रों में शामिल हैं- मानव संसाधन विकास एवं प्रशिक्षण, उड्डयन सुरक्षा, अत्यावश्यक संस्थापना सुरक्षा, वीआईपी सुरक्षा, प्रशासन एवं कार्मिक प्रबंधन, वित्तीय योजना / बजट संरचनाएँ एवं व्यय नियंत्रण, अनुसंधान एवं विकास, अवसंरचना विकास तथा नए संस्थानों का गठन। उन्होंने महानिदेशक-सीआरपीएफ तथा महानिदेशक-आईटीबीपी सहित अनेक वरिष्ठ पदों पर कार्य किया है। वे महानिदेशक, पुलिस अनुसंधान एवं विकास ब्यूरो के रूप में सरकारी सेवा से निवृत्त हुए। श्री विक्रम श्रीवास्तव किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारित नहीं करते।

श्री पी सी जैन बी.टेक. (मेकेनिकल) और एम.टेक (माइक्रोवेव) हैं। उन्हें रेडार, संचार उपस्कर और माइक्रोवेव एंटेना के अभिकल्प, विकास, उत्पादन और गुणता आश्वासन के क्षेत्र में अनेक वर्षों का अनुभव है। माइक्रोवेव घटक ग्रुप के प्रमुख के रूप में, वे बीईएल रेडारों और संचार उपस्करों के लिए आवश्यक माइक्रोवेव घटकों के कारोबारी अधिग्रहण, अभिकल्प, विकास और उत्पादन के लिए उत्तरदायी थे। बीईएल में सैन्य रेडार एसबीयू प्रमुख के रूप में, सुदृढ़ एवं निर्वहनीय आदेश बही सुनिश्चित करते हुए, दीर्घकालीन कारोबारी संभाव्यता के साथ उत्पाद विकास पहलों पर ध्यान-केन्द्रित करने की ओर अनु.व वि. टीम के प्रयासों को निर्देशित करते हुए, ग्राहकों को गुणतायुक्त उत्पादों की समय पर सुपुर्दगी सुनिश्चित करते हुए, अवसंरचना एवं निर्माणी सुविधाओं के रूप में संसाधनों को बढ़ाते हुए और प्रचालनीय एवं वित्तीय लक्ष्यों को हासिल करते हुए, वे एसबीयू के विकास के लिए मार्ग-नक्शा तैयार करने के लिए उत्तरदायी थे। श्री पी सी जैन किसी अन्य कंपनी के मंडल में नहीं हैं। वे बीईएल में कोई शेयर धारित नहीं करते।

Lt Gen (Retd) V K Mehta, is a B.Sc Engineering (Elect) and ME (Mech/Weapons). He has served three organisations, i.e. Army, DRDO and DGQA, in various capacities and has 18 years of practical experience working on Electronics and Communication equipment used by the Army. He has worked as Project Leader in the Electronics Fuze Division of ARDE, Pune. Since 1992, he has worked in DGQA in various capacities: Director (Electronics), Controller (Electronics Warfare), Commandant, Central Proof Establishment, Additional Director General Quality Assurance (Armament) and Additional Director General Quality Assurance (Electronics). Since January 2011 till his retirement in January 2012, he held the post of Director General (Quality Assurance). Lt Gen (Retd) V K Mehta is not on the Board of any other company. He does not hold any shares in BEL.

Mr Vikram Srivastava, IPS (Retd), holds a Masters Degree in Modern History. He has served as an IPS officer in the Government of India for 22 years and 16 years in his parent cadre of UP. His key areas of professional expertise include Human Resources Development and Training, Aviation Security, Vital Installation Security, VIP Security, Administration and Personnel Management, Financial Planning/Budget formulations and Expenditure Control, Research & Development, Infrastructure Development and creation of new institutions. He has held many senior posts including that of Director General, CRPF, and Director General, ITBP. He retired from Government Service as Director General, Bureau of Police Research & Development. Mr Vikram Srivastava is not on the Board of any other company. He does not hold any shares in BEL.

Mr P C Jain is B.Tech (Mechanical) and M.Tech (Microwave). He has several years of experience in the field of design, development, production and quality assurance of radars, communication equipment and microwave antennas. As head of the Microwave Components group, he was responsible for business acquisition, design, development and production of microwave components required for radars and communication equipment in BEL. As head of Military Radars SBU in BEL, he was responsible for preparing a road map for growth of the SBU, ensuring healthy and sustained order book, directing the effort of R&D team towards focusing on product development initiatives with long term business potential, ensuring timely deliveries of quality products to customers, augmenting resources in the form of infrastructure and manufacturing facilities and achieving operational and financial targets. Mr P C Jain is not on the Board of any other company. He does not hold any shares in BEL.

वार्षिक सामान्य बैठक के स्थल के लिए

बीएमटीसी बस संबंधी विवरण

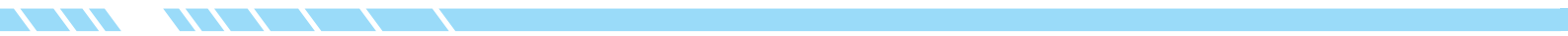
मैजेस्टिक से	-	271 सीरीज़, 273 सीरीज़ और 274
शिवाजीनगर से	-	270 और 272
मार्केट से	-	275 सीरीज़ (स्टेट बैंक स्टॉप पर उतरें)
मैजेस्टिक से	-	276 (बीईएल अस्पताल स्टॉप पर उतरें)

BMTC BUS TO AGM VENUE

From	
Majestic	- 271 series, 273 series & 274
Shivajinagar	- 270 & 272
Market	- 275 series (Alight at State Bank Stop)
From	
Majestic	- 276 (Alight at BEL Hospital Stop)

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Chairman's Letter



Dear Shareholders

It is a matter of pleasure to share with you that your company has crossed the landmark of ₹ 600,000 lakhs of turnover this year and stands with an order book position of almost ₹ 2,500,000 lakhs at the beginning of the next year. Our focus on timely execution and cost reduction has given us good results for the recently concluded financial year. Your company 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 ₹ 601,218 lakhs during 2012-13 as against ₹ 570,363 lakhs in 2011-12, registering a growth of 5.4%. The export turnover during the year 2012-13 was US \$ 32.78 Million as against the previous year export of US \$ 38.45 Million. The major equipments exported this year are Coastal Surveillance System, Radar Warning Receiver, Radar Finger Printing System, Fitted up and bare shelters, Electronic Voting Machines etc.

The Profit after Tax for 2012-13 was ₹ 88,983 lakhs as against ₹ 82,989 lakhs last year, an increase of 7.22% over previous year. The Net worth of the company has increased to ₹ 630,369 lakhs from ₹ 562,221 lakhs in year 2012-13. The order book of the company stands at a healthy ₹ 2,494,900 lakhs as on 1st April 2013. R&D has been the main focus area of your company for increasing indigenization and value addition in our Products/Systems. The total expenditure on R&D as a percentage of turnover during the year was 8.5% which is the second highest among the defence PSUs. Defence being the mainstay of the

company, contributes 85% of sales revenue, with the balance 15% coming from the civilian sector.

It is the thrust for indigenous developments that led us to achieve 78% of our turnover from indigenous products. Only 22% of our revenues came from products manufactured by ToT from foreign OEMs.

Some of the major products/systems introduced during 2012-13 are the National Command Control Communication and Intelligence Network (NC³I), Mobile Cellular Communication System, Passive night vision devices with XD4 technology, ESM System for small ship, Point to Multi-point Radio and Mast for LORROS. I have the privilege to inform you that during this year also, your company has filed applications for 12 Patents in the areas of Image processing, Data analytics, Radar signal processing, Optical sights, UHF frequency generator, Rugged laptop motherboard and Laser resonators to name a few.

Some of the highlights are:

- Successful test firing of Akash Missile System.
- Coastal surveillance systems of 4 clusters inaugurated at Andhra Pradesh, Gujarat, Kerala and Maharashtra.
- FIPB approval for formation of a JV company with Thales, France for developing Radars for select Defence and civilian applications
- On-board Acceptance test successfully completed for Combat Management System for ships.
- Major progress in Socio Economic Caste Census and creation of National Population Register.
- E-procurement implementation during the year.

Several awards and recognitions have been conferred on your company this year. The most notable being:

- Seven Raksha Mantri's Awards (2010-11) for "Excellence in Performance" in the 'Institutional Category', 'Best Performance in Export', 'Best Performing Division of DPSUs', 'Import Substitution' (2 Awards), 'Design Effort', and 'Innovation'.
- HR Leadership Award at the India Human Capital Awards Summit.
- CSR Corporate Governance Award for 2012 from the Institute of Public Enterprises.
- Dun & Bradstreet-Rolta Corporate Award 2011 for the top Indian company in the Electrical & Electronic Equipment sector.

Future outlook

The amendment proposals to DPP-2011 have been approved to enhance indigenization and to reduce processing time for procurement of products/systems by defence forces. This will gradually help to expedite the sourcing of products and services from Indian companies and will facilitate BEL to increase its business by supplying indigenous products to Defence forces.

The Joint Venture guidelines for Defence Public Sector Undertakings opens up opportunities for Indian & foreign companies to jointly develop products with DPSUs in India within the framework of guidelines. Your company has entered into a JVC proposal with Thales France in the area of select defence and other civilian radars. The proposal has got the nod of FIPB and is awaiting Govt. approval. It will further help in consolidation of self-reliance in defence production.

Backed by a healthy order book we are targeting a turnover of ₹ 675,000 lakhs during 2013-14. Segments like Radar, Communications, Network Centric Warfare and Weapon Systems will drive the Company's growth. Capacity enhancement and new test facilities which have been planned in areas like Radars, Weapon Systems, Antenna and RF & Microwave production facility are under progress. Sensing growth opportunity in the civil segment we are pursuing business in the field of Homeland Security, Smart Cards and Telecom. Some other major segments which we shall be focusing on are Defence Communication equipments, Weapon Systems, Missile Seekers, Navigation Systems and Electro Optics. Defence business will continue to be our main stay and provide close to 80% of our revenues while civilian business will provide the balance.

The future looks promising as well as challenging. The Defence Sector is increasingly being opened up for private sector participation and changes are being brought into the Defence purchase procedure. All this has pushed the company towards achieving 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 the future for design of 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 for development of new products and systems. The important projects planned

for this year are Akash Weapon System, Battlefield Surveillance System, Upgraded Weapon Locating Radar, Next Generation Electronic Warfare Systems, Surface Surveillance Radars, Point to Multi-point Radio Relay etc. On the exports front, your Company has obtained a high value order of US \$ 70.64 million from Myanmar. The export order book as on 1 April 2013 is US \$ 94.08 million including Offset orders of US \$ 13 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 form 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 my fellow Directors on the Board and the 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 further deeply appreciate our shareholders, esteemed customers and business associates for providing the opportunities to earn their confidence.

The dedication and commitment of our employees and officers at all levels continues to be the major strength of the company. We shall make continuous efforts to build on these strengths to face future challenges and sustain the momentum for profitable growth.

Best wishes,

Bangalore
01 August 2013

Sincerely,



Anil Kumar

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 2013)

Whole-time Directors

1. Mr Anil Kumar, Chairman and Managing Director
2. Mr M L Shanmukh, Director (Human Resources)
3. Mr H N Ramakrishna, Director (Marketing)
4. Mr Sunil Kumar Sharma, Director (Bangalore Complex)
5. Mr Amol Newaskar, Director (Other Units)
6. Dr Ajit T Kalghatgi, Director (Research & Development)

Part-time Government Directors

7. Mr P K Mishra, Joint Secretary (ES), Ministry of Defence, Department of Defence Production
8. Lt Gen S P Kochhar, Bar to AVSM, SM, VSM, ADC, Signal Officer-in-Chief and Senior Colonel Commandant, Corps of Signals, Army Headquarters

Part-time Independent Directors

9. Mr N Sitaram, former Chief Controller (R&D), DRDO
10. Prof Anurag Kumar, Professor, IISc, Bangalore
11. Prof R Venkata Rao, Vice-Chancellor, National Law School of India University, Bangalore
12. Mr S M Acharya, IAS (Retd), ex-Secretary to Government of India
13. Lt Gen (Retd) Vinod Kumar Mehta, ex-Director General Quality Assurance, Ministry of Defence
14. 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. Vice Admiral N N Kumar, AVSM, VSM, Chief of Material, Indian Navy

Principal Executives

CORPORATE OFFICE

Chief Vigilance Officer

Mr M N Krishnamurthy, IPS

Executive Director

Mrs Elaine Mathias

General Managers

Mr P C Jain

Mr Vipin Katara

Mr Ghanshyam Narain

Mr V V Balakrishnan

Mr V K Mehta

Mr V D Bevinamarad

Mr Koshy Alexander

Company Secretary

Mr C R Prakash

UNITS

General Managers

Bangalore

Mr Philip Jacob

Mr Manmohan Handa

Mr R Chandrakumar

Mr A R Krishna Murthy

Mr M M Joshi

Mr M Vijayaraghavan

Mr Sanmoy Kumar Acharya

Mr M V Gowtama

Mr K R Natarajan

Mr Suresh Katyal

Mr S Chandrasekar

Cdr (Retd) T Jagannath

Mr Nataraj Krishnappa

Chennai

Mr Vijay Gundannavar

Ghaziabad

Mr Girish Kumar

Mr R K Handa

Mr A K Sharma

Hyderabad

Mr R N Bagdalkar

Kotdwara

Mr D K Mehrotra

Machilipatnam

Mr G Raghavendra Rao

Panchkula

Mr N Suresh

Pune

Mr A R Vaidya

Navi Mumbai

Mr S S Gokhale

CRL, Bangalore

Mr V Mahesh

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

IDBI Bank

HDFC Bank

Canara Bank

Syndicate Bank

Vijaya Bank

Bank of Baroda

Andhra Bank

AUDITORS

Statutory Auditor

M/s R G N Price & Co

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	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13
Sales & Services	279859	321209	353628	395269	410254	462369	521977	552969	570363	601219
Value of Production	280783	323497	345003	401275	411137	527327	524788	552080	579358	629019
Other Income	9199	12228	11858	19781	27824	22997	37641	38933	70312	72335
Materials	147977	175823	185063	213522	206889	304106	302454	312931	366903	408493
Employee Benefits Expense	43826	44161	43693	51968	65917	75579	100958	104186	108123	111079
Depreciation/Amortization	6227	7147	7944	8459	9264	10560	11594	12204	12080	13071
Interest/Finance Cost	506	906	2564	80	25	1077	53	73	60	78
Other Expenses (including Excise Duty & prior period items)	44544	39092	32071	41780	39736	49319	42867	45504	55019	57174
Profit Before Tax	46902	68596	85526	105247	117130	109684	104502	116115	107485	111459
Provision For Tax	15292	23964	27225	33431	34456	35108	32415	29968	24495	22476
Profit After Tax	31610	44632	58301	71816	82674	74576	72087	86147	82990	88983
Dividend (Amount)	8000	8960	11680.0	14400	16560	14960	15360	17280	16640	17840
Dividend (%)	100	112	146	180	207	187	192	216	208	223
Equity Capital	8000	8000	8000	8000	8000	8000	8000	8000	8000	8000
Reserves & Surplus	115582	150008	194931	249231	313295	370368	424526	490571	554221	622369
Loan Funds	3295	1536	881	171	138	121	73	41	10	1
Gross Block	104096	112928	124031	132480	143076	157990	170217	178900	190158	207323
Cumulative Depreciation / Amortization	75298	80994	86993	93913	101727	111245	121221	130529	139142	149778
Inventory	101529	106496	103714	124635	135157	242096	244871	246032	279182	327108
Debtors / Trade Receivables	66754	69912	101769	169341	205571	227653	216836	289681	268686	333467
Working Capital	84952	110903	151777	200996	263090	313556	365629	NA	NA	NA
Working Capital (As per Revised Sch VI)	NA	NA	NA	NA	NA	NA	NA	430800	478994	544504
Capital Employed	113750	142832	188817	239563	304438	360301	414625	NA	NA	NA
Capital Employed (As per Revised Sch VI)	NA	NA	NA	NA	NA	NA	NA	479171	530010	602049
Net Worth	122908	157637	202705	257135	321295	378368	432526	498571	562221	630369
Earning Per Share (in Rupees)	39.51	55.79	72.88	89.77	103.34	93.22	90.11	107.68	103.74	111.23
Book Value Per Share (in Rupees)	153.64	197.05	253.38	321.42	401.62	472.96	540.66	623.21	702.78	787.96
No. of Employees	13038	12390	12262	12357	12371	11961	11545	11180	10791	10305

Directors' Report

To the Members,

On behalf of the Board of Directors, I have great pleasure in presenting to you the 59th Annual Report of Bharat Electronics Limited and the Audited Accounts for the financial year ended 31 March 2013 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)	
	2012 - 13	2011 - 12
Value of Production	629,018.73	579,358.25
Turnover (Gross)	601,218.61	570,363.36
Profit Before Depreciation, Finance Cost and Tax	125,245.87	120,010.31
Finance Cost	78.17	60.01
Depreciation	13,071.04	12,079.89
Provision for Tax	22,475.93	24,495.03
Profit After Tax	88,983.28	82,989.78
Add: Balance brought forward from previous year	240,900.14	217,306.59
Balance available for Appropriation	329,883.42	300,296.37
Interim Dividend paid	4,800.00	8,000.00
Proposed Final Dividend	13,040.00	8,640.00
Tax on Dividend	2,994.83	2,699.42
Transfer to General Reserve	40,000.00	40,000.00
Transfer to Capital Reserve	3,270.27	56.81
Reserves & Surplus	622,369.46	554,221.01
Net Worth	630,369.46	562,221.01
Earnings Per Share (in ₹)	111.23	103.74
Book Value Per Share (in ₹)	787.96	702.78

Distribution of Value of Production for 2012 - 13 is given below:

	Amount (₹ in lakhs)	Percentage
Materials	408,493.18	64.94%
Employee Cost	111,078.87	17.66%
Other Income (Net of other Expenses)	(15,083.57)	(2.40%)
Depreciation	13,071.04	2.08%
Provision for Tax	22,475.93	3.57%
Profit After Tax	88,983.28	14.15%
Total	629,018.73	100%

Company's sales turnover for the year 2012-13 has increased to ₹601,218.61 lakhs from ₹570,363.36 lakhs in 2011-12, registering a growth of 5%. Profit after Tax for the year is ₹88,983.28 lakhs as against ₹82,989.78 lakhs in the previous year. Turnover from indigenously developed products is 78%. Supplies to the defence contributed to 85% of turnover as against 73% in 2011-12.

Dividend

The Board has recommended a Final Dividend of 163% (₹16.30 per share), ₹13,040.00 lakhs for the year 2012-13. An interim dividend of 60% (₹6 per share), ₹4800 lakhs has already been paid for the year 2012-13. Thus, the total dividend (excluding corporate dividend tax) for the year 2012-13 is 223% (₹22.30 per share), ₹17,840.00 lakhs as against 208% (₹20.80 per share), ₹16,640 lakhs paid in the previous year.

Provision of ₹2,216.15 lakhs has been made for corporate dividend tax on the final dividend proposed. Corporate dividend tax of ₹778.68 lakhs has already been paid on the interim dividend paid for the year 2012-13.

Major Orders Executed

Major products supplied/projects executed during the year for the Army, Navy, Air Force, Coast Guard and non-defence customers include: Mobile Cellular Communication System (under execution); Mobile Ground Based Electronic Intelligence System; Passive Night Vision Devices; Drivers for AK630, Stabilizer, Automatic Loading Gear & Mounting items for T-90 Tanks; Digital Radio Trunking System; Crypto Products; Battlefield Surveillance Radar-Medium Range; Board Lorros Mast; National Command Control Communication and Intelligence Network; Weapon System for Armed Forces; Upgradation of Satcom Air Defence Ground Environment System (under execution); Integrated Communication Network System for Naval Ships; Sub-Systems for Mirage Upgrade; Central Acquisition Radar Systems; Fire Control System; Coastal Surveillance System; National Population Register; Electronic Voting Machine and Tablet PC.

New Products

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

National Command Control Communication and Intelligence Network (NC³I)-NC³I is an independent network which would interlink the Coastal Stations with the

Joint Maritime Operation Centers and the Headquarters of the customers. The system comprises of Networks, VSAT system, Decision Support Software, Information Management & Analysis Centre.

Mobile Cellular Communication System (MCCS)-The MCCS Network provides voice and high data communication facilities using CDMA technology. The system comprises of Mobile Switching Centre, Base Trans-receiver Station and Repeaters.

Integrated Mobile System (IMS)-The IMS is a multilayer communication system for voice and data connectivity with integrated Launch Control Facility. The mobile system is self contained with built-in Power System and the system is Biological Chemical protected including EMP protection.

Passive Night Vision Devices (PNVD) with XD4 technology-The PNVD is a lightweight, durable, water - proof and compact Night Vision Device for performing surveillance, patrolling and reconnaissance operations during night. It can be attached to flip-up type face mask enabling hands free and convenient operation during driving, weapon firing, etc.

Exports

Your Company achieved export sales of US \$ 32.78 million during the year as against US \$ 38.45 million in the previous year. The decline in export sales during the year was mainly due to LLTR energy system planned under offset programme later becoming domestic sales and some of the products and systems planned for order acquisition and dispatch not materializing during the year. Export sales during the year included offset business to the extent of US \$ 7.65 million. The Company has an export order book of US \$ 94.08 million as on 01 April 2013, including offset order book of US \$ 13 million. The targeted export sales for the year 2013 - 14 is US \$ 38 million.

The range of products exported during the year include Electronic Voting Machines, Coastal Surveillance Radar System, Radar Warning Receiver, RL Mount, Fitted up Shelters and bare shelters, Cable Harness, PCB Assembly, Electronic Assembly, Casing, Stators, Electromechanical parts and components.

During the year, the Company participated in 3 international exhibitions to show case its products and systems capabilities. Countries in Africa, Latin America, Southeast Asia, SAARC, Middle East and CIS continue to be the markets for export of BEL Products and systems. BEL has also identified contract

manufacturing (both build to print and build to specs) as one of the new areas to address the emerging opportunities with OEMs. BEL is closely working with various major foreign Aerospace and Defence companies to secure business under the mandatory Offset Clause in the RFPs for Indian Defence Procurement. Further, efforts are being made to establish long-term supply chain relationships with global players.

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 2011-12 has been rated as "Very Good" in terms of the MoU with the Government. The MoU rating for 2012-13 is under finalisation by the Government.

Order Book Position

The order book of your Company as on 01 April 2013 is around ₹2,494,900 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 etc., the orders available for execution during 2013 - 14 is around ₹545,000 lakhs.

Finance

During the financial year 2012 - 13, your Company has met all its fund requirements towards additional investments on Capital equipments and incremental working capital needs without any borrowing. This has been achieved through efficient cash management thereby ensuring that the Company continues to be debt free. The Company has been able to retain the highest rating by ICRA for both short term and long term sanctioned bank limits, which will help in continuing to secure the best rates for any of the services, availed from the consortium banks. Based on the user requirements many changes have been incorporated in the online ERP system which should help in better information flow to all concerned.

The inventory position of the Company as on 31 March 2013 was ₹327,108.32 lakhs (Net), as against ₹279,181.81 lakhs (Net) as on 31 March 2012. The inventory as on 31 March 2013 works out to 191 days of the Value of Production (DPE) for the year 2012 - 13 as against the corresponding position at 178

days as on 31 March 2012. The increase in inventory is because of certain projects like BSS, CIDSS where further progress of the projects has been kept in abeyance by the customer due to technical reasons. Further, there is an element of inventory build up by way of accretion to work-in-progress and finished goods to increase the sales during the 1st half of the current financial year 2013-14. Efforts will be made during the current year to reduce the inventory levels without compromising the production plan for the year.

The position of Trade Receivables as on 31 March 2013 was ₹ 333,467.08 lakhs (Net) as against ₹ 268,686.29 lakhs (Net) as on 31 March 2012. This works out to 202 days of the Sales for the year 2012-13 with the corresponding position at 172 days as on 31 March 2012. The increase in Trade Receivables as at the end of the financial year is mainly due to the following reasons:

- Higher sales in the last quarter, particularly in March 2013;
- Non realization of bills due to budgetary constraints of the Customers;
- Payment terms in the sale contracts where the release of money is linked to certain specific milestones, even after delivery of the products due to activities like Harbor Acceptance Trials/Sea Acceptance Trials, etc.

Realization of Trade Receivables continues to be monitored to ensure speedy collection and this will be pursued to achieve a reduction in Trade Receivables in number of days of sales by the end of 2013-14.

The Company does not have any public deposit scheme at present. However, the matured past public deposits with the Company was ₹ 36.95 lakhs as on 31 March 2013. 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 2013 is unpaid. The entire amount of public deposits outstanding as on 31 March 2013 is included in the current liabilities, Note No. 8 of the Balance Sheet.

Research & Development

Research and Development has been the core strength of your Company and R&D received focused attention during the year. R&D activities were carried out with special attention for planning and reviewing of development of technology modules and products in all the business segments, 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. Apart from in-house efforts, BEL R&D engineers had close co-operation with DRDO, other national research and development agencies and academic institutions.

Development & Engineering (D&E) Divisions attached to all the Units/Strategic Business Units (SBUs) concentrated on the development of products and systems in their respective areas of business segments. Central-D&E and the two Central Research Laboratories (CRLs) of the Company supported the D&E Divisions of 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 2012-13 indicates that 78% of the turnover came from BEL developed products and products developed in association with DRDO & other National Labs and remaining 22% is from products for which technologies were acquired through foreign ToT.

Scientists from Central Research Laboratories and other R&D divisions of BEL have contributed 60 Technical Papers in the national and international journals during the year. BEL has filed 12 new applications for Patents and related Intellectual Property Rights during the year 2012-13.

Significant achievements of BEL R&D during the year 2012-13 include:

- Completion of Internal evaluation of Rugged Laptop used for processing, storage and computation of tactical data in various Tactical Communication Systems.
- RCI, Hyderabad accepted the first off model of Identification of Friend or Foe (IFF) for Medium Range Surface to Air Missile (MR-SAM) project.

New Product Development

During the year 2012-13, different R&D Divisions completed several projects leading to new products/systems/technology modules, including the following:

Identification of Friend or Foe (IFF) for Medium Range Surface-to-Air Missile (MRSAM)-The IFF is a secondary Surveillance Radar used for identification of targets fitted

with compatible transponder. The IFF Mk XII comprises of interrogator decoder, transponder & crypto unit. The new version Mark XII also has the addition of secure positive friendly identification.

Gunners Main Sight Mk II-This is one of the four sub systems of the Integrated Fire Control System. The system provides day and night surveillance and night fighting capability. The system has capability to fire Laser Guided Missile.

Point to Multipoint Radio-This Radio is an intra - communication system providing communication between the Command Post and the Firing Unit (FU). The Point to Multi Point Radio or the intra FU wireless communication system enables data and voice communication between Field Vehicle - mounted shelters in terrestrial deployment. The Intra Firing Unit Communication (IFUC) systems are installed at the Command Post and Mobile Launcher Systems enabling point to point and point to multi point communication.

Mast for LORROS-The hydraulically operated Telescopic Mast is designed to support Long Range Reconnaissance and Observation System (LORROS) which can be elevated to get better range and good Line Of Sight (LOS).

All Electric Drive (AED) for AK630-It will replace the existing Electro -Hydraulic drive in Azimuth and Elevation by a Brushless Electric Drive System. AED offers a completely indigenous and state-of-the-art drives based on brushless motors with superior dynamics and reliability. It also offers an improved maintainability, low acoustic noise with easy installation and tuning.

AGCS for NISHANT UAV-Advanced Ground Control Station (AGCS) for NISHANT UAV facilitates operation of UAV from Ground Station. The functional requirements of AGCS include Communication, Mission Planning, Air Vehicle Control, Payload Management, Payload Video Processing and Recording, Flight Data Recording, Post Flight Analysis and Replay.

Quality

All the manufacturing Units/SBUs/Divisions of your Company are certified for ISO 9001 Quality Management System and ISO 14001 Environment Management System. Seven Units/SBUs (Ghaziabad, Panchkula, Kotdwara, Hyderabad, Military Communication, Electronics Warfare & Avionics and Export

Manufacturing) are certified for AS 9100 Aerospace Standards. The Central Software Development group of the Company is certified to CMMi Level 5.

BEL adopted the Total Quality Management (TQM) philosophy in the year 1990 under the acronym "TORQUE" which stands for Total Organizational Quality Enhancement. TORQUE is based on the premise that the quality of products and services is not only the responsibility of the production/shop floor personnel, but other support services also who have a role to play in meeting and exceeding customers' expectations through supply of quality products and services. Some of the critical operational performance indicators like first time pass, on time delivery, process cycle time, manufacturing yield, customer complaints, quality cost, mean time between failure, etc are monitored on monthly basis through SAP and corrective actions are initiated for continual improvement.

The Company adopted EFQM Excellence Model since 2002 to improve its overall strategic and operational excellence. Adoption of this Model has helped the Company in understanding the expectations of various stakeholders and in enhancing their satisfaction level. All the Units of the Company, except one, have achieved 'Commendation for Strong Commitment to Excel' under the CII-EXIM Bank Business Excellence Award scheme. Bangalore Unit has reached the next higher level in the Award i.e. 'Commendation for Significant Achievement'. The Company has also built a large pool of trained Business Excellence Assessors to drive excellence in the organization.

During the year 2012-13, five Units applied for the 'CII-EXIM Bank Award for Business Excellence'. Bangalore Unit achieved Level-II recognition i.e. 'Commendation Certificate for Significant Achievement'. Remaining four i.e. Ghaziabad, Panchkula, Hyderabad and Machilipatnam Units received 'Commendation Certificate for Strong Commitment to Excel' under this Award scheme. This is the second time in succession that Bangalore Unit has received the 'Commendation Certificate for Significant Achievement'.

The Company adopted the 'Six Sigma' methodology about a decade back for achieving breakthrough improvements. During the year 2012-13, 160 Six Sigma projects were completed, resulting in cost reduction, process improvement and customer satisfaction. BEL has also won laurels by winning 30 awards in all India Six Sigma competitions conducted by CII, Indian Statistical

Institute, QCFI & Symbiosis Institute of Management. Quality Institute of Bharat Electronics has been imparting training on 'Six Sigma' since July 1999 and has trained 2322 officers so far. At present there are 38 certified Six Sigma black belts in the Company.

Reliability & Maintainability are essential features of a well designed product. Application of the principles of R&M at design stage can ensure robustness of the product during its entire life cycle. Keeping this in mind the Company embarked on getting its key design engineers certified as reliability engineers from reputed institutions. 62 BEL engineers have received the 'Certified Reliability Engineer' certification after undergoing the examinations conducted by these institutions.

During the year, a total of 1051 QCC projects were completed. In order to provide encouragement to the QCC movement, the team members of the best QCC project of last year were sponsored to the International Convention on Quality Circles held in Kuala Lumpur in Oct 2012. The team won the 3 Star (highest category) award at the International Convention.

As a part of its efforts to enhance customer satisfaction level, the Company has been conducting customer satisfaction survey through an independent external agency. During the year customer satisfaction survey was conducted for 8 products, covering full spectrum of our customers. The overall customer satisfaction level was found to be 75%.

ERP Implementation

Your Company has implemented SAP Business Suite across all Units and Offices. Implementation of core SAP R/3 including Payroll, Product Lifecycle Management module was completed in a phased manner by July 2008. New dimension modules like Supplier Relationship Management with e-Procurement, Customer Relationship Management, Knowledge Management System have also been implemented. SAP system has been further improved by incorporating checks and validations in the processes in line with the Company's business requirement.

During the year 2012-13, the Company has rolled out the following modules: Employee Self Service with e Performance Management System, Travel Management and Provident Fund Module. In addition, C-Project for Project Management has also been taken up for implementation. This will be rolled out in 2013-14.

As part of its plans to upgrade its IT hardware and software to tap the potential of latest advancements in these technologies, the Company has undertaken an initiative to do a partial refresh of its IT infrastructure and upgrade SAP from version 5.0 to 6.0, which will be completed in 2013-14.

Growth in volume of SAP transactions has necessitated the augmentation of WAN bandwidth. The Company has augmented WAN bandwidth for three of the Units which have improved the system response. In addition, redundant leased lines have also been set up with two of the Units with alternate service providers to improve the reliability and system response.

The Company has also undertaken an initiative to get ISO 27001 certification for some of its SBUs in 2012-13. In this direction, preparation and internal audit has been completed and audit by external agencies shall be conducted in 2013-14.

Human Resources

Your Company employed 10,305 persons as on 31 March 2013 as against 10,791 persons as on 31 March 2012. Of these employees, 3,869 were engineers/scientists and 2,156 were women employees on 31 March 2013. A total of 295 engineers, scientists and other professionals were inducted during the year. 23 candidates 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 2013 are as under:

Category of Employees	Executives		Non-Executives	
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	849	45	947	73
Scheduled Tribe	259	4	139	23
OBC	908	48	888	45
Ex - Servicemen	100	5	320	63
Physically Handicapped	84	6	152	15

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:

- Raksha Mantri's Awards 2010-11 - BEL won seven of the Raksha Mantri's Awards across all categories: (a) 'Excellence in Performance' in the 'Institutional Category', (b) 'Best Performance in Export', (c) 'Best Performing Division of DPSUs' by Military Radar Strategic Business Unit (SBU) of Bangalore Unit, (d) 'Import Substitution' for the development of Low Power Jammer Antennae System by Hyderabad Unit, (e) 'Import Substitution' for the indigenous development of Weapon Locating Radar (Swathi) as a substitute for ANTPQ 37 Radars by Military Radar SBU of Bangalore Unit, (f) 'Design Effort' for Combat Management System-SNF by Network Centric Systems SBU of-Ghaziabad Unit, and (g) 'Innovation' for the capability enhancement of Tarang Display Unit to NVG compatibility by Electronic Warfare & Avionics SBU of Bangalore Unit.
- HR Leadership Award at the India Human Capital Awards Summit 2012.

- International Aerospace Awards - 'Most Influential Company of the Year' and 'Excellence in Exports' at the second International Aerospace Awards organized by International Aerospace magazine.
- India Pride Award-Gold prize in the Heavy Industries category of the DNA-Dainik Bhaskar India Pride Awards 2010 for "Excellence in PSUs".
- Business World International Business Award in the Electricals, Electronics & Machinery Category.
- Corporate Governance Award-Institute of Public Enterprises (IPE)'s CSR Corporate Governance Award for 2012. The award is endorsed by the World CSR Congress, CMO Asia and Asian Confederation of Business.
- Dun & Bradstreet-Rolta Corporate Award 2011 on being the top Indian Company in the Electrical & Electronic Equipment sector.
- ELCINA -EFY Awards for 'Excellence in Electronics Hardware Manufacturing & Services (2011-12)' in two categories: 'Research & Development' and 'Environment Management'.

Environment Management

Your Company has long been integrating environmental sustainability systematically in its operations through which it has gained a reputation of its own. Set in clean and green surroundings, all the manufacturing Units of BEL effectively maintain environmental friendly work processes. The Company strongly believes that environmental sustainability brings in economic viability as well. By setting up objectives as per the sustainable development guidelines issued by the Government of India, Department of Public Enterprises, BEL further enhances its performance level towards building a clean future. Even as well-established process controls keep pollution in check for all manufacturing operations, the Company continues to put in sustained efforts to look for impacts beyond the boundary and reduce them by conservation of resources, mainly in use of energy, water and hazardous materials in an organized way that goes a long way in creating a sustainable future. BEL's commitment to clean environment is reflected in the awards and accolades it received during the year including the prestigious CII award for best practices in water management and first prize for Excellence in Environment Management by ELCINA -EFY 2011 - 12.

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 ₹ 14,700.87 lakhs as against ₹ 6,273.92 lakhs in the previous year. The Profit After Tax for the year was ₹ 575.83 lakhs as against ₹ 815.69 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 ₹ 51,996.00 lakhs as against ₹ 42,931.00 lakhs in the previous year. The Profit After Tax was ₹ 7,117.00 lakhs as against ₹ 5,034.00 lakhs in the previous year. The JVC declared 100% dividend for the year 2012-13 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. The JVC is presently in shell stage and it had no business transaction during the year. It has been decided to close down this Company as there are no business prospects for paging systems in the country.

Consolidated 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 Organization and the same received focussed attention during the year. The Vigilance Organization 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: 1139 Purchase Orders/Contracts and 538 high value Orders/Contracts reviewed/scrutinized and found to be in order. As per the CVC/CTE Guidelines, 2 teams for Inspection of Works Contracts and 2 teams for Inspection of Purchase Orders were constituted. 9 Works Contracts and 19 high value POs were inspected by the inspection teams. 2359 Regular/Surprise inspections were conducted. 72 Executives were trained in the Principles of Natural Justice & Domestic Enquiry. 248 Executives and 242 Non-executives took part in Vigilance Awareness Training Programme. 56 Executives & 33 Non Executives working in sensitive areas for 3 years and above were moved to different posts. 17 Vigilance cases were handled by the Vigilance Department during the year.

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

- Application forms for online Registration of Sub-contractors/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 ₹ One Crore and above
- Vendor Payments Information System.

E - Procurement

E-procurement at BEL has been implemented on SAP SRM 7.0 platform having Public Sector procurement features. It has been implemented at all 9 Units of BEL for both Purchase and Sub-contract. The system is integrated with ERP system with the latest security such as Web Access Firewall, Reverse proxy and encryption of data from the client side upto the Server in place. Second level authentication through Digital Signature for both publishing the bid and submission of response from the Vendor has been enabled. Six types of procurement have been configured in the system. As per CVC circular No. 010/VGL/035 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. This threshold value is further reduced to ₹1,000 lakhs from March 2013. 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, 62 Orders/Contracts are covered under Integrity Pact.

Procurement from MSMEs

Your Company has been providing increased thrust on enhancing procurement from Micro, Small & Medium Enterprises (MSMEs) and has implemented the Public Procurement Policy for MSMEs issued by the Ministry of MSMEs. All Units/SBUs of the Company are advised to explore every possibility for proper identification of MSMEs among the vendors/suppliers of BEL. Efforts are on to classify the existing vendors into Micro, Small & Medium Enterprises through SAP. With enhanced focus & emphasis on MSMEs the Company is confident of achieving the objectives of the Public Procurement Policy in the coming years. During the year 2012-13, the Company has reached the set targets for MSME procurement.

Implementation of Official Language Policy

Your Company undertook a series of initiatives during the year to promote and propagate Rajbhasha in official communication. "Monitoring of Implementation of OL Policies" has been included as one of the KPAs of Heads of Units and Offices. 12 Units/Offices have been notified under rule 10(4) of OL rules indicating that 80% or more staff have working knowledge in Hindi in these Units/Offices and orders have been issued under rule 8(4) of OL Rules for those having proficiency in Hindi to do their Official work in Hindi. Standards were issued for giving Hindi/Indian names for all the BEL Products and to have the names and descriptions in "Devnagari". Training on Unicode is being imparted for all Executives and Employees. Hindi workshops were conducted for those having working knowledge in Hindi. Efforts are on to ensure 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 2012-13 the Company received and attended to 282 requests for information under RTI Act.

Directorate

Following changes took place in the Directorate of your Company since the last report. Dr Ajit T Kalghatgi was appointed as Director (R&D) with effect from 01 September 2012 in place of Mr I V Sarma, who retired on attaining the age of superannuation on 31 August 2012. Government on 11 October 2012 appointed Mr Manoj Saunik, Joint Secretary (ES), Ministry of Defence as one of the part-time Government Directors in place of Mr Satyajeet Rajan, ex-Joint Secretary (ES). Subsequently, on 01 January 2013, Mr P K Mishra, Joint Secretary (ES), Ministry of Defence was appointed as part-time Government Director in place of Mr Manoj Saunik. Dr S N Dash, part-time Independent Director resigned and exited the Board on 01 October, 2012. Three part-time Independent Directors, viz. Mr M S Ramachandran, Prof V K Bhalla and Mr Anil Razdan exited the Board on completion of their three year tenure of appointment on 22 November 2012. Government on 26 March 2013 appointed: (i) Mr S M Acharya, IAS (Retd), ex-Secretary to Government of India, (ii) Lt Gen (Retd) Vinod Kumar Mehta, ex-Director General Quality Assurance, Ministry of Defence, (iii) Rear Adm (Retd) K C Sekhar, AVSM, VSM, ex-CMD, GRSE Ltd, and (iv) Mr Vikram Srivastava, IPS (Retd), ex-DG CRPF & ITBP as part-time Independent Directors filling up four out of the six vacancies of Independent Directors which arose during the year. Rear Adm (Retd) K C Sekhar resigned and exited BEL Board on 30 July 2013. Government nominated Vice Admiral N N Kumar AVSM, VSM, Chief of Material, Indian Navy as Permanent Special Invitee to all the Board Meetings, with effect from 30 October 2012 in place of Vice Admiral B Kannan.

Directors' Responsibility Statement

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

- (i) that in the preparation of the annual accounts, the applicable Accounting Standards have been followed and in respect of Accounting Standard 17, necessary explanation for departure has been given in Note No. 31.12 of the Notes to Accounts;
- (ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and a fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year;
- (iii) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in

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

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

Auditors

Pursuant to Section 619(2) of the Companies Act 1956, the Comptroller and Auditor General of India re-appointed M/s R G N Price & Co., Chartered Accountants, Bangalore, as Statutory Auditors for the year 2012-13 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 2012-13. M/s M B Bafna & Co., Chartered Accountants, Pune were appointed as Branch Auditors for Pune and Navi Mumbai Units for 2012-13. M/s Rao & Narayan, Chartered Accountants, Vijayawada were appointed as Branch Auditors for Machilipatnam Unit for 2012-13.

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 2012-13 will be submitted on or before 27 September 2013. Pursuant to Section 233B(2) of the Act, Board of Directors appointed M/s PSV & Associates, Bangalore, as Cost Auditors of the Company for the financial year 2012-13 after due approval of the Central Government.

Auditors' Report

Auditors' Report on the Annual Accounts for the financial year 2012-13 and 'Nil' Comments Certificate 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 I.

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**.

None of the Company employees drew remuneration in excess of the limits prescribed under Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules, 1975, during the year 2012-13.

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

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 para - military 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 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
01 August 2013

Anil Kumar
Chairman & Managing Director

Annexure I

Management Discussion and Analysis Report

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

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

The Indian economy has slowed down due to both external and domestic causes. Falling savings without a commensurate fall in aggregate investment has led to widening of current account deficit. To contain the deficit, the Government has initiated austerity measures by reducing expenditure and taking steps to improve the growth rate of the economy. The industrial growth is also sluggish due to reduction in credit flows, investments and a fragile global economic recovery.

These factors led to the fall of percentage share of Defence budget in GDP from 1.90 in 2012-13 budget to 1.79 in 2013-14 budget. Consequently, there has been only a modest increase in the overall defence budget from ₹ 19,340,700 lakhs in 2012-13 to ₹ 20,367,200 lakhs in 2013-14.

There has been an increase in percentage share of the Capital expenditure from 41.15% (2012-13) to 42.59% (2013-14) in the Defence budget. In value terms this amounts to an increase from ₹ 7,957,863 lakhs to ₹ 8,671,400 lakhs. This increase in Capital expenditure would lead to higher acquisition of weapon systems and equipments by the armed forces. BEL being in the area of Defence Electronics would stand to gain from this increase.

Amongst the three defence services, the capital expenditure for Air Force has been increased more compared to other services. As BEL supplies various Airborne and Ground Control equipment for Indian Air Force, this increase will benefit the Company. Also, the armed forces are planning major acquisitions during

2013-14 as part of their modernization plans. The Offset obligations from these acquisitions will provide a good business opportunity to the Company.

Even though, there is a lot of stress on indigenization in Defence, the allocation of money for the “Make” projects compared to the previous year has been reduced. This is likely to impact some of the proactive development programs launched by the Company.

With slow recovery of the global economy, major countries are cutting down their defence expenditure as an austerity measure. This has led to top defence manufacturers focusing more on India as an emerging market. India being one of the top 10 defence spending countries in the world, more and more companies from US, Western Europe and Israel are expected to aggressively market their products to the Indian Defence forces. This will provide wider opportunities for technical collaborations to the Company.

(b) *SWOT Analysis*

Strengths:

- Clearly defined Vision, Mission, Objectives and Values
- Good Image & 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 & 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 & Government agencies
- Active learning from domestic & foreign collaborators

- Experience and expertise in executing large Systems 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 modernization of central paramilitary forces
- Growing market for Homeland Security
- Government policy on Preferential Market access for indigenously designed and manufactured Telecom equipment.

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, Product manufacture through technology transfer:

The Company is working in many strategic areas of importance like Air Defence systems, Next generation EW suites, Network Centric systems, Ship borne Communication systems, Passive Night Vision Devices, Tactical Communication Systems, Homeland Security solutions, Telecom etc.

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

- Surface Surveillance Radars with OTH capability
- Gigabit Passive Optical Network transmission systems
- BRN mitigation and emergency management system
- LRSAM Ship Defence system
- Telescopic Sight
- Electronic Warfare Systems.

The Company is discussing with reputed foreign OEMs/defence labs for collaboration in the following technology areas:

- Satellite Communication products/systems
- CDMA infrastructure
- Dense Wave Division Multiplexing transmission systems
- Missile Seekers
- Inertial Navigation Systems
- Long Range Air Surveillance Radars

(ii) Joint Venture

Company has received the Foreign Direct Investment (FDI) approval from Government of India for the formation of a Joint Venture Company with M/s Thales, France. The approval from the Ministry of Defence is under process.

I. Technology updation and R&D:

Challenges

Core technologies of BEL's business involve applications of fast changing technological fields like Electronics, IT and Software. Some of the most challenging tasks of R&D Engineers of BEL are to keep abreast with latest technologies in the various fields of BEL's business areas, quickly master or absorb the emerging technologies and apply them during the

development of new products. The technologies required to manufacture various products in the areas of BEL's business are required to be developed and upgraded continuously to meet emerging User requirements including overcoming of obsolescence issues. The need for constant technological upgrades along with the need for maintaining legacy systems places an enormous responsibility on BEL to be not only current in the world class technologies but also to be innovative in finding means to tackle obsolescence of legacy products and systems.

Another new challenge in the current business scenario is the emerging of Systems of Systems with several technical and programme management challenges. These include inter-operability of systems, standardization of 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 during 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. Focus groups have been formed headed by dedicated Project Managers for major programmes which are of System-of Systems in nature.

Initiatives

Following are some of the new initiatives undertaken by BEL in the areas of R&D and Technology development during the year 2012-13:

- 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 spent 8.48% of its turnover in R&D during 2012-13.
- Investment for a Centralized Product Development Centre has been approved by the Board and plans are under formulation.
- Core Group has been formed to address Homeland Security Business.
- R&D Committees have been formed in core business areas to chart out technology roadmaps & action plans for acquiring technology.
- 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 60 technical papers were published by scientists and R&D engineers of BEL in various national and international journals/seminars/conferences.
- BEL filed for 12 Patents during 2012-13 in the areas of Image Processing, Data Analytics, Target Recognition & tracking, ASICs, Avionics, Radar Signal Processing, Optical Sights, UHF Frequency generation, Rugged Laptop Motherboard and Laser resonators.
- R&D Engineers are motivated by suitably awarding the individuals/team for excellence in in-house R&D efforts, technology development and innovative ideas.

2. Manufacturing:

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

- Single Point Diamond Turning Machine was installed at Machilipatnam Unit which is a high precision machine used for aspheric lens manufacturing required for present generation Night Vision Devices.
- Test setup for Weapon System at Bangalore Unit required for integrating 3D Central Acquisition Radar, Flight Level Radar, Flight Control Centre, Launchers, De-Briefing Vehicle etc., at various levels. The setup is also necessary to cater to the needs for System Level integration during installation & commissioning and warranty support.
- New facility for manufacturing of Laser Target Designator-Range Finder for Compact Multi Purpose Advanced Stabilized System (CoMPASS) was setup at Pune Unit. It is a computer controlled assembly facility having Clean room of class 10,000 including vacuum cleaning system and stringent atmospheric conditions of temperature, humidity & over pressure.
- Calibration facility for all the Microwave Power Meters and Power sensors was set up at Bangalore Unit. This is a very critical stage of Calibration and Power measurement for most of the products manufactured by BEL.
- Installation of Autoclave Machine at Ghaziabad Unit, as a mandatory requirement for antenna Reflectors curing used in Gun control systems and Lynx U2 antenna.
- A reference system was developed at Ghaziabad Unit, for Combat Information System (CIS) to have test simulation setup of productionable systems.
- New Manufacturing facility was set up at Kotdwara Unit for assembly & testing of Passive Night Vision Devices (PNVD).
- Anechoic Chamber was set up at Hyderabad Unit for simulating RF reflection free and RF controlled environment for testing of Electronic Warfare

(EW) systems. These systems are to be tested for various parameters like RF frequency, Pulse width, etc over dynamic range of the system.

- Portable Antenna Measurement System was installed at Ghaziabad Unit. It is a RF measurement system through electronic scanning used for Radar antennas. It is also required for measurement of IFF antenna for MRSAM, S-Band Patch antennas and other small antennas which will be manufactured in the near future.
- A Laser Tracker measuring instrument was installed at Ghaziabad Unit. It is an accurate, portable coordinate measuring system. It helps to build products through optimized processes by measuring more quickly and precisely.
- Near Field Antenna Measurement System was set up at Ghaziabad Unit as part of NFTR-II (Near Field Test Range). The set up is used as a measurement system during the characterization of Antenna in the frequency range 350 MHz to 20 GHz and also for the Ultra High Frequency (UHF) band. Instruments in the test set up add up the feature of testing antenna systems based on digital beam forming, which is the current trend in latest antenna measurement systems.

3. Diversification / expansion plans

Seeing a sizeable opportunity in the Homeland Security and Telecom domains, BEL is vigorously pursuing diversification into these businesses.

- A separate group has been formed in the Bangalore factory to address the Homeland Security market. The Company has developed some products like X-Ray Baggage Inspection System, Under Carriage Vehicle Inspection System and Video analytic software module which are required for the Homeland Security applications. The Company is also in the process of establishing an IP based Video surveillance system at our Ghaziabad and Bangalore factories for showcasing our capabilities in this area.
- The Company is executing a CCTV surveillance project for IAF, Bangalore and has also expressed its interest to participate in other HLS projects for Govt./Defence establishments.

- In Telecom, the Company is planning to address the infrastructure requirements of BSNL, MTNL and DoT by leveraging the policy incentives being provided by the Government for products designed and manufactured in India. The Company is jointly working with reputed design houses for technology products like GPON, DWDM, Routers/Switches, etc. which have a good market potential.

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

I. Risk Management:

The Company has established a 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 an Executive Director/General Manager with members drawn from important functional areas like Strategic Planning, Technology Planning, Marketing, Finance and Human Resources. At Unit level, there are Unit Risk Management Committees (URMCs) which are headed by the General Managers and members drawn from various functional areas. Risk Champions have been appointed at Corporate level and in all Units to coordinate the risk management processes. The Corporate Risk Champion is of the rank of General Manager and Unit Risk Champions are of the level of Addl General Managers.

The Unit Risk Champions report to the Corporate Risk Champion every quarter on the status of risk management in their Units. The Corporate Risk Champion presents the report received from all Units to the CRMC for review and presentation to the Management Committee on half yearly basis and to the Board on yearly basis.

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, Alternative Material, Labour, Indigenization, Alternative 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 the 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 efforts & joint development with national laboratories like DRDO, ISRO, CSIR, C-DOT, Academic institutions and manufacture of high cost imported sub-systems & modules within the country. In the year 2012-13 a turnover of around 78% was generated from indigenous technology. BEL is consistent in receiving prestigious Raksha Mantri awards for Design Effort & Import substitution year-on-year which is a testimony to the Company's determined efforts on indigenization.

B) Internal Control System and its Adequacy

The Company has well placed and adequate systems of internal control and documented procedures covering all financial & operating functions. 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, Finance, Internal Audit, Personnel Information Technology and Security. These manuals, policies and procedures are updated from time to time and are subject to strict compliance. The Company has a Risk Management Policy covering various aspects of the business.

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

The 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.

The Company has an Audit Committee 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

I. Strategy & Objectives

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

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

Each of the objectives listed continue to be accorded the highest priority by the 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.

2. Performance Highlights

(₹ in lakhs)

	Year ended 31 March 2013	Year ended 31 March 2012
Turnover	601,218.61	570,363.36
Total Expenditure Before Financing Cost	559,205.22	527,382.74
Profit Before Finance Cost and Tax	111,537.38	107,544.82
Operating Margin (PBIT / Gross Sales) Ratio	18.53%	18.83%
Profit After Tax	88,983.28	82,989.78
No. of Days Inventory / Value of Production (DPE Method)	191	178
No. of Days Trade Receivables / Turnover	202	172
Current Ratio	1.70	1.54
Debt Equity Ratio	0	0.0002

3. Analysis of Financial Performance of 2012-13

- Turnover registered a growth of 5.41% from ₹ 570,363 lakhs in 2011-12 to ₹ 601,219 lakhs in 2012-13

- Value of Production rose by 8.57%, from ₹ 579,358 lakhs in 2011 - 12 to ₹ 629,019 lakhs in 2012 - 13
- Sales per employee has increased from ₹ 52.86 lakhs in 2011 - 12 to ₹ 58.34 lakhs in 2012 - 13
- Book Value Per Share has increased from ₹ 702.78 in 2011 - 12 to ₹ 787.96 in 2012 - 13
- Net Worth has grown from ₹ 562,221.01 lakhs in 2011 - 12 to ₹ 630,369.46 lakhs in 2012 - 13.

D) Development in Human Resources

As the Company operates in high technology area in a competitive business environment, it needs highly trained and motivated employees to prepare it to be a world-class organization. Hence, the Company has been focusing on sustained development of its employees, both at the individual and at the team level through various human resource development initiatives. In order to address the learning and organization development needs, various management development programmes as well as technology programmes were organized during 2012 - 13 through premier training institutions for all grades of executives.

Strategizing is an important component for senior executives. "Strategy Building and Competitive Intelligence" programme was organized through the faculty of a premier institute and 56 senior executives attended the programme.

360-degree feedback and Leadership Development programs were conducted to equip senior managers with Leadership competencies. 5 batches of senior executives underwent the programme during the year 2012 - 13.

"Leading the Change" programme for senior executives aims at aligning the thinking and attitudes of our senior executives to that required for a global organization. 119 senior executives have undergone the programme during the year.

Programme on Strategic Finance for Non-Finance Executives was organized to provide comprehensive working knowledge of critical financial principles that will enable senior executives in E-VI and above grade to comprehend performance metrics and take more informed decisions in the organization. 3 batches of senior executives

underwent the programme at IIM, Lucknow during the year 2012 - 13.

Teamwork and collaboration are reinforced in an Outbound Learning programme. This training takes the participant away from the comfort zone, in an informal risk-free environment, thereby enabling the participant to experiment and explore the hidden potential. 5 cross-functional teams (187 participants) attended the programme during the year.

Emotional Intelligence is a key requirement for a Leader to be effective, facilitate employees to achieve superior business performance, develop the ability to manage self to adapt to change and to enhance positive attitude for building a culture of trust, support, openness and collaboration. A total of 206 executives attended the programme during the year. The programme also had one-on-one counselling sessions.

Competency Awareness Workshops were conducted to familiarize the executives on the BEL Behavioral Competency Model and its implications for business. About 319 executives attended the programme during the year.

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

In order to enhance the Quality awareness and impart key Quality concepts, Structured Quality Programs have been introduced from 2012-13 and a total of 75 executives attended the programme. 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 Advanced DSP Design Techniques, Altera based FPGA, Program on Agile Development, Navigation and Communication, Innovation through Knowledge Management, Advances in VLSI Signal processing, Microprocessor Fundamentals, Statistical Process Control Tech, and Conceptual Modeling & Simulation for futuristic Net-Centric C4I System etc.

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

“Presentation of Professional Papers” scheme will come into effect from the Financial Year 2013-14. A theme which is general in nature or specific to any of the functions (R&D, Operations, Marketing, HR, and Finance) and relevant to business needs would be identified. On a particular theme chosen for the year, 5 topics for presentation will be notified. Teams shall comprise executives from cross functional areas, within the Unit/SBU. The competition shall be open to executives in E-II grade to E-V grades. Teams are required to make oral presentations/discussions based on their written presentations on the topic before the Unit/SBU level panel of judges and finally at the Corporate level. The winners would be suitably rewarded.

E) Corporate Social Responsibility (CSR)

The Company has established a CSR Policy in line with its cherished value of endeavoring to fulfill social responsibilities. A comprehensive process has been established to identify and implement CSR programmes/projects focused towards community development. An Apex CSR Committee under the chairmanship of a Functional Director coordinates and monitors the CSR activities in the Company. A General Manager rank officer, who is also a member of the Apex CSR Committee, has been appointed as the Nodal Officer to facilitate implementation, reporting and co-ordination of CSR projects at the Corporate level. 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 neighborhood of the Company's Units. These programmes/projects are implemented with the help

of specialized agencies under the supervision of the Company. The impact assessment of various programmes/projects implemented by the Company during the year is planned to be taken up in the year 2013-14.

During the year 2012-13, an amount of ₹ 420.78 lakhs was spent by the Company on various CSR programmes/projects. Some of the key programmes undertaken during the year are as below:

- (i) Construction of Vocational Training Centre at New Delhi towards rehabilitation of the Naval Widows.
- (ii) Construction of class rooms for Government schools in Bangalore Rural District.
- (iii) Providing Ambulance vans and medical equipment to Indian Red Cross Society for conducting blood donation camps and providing health services in Delhi and rural areas of Karnataka.
- (iv) Providing Aids and Appliances to persons with disabilities in UP and Karnataka States.
- (v) Provision of bio-digester based toilets, developed by DRDO, in rural areas of Odisha.
- (vi) Promotion of scientific education among school children thro' upgradation of 'Hall of Electronics' in Visvesvaraya Industrial & Technological Museum, Bangalore.

Consequent to the issue of new guidelines on CSR and Sustainability by the DPE, the Company plans to focus its future CSR programmes in one of the backward districts of Karnataka. 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. These programmes are likely to make an impact on the lives of the rural people and accelerate the development of the district.

Annexure 2

Corporate Governance Report

Philosophy and Code of Governance

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

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

Board of Directors

Composition

The composition of BEL Board of Directors is in line with Clause 49 of 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 2013, six Board Meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 25 April 2012, 21 June 2012, 5 July 2012, 30 July 2012, 29 Oct 2012 and 25 Jan 2013. 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 2012-13 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 21 Sept 2012	No. of other directorships held	* No. of committee membership across all companies	
						As Chairman	As Member
Whole-time Functional (Executive) Directors							
1	Mr Anil Kumar	6	6	Yes	1	Nil	Nil
2	Mr M L Shanmukh	6	6	Yes	1	1	1
3	Mr H N Ramakrishna	6	6	Yes	Nil	Nil	Nil
4	Mr S K Sharma	6	6	Yes	2	Nil	1
5	Mr Amol Newaskar (from 24 May 2012)	5	5	Yes	Nil	Nil	1
6	Dr Ajit T Kalghatgi (from 1 Sept 2012)	2	2	Yes	2	Nil	1
7	Mr I V Sarma (up to 31 Aug 2012)	4	4	No	2	Nil	1
8	Mr M G Raghuvver (up to 31 May 2012)	1	1	No	2	Nil	2

Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Meetings attended	Attendance at the last AGM held on 21 Sept 2012	No. of other directorships held	* No. of committee membership across all companies	
						As Chairman	As Member
Part-time Government (Non-executive) Directors							
9	Mr P K Mishra (from 1 Jan 2013)	1	1	No	1	Nil	Nil
10	Mr Manoj Saunik (11 Oct 2012 – 1 Jan 2013)	1	1	No	Nil	Nil	Nil
11	Mr Satyajeet Rajan (up to 11 Oct 2012)	4	2	No	Nil	Nil	1
12	Lt Gen S P Kochhar	6	1	No	2	Nil	Nil
Part-time Independent (Non-executive) Directors							
13	Prof Anurag Kumar	6	3	No	Nil	Nil	1
14	Mr N Sitaram	6	6	No	Nil	1	Nil
15	Prof R Venkata Rao	6	6	No	2	2	2
16	Mr Anil Razdan (up to 22 Nov 2012)	5	5	Yes	4	1	2
17	Prof V K Bhalla (up to 22 Nov 2012)	5	5	No	2	Nil	4
18	Mr M S Ramachandran (up to 22 Nov 2012)	5	4	No	5	Nil	3
19	Dr Satyanarayana Dash (up to 1 Oct 2012)	4	2	No	Nil	Nil	Nil
20	Lt Gen (Retd) G Sridharan (up to 17 May 2012)	1	1	No	Nil	2	Nil
21	Prof G Madhavan Nair (up to 16 Apr 2012)	Nil	Nil	No	Nil	Nil	Nil
22	Mr S M Acharya (from 26 Mar 2013)	Nil	Nil	No	Nil	Nil	Nil
23	Lt Gen (Retd) Vinod Kumar Mehta (from 26 Mar 2013)	Nil	Nil	No	Nil	Nil	Nil
24	Rear Adm (Retd) K C Sekhar (from 26 Mar 2013)	Nil	Nil	No	Nil	Nil	Nil
25	Mr Vikram Srivastava (from 26 Mar 2013)	Nil	Nil	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 2012-13. 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 four Independent Directors, one Government Director and one Whole-time Director. In addition, the Company's Statutory Auditors, Director (Finance), 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 21 Sept 2012. 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 2013, the Audit Committee met five times on 25 April 2012, 21 June 2012, 30 July 2012, 29 Oct 2012, and 25 Jan 2013.

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

Details of remuneration of Whole-time Directors during the year 2012-13 are given below:

(in ₹)

Name of Director	Salary	Benefits *	Company contribution to PF & Incremental Gratuity	Incentive	Leased Accommodation	Total
Mr Anil Kumar	3166332	44494	313080	282717	Nil	3806623
Mr M L Shanmukh	2331267	66557	742876	272333	600000	4013033
Mr H N Ramakrishna	2997786	53711	320875	241658	Nil	3614030
Mr S K Sharma	2061048	32400	473540	203210	600000	3370198
Mr Amol Newaskar (from 24 May 2012)	1966455	90297	399098	84824	500000	3040674
Dr Ajit T Kalghatgi (from 1 Sept 2012)	1993269	31485	286349	88594	Nil	2399697
Mr I V Sarma (up to 31 Aug 2012)	1415888	218994	163401	251978	231560	2281821
Mr M G Raghuvver (up to 31 May 2012)	856178	123974	112981	242252	Nil	1335385

* Medical and other perquisites valued as per IT Rules

Name	Meetings held during respective tenure of Director	No. of meetings attended
Mr N Sitaram, Chairman	4	4
Prof Anurag Kumar, Member	1	1
Prof R Venkata Rao, Member	1	1
Mr S K Sharma, Member	5	5
Mr Anil Razdan, Chairman	4	4
Prof V K Bhalla, Member	4	4
Mr M S Ramachandran, Member	4	3
Lt Gen (Retd) G Sridharan, Chairman	1	1
Mr Satyajeet Rajan, Member	3	1
Mr Manoj Saunik, Member	1	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.

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 2012-13 are given below:

(in ₹)

Name	Sitting Fees		Total
	Board Meetings	Committee Meetings	
Prof Anurag Kumar	60,000	10,000	70,000
Mr N Sitaram	120,000	120,000	240,000
Prof R Venkata Rao	120,000	100,000	220,000
Mr Anil Razdan	100,000	40,000	140,000
Prof V K Bhalla	100,000	40,000	140,000
Mr M S Ramachandran	80,000	50,000	130,000
Dr Satyanarayana Dash	40,000	Nil	40,000
Lt Gen (Retd) G Sridharan	20,000	10,000	30,000
Prof G Madhavan Nair	Nil	Nil	Nil

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 2013.

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 comprises 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. Five grievances from shareholders, mainly relating to dividend payment, were received and resolved during the year. No grievance was pending as on 31 March 2013. 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 research, development and engineering proposals with expenditure exceeding ₹ 500 lakhs and up to ₹ 1500 lakhs in each case.
- (2) Investment Committee comprising the Chairman & Managing Director, the Director (Other Units), and the Director (Finance) to approve investment of short-term surplus funds.
- (3) 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.
- (4) 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.

Compliance Officer

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

Mr C R Prakash, Company Secretary
Bharat Electronics Ltd, Regd. & Corp. Office
Outer Ring Road, Nagavara, Bangalore – 560045
Telephone : 080 25039300
Fax : 080 25039266
E-mail : secretary@bel.co.in

General Body Meetings

Details of last three Annual General Meetings are as follows:

Year	Location	Date & Time
2009 - 10	Kalinga Hall, The Lalit Ashok Hotel Kumara Park, High Grounds Bangalore – 560 001	28 Sept 2010 at 2.30 pm
2010 - 11	Grand Ball Room, Hotel Sheraton Brigade Gateway, 26 / I 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 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 21 Sept 2012. No resolutions were put through postal ballot last year.

Disclosures

- 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. 14 of Note 31 of Notes to Accounts in the Annual Report.
- 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.

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

Administrative and office expenses were 3.67% of the total expenses for the year 2012-13 as against 3.46% in the previous year. The increase is nominal.

Training of Directors

Directors were sponsored in previous years for training programme on Corporate Governance conducted by the Institute of Public Enterprises, Hyderabad and ONGC Subir Raha Chair on Corporate Governance.

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 2012-13.

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 / I, G Block,
Bandra-Kurla Complex, Bandra (E)
Mumbai – 400 051

The Company has paid listing fees for the financial years 2012 - 13 and 2013 - 14 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

Custody Fees to Depositories

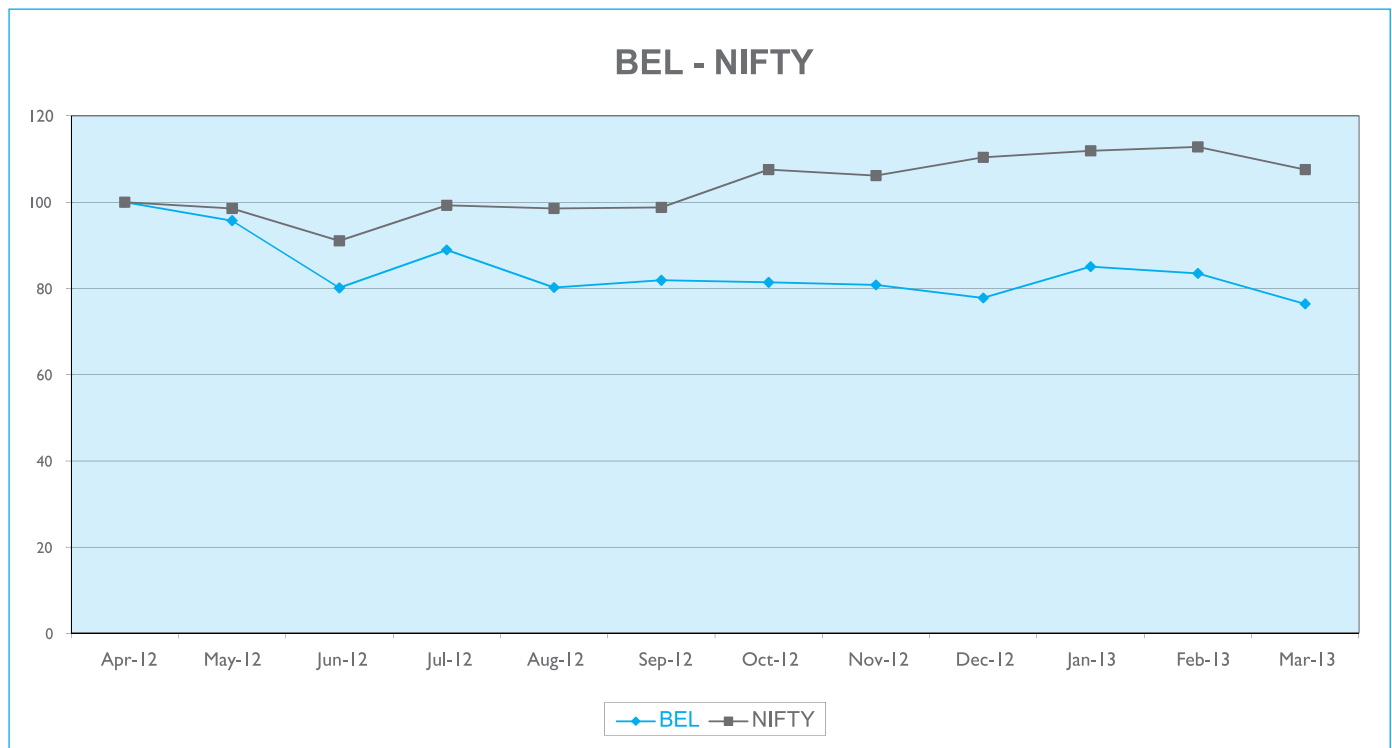
The Company has paid annual custody fees for the financial years 2012 - 13 and 2013 - 14 to both the Depositories, viz, NSDL and CDSL.

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 2012	1583.10	1405.00	1587.00	1351.15
May 2012	1487.35	1225.00	1487.95	1218.20
June 2012	1348.75	1199.15	1349.95	1190.00
July 2012	1396.70	1124.60	1399.45	1121.00
Aug 2012	1298.00	1170.05	1320.00	1144.60
Sept 2012	1268.95	1168.00	1258.90	1111.00
Oct 2012	1341.80	1180.00	1324.00	1181.10
Nov 2012	1281.00	1165.00	1247.00	1156.70
Dec 2012	1325.00	1160.05	1326.00	1156.65
Jan 2013	1349.00	1182.00	1349.00	1185.30
Feb 2013	1304.90	1125.00	1308.95	1121.15
March 2013	1277.95	1107.00	1274.70	1105.25

A comparison of closing quotation of the Company's share price on NSE with the closing position of NSE NIFTY during the year 2012-13 (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 2012 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 2012-13 is given below:

	BSE	NSE	BSE+NSE
No. of shares traded	1,124,984	8,244,146	9,369,130
Value (₹ in lakhs)	14,790.14	104,502.41	119,292.55

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
E-mail : 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 2013

Sl. No.	Category	No. of Share holders	No. of Shares	% Holding
1	Central Government	6	60,689,600	75.86
2	Mutual Funds/UTI	40	3,945,441	4.93
3	Financial Institutions/Banks	7	47,408	0.06
4	Insurance Companies	24	8,182,767	10.23

Sl. No.	Category	No. of Share holders	No. of Shares	% Holding
5	Foreign Institutional Investors	85	2,975,962	3.72
6	Bodies Corporate	584	2,703,980	3.38
7	Individuals	20,073	1,366,896	1.71
8	Trusts	2	28,250	0.04
9	NRIs	490	48,612	0.06
10	Clearing Members	138	11,084	0.01
	Total	21,449	80,000,000	100.00

Top 10 Shareholders as on 31 March 2013

Sl. No.	Name	No. of Shares	% Holding
1	Central Government	60,689,600	75.86
2	Life Insurance Corporation of India	4,106,807	5.13
3	LIC of India Market Plus I Growth Fund	1,371,928	1.71
4	LIC of India Market Plus Growth Fund	1,178,095	1.47
5	HDFC Trustee Company Limited - HDFC Tax Saver Fund	568,951	0.71
6	LIC of India Profit Plus Growth Fund	543,920	0.68
7	HDFC Trustee Company Limited - HDFC Top 200 Fund	517,500	0.65
8	Aviva Life Insurance Company India Limited	478,494	0.60
9	HDFC Trustee Company Limited - HDFC Equity Fund	470,218	0.59
10	Life Insurance Corporation of India - ULIF004200910LICEND+GRW512	390,715	0.49

Distribution of Shareholding as on 31 March 2013

No. of Equity Shares Held	No. of Share holders	%	No. of Shares	%
Up to 500	20,827	97.10	866,596	1.08
501 - 1000	285	1.33	215,981	0.27
1001 - 2000	115	0.54	170,772	0.21
2001 - 3000	38	0.18	93,060	0.12
3001 - 4000	29	0.14	105,692	0.13
4001 - 5000	24	0.11	113,827	0.14
5001 - 10,000	35	0.16	247,469	0.31
10001 and above	96	0.45	78,186,603	97.73
Total	21,449	100.00	80,000,000	100.00

Dematerialisation of Shares

99.98% of total equity capital disinvested by the Government (i.e. 24.14% of the total paid up capital) 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 2012-13, the Company transferred to the Fund an amount of ₹ 79,702 from the Unpaid Dividend Account (₹ 52,766 of final dividend 2004-05, and ₹ 26,936 of interim dividend 2005-06). The unclaimed/unpaid final dividend for the year 2005-06 and interim dividend for the year 2006-07 are due for transfer to the Fund in 2013-14. 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 2005-06 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 2013-14:

- (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 2014, and rating (iii) till 31 March 2014.

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 : 20 September 2013
 Time : 2.30 pm
 Venue : Rashtrakavi Kuvempu Kalakshetra
 Near BEL Hospital & BEL Factory
 Jalahalli, Bangalore - 560 013.

Financial Calendar 2013-14

Financial Year : 1 April 2013 to 31 March 2014
 First quarter results : By end of July 2013
 Second quarter results : By end of Oct 2013
 Third quarter results : By end of Jan 2014
 Annual Audited results : By end of May 2014
 Annual General Meeting : Sept 2014

Book Closure

11 Sept 2013 to 20 Sept 2013 (both days inclusive)

Dividend Payment Date

Dividend will be paid within 30 days of declaration.

Plant Locations

1. Jalahalli Post, Bangalore – 560013 (Karnataka)
Phone: (080) 28382626
Fax: (080) 28382067
2. Site IV, Sahibabad Industrial Area
Bharat Nagar Post
Ghaziabad – 201010 (Uttar Pradesh)
Phone: (0120) 2777707
Fax: (0120) 2776730
3. Plot No. 405, Industrial Area, Phase III
Panchkula – 134113 (Haryana)
Phone: (0172) 3937252, 2591528, 3937400
Fax: (0172) 2594548, 2591463
4. Balbhadrapur, Dist. Pauri Garhwal
Kotdwara – 246149, (Uttarakhand)
Phone: (01382) 231171 to 231178
Fax: (01382) 231132, 231135
5. Plot No. L- I, M.I.D.C. Industrial Area
Navi Mumbai-410208 (Maharashtra)
Phone: (022) 27412701
Fax: (022) 27412888, 27412887

6. N.D.A. Road, Pashan
Pune-411021 (Maharashtra)
Phone: (020) 25865400, 22903000
Fax: (020) 25880577, 25888789
7. Industrial Estate, Nacharam
Hyderabad-500 076 (Andhra Pradesh)
Phone: (040) 27194700
Fax: (040) 27171406
8. Post Box No. 26
Ravindranath Tagore Road
Machilipatnam-521 001 (Andhra Pradesh)
Phone: (08672) 223581 to 223582
Fax: (08672) 222640
9. Post Box No. 981, Nandambakkam
Chennai - 600 089 (Tamil Nadu)
Phone: (044) 22326906
Fax: (044) 22326905

Registered Office/ Address for Correspondence

Bharat Electronics Ltd
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 2013.

For **Bharat Electronics Ltd**

Bangalore
26 June 2013

Anil Kumar
Chairman & Managing Director

R G N Price & Co
Chartered Accountants

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

AUDITORS' CERTIFICATE

The Members,
Bharat Electronics Limited,
Nagavara, Outer Ring Road,
Bangalore – 560 045.

We have examined the compliance of conditions of Corporate Governance by Bharat Electronics Limited, for the year ended 31 March, 2013, as stipulated in clause 49 of the Listing Agreements of the said Company with Stock Exchanges in India and Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises.

The compliance of the conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of an opinion on the financial statements of the Company.

In our opinion, and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement and DPE Guidelines. *However, we observe that there were only Eight Independent Directors from 16 April 2012 to 17 May 2012, Seven Independent Directors from 18 May 2012 to 30 September 2012, Six Independent Directors from 1 October 2012 to 22 November 2012, Three Independent Directors from 23 November 2012 to 25 March 2013 and Seven Independent Directors from 26 March 2013 on Board against the requirement of Nine Independent Directors.*

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

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

For R.G.N Price & Co.,
Chartered Accountants
Firm Registration No.: 002785S

R.M. Kamath
Partner
Membership No. 022907

Bangalore
30 May 2013

Annexure 3

Sustainability Report

The fast depleting natural resources and the enormous pollution caused to environment form the impact of unbridled human activity are major concerns not only for Governments world over, but also for the Corporates. An answer to this problem lies in a multipronged approach from all the stakeholders with clear focus on the end result – a sustainable future. As defined by United Nations, Sustainable Development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs. Sustainable Development involves an enduring and balanced approach to economic activity, social progress and environment responsibility.

The 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.

Environment Management

Set in clean and green surroundings, all the nine Units of BEL effectively maintain environmental friendly work processes. The pristine beauty of the environment in our plants are home to many species of birds which are at the top end of the eco chain fostering bio diversity in flora and fauna supporting the insects and other life forms. This harmony has been built on the foundation of strong environmental management practices which are deep rooted and based on International Standards

such as ISO14001 (2004), pollution prevention measures, energy and water conservation, use of eco friendly materials and processes, reduction, reuse and recycling of waste, reduction of hazardous waste and sustenance of Zero discharge. The Company has now measured its carbon footprint and is planning to move towards Carbon Neutral status by use of green renewable energy for its operations. Several capacity building programs have been conducted to increase awareness among the workforce to environmental issues and promote an environment free of pollution. The Company strives to serve as an example in its environment endeavors by the following initiatives:

Cleaner Technology

The key driver for a pollution free environment stems from cleaner technology adapted for product and process design. Large volumes of BEL Standards support its core design strength. A key factor for continual improvement is introduction of cleaner technology in manufacturing processes that has reduced the generation of pollutants to a large extent. BEL has recognized that a more effective contribution to clean environment begins at design stage itself. BEL Corporate Standards Division has published several guidelines connected to environment friendly materials, components and manufacturing process to be used across the Company. Corporate standards have already commenced standardization and introduction of many RoHS (Restriction of Certain Hazardous Substance) items compliant to European and other International directives. Continuing its efforts in the previous years, in the year gone by, twenty five new RoHS compliant components have been introduced covering 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 process. Low VOC metal finishing operation (Poly urethane) and anti IR coating system are adopted in the process to contain pollution. Eco-friendly Chlorine-free copier paper for photocopying and laser printing has been standardized for lower environmental impact. BEL has completely eliminated all ozone depleting chemicals with eco friendly substances. Introduction of Low Halogen/Halogen Free, Fire and Radiation Resistant cables resulted in lesser emission. Use of new generation EMI/EMC/EMP compatible materials and Components, such as, Aluminium Hexagonal Honeycomb Cellular Materials and Solid Silicone Materials Embedded with Monel Wires helped in minimizing radiation hazard.

Water Management

There has been consistent reduction of water consumption every year in the past ten years, which is mainly due to implementation of a number of water conservation projects. 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. Similar rainwater-harvesting reservoirs are available at other Units also. By rainwater harvesting and recharging of bore wells ground water yield has improved. Roof top harvesting planned during 2012-13, is in progress which will help in conservation of 5 ML for fresh water. Automation of bore wells operation through programmable timer, reducing water losses through analyzing customer complaints and changing over to recycled water in place of de-ionized water in ultrasonic cleaning process (CFF/MCE) are some of the new initiatives helped in conservation of fresh water.

Solid Waste Management

BEL is also taking care of disposal of Municipal Solid Waste in a scientific manner. BEL was quick enough to understand the issues posed by unscientific methods of disposal of municipal and other solid waste. 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 sent for processing at a well-established solid waste treatment facility in Bangalore. Concerted efforts are made 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 saving of trees, energy and water also encouraging agencies in bringing out such programmes to minimize impact on environment.

Hazardous Waste Management

Hazardous wastes generated are handled in a scientific way. Exclusive, well-protected, enclosed areas are created for safe-keeping the hazardous waste. Intermediate stores exist in each production Division wherein identified Hazardous Wastes are quantified and stored till shifting to central hazardous waste stores. These items are brought and stored in the central hazardous waste stores and disposed of as per the norms of State Pollution Control Board. BEL has tied up with the State Pollution Control Board "Treatment, Storage & Disposal Facility" operators for disposal of landfillable solid hazardous

waste. This system in practice effectively prevents pollution caused by hazardous wastes.

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

E-Waste Management

BEL's proactive initiative, through establishment of processes for identification, classification, segregation and handling of e-wastes, facilitates compliance to newly released E-waste (M & H) rules, 2011 which was effective from 01.05.2012.

Biomedical Waste Management

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

Control of Emission to Air

Air emissions from process are controlled through appropriate air pollution control equipment. By virtue of the nature of chemical used and the processes adapted in the manufacture of our products, the impact from the pollutants are insignificant, the results of which are also substantiated with high quality of ambient air measured at different locations within the Plants.

Control of Water Pollution

Waste water generated from production centres are treated to meet reusable standards and recycled for production purpose again. Likewise domestic effluent generated in the factory and colony is treated and recycled for horticulture purpose.

On Site Emergency Plan and Systems

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

regularly practiced to keep the work force ready to handle emergency situations.

Sustainable development Initiatives

The Company has taken the sustainable development projects in the area of air conditioning, air compressor, LED lighting and carbon footprint.

The Company 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 5.5 MW capacity wind mills reduces release of Green House Gases into the atmosphere. During the year 2012-13, about 9.98 million KWhrs of electrical energy was wheeled from wind power plants installed at Davanagere and Hassan of Karnataka state for captive consumption, which contributes to 37.5 % of energy consumed by Bangalore Unit. The Company has placed an order for addition of 10.5 MW to be put into operation during 2013-14. After establishing this plant, BEL Bangalore Unit will become carbon neutral.

During the year 2012-13 the Company spent ₹ 187 lakhs on Sustainable Development projects, which include the following:

- Conservation of potable water by using recycled sewage water from Bangalore Water Supply and Sewage Board for horticulture resulting in reduction of consumption of 200 ML (Million litres) of fresh potable water every year thus reducing the demand of potable water requirement. This also improves the ground water level and greenery around the Company Campus.
- Upgradation of Air Compressor plant by replacing water cooled reciprocating compressor with state-of art energy efficient air cooled compressor resulting in reduction of energy consumption at the central Air Compressor plant and the Energy saved is made available for other usages.
- Carbon Footprint Study: CII-Godrej GBC team carried out Carbon Footprint Study at BEL, Bangalore, in February & May 2012. This study was carried out in accordance with the Corporate GHG Accounting and Reporting Standard (GHG Protocol)/ISO 14064 standard which categorizes emissions into three scopes that comprises of direct and indirect emissions. Bangalore Unit GHG emission intensity was

calculated based on GHG Emissions per ₹ Crore Turnover is about 4.8 MT of CO₂/₹ Crore Turnover in 2010-11 and which has reduced to 3.5 MT of CO₂/₹ Crore Turnover during 2011-12.

- Setting up of Rain water harvesting system at Ghaziabad. Rainwater harvesting is the accumulation and deposition of rainwater for reuse before it reaches the aquifer. The harvested water can be used for drinking purpose and water for gardening as well, etc.
- Awareness programme on Sustainable Development was conducted for 237 employees of Bangalore Unit.
- Two projects viz., Upgradation of Air Compressor plant and Establishing Carbon Footprint were evaluated by external agency namely Petroleum Conservation Research Association, Bangalore & CII-Sohrabji Godrej Green Business Centre, Mumbai respectively and results are found to be satisfactory.

Ecological Sustainability

The Company continues its journey towards Ecological Sustainability. Around 1,35,750 different species of plants are grown in the campus which has been inhabitant for varieties of birds and other creatures supported by fruits and flower bearing of these plants. Even open areas are covered with lawns and shrubs. Around 3,74,000 Square Meters lawns and 23,000 Meters hedges are nurtured in the campus. Green plantations, spreading over 170 acres of land stand as a testimony for BEL's commitment to Afforestation.

OHSAS 18001 (2007)

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

Awards

In recognition of its efforts towards environment management and sustainable development, the Company received the following accolades recently:

- 1st prize for Excellence in Environment Management by ELCINA - EFY 2011 - 12.
- Excellent Water Efficient Unit Award 2012 & and Innovative case study award from the Confederation of Indian Industry (CII) for 2012 under the National Award for Excellence in Water Management held at Jaipur.

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 - 560045 |
| 4. | Website | : | www.bel-india.com |
| 5. | E-mail id | : | secretary@bel.co.in |
| 6. | Financial Year reported | : | 2012-13 |
| 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):
- Radars
 - Communication Transmitters - cum - Receivers
 - Electro - Optic Products
9. Total number of locations where business activity is undertaken by the Company:
- Number of International Locations (Provide details of major 5):
Overseas Offices at : New York (USA) and Singapore
 - 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) : 601,218.61 lakhs
3. Total Profit After Taxes (INR) : 88,983.28 lakhs
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):
₹ 420.78 lakhs 0.47% of PAT
5. List of activities in which expenditure in 4 above has been incurred:-
 - (a) Construction of Vocational Training Centre at New Delhi towards rehabilitation of the Naval Widows.
 - (b) Construction of class rooms for Government schools in Bangalore Rural Distt.
 - (c) Providing Ambulance vans and medical equipment to Indian Red Cross Society for conducting blood donation camps and providing health services in Delhi and rural areas of Karnataka.
 - (d) Providing Aids and Appliances to persons with disabilities in UP and Karnataka States.
 - (e) Provision of bio-digester based toilets, developed by DRDO, in rural areas of Odisha.
 - (f) Promotion of scientific education among school children thro' upgradation of 'Hall of Electronics' in Visvesvaraya Industrial & Technological Museum, Bangalore.

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

I. Details of Director/Directors responsible for BR

- a) Details of the Director/Directors 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	Not Applicable as the Company has formulated policies based on all the nine 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)									

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".

Product Support Monitoring Groups have been established across the Company to address all customer grievances. Three Additional General Managers attend to product support issues of major customers like Army, Navy and Air Force. 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. 92% of the customer complaints received during the year was resolved satisfactorily within the year 2012-13. 8% of the customer complaints were outstanding as on 31.3.2013. Most of these pending complaints were resolved subsequently. Employee relation has been cordial and harmonious during the year.

Section E: Principle-wise performance

Principle 1

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 ₹ 1,000 lakhs and above. The pact essentially envisages an agreement between the prospective vendors/bidders and the Principal (BEL), committing the Persons / officials of both sides, not to resort to any corrupt practices in any aspect / stage of the contract. Only those vendors / bidders, who commit themselves to such a Pact with the Principal, would be considered competent to participate in the bidding process. 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.

2. 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.

Principle 2

1. 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 with 90% of components compliant to RoHs. These products are energy efficient:

- i. Tablet PC
- ii. Wrist Wearable Computer
- iii. Rugged Laptop.

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

- i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?

- ii. 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.

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

Yes

- i. 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 1,300 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 : 10,305
2. Please indicate the Total number of employees hired on Contractual basis : 4,303
3. Please indicate the Number of permanent women employees : 2,156
4. Please indicate the Number of permanent employees with disabilities : 253
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? : 97%
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	33.51	35.56
2.	Permanent Women Employees	36.92	36.50
3.	Contract Employees	30.72	11.10
4.	Employees with Disability	34.14	24.56

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: Instituted a scholarship for meritorious children of SC/ST employees, for pursuing professional courses besides Diploma/Certified courses including ITI certified course. Study centre 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 for this purpose. In addition, various facilities such as coaching for competitive exams, computer training, etc have 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 through the forum "Women in Public Sector". 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, grace time to record attendance, permission to take vehicles upto the place of work. Appliances such as hearing aids, callipers, aluminium 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?

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, resulting in generation of 93,00,000 Units of wind power in 2012- 13 and thereby reducing the release of Green House Gases into the atmosphere (Cumulative CO₂ emission reduction: 53,080 tons of CO₂ equivalent). The Company has placed order for addition of 10.5 MW to be put into operation during

2013- 14 which will reduce emission by about 15,000 tons CO₂ equivalent/Year.

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 Policy in line with its cherished value of endeavouring to fulfil social responsibilities. A comprehensive process has been established to identify and implement CSR programmes/projects focused towards community development. An Apex CSR Committee under the chairmanship of a Functional Director coordinates and monitors the CSR activities in the Company. A General Manager rank officer, who is also a member of the Apex CSR Committee, has been appointed as the Nodal Officer to facilitate implementation, reporting and co-ordination of CSR projects at the Corporate level. The CSR initiatives being perused by the Company are broadly in the areas: Health Care, Education, Rural Development, Environment Protection and Conservation of Natural Resources.

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

The programmes/projects are generally chosen in the neighbourhood of the Company's Units. These programmes/projects are implemented with the help of specialized agencies under the supervision of the Company.

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

The impact assessment of various programmes/projects implemented by the Company during the year is planned to be taken up in the year 2013-14.

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 2012-13, an amount of ₹ 420.78 lakhs was spent by the Company on various CSR programmes/projects. Some of the key programmes undertaken during the year are:

- Construction of Vocational Training Centre at New Delhi towards rehabilitation of the Naval Widows.
- Construction of class rooms for Government schools in Bangalore Rural District.
- Providing Ambulance vans and medical equipment to Indian Red Cross Society for conducting blood donation camps and providing health services in Delhi and rural areas of Karnataka.
- Providing Aids and Appliances to persons with disabilities in UP and Karnataka States.
- Provision of bio-digester based toilets, developed by DRDO, in rural areas of Odisha.

- Promotion of scientific education among school children thro' upgradation of 'Hall of Electronics' in Visvesvaraya Industrial & Technological Museum, Bangalore.

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

Consequent to the issue of new guidelines on CSR and Sustainability by the Government of India, Department of Public Enterprises, the Company plans to focus its future CSR programmes in one of the backward districts of Karnataka. 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. These programmes are likely to make an impact on the lives of the rural people and accelerate the development of the district.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

8% of the customer complaints were outstanding as on 31.3.2013. Most of these were resolved subsequently. No consumer case was pending as on 31.3.2013.

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 2012-13

Energy conservation measures taken during the year 2012-13 include the following:

- Introduction of VRV based air conditioning of total capacity 700 HP for New Buildings
- Installation of 4 numbers of energy efficient 325 TR screw chillers in AC plants for meeting variable cooling load demand.
- Incorporation of variable frequency drives for AHUs, pumps, motors and centrifugal fans.
- Usage of energy efficient 5 star rated split air conditioners.
- Introduction of PLC based automation system for optimization of air compressor operations and energy efficiency in Gas plant.
- Arresting air leakages by periodic monitoring and optimizing compressed air system operation.
- Installation of screw air compressor with variable feed controllers for optimization of energy consumption.
- Lighting management system and daylight harvesting at new buildings.
- Installation of LED Street lights with twilight sensors 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 carbon 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 ₹ 700 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 78 units during 2012-13 from 82 units during 2011-12.
- The electrical energy consumption for the year 2012-13 is 46.55 million KWhrs as against 47.1 million KWhrs during 2011-12.
- During the year 2012-13, about 9.98 million KWhrs of electrical energy was wheeled from wind power plants installed at Davanagere and Hassan, Karnataka state for captive consumption, which contributes to 37.5 % 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 2012-13, 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 for MRSAM, IFF Antenna, Missile System Simulator, Weapon Locating Radar Simulator, C Band GaN Quad TR Modules

Communication : Point-Multipoint Radio, Portable S Band Terminal, Beacon MK-III, Naval VHF Radio, Mobile Communication Terminal for LLTR, Satcom Modem, 100W HF Radio, Advanced Interoperability Communication System for IAF, Advanced VLF Modulator/ Demodulator

- | | | | |
|---------------------------|--|------------------------|--|
| Naval Systems | : Lynx U2 Gun Fire Control System, Target Designator Sight Upgrade, Weapon Control for medium range guns, Submarine Equipment Control System, CCS Mk II for various platforms, Generic Integrated Bridge System for Ships, All Electric Drive and Stabilized Optronic Pedestal for AK630 guns, Radar VEXT for Coastal Surveillance System for Seychelles | Tank Electronics & Gun | : Zu-23 Gun Upgradation, Fire Up-grade Control Computer FCC MK II |
| Electronic Warfare | : Advanced Ground Control System for Nishant UAV, Light Weight Self Protection Suite for Fighter Aircraft, Multi-bit Digital Receiver for RWR, Mini-Jammer MK III, V/UHF Analysis & Monitoring Receiver, Software for Naval ESM and Army LIC EW systems, Interfaces for Naval IEW systems | Other Products | : Electronic Delay Unit for Konkur-M Missile, Pressure Transducer, Remote Controller for Traffic Signal, Battery for SDR, Pneumatic Masts, CSRS-Seychelles, Shelters for LLTR Radar, GES MK II & Ashwini Radar and Exports |
| Command & Control Systems | : Rugged Laptop (RLAP), Wrist-wearable and Hand-Held Computer, Rugged Tablet Computer, SHAKTI Security Solution, NCO Core Middleware, Combat Management System for P17 class of Naval Ships, Software for Modular CMS, Software for BMS (Battlefield Management System) | | |
| Electro - optics | : Commander TI Sight for AFV, Long Range Observation System Advanced Kshitij, Uncooled TI for MMG, Driver Night Sight for MBT Arjun, Light Weight Portable Laser Target Designator, Laser Dazzler, High Repetition Rate Air Defence LRF, Laser Communication System | | |

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. 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 to bridge the technology gaps. R&D will continue to be given high priority for future investments in terms of initiation of new projects, new R&D facilities and upgrading of existing facilities.

4. Expenditure on R&D

During 2012-13, BEL has spent a sum of ₹ 50,986.31 lakhs on R&D. The expenditure on Revenue account was ₹ 45,708.33 lakhs and on Capital account was ₹ 5,277.98 lakhs. The total expenditure as percentage of turnover during the year was 8.48%.

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-the-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 Organization (DRDO) Laboratories, other National Laboratories, Private design houses, academic institutions etc., for either technology absorption of state-of-the-art products developed by them or by taking up of joint development programmes with them.

During 2012-13, R&D Engineers of BEL have completed development of products like IFF for MRSAM, Light Weight Self Protection Suite, NCO Core Middleware, Commander TI sight for AFV, Uncooled TI for MMG, Light Weight Portable Laser Target Designator, Laser Dazzler, High Repetition Rate LRF for Air Defence and Submarine Equipment Control System by working closely with DRDO and other National Labs, absorbing/adapting their technologies.

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

BEL Engineers 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 effort helps BEL to commercialize the products 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-the-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 ₹ 16,614.03 lakhs as against ₹ 18,788.40 lakhs in the previous year. Foreign Exchange Outgo was ₹ 255,109.92 lakhs as against ₹ 221,737.06 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 2012-13 (as at 31 March 2013)
 - (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 : ₹ 534 lakhs
 - ii) for the financial years/period of the Subsidiary since it became the holding Company's Subsidiary : ₹ 3,682 lakhs (cumulative profit)

The net aggregate amount of the Profits of the Subsidiary after deducting its losses or vice versa:

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

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

Anil Kumar
Chairman & Managing Director

M L Shanmukh
Director (HR)

Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
30 May 2013

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 2013

				(₹ in lakhs)
(a) Capital	:	1,832.29	(f) Turnover (Gross)	: 14,700.87
(b) Reserves & Surplus	:	3,122.69	(g) Profit Before Tax/(Loss)	: 856.61
(c) Total Assets (Current & Non-current)	:	30,663.76	(h) Provision for Taxation	: 280.78
(d) Total Liabilities (Current & Non-current)	:	11,620.16	(i) Profit After Tax	: 575.83
(e) Details of Investment	:	NIL	(j) Proposed Dividend (%)	: NIL

Independent Auditors' Report

The Members,
Bharat Electronics Limited,
Nagavara, Outer Ring Road,
Bangalore – 560045

Report on the Financial Statements

We have audited the accompanying financial statements of Bharat Electronics Limited (“Company”), which comprise the Balance Sheet as at March 31, 2013, 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”). 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. 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 March 31, 2013 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 March 31, 2013.
- 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 (Auditors' Report) Order, 2003, as amended by the Companies (Auditors' Report) Order, 2004 (hereinafter referred to as “the Order”) issued by the Central Government of India in terms of section 227(4A) of the Companies Act, 1956, 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 in so far as it

appears from our examination of those books. The audit of the accounts of Bangalore, Hyderabad and Chennai Unit and Corporate Office were carried out by us, whilst the audit of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam units were audited by respective branch auditors. The reports of branch auditors have been considered by us while preparing our report. In the case of New York and Singapore Offices, not visited by us, in respect of which the accounts are maintained at Corporate Office, the returns / records received from the said offices have been verified and found to be adequate for the purpose of our audit. We further state that the disclosure in Clause 15 of Note 31 of Company's share of Assets, Liabilities, Income and Expenses in the joint ventures is based on audited financial statements of GE BE Private Limited and audited financial statements of BEL Multitone Private Limited as provided by the respective operators of Joint Ventures.

(c) the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account of this Company.

(d) In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report comply with the accounting standards referred to in Section 211 (3C) of the Companies Act, 1956 read with Section 211 (3B) of the Companies Act, 1956 and Clause 12 of Note 31 regarding Segment Reporting.

(e) As the Company is a Government Company, it is exempted from the provisions of Section 274(1)(g) of the Companies Act, 1956 regarding disqualification of Directors vide Notification GSR 829(E) dated 21st October 2003 issued by the Ministry of Finance, Department of Company Affairs.

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

R M Kamath
Partner

Bangalore
30 May 2013

Membership No. 022907

ANNEXURE TO THE INDEPENDENT AUDITORS' 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 a portion of the Fixed Assets in accordance with their phased programme of physical verification, which is considered reasonable having regard to the size of the Company and nature of its business and discrepancies, if any, were properly dealt with on such verification during the year.
- (c) During the year, the Company has not disposed off substantial portion of the Fixed Assets.
- (ii) (a) The Raw Materials, Stores and Spare Parts, Tools, Work in Progress and Semi-Finished Goods inventory (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. In case of finished goods, stock verification was done at year end. We draw attention towards non-adjustment of the discrepancies noticed on physical verification of inventory as compared to the book records as given in Note No. 18(ii).
- (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 the differences are under reconciliation. In the case of materials with sub-contractors confirmation from certain sub-contractors were not obtained and in this regard we draw attention to Note No. 18(i).
- (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 Companies Act, 1956 and hence, Clause No. 4 (iii) of Companies Audit Report Order, 2003 as amended in 2004, is not applicable.
- (iv) In our opinion and according to the information and explanations given to us 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 these 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 Companies Act, 1956 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 Lokayukta, Bangalore and the balance of ₹ 0.45 lakhs though matured have not been claimed by depositors. 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 Companies Act, 1956 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 given to understand that the Cost Audit has been ordered with effect from financial year 2012-13 and the audit is scheduled in June 2013. 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 material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income Tax, Sales Tax (VAT), Service Tax, Customs Duty, Excise Duty were in arrears, as at March 31, 2013 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 Taxes (Appeals), Chirkunda, Bihar	66.44
Karnataka Sales Tax Act	Sales Tax	JC (Appeals) Bangalore	3,287.39
Andhra Pradesh Sales Tax Act	VAT	Commissioner (CT)	10.83
Finance Act	Service Tax	Commissioner (Appeals) Bangalore	103.38
	Service Tax	CESTAT Bangalore	10.58
Central Excise Act	Excise Duty	Commissioner (Appeals), Bangalore	32.07
	Excise Duty	Customs, Excise and Service Tax Appellate Tribunal, New Delhi	64.90
Trade Tax	Benefit of Concessional Form not Allowed	Uttarakhand High Court, Nainital	220.08

Nature of Statute	Nature of Dues	Forum where dispute is pending	Amount (₹ in Lakhs)
	Benefit of Concessional Form not Allowed	Uttarakhand High Court, Nainital	141.08
ESI Act, 1948	Interest and Damages towards late deposit	Punjab and Haryana High Court, Chandigarh	3.52
Urban Land Tax	Land Tax	Principal Commissioner and Commissioner Land Reforms, Chennai	41.44
Vacant Land Tax	Land Tax	Director, Directorate of Town Panchayath	10.35
Employees' Provident Fund and Miscellaneous Provision Act, 1952	Provident Fund	Regional Provident Fund Commissioner and Recovery Officer	17.58
Central Sales Tax Act	Central Sales Tax	Sales Tax Appellate Tribunal	479.26
	Sales Tax dues and benefit of concessional Form C	Deputy Commissioner (Appeal)	8.40
	Benefit of Concessional Form D not allowed	AC (Appeal).	2.39
Andhra Pradesh Value Added Tax Act	AP VAT	Sales Tax Appellate Tribunal	20.50
Income Tax Act 1961	TDS u/s 194I against deduction made u/s 194C	High Court of Allahabad	73.32
UP Trade Tax Act, 1948	Acceptance of duplication copy of 3D(1)	DC (Appeals)	1.27

- (x) The Company does not have accumulated losses as at the end of the financial year and has not incurred Cash losses during the financial year and in the immediately preceding financial year.
- (xi) In our opinion and 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 or a nidhi /mutual benefit fund/ society. Therefore, the provisions of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is 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 Companies (Auditor's Report) Order, 2003 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 Companies (Auditor's Report) Order, 2003 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 Companies Act, 1956.
- (xix) The Company has not issued any debentures.
- (xx) The Company has not raised any money by Public Issues and hence clause (xx) of Companies (Auditor's Report) Order, 2003, 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 R G N Price & Co
Chartered Accountants
Firm Regn. No. 002785S

R M Kamath
Partner

Bangalore
30 May 2013

Membership No. 022907



सं./No. Reports / BEL - A/c / 2013-14 / 331

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बंगलूर-560 001.

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

दिनांक / DATE : 12.7.2013

To

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

Sir,

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

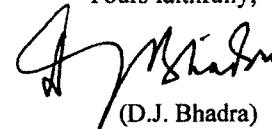
I forward herewith Nil Comments Certificate of the Comptroller and Auditor
General of India under Section 619(4) of the Companies Act, 1956 on the accounts of
Bharat Electronics Limited, Bangalore for the year ended 31 March 2013.

It may please be ensured that the Comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,



Pr. Director of Commercial Audit

Encl: As above.

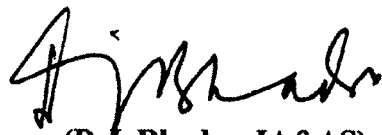
भारतीय लेखा तथा लेखापरीक्षा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
पहला तल, बसवा भवन, श्री बसवेश्वरा रोड, बंगलूर – 560 001
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001

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 2013.

The preparation of financial statements of Bharat Electronics Limited, Bangalore for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 30 May 2013.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of Bharat Electronics Limited, Bangalore for the year ended 31 March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge, which would give rise to any comment upon or supplement to Statutory Auditor's report under section 619(4) of the Companies Act, 1956.

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



(D.J. Bhadra, IA&AS)

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

**Bangalore
Dated: 12.7.2013**

Significant Accounting Policies

1. BASIS OF ACCOUNTING

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

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

- (i) Revenue from sale of goods is recognised as under:
- 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.
 - In the case of ex-works contracts, when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.
 - 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.

- 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.
 - Price revisions and claims for price escalations on contracts are accounted on admittance.
 - 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.
 - Sales exclude Sales Tax / Value Added Tax (VAT) and include Excise Duty.
- (ii) Other income is recognized on accrual.

4. FIXED ASSETS, CAPITAL WORK-IN-PROGRESS AND INTANGIBLE ASSETS UNDER DEVELOPMENT:

(i) Tangible Assets:

Tangible Fixed Assets are stated at cost less accumulated depreciation / amortisation including where the same is acquired in full or in part with government grant. Cost for this purpose includes all attributable costs for bringing the asset to its location and condition, cost of computer software which is an integral part of the related hardware, and also includes borrowing costs during the acquisition / construction phase, if

it is a qualifying asset requiring substantial period of time to get ready for intended use. The cost of Fixed Assets acquired from a place outside India includes the exchange differences if any, arising in respect of liabilities in foreign currency incurred for acquisition of the same upto 31.03.2007.

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

(ii) Intangible Assets:

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an Intangible Asset in the books of accounts when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development".

(iii) Impairment of Assets:

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

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

5. DEPRECIATION/AMORTISATION

Tangible depreciable Fixed Assets are generally depreciated on straight-line method at the rates (or higher rates as disclosed) and in the manner prescribed in Schedule XIV to the Companies Act, 1956. Special instruments are amortised

over related production. Intangible Assets are amortised over a period of three years on straight-line method. Prorata depreciation / amortisation is charged from / upto the date on which the assets are ready to be put to use / are deleted or discarded. Leasehold land is amortised over the period of lease.

6. BORROWING COSTS

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

7. RESEARCH & DEVELOPMENT EXPENDITURE

- i) Research and Development expenditure (other than on specific development-cum sales contracts and R&D projects initiated at customer's request), is charged off as expenditure when incurred. R&D expenditure on development-cum-sale contracts and on R&D projects initiated at customer's request are treated at par with other sales contracts.
- ii. Where R&D projects are initiated at customer's request, and such projects do not fructify into a customer order, the total expenditure booked in respect of such projects is charged off in the year the project is closed.
- iii. R&D expenditure on Fixed Assets is capitalised.

8. GOVERNMENT GRANTS

All Grants from Government are initially recognised as Deferred Income.

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

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

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

9. INVESTMENTS

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

10. INVENTORY VALUATION

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

11. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

12. INCOME TAX

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

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

13. PROVISION FOR WARRANTIES

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

14. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

15. EMPLOYEE BENEFITS

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

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

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

- (v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.
- (vi) Payments of voluntary retirement benefits are charged off to revenue on incurrence.

16. PRIOR PERIOD ADJUSTMENTS AND EXTRAORDINARY ITEMS

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

17. TECHNICAL KNOW-HOW

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

18. PROVISIONS AND CONTINGENT LIABILITIES

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

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

19. CASH FLOW STATEMENT

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

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

Anil Kumar
Chairman & Managing Director

M L Shanmukh
Director (HR)

R M Kamath
Partner
Membership No. 022907

Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
30 May 2013

Balance Sheet

		(₹ in Lakhs)	
PARTICULARS	Note No.	As at 31 March 2013	As at 31 March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	1	8,000.00	8,000.00
(b) Reserves & Surplus	2	<u>622,369.46</u>	<u>554,221.01</u>
		630,369.46	562,221.01
(2) Government Grants	3	1,917.16	1,474.56
(3) Non-Current Liabilities			
(a) Long-Term Borrowings	4	-	1.38
(b) Other Long Term Liabilities	5	432.30	418.13
(c) Long-Term Provisions	6	<u>34,841.85</u>	<u>30,322.07</u>
		35,274.15	30,741.58
(4) Current Liabilities			
(a) Short-Term Borrowings	31	-	-
(b) Trade Payables	7	112,685.20	108,142.69
(c) Other Current Liabilities	8	627,592.78	754,668.86
(d) Short-Term Provisions	9	<u>36,775.40</u>	<u>28,549.75</u>
		777,053.38	891,361.30
TOTAL		<u>1,444,614.15</u>	<u>1,485,798.45</u>
II. ASSETS			
(1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	57,422.74	50,632.12
(ii) Intangible Assets	11	122.72	383.79
(iii) Capital Work-in-Progress	12	16,129.92	11,344.47
(iv) Intangible Assets under Development	13	11.99	11.99
(b) Non Current Investments	14	1,198.11	1,198.11
(c) Deferred Tax Assets (Net)	15	27,157.31	22,815.57
(d) Long-Term Loans & Advances	16	13,030.36	17,341.69
(e) Other Non Current Assets	17	<u>7,983.78</u>	<u>11,715.76</u>
		123,056.93	115,443.50
(2) Current Assets			
(a) Inventories	18	319,128.65	267,498.54
(b) Trade Receivables	19	333,467.08	268,657.91
(c) Cash & Bank Balances	20	530,249.23	677,252.23
(d) Short-Term Loans & Advances	21	130,794.62	150,784.58
(e) Other Current Assets	22	<u>7,917.64</u>	<u>6,161.69</u>
		1,321,557.22	1,370,354.95
TOTAL		<u>1,444,614.15</u>	<u>1,485,798.45</u>

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

As per our report of even date attached.

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

Anil Kumar
Chairman & Managing Director

M L Shanmukh
Director (HR)

R M Kamath
Partner
Membership No. 022907

Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
30 May 2013

Statement of Profit & Loss

(₹ in Lakhs)

PARTICULARS	Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
I. REVENUE FROM OPERATIONS			
(i) Turnover			
(a) Sale of Products		541,153.22	481,696.72
(b) Sale of Services		60,065.39	88,666.64
(c) Gross (a+b)		601,218.61	570,363.36
(d) Excise Duty		2,173.45	5,362.64
(e) Net Turnover (c-d)		599,045.16	565,000.72
(ii) Other Operating Revenues	23	11,336.59	11,763.36
TOTAL [i(e)+ii]		610,381.75	576,764.08
II. OTHER INCOME	24	60,998.30	58,549.08
III. TOTAL REVENUE (I+II)		671,380.05	635,313.16
IV. EXPENSES			
(a) Cost of Material Consumed		329,945.48	304,526.48
(b) Cost of Stores & Spares Consumed		2,521.71	2,753.27
(c) Purchases of Stock in Trade		76,025.99	59,623.73
(d) Changes in Inventories of Finished Goods, WIP & Scrap	25	(27,800.12)	(8,994.89)
(e) Employee Benefits Expense	26	111,078.87	108,123.05
(f) Finance Costs	27	78.17	60.01
(g) Depreciation and Amortization Expense	10 & 11	13,071.04	12,079.89
(h) Other Expenses	28	54,362.25	49,271.21
TOTAL EXPENSES (a to h)		559,283.39	527,442.75
V. Profit before exceptional & extraordinary items & tax (III-IV)		112,096.66	107,870.41
VI. Exceptional Items		-	-
VII. Profit before extraordinary items and tax (V-VI)		112,096.66	107,870.41
VIII. Extraordinary items		-	-
IX. Profit for the year (VII-VIII)		112,096.66	107,870.41
X. Prior Period Items (Net)	29	(637.45)	(385.60)
XI. Profit for the period before tax (IX+X)		111,459.21	107,484.81
XII. Tax Expense			
- Current Year		26,500.00	29,800.00
- Earlier Years		317.68	(554.30)
- Deferred Taxes		(4,341.75)	(4,750.67)
Total Provision for Taxation		22,475.93	24,495.03
XIII. Profit for the period (XI-XII)		88,983.28	82,989.78
XIV. Earnings per equity share:	30		
(1) Basic [in Rupees]		111.23	103.74
(2) Diluted [in Rupees]		111.23	103.74

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

As per our report of even date attached.

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

Anil Kumar
Chairman & Managing Director

M L Shanmukh
Director (HR)

R M Kamath
Partner
Membership No. 022907

Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
30 May 2013

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - I		
SHARE CAPITAL		
Authorised Capital		
100,000,000 (100,000,000) Equity Shares of ₹ 10 each	10,000.00	10,000.00
Issued, Subscribed & Fully Paid - up Capital		
80,000,000 (80,000,000) Equity Shares of ₹ 10 each	8,000.00	8,000.00

i. Reconciliation of No. of Shares

Particulars	2012 - 2013		2011 - 2012	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	80,000,000	8,000.00	80,000,000	8,000.00
Add: Shares issued during the year	-	-	-	-
Less: Shares Bought Back, Others etc during the period	-	-	-	-
Shares outstanding at the end of the reporting period	80,000,000	8,000.00	80,000,000	8,000.00

ii. Details of shareholders holding more than 5% of paid up share capital as on 31.03.2013 is given below:

Name of Shareholder	2012 - 2013		2011 - 2012	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Government of India	60,689,600	75.86%	60,689,600	75.86%
Life Insurance Corporation of India	4,106,807	5.13%	3,166,576	3.96%

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

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE-2		
RESERVES & SURPLUS		
CAPITAL RESERVE		
a) Land Valuation Reserve	<u>200.64</u>	<u>200.64</u>
b) Capital Profit :		
At the beginning of the year	947.05	890.24
Add: Transfer from Profit for the period	<u>3,270.27</u>	<u>56.81</u>
	<u>4,217.32</u>	<u>947.05</u>
c) On acquisition of Machilipatnam Unit	<u>0.85</u>	<u>0.85</u>
d) General Investment Subsidy for Kotdwara Unit	<u>50.00</u>	<u>50.00</u>
	4,468.81	1,198.54
GENERAL RESERVE		
At the beginning of the year	312,122.33	272,122.33
Add: Transfer from Surplus for the period	<u>40,000.00</u>	<u>40,000.00</u>
	352,122.33	312,122.33
SURPLUS		
At the beginning of the year	240,900.14	217,306.59
Add: Profit for the period	<u>88,983.28</u>	<u>82,989.78</u>
Amount available for appropriation	<u>329,883.42</u>	<u>300,296.37</u>
Less: Appropriation		
Dividend on Equity Shares		
- Interim Dividend	4,800.00	8,000.00
- Proposed Final Dividend	13,040.00	8,640.00
Dividend Tax	2,994.83	2,699.42
Transfer to General Reserve	40,000.00	40,000.00
Transfer to Capital Reserve	<u>3,270.27</u>	<u>56.81</u>
Surplus carried forward	265,778.32	240,900.14
	622,369.46	554,221.01
NOTE-3		
GOVERNMENT GRANTS		
Grant from Government for Research and Other purposes		
At the beginning of the year	1,474.56	1,686.42
Add : Additions during the year	729.60	38.00
Less: Transfer to Statement of Profit & Loss.	<u>287.00</u>	<u>249.86</u>
	1,917.16	1,474.56
	1,917.16	1,474.56

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 4		
LONG TERM BORROWINGS		
Secured		
Long Term Maturity of Finance Lease Obligations		
Liability on Leased Assets (Vehicles)	-	1.38
	<u>-</u>	<u>1.38</u>
i. Total outstanding liability on Leased Assets	1.36	9.81
Less: Amount expected to be paid within next 12 months (Refer Note 8)	1.36	8.43
	<u>-</u>	<u>1.38</u>
ii. The above liability is secured by vehicles taken on lease. (Refer Note 10)		
iii. Terms of Repayment		
- Fixed Non cancellable period is 60 months from date of commencement of the rentals.		
- Lease Rentals in respect of each vehicle is determined based on prevailing interest rate at the time of availment of Lease Finance.		
- Lease Rental variation clause is applicable.		
- In case of premature termination of Lease (with the consent of the Lessor), the Lessee shall pay the Lessor the discounted value of future receivables.		
- Termination Value at the rate of 1% of the Lease amount of vehicle is payable for sale of car on behalf of Lessor.		
iv. As per the provisions of Accounting Standard 19, the following information is disclosed in respect of above Finance Lease:		
a) The net carrying amount (WDV) at the Balance Sheet date	0.94	7.50
b) Total minimum lease payments as at the reporting period date	1.42	10.43
c) The present value of minimum lease payments as at the reporting period date	1.36	9.81
d) The minimum lease amount payable with present value for each of the following periods is given below:		

Particulars	2012 - 13		2011 - 12	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
a) not later than one year	1.42	1.36	8.76	8.43
b) later than one year & not later than five years	-	-	1.67	1.38
c) later than five years	-	-	-	-
TOTAL	1.42	1.36	10.43	9.81

NOTE - 5

OTHER LONG TERM LIABILITIES

Trade Payables	329.69	203.01
Security Deposits	102.61	215.12
	<u>432.30</u>	<u>418.13</u>

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 6		
LONG TERM PROVISIONS		
Employee Benefits		
Long - term Compensated Absences	17,595.26	17,692.78
BERECHS	17,246.59	12,629.29
	34,841.85	30,322.07

- i. **Long Term Compensated Absence Scheme:**
- | | | |
|---|------------------|------------------|
| Total liability in respect of Long Term Compensated Absences | 20,492.46 | 20,041.98 |
| Less: Amounted expected to be paid within next 12 months (Refer Note 9) | 2,897.20 | 2,349.20 |
| | 17,595.26 | 17,692.78 |
- ii. The amount of Liability on long term compensated absences has been bifurcated between current and non current based on the report of Actuary.
- iii. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of Long Term Compensated Absence: The Company has a Long Term Compensated Absence Scheme for its employees, which is a Non - Funded Scheme. The employees of the Company are entitled to two types of Long Term Compensated Absences: Annual Leave (AL) and Sick Leave (SL). The Scheme provides for compensation to employees against the unavailed Leave (only AL in case of Executives and both AL and SL in case of Non - Executives) on attaining the age of superannuation, VRS, resignation (only AL) and death. AL can also be encashed during service.

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

Particulars	2012-2013	2011-2012
a) Expenses Recognised in the Statement of Profit & Loss:		
Net Expenses Recognised in the Statement of Profit & Loss [Expenses: ₹ 7,889.79, Provisions: ₹ 450.48]	8,340.27	6,430.86
b) Principal Assumptions :		
Discounting Rate	8.10%	8.60%
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]	20,492.46	20,041.98

- iv. **BEL Retired Employees' Contributory Health Scheme (BERECHS)**
- | | | |
|--|------------------|------------------|
| a. Total outstanding of BERECHS | 19,149.62 | 14,853.79 |
| Less: Amount expected to be payable within next 12 months (Refer Note 9) | 1,903.03 | 2,224.50 |
| | 17,246.59 | 12,629.29 |
- b. The amount of Liability in respect of BERECHS has been bifurcated between current and non current based on the report of Actuary.
- v. As per the provisions of Accounting Standard 15 (R), the following information is disclosed in respect of BERECHS:
- The Company has a contributory health scheme for its retired employees "BEL Retired Employees' Contributory Health Scheme" (BERECHS), which is a non-funded scheme. The primary objective of the scheme is to provide medical facilities to employees retiring on attaining the age of superannuation, or on VRS. Benefits under the Scheme shall be available to the employees who become members and their spouses only. The Company takes insurance cover for in-patient treatment. In addition to the annual insurance premium, the Company bears 60% of the medicine cost and 75% of the cost of diagnostic tests for outpatient treatment and for the treatment of specified diseases, the Company bears the full cost of treatment, over and above the insurance coverage.

Notes to Accounts

(₹ in Lakhs)

The following table summarises 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	2012-2013	2011-2012
a. Change in Benefit Obligations :		
Present Value of Obligation (PVO) as at the beginning of the year	14,821.74	13,475.95
Current Service Cost	922.69	838.91
Interest Cost	1,190.79	1,102.17
Actuarial (Gain)/Loss	4,165.05	724.63
Benefits paid	(1,950.65)	(1,319.92)
Present Value of Obligation as at the end of the period	19,149.62	14,821.74
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	1,950.65	1,319.92
Benefits paid	(1,950.65)	(1,319.92)
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	922.69	838.91
Interest on Defined benefit obligation	1,190.79	1,102.17
Expected return on Plan Assets	-	-
Net Actuarial (Gain)/Loss recognised in the period	4,165.05	724.63
d. Expenses Recognised in the Statement of Profit & Loss	6,278.53	2,665.71
Add : Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.03.2004)	-	333.85
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 : ₹ 1950.65, Provisions : ₹ 4295.83)	6,246.48	2,999.56
e. Principal Assumptions :		
Discounting Rate	8.10%	8.60%
Rate of increase in compensation level	7.50%	7.50%
Health care costs escalation rate	3.00%	2.50%
Attrition Rate	1.00%	1.00%
f. Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	19,149.62	14,821.74
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(19,149.62)	(14,821.74)
Unrecognised Actuarial (Gains)/Losses	-	-
Liability recognised in Balance Sheet (as per Actuarial Valuation)	19,149.62	14,821.74
Less : Initial actuarial Liability towards existing employees (valued on 31.03.2004)	(2,972.56)	2,972.56
Add : Amortisation of above initial Actuarial Liability over 9 years *	2,972.56	3,004.61
Liability recognised in Balance Sheet	19,149.62	14,853.79
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	239.33	219.66
Effect on defined benefit obligation	2,221.30	1,568.97
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	(202.77)	(185.96)
Effect on defined benefit obligation	(1,852.20)	(1,328.25)

* The BERECHS liability assessed in Financial Year 2003-04 towards existing employees amounted to ₹ 2972.56, 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 till F.Y. 2011-12) covers the full initial liability of ₹ 2972.56, the excess amount of ₹ 32.05 has been withdrawn.

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE-7		
TRADE PAYABLES		
- Dues to Micro & Small Enterprises	122.06	64.83
- Others	112,563.14	108,077.86
	112,685.20	108,142.69

- 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 2013 is furnished below:

Particulars	2012-2013	2011-2012
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at 31 March 2013:		
Principal Amount	122.06	64.83
Interest	0.29	2.24
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 2013:		
Principal Amount	16.88	90.12
Interest	0.15	1.02
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act	0.36	0.71
d. The amount of interest accrued and remaining unpaid at the end of the year ending 31 March 2013.	3.64	2.95
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act.	0.84	1.52

- 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) #

1.36 8.43

Unpaid Dividend Account *

19.47 18.15

Unpaid Matured Deposits (including interest thereon) *

38.87 40.47

Interest accrued and due on Trade Payables -MSMED (Refer Note 7)

3.64 2.95

Other Liabilities

Security Deposits

1,932.67 1,308.87

Outstanding Expenses

13,031.85 18,015.93

Advances /Progress Payment received from Customers

590,168.40 717,813.26

Statutory Liabilities

17,544.84 12,877.98

Others

4,851.68 4,582.82

627,592.78 754,668.86

Refer Note No. 4

* 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 2013	As at 31 March 2012
NOTE-9		
SHORT TERM PROVISIONS		
Taxation [Net of Advance Tax ₹ 88,200.00 (₹ 95,627.22)] (Refer Note 16)	-	-
Proposed Final Dividend	13,040.00	8,640.00
Dividend Tax	2,216.15	1,401.62
Employee Benefits		
Gratuity	2,196.45	2,280.17
Proposed Pension Scheme	11,807.01	9,201.55
Long-Term compensated absences	2,897.20	2,349.20
BERECHS	1,903.03	2,224.50
	18,803.69	16,055.42
Provision for Performance Warranty	2,715.56	2,452.71
	36,775.40	28,549.75

- 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	2012-2013	2011-2012
Opening Balance (a)	2,452.71	2,786.01
Additional Provisions made during the year (b)	697.96	214.44
Amounts used during the year (c) *	-	90.00
Unused Amounts reversed during the year (d)	435.11	457.74
Closing Balance (e) = (a + b - c - d)	2,715.56	2,452.71

* Represents amount debited to opening provision.

- ii. During the year the Company has recognised an amount of ₹ 6,148.61 (₹ 5,826.60) 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 31 March 2013, that there is no liability towards the interest shortfall on valuation date under para 55 and 59 of AS 15 (R) (having regard to terms of plan that there is no compulsion on the part of the Trust to distribute any part of the surplus, if any, by way of additional interest on PF balances). The following tables summarise the disclosure report provided by the actuary:

EMPLOYEES PROVIDENT FUND

Particulars	2012-2013	2011-2012
i) Change in Benefit Obligations :		
Present Value of Obligation as at the beginning of the year	110,225.27	100,285.66
Current Service Cost	24,315.84	21,580.60
Interest Cost	8,929.24	7,783.88
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (Gain)/Loss	(6,445.35)	(4,183.99)
Benefits paid	(12,793.95)	(15,240.88)
Present Value of Obligation as at the end of the period	124,231.05	110,225.27

Notes to Accounts

(₹ in Lakhs)

Particulars	2012-2013	2011-2012
ii) Change in Fair Value of Plan Assets:		
Fair value of Plan Assets at the beginning of the year	127,516.08	110,388.25
Expected return on Plan Assets	11,662.62	10,240.90
Contributions	24,459.54	22,946.33
Benefits paid	(12,793.95)	(15,240.88)
Actuarial Gain/(Loss) on Plan Assets	(1,286.80)	(818.52)
Fair value of Plan Assets at the end of the period	149,557.49	127,516.08
iii) Expenses Recognised in the Statement of Profit & Loss:		
Opening Net Liability	-	-
Current Service cost	24,315.84	21,580.61
Interest Cost	8,929.24	7,783.88
Expected return on Plan Assets	(11,662.62)	(10,240.90)
Net Actuarial (Gain)/Loss recognised in the period	(5,158.56)	(3,365.46)
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Statement of Profit & Loss	16,423.90	15,758.13
iv) Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	124,231.05	110,225.27
Fair Value of Plan Assets at the end of the period	149,557.49	127,516.08
Difference	(25,326.44)	(17,290.81)
Unrecognised Actuarial (Gains)/Losses	-	-
Liability recognised in Balance Sheet	-	-
v) Amount for the Current Period:		
Present Value of Obligation	124,231.05	110,225.27
Plan Assets	149,557.49	127,516.08
Surplus/(Deficit)	25,326.44	17,290.81
Experience Adjustments on Plan liabilities - (Loss)/Gain	6,455.50	4,135.24
Experience Adjustments on Plan Assets - (Loss)/Gain	(1,286.80)	(818.52)
vi) Category of Assets as at 31 March 2013:		
Government of India Securities	20.98%	18.86%
State Government Securities	22.47%	23.39%
High Quality Corporate Bonds	45.59%	44.03%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	10.96%	13.72%
Mutual Funds	0.00%	0.00%
Cash	0.00%	0.00%
Total	100.00%	100.00%
vii) Principal Assumptions :		
Discounting Rate	8.10%	8.60%
Salary escalation rate	7.50%	7.50%
Expected rate of Return on Plan Assets	9.05%	9.05%

Notes to Accounts

(₹ in Lakhs)

iii. Proposed Pension Scheme

As per the guidelines issued by the Department of Public Enterprises (DPE), GoI on the pay revision for Officers of PSUs, the company has submitted a proposal to the Ministry of Defence, GoI for a Pension Scheme (Defined Contribution Scheme) for Executives which has been duly considered by the Board of Directors. Pending approval by the Administrative Ministry, a provision for ₹ 11,807.01 has been made in the accounts upto the year 2012-13.

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	2012-2013	2011-2012
i. Change in Benefit Obligations :		
Present Value of Obligation as at the beginning of the year	37,773.15	38,107.60
Current Service Cost	796.14	738.88
Interest Cost	3,022.86	2,896.28
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (Gain)/Loss	1,677.20	3,286.46
Benefits paid	(5,247.28)	(7,256.07)
Present Value of Obligation as at the end of the period	38,022.07	37,773.15
ii. Change in Fair Value of Plan Assets:		
Fair value of Plan Assets at the beginning of the year	35,492.98	35,296.38
Expected return on Plan Assets	3,105.06	3,044.16
Contributions	2,280.17	4,311.22
Benefits paid	(5,247.28)	(7,256.07)
Actuarial Gain/(Loss) on Plan Assets	194.69	97.29
Fair value of Plan Assets at the end of the period	35,825.62	35,492.98
Excess of Obligation over Plan Assets	2,196.45	2,280.17
iii. Expenses Recognised in the Statement of Profit & Loss:		
Opening Net Liability	-	-
Current Service cost	796.14	738.88
Interest Cost	3,022.86	2,896.28
Expected return on Plan Assets	(3,105.06)	(3,044.16)
Net Actuarial (Gain)/Loss recognised in the period	1,482.51	3,189.17
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Statement of Profit & Loss	2,196.45	3,780.17
Actual Return on Plan Assets	9.64%	9.13%
iv. Amounts recognised in Balance Sheet :		
Present Value of Obligation as at the end of the period	38,022.07	37,773.15
Fair Value of Plan Assets at the end of the period	35,825.62	35,492.98
Funded Status	(2,196.45)	(2,280.17)
Unrecognised Actuarial (Gains)/Losses	-	-
Liability recognised in Balance Sheet [after considering payment of ₹ NIL (₹ 1500) to the Trust during the year]	2,196.45	2,280.17

Notes to Accounts

(₹ in Lakhs)

Particulars	2012-2013	2011-2012
v. Category of Assets as at 31 March 2013:		
State Govt. Securities	14.08%	14.45%
Govt. of India Securities	2.70%	2.58%
High Quality Corporate Bonds	16.62%	17.19%
Special Deposit	0.00%	0.00%
Investment with Insurer	66.60%	65.78%
Principal Assumptions :		
Discounting Rate	8.10%	8.60%
Salary escalation rate	7.50%	7.50%
Expected rate of Return on Plan Assets	9.64%	9.13%

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.

Particulars	2012-13	2011-12	2010-11	2009-10	2008-09
i) Present Value of Obligation as at the end of the period	38,022.07	37,773.15	38,107.60	41,585.38	35,120.87
ii) Fair value of Plan Assets at the end of the period	35,825.62	35,492.98	35,296.38	38,436.96	24,579.01
iii) Excess of Obligation over Plan Assets - Surplus/ (Deficit)	(2,196.45)	(2,280.17)	(2,811.22)	(3,148.42)	(10,541.86)
Experience Adjustments					
iv) Experience Adjustments on Plan liabilities - (Loss)/ Gain	(281.64)	(3,375.25)	(2,176.81)	(1,485.62)	(472.76)
v) Experience Adjustments on Plan Assets - (Loss)/ Gain	194.69	97.29	(55.53)	3,074.51	(234.41)

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 ₹ 2,196.45 (₹ 2,280.17). 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 6 for disclosure details.

NOTE - 10
FIXED ASSETS-TANGIBLE

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	Cost as at 01.04.2012	Additions / adjustments during the year	Deductions/ adjustments during the year	Total cost as at 31.03.2013	Accumulated Depreciation Upto 31.03.2012	Depreciation for the year	Deductions/ adjustments during the year	As at 31.03.2013	As at 31.03.2012
Free Hold Land *	1,086.64	-	-	1,086.64	-	-	-	1,086.64	1,086.64
Lease Hold Land	708.20	-	1.85	706.35	92.15	11.11	0.78	603.87	616.05
Roads and Culverts	660.95	19.97	-	680.92	451.51	16.61	-	212.80	209.44
Buildings ++	18,227.80	4,568.77	10.43	22,786.14	9,210.99	604.14	8.03	12,979.04	9,016.81
Installations ++	6,121.18	489.34	31.52	6,579.00	4,576.74	315.45	31.52	1,718.33	1,544.44
Plant and Machinery ++	69,591.15	6,264.50	1,017.44	74,838.21	55,265.49	4,555.81	1,010.27	16,027.18	14,325.66
Electronic Equipment ++	49,021.45	2,220.51	540.86	50,701.10	36,509.96	3,442.73	511.73	11,260.14	12,511.49
Equipment for R & D Lab	23,260.02	3,834.81	411.51	26,683.32	16,244.18	2,406.47	394.21	18,256.44	7,015.84
Vehicles	887.50	40.31	38.57	889.24	747.15	66.90	38.43	113.62	140.35
Vehicles - Under Lease	66.84	-	59.73	7.11	59.34	5.30	58.47	0.94	7.50
Office Equipment ++	11,129.44	854.72	326.95	11,657.21	9,042.71	788.79	325.56	2,151.27	2,086.73
Furniture, Fixtures and other Equipment ++	6,022.65	1,368.10	56.46	7,334.29	3,955.44	593.70	55.88	2,841.03	2,067.21
Assets acquired for Sponsored Research **	1,334.91	-	-	1,334.91	1,330.95	2.96	-	1,333.91	3.96
Total ***	188,118.73	19,661.03	2,495.32	205,284.44	137,486.61	12,809.97	2,434.88	147,861.70	50,632.12
Previous Year	177,233.43	14,757.41	3,872.11	188,118.73	129,082.82	11,880.19	3,476.40	50,632.12	48,150.61

Free Hold Land consists of 943.67 acres (943.67 acres) and Lease Hold Land consists of 301.33 acres (302.40 acres). During the year 1.07 acres was converted to Free Hold Land and sold along with building.

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

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

++ Additions during the year include ₹ 1,443.18 (₹ 753.26) in respect of the assets of Central Research Laboratories of BEL.

*** Gross Block and Accumulated Depreciation include ₹ 5,378.00 (₹ 4,951.32) pertaining to assets not in active use, disposal of which is pending.

Notes to Accounts

(₹ in Lakhs)

FIXED ASSETS-TANGIBLE

- i) In respect of certain Fixed Assets mentioned below, execution of title/sale Deed by the appropriate authorities is pending.
- Freehold land (Machilipatnam – 0.516 acres) ₹ 3.75 (₹ 3.75)
 - Leasehold land (Ghaziabad) ₹ NIL (₹ 0.18)
 - Buildings (Ghaziabad) ₹ NIL (₹ 0.16)
- Deeds containing the terms of transfer/grant of land from State Governments/State Undertakings have not been finalised in respect of 86.78 acres valuing ₹ 181.63 (86.78 acres valuing ₹ 181.63) pertaining to Panchkula Unit. Out of this, title in respect of land measuring 0.962 acres (0.962 acres) is under litigation. Pending finalisation of formal deeds, no provision towards registration and other costs have been made.
- b) Pending execution of title/sale deeds and handing over of physical possession of land allotted to BEL Hyderabad by Andhra Pradesh Industrial Infrastructure Corporation (APIIC) admeasuring 5.60 acres (5.60 acres) in Mallapur, Hyderabad, no provision towards registration and other cost has been made in the books of accounts. Cost of land paid to APIIC amounting to ₹ 65.12 (₹ 65.12) is included in Long Term Loans & Advances.
- c) Based on the Memorandum of Understanding reached with the Defence authorities, expenditure on civil works was incurred on land allotted to BEL for setting up of the Hyderabad Unit. Pending finalisation of the terms and conditions by the appropriate authorities, the cost of land measuring 25.11 acres (25.11 acres) has not been accounted in the books of accounts.
- d) Land acquired free of cost from the Government in some units has been accounted at a notional value by corresponding credit to Capital Reserve.
- e) The Company has installed Windmill Generator at two locations. The leasehold land of the Windmill Generator-I is capitalised in the year 2007-08 at the nominal value of ₹ 5 (Five Rupees only) as the upfront lease cost is Nil. The leasehold land of Windmill Generator-II is capitalised in the year 2007-08 at the cost of ₹ 114. In both the cases, the lease agreement for the land is pending finalisation.
- f) Freehold land of Pune Unit measuring 3,897.52 square meters (cost ₹ 0.48) is to be handed over to Pimpri-Chinchwad Municipal Corporation for the purpose of road widening. The Compensation of ₹ 434.69 is received as advance based on the rates fixed by Moolya Nirddharan Suchi of Government of Maharashtra and transfer of property will take place on fulfilment of agreed terms.
- ii) a) In pursuance of the Companies (Amendment) Act, 1988 and Schedule XIV thereof, increased rates of depreciation on straight line method in accordance with the Schedule XIV have been adopted wherever required, only on additions on or after 01.04.1987.
- b) Wherever the rates of depreciation applied prior to 01.04.1987 are higher than the rates specified in Schedule XIV to the Companies Act, 1956, they have been continued. However, additions forming part of existing machines are depreciated on the same basis as the original machines.
- c) Depreciation for multiple shifts is charged on block of assets for the full year.
- d) The straight line rates of depreciation adopted other than those under Schedule XIV are as under:

(i) Buildings	2.5% / 5%
(ii) Plant and Machinery	10% / 11.31% / 15% / 16.21% / 20% / 25%
(iii) Vehicles	20% / 25%
(iv) Furniture, 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 - II
FIXED ASSETS - INTANGIBLE

PARTICULARS	GROSS BLOCK (AT COST)		AMORTISATION			NET BLOCK			
	Cost as at 01.04.2012	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total cost as at 31.03.2013	Accumulated Amortization upto 31.03.2012	Amortization for the year	Deductions/ adjustments during the year	As at 31.03.2013	As at 31.03.2012
Enterprise Resource Planning (ERP) - Software Licenses / Implementation	2,039.04	-	-	2,039.04	1,655.25	261.07	-	1,916.32	383.79
Total	2,039.04	-	-	2,039.04	1,655.25	261.07	-	1,916.32	383.79
Previous Year	1,666.61	372.43	-	2,039.04	1,446.12	209.13	-	1,655.25	220.49

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 12		
CAPITAL WORK IN PROGRESS		
Civil Construction	6,406.73	7,083.56
Plant, Machinery	7,619.22	2,914.57
Others	504.25	603.14
	<u>14,530.20</u>	<u>10,601.27</u>
Add: Capital Items in Transit	1,968.45	1,111.23
	<u>16,498.65</u>	11,712.50
Less : Provision	368.73	368.03
	<u>16,129.92</u>	<u>11,344.47</u>

NOTE - 13
Intangible Assets under Development
Enterprise Resource Planning (ERP)-
Software Licenses/Implementation

Opening Balance	11.99	209.34
Add: Addition during the year	-	175.08
	<u>11.99</u>	<u>384.42</u>
Less: Amount Capitalized during the year	-	372.43
	<u>11.99</u>	11.99
	<u>11.99</u>	<u>11.99</u>

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 14		
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
	<u>1.98</u>	<u>1.98</u>
	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 Saptaraj 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
	<u>0.05</u>	<u>0.05</u>
	<u>1,198.11</u>	<u>1,198.11</u>
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 10).

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 15		
DEFERRED TAX ASSETS		
Deferred Tax Assets	32,593.31	27,075.05
Deferred Tax Liabilities	5,436.00	4,259.48
	27,157.31	22,815.57

Break up of Net Deferred Tax Assets is given below:

	2012-2013	2011-2012
Deferred Tax Asset		
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment, etc	32,132.17	26,742.85
Technical Know-how fee	461.14	332.20
	32,593.31	27,075.05
Deferred Tax Liability		
Depreciation	5,436.00	4,259.48
	5,436.00	4,259.48
Net Deferred Tax Assets	27,157.31	22,815.57

NOTE - 16

LONG TERM LOANS & ADVANCES

Unsecured, Considered Good

Capital Advances	293.75	374.28	
Security Deposits	2,200.54	2,244.76	
Other Loans & Advances -			
Loans to Employees	975.30	1,074.40	
Loans to Others	2.39	3.75	
Advances to Employees	0.69	1.55	
Advances for Purchase	1,122.49	2,381.10	
Advances to Others	864.90	142.88	
Advance payment of Income Tax	7,501.03	11,045.49	
[Net of Provision for Tax - ₹ 88,200.00 (₹ 95,627.22)] - Refer Note 9			
Balances with Customs, Port Trust and Other Government Authorities	60.59	66.36	
Prepaid Expenses	8.68	7.12	
	13,030.36	17,341.69	

Unsecured, Considered Doubtful

Capital Advances	7.85	0.30	
Security Deposits	72.76	76.83	
Other Loans & Advances -			
Loans to Others	132.11	132.00	
Advances to Employees	0.85	-	
Advances for Purchase	430.43	446.36	
Advances to Others	2,057.03	2,149.63	
Advance payment of Income Tax	0.12	-	
Balances with Customs, Port Trust and Other Government Authorities	38.71	46.85	
	2,739.86	2,851.97	
Less: Provisions	2,739.86	2,851.97	-
	-	-	-
	13,030.36	17,341.69	

i. For Related Party Disclosures refer Note 31 (14).

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 17		
OTHER NON CURRENT ASSETS		
Inventories		
Raw Materials & Components	25,309.97	23,816.50
Less: Provision	17,631.86	13,780.61
	7,678.11	10,035.89
Work In Progress	272.65	1,547.10
Less: Provision	56.27	-
	216.38	1,547.10
Stores & Spares	137.04	119.23
Less: Provision	98.09	27.51
	38.95	91.72
Loose Tools	95.92	48.21
Less: Provision	49.69	39.65
	46.23	8.56
	7,979.67	11,683.27
Trade Receivables		
Unsecured, Considered Good		
Trade Receivables	-	22.81
Unsecured, Considered Doubtful		
Trade Receivables	63,028.10	54,542.37
Less: Provision	63,028.10	54,536.80
	-	5.57
	-	28.38
Others		
Unsecured, Considered Good		
Others	4.11	4.11
	4.11	4.11
Unsecured, Considered Doubtful		
Non Trade Receivables	19.07	-
Claims Receivables - Purchases	473.79	443.10
Others	92.59	130.41
	585.45	573.51
Less: Provision	585.45	573.51
	-	-
	4.11	4.11
	7,983.78	11,715.76

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

Notes to Accounts

(₹ in Lakhs)

	As at		As at
	31 March 2013		31 March 2012
NOTE - 18			
INVENTORIES			
Raw Materials & Components	151,511.89	122,976.98	
Add: Raw Materials & Components in Transit	9,073.91	13,246.74	
Less: Provisions	261.96	121.80	
	160,323.84		136,101.92
Work In Progress			
	133,893.12		110,352.90
Finished Goods	7,146.71	6,633.27	
Add: Finished Goods in Transit	8,232.70	3,267.43	
Less: Provisions	1.71	0.11	
	15,377.70		9,900.59
Stock in Trade	5,267.87	5,624.89	
Add: Stock in Trade in Transit	34.70	-	
	5,302.57		5,624.89
Stores & Spares	1,327.88	2,293.43	
Add: Stores & Spares in Transit	109.00	273.64	
Less: Provisions	21.23	16.09	
	1,415.65		2,550.98
Loose Tools	2,662.50	2,867.98	
Add: Loose Tools in Transit	-	1.65	
	2,662.50		2,869.63
Disposable Scrap			
	153.27		97.63
	319,128.65		267,498.54

- Raw Materials and Components include ₹ 3,999.44 (₹ 4,008.13) being materials with subcontractors, out of which ₹ 220.72 (₹ 265.07) of materials is subject to confirmation and reconciliation. The impact, if any, on consequent adjustment is considered not ascertainable.
- Pending reconciliation, stock verification discrepancies for the year [shortages of ₹ 106.86 (₹ 65.67) and surplus of ₹ 49.32 (₹ 36.94)] have not been adjusted in the accounts.
- Valuation of Inventories has been made as per Companies Accounting Policy. (Refer Accounting Policy 10).
- The United Nations Climate Change Secretariat has granted 4852 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 31.03.2009 in the F.Y. 2011-12. The carbon Credits are included under Finished Goods at a value of ₹ 0.59 (₹ 0.59). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.
 - CER under Certification: 11004 CERs.
 - Depreciation & Operation Cost of Emission Reduction Equipments during the year: ₹ 77.91 (₹ 60.60).

NOTE - 19

TRADE RECEIVABLES

Secured, Considered Good

Not Exceeding Six Months	29.56	42.00	
Exceeding Six Months	7.00	7.00	
	36.56		49.00

Unsecured, Considered Good

Not Exceeding Six Months	170,633.06	133,287.70	
Exceeding Six Months	162,797.46	135,321.21	
	333,430.52		268,608.91
	333,467.08		268,657.91

Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 20		
CASH & BANK BALANCES		
CASH & CASH EQUIVALENTS		
Balance with Banks	40,575.84	41,126.44
Cheques / Drafts on hand	31.07	60.70
Cash on hand	30.98	29.02
Term Deposits (incl. accrued interest)	<u>137,585.42</u>	<u>129,325.06</u>
	178,223.31	170,541.22
OTHER BANK BALANCES		
Term Deposits (incl. accrued interest)	352,006.45	506,692.86
Unpaid Dividend	<u>19.47</u>	<u>18.15</u>
	352,025.92	506,711.01
	<u>530,249.23</u>	<u>677,252.23</u>

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

NOTE - 21

SHORT TERM LOANS & ADVANCES

Unsecured, Considered Good

Security Deposits	626.69	448.97
Loans to Employees	210.85	219.97
Loans to Others	1.25	1.85
Advances to Employees	465.06	864.18
Advances for Purchase	118,181.26	137,379.47
Advance to Others	3,615.67	5,291.26
Balances with Customs, Port Trust and Other Government Authorities	6,130.97	5,006.12
Prepaid Expenses	1,562.87	1,572.76
	<u>130,794.62</u>	<u>150,784.58</u>

- i. For Related Party Disclosures refer Note 31 (14).

NOTE - 22

OTHER CURRENT ASSETS

Receivables other than Trade Receivables	531.05	327.12
Claims Receivables - Purchases	6,169.72	4,470.48
Others	1,216.87	1,364.09
	<u>7,917.64</u>	<u>6,161.69</u>

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE - 23		
OTHER OPERATING REVENUES		
Sale of Scrap	657.42	717.86
Export Benefits	138.08	189.08
Transport Receipts	395.97	401.22
Rent Receipts	482.69	419.97
Canteen Receipts	578.60	571.63
Electricity Charges Collected	113.41	96.63
Water Charges Collected	33.71	29.59
Provisions Withdrawn		
- Performance Warranty	-	243.30
- Doubtful Debts, LD	1,157.89	1,481.59
- Inventory	594.02	372.65
- Loans & Advances	237.36	63.74
- Others	221.60	262.72
Transfer from Grants	287.00	249.86
Miscellaneous	6,438.84	6,663.52
	<u>11,336.59</u>	<u>11,763.36</u>
NOTE - 24		
OTHER INCOME		
Interest Income from Staff/IT Refund/Others	467.12	315.71
Interest income on Term Deposits	54,814.04	56,935.26
Income from Long Term Investments (Dividend)	260.00	260.00
Foreign Exchange Differential Gain	1,709.53	-
Profit on Sale of Fixed Assets	3,468.04	212.18
Miscellaneous (Net of "Nil" expenses)	279.57	825.93
	<u>60,998.30</u>	<u>58,549.08</u>

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

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

Work-in-Progress:			
Closing Balance	134,165.77	111,900.00	
Opening Balance	<u>111,900.00</u>	<u>92,445.07</u>	
	22,265.77	19,454.93	
Less: Adjustment pertaining to earlier years	<u>-</u>	<u>35.68</u>	
	22,265.77		19,419.25
Finished Goods:			
Closing Stock	15,379.41	9,900.70	
Opening Stock	<u>9,900.70</u>	<u>20,297.11</u>	
	5,478.71		(10,396.41)
Scrap:			
Closing Stock	153.27	97.63	
Opening Stock	<u>97.63</u>	<u>125.58</u>	
	55.64		(27.95)
	<u>27,800.12</u>	<u>8,994.89</u>	

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE - 26		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus/ Ex - gratia	84,686.28	84,348.86
Gratuity	2,196.45	3,780.17
Contribution to Provident and Pension Funds	8,684.10	8,055.01
Provision for BEL Retired Employees' Contributory Health Scheme	4,295.83	1,679.64
Welfare Expenses [including Salaries ₹ 1,030.24 (₹ 1,237.90), PF Contribution ₹ 69.97 (₹ 72.23)]	11,216.21	10,259.37
	111,078.87	108,123.05

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

NOTE - 27

FINANCE COSTS

Interest Expenses

Interest on Lease Finance	0.59	3.46
Interest on Dues to Micro & Small Enterprises	0.84	1.52
Other Interest Expenses	51.74	25.03
	53.17	30.01
Other borrowing costs		
Loan Processing Charges	25.00	30.00
	78.17	60.01

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE - 28		
OTHER EXPENSES		
Power and Fuel [after adjusting ₹ 548.83 (₹ 531.75) Wind Energy Income]	3,085.94	2,689.57
Water charges	327.40	297.62
Royalty & Technical Assistance	1,236.34	3,001.00
Rent	2,092.82	1,825.74
Rates & Taxes	377.61	271.43
Insurance	642.66	500.85
Auditors Remuneration		
Audit Fees	10.71	10.01
Tax Audit Fees	2.13	2.00
Fees for Company Law Matters	1.42	0.85
Other Services (Certification Fees)	0.93	1.68
Reimbursement of Expenses	6.00	8.00
	21.19	22.54
Repairs & Maintenance :		
Buildings	1,320.27	1,668.82
Plant & Machinery	1,194.73	1,296.77
Others	6,094.65	5,466.02
	8,609.65	8,431.61
Bank Charges	559.66	372.68
Printing and Stationery	388.70	422.79
Advertisement & Publicity	746.95	717.27
Travelling Expenses	6,748.21	5,518.27
Hiring Charges for Van & Taxis	720.73	661.95
Excise Duty - Others	150.22	55.91
Packing & Forwarding	1,139.05	1,130.31
Bad Debts & Advances written off	2,587.57	1,049.32
Less: Charged to Provisions	2,584.30	1,043.38
	3.27	5.94
Provision for Obsolete/Redundant Materials	4,985.28	4,518.20
Provisions for Doubtful Debts, Liquidated damages, customers' claims and disallowances	12,133.86	9,808.88
Provision for Doubtful Advances, Claims	287.38	1,810.11
Provision for Performance Warranty	262.85	-
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	268.61	510.65
Less: Charged to Provisions	266.15	508.14
	2.46	2.51
Sponsorship/Contribution for Professional & Social Activities	432.17	263.50
Others:		
Other Misc. Direct Expenditure	4,718.47	2,664.57
After Sales Service	856.15	176.47
Telephones	520.10	549.00
Expenditure on Seminars & Courses	690.12	651.26
Other Selling Expenses	331.51	173.69
Foreign Exchange Differential Loss	-	370.64
Miscellaneous	2,291.50	2,356.90
	9,407.85	6,942.53
	54,362.25	49,271.21

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

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE - 29		
PRIOR PERIOD ITEMS		
Prior Period Income :		
Sales	-	(92.34)
Accretion to WIP	-	35.68
Depreciation	-	19.03
Others	35.03	(38.71)
Total Prior Period Income (A)	35.03	(76.34)
Prior Period Expenditure :		
Material Consumed	638.77	63.26
Depreciation	-	9.43
Foreign Exchange Loss	-	236.57
Others	33.71	-
Total Prior Period Expenditure (B)	672.48	309.26
Total Prior Period Items Net Income / (Expenditure) [(A) - (B)]	(637.45)	(385.60)

NOTE - 30

EARNING PER SHARE

Profit for the period - Before Extraordinary items	88,983.28	82,989.78
Profit for the period - After Extraordinary items	88,983.28	82,989.78
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)	111.23	103.74
After Extraordinary items (Amount in Rupees)	111.23	103.74

NOTE - 31

GENERAL NOTES TO ACCOUNTS

- 1) The Operating Cycle Period, as per Revised Schedule VI requirement has been determined at individual contract level.
- 2) The Company has 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.
- 3) a) The Company has been sanctioned working capital limit of ₹ 1,80,000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20,000 of fund based limit (interchangeable with non fund based LC limits).
 - b) The interest rate payable on fund based limit is linked to SBI Base Rate plus 1%. (Interest rate payable as on 31.03.2013 is 10.70% p.a.).
 - c) The amount utilised is re-payable on demand. Utilisation as on 31.03.2013 is NIL (NIL).
 - d) The above sanction limit is secured by hypothecation of Inventories and Trade Receivables.

Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
4) a) Estimated amount of contracts remaining to be executed on Capital Account and not provided	23,107.95	18,318.26
b) Other commitments i.e., Non-cancellable contractual commitments (i.e. cancellation of which will result in a penalty disproportionate to the benefits involved)	-	-

- 5) Exemption has been granted vide Gol Letter No. F.No.46/1/2013-CL-III, dated 08.01.2013 to the Company from compliance with the following provisions contained in Part II of Schedule VI to the Companies Act, 1956, as amended:

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

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

Particulars	2012-2013	2011-2012
EXPENDITURE		
Materials	15,042.75	11,901.58
Employees Remuneration & Benefits	21,722.64	19,698.54
Depreciation	3,253.97	2,830.53
Others	8,942.93	8,254.95
Gross Expenditure	48,962.29	42,685.60
INCOME		
Sales	4,314.93	812.70
Others	3,030.20	3,662.19
Gross Income	7,345.13	4,474.89
Net Expenditure	41,617.16	38,210.71

- 7) Contingent Liabilities:

Particulars	2012-2013	2011-2012
Claims not acknowledged as debts	19,111.76	9,558.48
Outstanding Letters of Credit	22,838.78	70,543.99
Others	1,093.66	1,083.01
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	11,152.96	11,770.88
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.		

Notes to Accounts

(₹ in Lakhs)

- 8) Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and provisions/adjustments will be made wherever considered necessary.
- 9) Liability, if any, in respect of labour matters under dispute before various judicial authorities is not ascertainable, but is expected to be not material.
- 10) The following disclosure is made as per AS-7 (Accounting for Construction Contracts) in respect of accounting policy 3 (i) (c) relating to revenue recognition on contracts:

Particulars	2012-2013	2011-2012
a) Contract revenue recognised during the year	-	-
b) No Contract Revenue is recognised in the current year. Upto year 2008-09, contract revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts upto 31.03.2009 to the estimated total cost of the contracts, was used to determine the stage of completion.		
c) Aggregate amount of cost incurred	43,009.84	43,009.84
d) Recognised profit upto 31.03.2013 (Net of Provision for Contingency)	3,522.08	3,522.08
e) Amount of advances received and Outstanding as at 31.03.2013	48.85	48.85
f) The amount of retention	1,466.65	1,466.65

- 11) "Excise Duty" which is paid during the year in respect of turnover is shown as a deduction from turnover (Gross) in the Statement of Profit and Loss. "Excise Duty – Others" which is included in Note No. 28 - "Other Expenses" represents incremental provision of Excise Duty on Finished Goods, Excise Duty on Sale of Scrap, etc.
- 12) The Company is engaged in manufacture and supply of strategic electronic products primarily to Defence Services and hence, it would not be in public interest for the Company to present segment information. For similar reasons, the Company has been granted exemption from publication in the Annual Accounts, the quantitative particulars required under Schedule VI to the Companies Act, 1956. The SEBI has also granted exemption, for these reasons, to the Company from publication of segment information required under Accounting Standard 17 (AS 17) in quarterly unaudited financial results. Hence Segment information required under Accounting Standard 17 (AS 17) is not disclosed. Such non-disclosure has no financial effect.
- 13) Trade Receivables as on 31.03.2013 includes ₹ 14,595.66 (P.Y. ₹ 14,615.13) which has not been billed to MTNL pending completion of installation and commissioning activity in respect of Convergent Billing Project.
- 14) Related Party Disclosure:
 (a) The related parties and their relationship with the Company are as under:
 - Subsidiary Company viz., BEL Optronics Devices Ltd. (Equity Holding 92.79%);
 - Joint Venture Companies:
 GE BE Private Ltd. (Equity Holding 26%); and
 BEL Multitone Private Ltd. (Equity Holding 49%)

Notes to Accounts

(₹ in Lakhs)

The transactions with Related Parties are as follows. (Last year figures are shown in brackets).

Sl. No.	Particulars	Subsidiary	Joint Ventures		Grand Total
		BEL Optronic Devices Ltd	GE BE Pvt Ltd	BEL Multitone Pvt Ltd	
1	Purchase of Goods	12,794.96	-	-	12,794.96
		(2,789.68)	-	-	(2,789.68)
2	Sale of Goods	-	1,694.67	-	1,694.67
		-	(1,377.56)	-	(1,377.56)
3	Rendering Services	-	0.74	27.51	28.25
		-	(0.20)	-	(0.20)
4	Receiving Services	-	-	-	-
		-	-	-	-
5	Rent Received	-	-	0.42	0.42
		-	-	(0.42)	(0.42)
6	Provision for Corporate Guarantees	-	-	-	-
		-	-	-	-
7	Interest Income on Loans	-	-	-	-
		-	-	-	-
8	Dividend Income on Investments	-	260.00	-	260.00
		-	(260.00)	-	(260.00)
9	Trade Payables Outstanding as on 31.03.2013	1,164.53	-	-	1,164.53
		(1,128.45)	(0.07)	-	(1,128.52)
10	Trade Receivables Outstanding as on 31.03.2013	-	422.56	-	422.56
		-	(391.01)	-	(391.01)
11	Provision for Doubtful Trade Receivables as on 31.03.2013	-	10.27	-	10.27
		-	(10.27)	-	(10.27)
12	Provision for Customer Disallowances as on 31.03.2013	-	6.44	-	6.44
		-	(6.44)	-	(6.44)
13	Investment in Equity as on 31.03.2013 *	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 31.03.2013	4,855.17	-	-	4,855.17
		(18,944.93)	-	-	(18,944.93)

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

(b) During the Financial Year 2012-13, BEL has received an amount of ₹ 15624.00 from MoD, on behalf of BEL Optronic Devices Ltd (Subsidiary), towards funding of ToT cost of XD-4 II Tubes being acquired by BEL Optronic Devices Ltd (Subsidiary) from PHOTONIS France S.A.S. Out of the above, an amount of ₹ 15489.00 has been passed on to BELOP during the F.Y. 2012-13.

(c) Management Contracts including deputation of Employees:-

One Official (Manager) of BEL has been deputed to BEL Optronic Devices Ltd (Subsidiary) and his salary, etc. is paid by BELOP during the year as per terms and conditions of employment.

Notes to Accounts

(₹ in Lakhs)

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

The total salary including other benefits drawn by the key management personnel as detailed below during the year 2012-13 is ₹ 238.62 (₹ 267.55) as detailed below:

Names with Designation	Year	Salary & Allowances incl. Benefits*	Contribution to PF & Incremental Gratuity/Leave/BERECHS	Leased Accommodation	Others	Total
Shri Anil Kumar CMD from 01.10.11 & Dir [OU] -from 03.02.10 to 30.09.11	2012-2013	32.11	3.13	-	2.83	38.07
	2011-2012	25.58	4.78	-	6.92	37.28
Shri A.K. Datt [CMD upto 30.09.11]	2012-2013	-	-	-	-	-
	2011-2012	19.49	1.35	-	10.31	31.15
Shri M.L. Shanmukh Dir [HR]	2012-2013	23.98	7.43	6.00	2.72	40.13
	2011-2012	22.05	7.66	6.00	7.89	43.60
Shri M.G. Raghuveer Director [Finance] upto 31.05.12	2012-2013	9.80	1.13	-	2.42	13.35
	2011-2012	22.93	2.31	-	7.02	32.26
Shri H.N . Ramakrishna Dir [Mktg]	2012-2013	30.51	3.21	-	2.42	36.14
	2011-2012	23.39	8.71	-	7.00	39.10
Shri Ajit T Kalghatgi Dir [R&D] from 01.09.12	2012-2013	20.25	2.86	-	0.89	24.00
	2011-2012	-	-	-	-	-
Shri IV Sarma Dir [R&D] upto 31.08.12	2012-2013	16.35	1.63	2.32	2.52	22.82
	2011-2012	19.91	2.51	5.56	7.30	35.28
Shri S K Sharma Dir [BG CX] from 01.09.11	2012-2013	20.93	4.74	6.00	2.03	33.70
	2011-2012	11.91	8.29	3.50	-	23.70
Shri Amol Newaskar Dir [Other Units] from 24.05.12	2012-2013	20.57	3.99	5.00	0.85	30.41
	2011-2012	-	-	-	-	-
Shri H.S. Bhadoria Dir [BG CX] upto 31.08.11	2012-2013	-	-	-	-	-
	2011-2012	13.89	1.11	2.50	7.68	25.18
Total [Current Year]	2012-2013	174.50	28.12	19.32	16.68	238.62
Total [Previous Year]	2011-2012	159.15	36.72	17.56	54.12	267.55

* includes terminal benefits at the time of retirement.

15) Interest in Joint Venture Companies (JVCs):

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

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

Notes to Accounts

(₹ in Lakhs)

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

Particulars	GE BE Pvt. Ltd. (Audited)		BEL Multitone Pvt. Ltd. (Audited)	
	2012-2013	2011-2012	2012-2013	2011-2012
EQUITY AND LIABILITIES				
Share Capital	260.00	260.00	31.88	31.88
Reserves & Surplus	14,562.86	13,016.64	(37.06)	(25.31)
Non-Current Liabilities			-	-
Long-term Borrowings	21.84	11.44	-	21.50
Other Long Term Liabilities	-	-	-	-
Long-term Provisions	20.54	19.50	-	-
Current Liabilities			-	-
Short Term Borrowings	-	-	-	-
Trade Payables	1,885.26	1,717.82	12.26	12.26
Other Current Liabilities	213.72	424.58	21.93	0.33
Short-term Provisions	304.20	302.12	-	-
TOTAL - EQUITIES AND LIABILITIES	17,268.42	15,752.10	29.01	40.66
ASSETS				
Non Current Assets				
Fixed Assets - Tangible Assets	1,726.14	1,363.70	-	-
Capital Work in progress	228.28	300.30	-	-
Investments	-	-	-	-
Deferred Tax Assets	213.20	215.54	-	-
Long-term Loans & Advances	674.70	595.14	0.30	0.36
Other Non Current Assets	-	-	-	-
Current Assets			-	-
Inventories	1,836.38	1,545.18	-	-
Trade Receivables	1,486.16	1,119.82	1.20	1.20
Cash & Bank Balances	590.20	320.58	27.51	38.09
Short-term Loans & Advances	10,326.68	10,073.44	-	-
Other Current Assets	186.68	218.40	-	1.01
TOTAL ASSETS	17,268.42	15,752.10	29.01	40.66
REVENUE FROM OPERATION				
Sale of Manufactured Products (Gross)	12,842.44	10,481.90	-	-
Less: Excise Duty	13.78	14.04	-	-
Net Sale of Manufactured Products	12,828.66	10,467.86	-	-
Sale of Services	676.52	680.16	-	-
Other Operating Revenue	40.04	36.14	-	-
Total Revenue from Operations	13,545.22	11,184.16	-	-
Other Income	872.04	864.76	3.03	2.77
Total Income (A)	14,417.26	12,048.92	3.03	2.77
EXPENDITURE				
Cost of Material Consumed	8,792.16	7,617.22	-	-
Change in inventories of Finished Goods, WIP & Scrap	(50.70)	(284.96)	-	-
Employee Benefits Expenses	757.90	664.82	-	-
Finance Costs	5.98	4.16	-	-
Depreciation and Amortization Expense	485.16	381.68	-	-
Other Expenses	1,707.42	1,733.16	14.78	1.15
Total Expenditure (B)	11,697.92	10,116.08	14.78	1.15
Profit Before Tax	2,719.34	1,932.84	(11.75)	1.62
Tax Expense				
Current Tax	866.58	660.14	-	-
Deferred Tax	2.34	(36.14)	-	-
Profit/(Loss) after Tax (A) - (B)	1,850.42	1,308.84	(11.75)	1.62

Notes to Accounts

(₹ in Lakhs)

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

Particulars	GE BE Pvt. Ltd. (Audited)		BEL Multitone Pvt. Ltd. (Audited)	
	2012-2013	2011-2012	2012-2013	2011-2012
Capital Commitments	203.06	143.26	-	-
Other Commitments	-	-	-	-
Other Contingent Liabilities	1,228.24	574.86	-	-

17) Pursuant to the announcement of the ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31 March 2013 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	498.58 (845.49)	27,420.21 (43,487.63)	136.18 (119.89)	7,357.23 (6,072.51)	400.66 (1,098.16)	22,019.60 (56,698.17)
EURO	121.19 (141.90)	8,607.56 (9,815.65)	38.48 (53.84)	2,655.37 (3,628.43)	108.59 (211.02)	7,689.07 (14,597.04)
GBP	11.27 (9.80)	945.29 (810.79)	0.41 (0.28)	33.38 (22.50)	5.14 (9.32)	430.68 (771.38)
JYEN	80.17 (16.84)	47.07 (10.66)	-	-	22.14	13.13
SGD	0.20 (0.20)	9.10 (8.10)	-	-	0.22 (0.13)	9.70 (5.17)
CHF	79.25 (74.55)	4,611.53 (4,289.01)	-	-	1.48 (396.65)	86.11 (22,818.15)
CANADIAN DOLLAR	- (0.66)	- (34.28)	-	-	-	-
OTHERS		97.34 (362.93)		- (8.16)		3.01 (11.47)
Total (₹)		41,738.10 (58,819.05)		10,045.98 (9,731.60)		30,251.30 (94,901.38)
Amount covered by Exchange Rate variation clause from Customers out of the above		20,177.71 (37,595.25)		- (-)		10,608.86 (41,602.45)

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

The Company does not have any derivative instruments.

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

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

Anil Kumar
Chairman & Managing Director

M L Shanmukh
Director (HR)

R M Kamath
Partner
Membership No. 022907

Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
30 May 2013

Cash Flow Statement

	(₹ in Lakhs)	
Particulars	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES :		
Net Profit Before Tax as per Statement of Profit & Loss	111,459.21	107,484.81
Adjustments for:		
Extraordinary Items	-	-
Depreciation and Amortization Expense (incl. prior period items)	13,071.04	12,089.32
Provision for Employee Benefits	7,268.05	6,307.69
Provision for Performance Guarantee	262.85	(333.30)
Interest Income	(54,814.04)	(56,935.26)
Dividend Income	(260.00)	(260.00)
Finance Cost	78.17	60.01
Profit on Sale of Fixed Assets	(3,468.04)	(212.18)
Transfer from Government Grants	(287.00)	(249.86)
Operating Profit Before Working Capital Changes	73,310.24	67,951.23
Adjustments for:		
Trade Receivables & Advances	(45,779.90)	(94,103.87)
Inventories	(47,926.51)	(33,150.07)
Trade Payables & Advances	(122,512.05)	104,715.81
Cash Generated from Operations	(142,908.22)	45,413.10
Receipt of Grants	729.60	38.00
Direct Taxes Paid (Net)	(23,273.21)	(33,326.90)
Cash Flow Before Extraordinary Items	(165,451.83)	12,124.20
Extraordinary Items	-	-
Net Cash from/(used in) Operating Activities	(165,451.83)	12,124.20
B. CASH FLOW FROM INVESTING ACTIVITIES :		
Purchase of Fixed Assets	(24,446.48)	(20,718.02)
Sale of Fixed Assets	3,528.48	607.89
Bank Deposits	154,685.08	(129,743.18)
Interest Received	54,814.04	56,935.26
Dividend Received	260.00	260.00
Net Cash from/(used in) Investing Activities	188,841.12	(92,658.05)
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase/(Decrease) in Long-term Borrowings	(8.45)	(31.24)
Dividend Paid (including Dividend Tax)	(15,618.98)	(23,801.50)
Increase/(Decrease) in Unpaid Matured Deposits	(1.60)	-
Finance Cost	(78.17)	(60.01)
Net Cash from/(used in) Financing Activities	(15,707.20)	(23,892.75)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	7,682.09	(104,426.60)
Cash and Cash Equivalents at the beginning of the Year	170,541.22	274,967.82
Cash and Cash Equivalents at the end of the Year	178,223.31	170,541.22

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 ₹ 352,006.45 (₹ 506,692.86) being the deposits having a original maturity period of more than three months.

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

Anil Kumar
Chairman & Managing Director

M L Shanmukh
Director (HR)

R M Kamath
Partner
Membership No. 022907

Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
30 May 2013

Consolidated Financial Statements



INDEPENDENT AUDITOR'S REPORT

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

Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of Bharat Electronics Limited and its subsidiary and joint ventures ("Group"), which comprise the Consolidated Balance Sheet as at March 31, 2013, 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"). 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 Ventures. 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 consolidated financial statements. The procedures selected depend on our 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, we have considered 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. 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 the Joint Ventures, as noted below, the Consolidated Financial Statements of the Group for the year ended March 31st, 2013, in all material respects, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Consolidated Balance Sheet, of the state of affairs of the Company as at March 31st, 2013.
- In the case of the Consolidated Statement of Profit and Loss, of the Profit for the year ended on that date; and
- 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 the financial statement of the Subsidiary – BEL Optronics Devices Limited whose financial statements reflect total Assets of Rs. 30,663.76 lakhs as at March 31st, 2013, total Revenue of Rs. 16,547.53 lakhs and Cash Outflows amounting to Rs. 1,385.78 lakhs for the year ended March 31st, 2013; whose financial statements were audited by other auditors. The financial statements of Joint Ventures – GE BE Private Limited and BEL Multitone Private Limited are audited by other auditors, and in our opinion, in so far as it relates to amounts included in the consolidated financial statements in respect of Joint Ventures, are based solely on these audit reports. Our opinion is not qualified in respect of Other Matters.

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

(H S Venkatesh)
 Partner
 Membership No. 026666

Bangalore
 26 July 2013

Significant Accounting Policies on the Consolidated Financial Statements (CFS) for the year 2012-13

1. BASIS OF ACCOUNTING

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

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

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

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

on the ratio of actual costs incurred on the contract upto the reporting date to the estimated total cost of the contract.

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

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

4. FIXED ASSETS, CAPITAL WORK-IN-PROGRESS AND INTANGIBLE ASSETS UNDER DEVELOPMENT:

(i) Tangible Assets:

Tangible Fixed Assets are stated at cost less accumulated depreciation/amortisation including where the same is acquired in full or in part with government grant. Cost for this purpose includes all attributable costs for bringing the asset to its location and condition, cost of computer software which is an integral part of the related hardware, and also includes borrowing costs during the

acquisition/construction phase, if it is a qualifying asset requiring substantial period of time to get ready for intended use. The cost of Fixed Assets acquired from a place outside India includes the exchange differences if any, arising in respect of liabilities in foreign currency incurred for acquisition of the same upto 31.03.2007.

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

(ii) Intangible Assets:

The cost of software (which is not an integral part of the related hardware) acquired for internal use and resulting in significant future economic benefits, is recognised as an intangible asset in the books of accounts when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development".

(iii) Impairment of Assets:

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

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

5. DEPRECIATION/AMORTISATION

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

be put to use/are deleted or discarded. Leasehold land is amortised over the period of lease.

6. BORROWING COSTS

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

7. RESEARCH & DEVELOPMENT EXPENDITURE

- (i) Research and Development expenditure (other than on specific development-cum sales contracts and R&D projects initiated at customer's request), is charged off as expenditure when incurred. R&D expenditure on development-cum-sale contracts and on R&D projects initiated at customer's request are treated at par with other sales contracts.
- (ii) Where R&D projects are initiated at customer's request, and such projects do not fructify into a customer order, the total expenditure booked in respect of such projects is charged off in the year the project is closed.
- (iii) R&D expenditure on Fixed Assets is capitalised.

8. GOVERNMENT GRANTS

All Grants from Government are initially recognised as Deferred Income.

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

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

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

9. INVESTMENTS

- i) Investments are categorised as Trade Investments or Other Investments. Trade investments are the investments made to enhance the Company's business interests.
- ii) Investments are further classified either as long-term or current based on the Management's intention at the time of

purchase. Long term investments are valued at acquisition cost. Any diminution in the value other than of temporary nature is provided for. Current investments are carried at lower of cost or fair value.

10. INVENTORY VALUATION

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

11. TRADE RECEIVABLES AND OTHER RECEIVABLES

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

12. INCOME TAX

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

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

13. PROVISION FOR WARRANTIES

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

14. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

15. EMPLOYEE BENEFITS

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

Incremental liability for payment of long term compensated absences such as Annual and Sick leave is determined as

the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit method and the carrying value of the provision contained in the balance sheet and provided for.

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

16. PRIOR PERIOD ADJUSTMENTS AND EXTRAORDINARY ITEMS

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

17. TECHNICAL KNOW-HOW

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

18. PROVISIONS AND CONTINGENT LIABILITIES

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

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

19. CASH FLOW STATEMENT

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

20. BASIS OF CONSOLIDATION

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

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

H S Venkatesh
Partner
Membership No. 026666

Bangalore
26 July 2013

Anil Kumar
Chairman & Managing Director

Elaine Mathias
Executive Director (Finance)

M L Shanmukh
Director (HR)

C R Prakash
Company Secretary

Consolidated Balance Sheet

(₹ in Lakhs)

PARTICULARS	Note No.	As at 31 March 2013	As at 31 March 2012
I. EQUITY AND LIABILITIES			
(1) Shareholders' Fund			
(a) Share Capital	1	8,000.00	8,000.00
(b) Reserves & Surplus	2	640,749.13	570,550.37
		648,749.13	578,550.37
(2) Minority Interest	2A	341.27	301.13
(3) Government Grants	3	15,967.88	11,644.95
(4) Non-Current Liabilities			
(a) Long-Term Borrowings	4	21.84	34.77
(b) Other Long-Term Liabilities	5	3,677.75	457.32
(c) Long-Term Provisions	6	34,905.48	30,369.31
		38,605.07	30,861.40
(5) Current Liabilities			
(a) Short-Term Borrowings	31	-	-
(b) Trade Payables	7	117,431.38	110,346.60
(c) Other Current Liabilities	8	626,911.87	743,634.99
(d) Short-Term Provisions	9	37,089.20	28,714.91
		781,432.45	882,696.50
TOTAL		1,485,095.80	1,504,054.35
II. ASSETS			
(1) Non Current Assets			
(a) Fixed Assets			
(i) Tangible Assets	10	59,896.44	52,609.77
Less: Unrealised Profit		0.12	0.12
		59,896.32	52,609.65
(ii) Intangible Assets	11	122.72	383.79
(iii) Capital Work-in-Progress	12	23,658.60	11,779.59
(iv) Intangible Assets under development	13	9,141.10	2,919.25
(b) Non Current Investment	14	0.07	0.07
(c) Deferred Tax Assets (Net)	15	27,397.78	23,037.64
(d) Long-Term Loans & Advances	16	16,071.88	20,098.95
(e) Other Non Current Assets	17	7,983.78	11,755.41
		144,272.25	122,584.35
(2) Current Assets			
(a) Inventories	18	325,530.31	273,368.72
(b) Trade Receivables	19	336,356.45	271,674.20
(c) Cash & Bank Balances	20	533,051.03	682,035.95
(d) Short-Term Loans & Advances	21	137,744.82	147,956.79
(e) Other Current Assets	22	8,140.94	6,434.34
		1,340,823.55	1,381,470.00
TOTAL		1,485,095.80	1,504,054.35

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

As per our report of even date attached.

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

Anil Kumar
Chairman & Managing Director

M L Shanmukh
Director (HR)

H S Venkatesh
Partner
Membership No. 026666

Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
26 July 2013

Consolidated Statement of Profit & Loss

(₹ in Lakhs)

PARTICULARS	Note No.	For the year ended 31 March 2013	For the year ended 31 March 2012
I. REVENUE FROM OPERATIONS			
(i) Turnover			
(a) Sale of Products		556,573.75	495,304.65
(b) Sale of Services		60,767.26	89,346.80
(c) Gross (a + b)		617,341.01	584,651.45
(d) Excise Duty		2,226.93	5,447.66
(e) Net Turnover (c - d)		615,114.08	579,203.79
(ii) Other Operating Revenues	23	12,187.49	12,215.07
TOTAL [i(e) + ii]		627,301.57	591,418.86
II. OTHER INCOME	24	62,545.79	59,632.93
III. TOTAL REVENUE (I+II)		689,847.36	651,051.79
IV. EXPENSES			
(a) Cost of Material Consumed		342,818.05	315,596.29
(b) Cost of Stores & Spares Consumed		2,545.50	2,808.18
(c) Purchases of Stock in Trade		76,025.99	59,623.73
(d) Changes in Inventories of Finished Goods, WIP & Scrap	25	(29,819.60)	(10,924.86)
(e) Employee Benefits Expense	26	112,470.17	109,311.32
(f) Finance Costs	27	84.33	67.70
(g) Depreciation and Amortisation Expenses	10 & 11	13,648.87	12,557.45
(h) Other Expenses	28	56,938.59	51,416.57
TOTAL EXPENSES (a to h)		574,711.90	540,456.38
V. Profit before exceptional & extraordinary items & tax (III-IV)		115,135.46	110,595.41
VI. Exceptional Items (Refer point No. 3.2)	31	255.79	-
VII. Profit before extraordinary items and tax (V+VI)		115,391.25	110,595.41
VIII. Extraordinary items		-	-
IX. Profit for the year (VII-VIII)		115,391.25	110,595.41
X. Prior Period Items (Net)	29	(646.31)	(310.38)
XI. Profit for the period before tax (IX+X)		114,744.94	110,285.03
XII. Tax Expense			
- Current Year		27,699.05	30,881.32
- Earlier Years		286.74	(573.20)
- Deferred Taxes		(4,360.15)	(4,756.41)
Total Provision for Taxation		23,625.64	25,551.71
XIII. Profit for the period before Minority Interest (XI-XII)		91,119.30	84,733.32
XIV. Minority Interest		41.52	58.81
XV. Profit for the period after Minority Interest (XIII-XIV)		91,077.78	84,674.51
XIV. Earnings per equity share:	30		
(1) Basic [in Rupees]		113.85	105.84
(2) Diluted [in Rupees]		113.85	105.84

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

As per our report of even date attached.

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

Anil Kumar
Chairman & Managing Director

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Director (HR)

H S Venkatesh
Partner
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Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
26 July 2013

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - I		
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	2012 - 2013		2011 - 2012	
	No. of Shares	Amount	No. of Shares	Amount
Shares outstanding at the beginning of the reporting period	80,000,000	8,000.00	80,000,000	8,000.00
Add: Shares issued during the year	-	-	-	-
Less: Shares Bought Back, Others etc., during the period	-	-	-	-
Shares outstanding at the end of the reporting period	80,000,000	8,000.00	80,000,000	8,000.00

ii. Details of shareholders holding more than 5% of paid up share capital as on 31.03.2013 is given below:

Name of Shareholder	2012 - 2013		2011 - 2012	
	No. of Shares	% of Shareholding	No. of Shares	% of Shareholding
Government of India	60,689,600	75.86%	60,689,600	75.86%
Life Insurance Corporation of India	4,106,807	5.13%	3,166,576	3.96%

- 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 2013	As at 31 March 2012
NOTE-2		
RESERVES & SURPLUS		
CAPITAL RESERVE		
a) Land valuation Reserve	200.64	200.64
b) Capital Profit:		
At the beginning of the year	947.57	890.24
Add: Transfer from Profit for the period	3,270.27	57.33
	<u>4,217.84</u>	<u>947.57</u>
c) Capital Reserve on Consolidation of Subsidiary	206.82	206.82
d) ESOP [JVC - GE BE Pvt Ltd.,]	2.60	2.60
e) On acquisition of Machilipatnam Unit	0.85	0.85
f) General Investment Subsidy for Kotdwara Unit	50.00	50.00
	<u>4,678.75</u>	1,408.48
GENERAL RESERVE		
At the beginning of the year	313,994.83	273,864.05
Add: Transfer from Surplus for the period	40,185.12	40,130.78
	<u>354,179.95</u>	313,994.83
SURPLUS		
At the beginning of the year	255,147.06	230,042.26
Add: Profit for the period	91,077.78	84,674.51
Amount available for appropriation	<u>346,224.84</u>	<u>314,716.77</u>
Less: Appropriation		
Dividend on Equity Shares		
- Interim Dividend	4,800.00	8,000.00
- Proposed Final Dividend	13,040.00	8,640.00
Dividend Tax	3,039.02	2,741.60
Transfer to General Reserve	40,185.12	40,130.78
Transfer to Capital Reserve	3,270.27	57.33
Surplus carried forward	<u>281,890.43</u>	255,147.06
	<u>640,749.13</u>	<u>570,550.37</u>
NOTE-2A		
MINORITY INTEREST		
At the beginning of the year	301.13	251.87
Add: Transfer from Statement of Profit & Loss	41.52	58.81
Less: Consolidation Adjustments	1.38	9.55
	<u>341.27</u>	301.13
	<u>341.27</u>	<u>301.13</u>
NOTE-3		
GOVERNMENT GRANTS		
Grant from Government for Research and Other purposes		
At the beginning of the year	11,644.95	1,728.32
Add: Additions during the year	5,663.54	10,593.75
Less: Transfer to Statement of Profit & Loss	1,340.61	677.12
	<u>15,967.88</u>	11,644.95
	<u>15,967.88</u>	<u>11,644.95</u>

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE-4		
LONG TERM BORROWINGS		
Secured		
Long Term Maturity of Finance Lease Obligations		
Liability on Leased Assets (Vehicles & Computers)	21.84	13.03
Unsecured		
Others	-	21.74
	21.84	34.77
i. Total outstanding liability on Leased Assets	36.46	33.04
Less: Amounted expected to be paid within next 12 months (Refer Note 8)	14.62	20.01
	21.84	13.03
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	36.49	31.24
b) Total minimum lease payments as at the reporting period date	44.32	38.14
c) The present value of minimum lease payments as at the reporting period date	36.46	33.04
d) The minimum lease amount payable with present value for each of the following periods is given below:		

Particulars	2012-2013		2011-2012	
	Minimum Lease Payments	Present Value	Minimum Lease Payments	Present Value
a) not later than one year	18.84	14.62	23.27	20.01
b) later than one year & not later than five years	25.48	21.84	14.87	13.03
c) later than five years	-	-	-	-
TOTAL	44.32	36.46	38.14	33.04

NOTE-5

OTHER LONG TERM LIABILITIES

Trade Payables	329.69	202.91
Security Deposits	102.61	215.12
Other Trade Payables	3,245.45	39.29
	3,677.75	457.32

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
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NOTE-6

LONG TERM PROVISIONS

Employee Benefits

Long - term Compensated Absences	17,658.89	17,740.02
BERECHS	17,246.59	12,629.29
	34,905.48	30,369.31

i. Long Term Compensated Absence Scheme:

Total liability in respect of Long Term Compensated Absences	20,562.41	20,096.86
Less: Amount expected to be paid within next 12 months (Refer Note 9)	2,903.52	2,356.84
	17,658.89	17,740.02

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	2012-2013	2011-2012
a) Expenses Recognised in the Statement of Profit & Loss:	8,357.53	6,448.93
b) Principal Assumptions:		
Discounting Rate	8.00%/8.10%/ 8.25%	8.35%/8.50%/ 8.60%
Rate of increase in compensation level	5.00%/7.50%/ 8.00%	5.00%/7.50%/ 8.00%
c) Amounts to be recognised in Balance Sheet:		
Liability recognised in Balance Sheet [as per Actuarial Valuation]	20,562.41	20,096.86

iv. BEL Retired Employees' Contributory Health Scheme (BERECHS)

a. Total outstanding of BERECHS	19,149.63	14,853.79
Less: Amount expected to be payable within 12 months (Refer Note 9)	1,903.04	2,224.50
	17,246.59	12,629.29

b. The amount of Liability in respect of BERECHS has been bifurcated between current and non current based on the report of Actuary.

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

Particulars	2012-2013	2011-2012
a. Change in Benefit Obligations:		
Present Value of Obligation (PVO) as at the beginning of the year	14,821.74	13,475.95
Current Service Cost	922.69	838.91
Interest Cost	1,190.79	1,102.17
Actuarial (gain)/loss	4,165.05	724.63
Benefits paid	(1,950.65)	(1,319.92)
Present Value of Obligation as at the end of the period	19,149.62	14,821.74
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	1,950.65	1,319.92
Benefits paid	(1,950.65)	(1,319.92)
Actuarial gain/(loss)	-	-
Fair value of Plan Assets at the end of the period	-	-

Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars	2012-2013	2011-2012
c. Expenses Recognised in the Statement of Profit & Loss:		
Opening Net Liability	-	-
Current Service cost	922.69	838.91
Interest on Defined benefit obligation	1,190.79	1,102.17
Expected return on Plan Assets	-	-
Net Actuarial (gain)/loss recognised in the period	4,165.05	724.63
d. Expenses Recognised in the Statement of Profit & Loss	6,278.53	2,665.71
Add: Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.03.2004)	-	333.85
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: ₹ 1950.65, Provisions: ₹ 4295.83)	6,246.48	2,999.56
e. Principal Assumptions:		
Discounting Rate	8.10%	8.60%
Rate of increase in compensation level	7.50%	7.50%
Health care costs escalation rate	3.00%	2.50%
Attrition Rate	1.00%	1.00%
f. Amounts recognised in Balance Sheet:		
Present Value of Obligation as at the end of the period	19,149.62	14,821.74
Fair Value of Plan Assets at the end of the period	-	-
Funded Status	(19,149.62)	(14,821.74)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet (as per Actuarial Valuation)	19,149.62	14,821.74
Less : Initial actuarial Liability towards existing employees (valued on 31.03.2004)	(2,972.56)	2,972.56
Add : Amortisation of above initial Actuarial Liability over 9 years*	2,972.56	3,004.61
Liability recognised in Balance Sheet	19,149.62	14,853.79
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	239.33	219.66
Effect on defined benefit obligation	2,221.30	1,568.97
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	(202.77)	(185.96)
Effect on defined benefit obligation	(1,852.20)	(1,328.25)

* The BERECHS liability assessed in F.Y. 2003-04 towards existing employees amounted to ₹ 2972.56, 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 till F.Y. 2011-12) covers the full initial liability of ₹ 2972.56, the excess amount of ₹ 32.05 has been withdrawn.

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 9		
SHORT TERM PROVISIONS		
Taxation [Net of Advance Tax ₹ 93,117.38 (₹ 99,678.02)] (Refer Note 16)	5.55	22.46
Proposed Final Dividend	13,040.00	8,640.00
Dividend Tax	2,260.35	1,443.80
Employee Benefits		
Gratuity	2,224.44	2,314.78
Proposed Pension Scheme	11,807.00	9,201.55
Long-Term compensated absences	2,903.52	2,356.84
BERECHS	1,903.04	2,224.50
Performance Incentive	145.52	34.51
	<u>18,983.52</u>	16,132.18
Provision for Performance Warranty	2,799.78	2,476.47
	<u>37,089.20</u>	<u>28,714.91</u>

- 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	2012 - 2013	2011 - 2012
Opening Balance (a)	2,476.47	2,810.10
Additional Provisions made during the year (b)	762.73	239.31
Amounts used during the year (c) *	4.31	115.20
Unused Amounts reversed during the year (d)	435.11	457.74
Closing Balance (e) = (a+b-c-d)	2,799.78	2,476.47

* Represents amount debited to opening provision.

- ii. The Parent Company (BEL) has separate Trusts for Provident Fund. During the year the Parent Company (BEL) has recognised an amount of ₹ 6,148.61 (₹ 5,826.60) 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 2013, 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 summarise the disclosure report provided by the Actuary:

EMPLOYEES PROVIDENT FUND

Particulars	2012 - 2013	2011 - 2012
i) Change in Benefit Obligations:		
Present Value of Obligation as at the beginning of the year	110,225.27	100,285.66
Current Service Cost	24,315.84	21,580.60
Interest Cost	8,929.24	7,783.88
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (gain)/loss	(6,445.35)	(4,183.99)
Benefits paid	(12,793.95)	(15,240.88)
Present Value of Obligation as at the end of the period	124,231.05	110,225.27

Consolidated Notes to Accounts

(₹ in Lakhs)

Particulars	2012-2013	2011-2012
ii) Change in Fair Value of Plan Assets:		
Fair value of Plan Assets at the beginning of the year	127,516.08	110,388.25
Expected return on Plan Assets	11,662.62	10,240.90
Contributions	24,459.54	22,946.33
Benefits paid	(12,793.95)	(15,240.88)
Actuarial gain/(loss) on Plan Assets	(1,286.80)	(818.52)
Fair value of Plan Assets at the end of the period	149,557.49	127,516.08
iii) Expenses Recognised in the Statement of Profit & Loss:		
Opening Net Liability	-	-
Current Service cost	24,315.84	21,580.61
Interest Cost	8,929.24	7,783.88
Expected return on Plan Assets	(11,662.62)	(10,240.90)
Net Actuarial (gain)/loss recognised in the period	(5,158.56)	(3,365.46)
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Statement of Profit & Loss	16,423.90	15,758.13
iv) Amounts recognised in Balance Sheet:		
Present Value of Obligation as at the end of the period	124,231.05	110,225.27
Fair Value of Plan Assets at the end of the period	149,557.49	127,516.08
Difference	(25,326.44)	(17,290.81)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet	-	-
v) Amount for the Current Period:		
Present Value of Obligation	124,231.05	110,225.27
Plan Assets	149,557.49	127,516.08
Surplus/(Deficit)	25,326.44	17,290.81
Experience Adjustments on Plan liabilities - (loss)/Gain	6,455.50	4,135.24
Experience Adjustments on Plan Assets - (loss)/Gain	(1,286.80)	(818.52)
vi) Category of Assets as at 31 March 2013:		
Government of India Securities	20.98%	18.86%
State Government Securities	22.47%	23.39%
High Quality Corporate Bonds	45.59%	44.03%
Equity shares of listed companies	0.00%	0.00%
Property	0.00%	0.00%
Special Deposit Scheme	10.96%	13.72%
Mutual Funds	0.00%	0.00%
Cash	0.00%	0.00%
Total	100.00%	100.00%
vii) Principal Assumptions:		
Discounting Rate	8.10%	8.60%
Salary Escalation Rate	7.50%	7.50%
Expected Rate of Return on Plan Assets	9.05%	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.

Consolidated Notes to Accounts

(₹ in Lakhs)

iv Gratuity Scheme:

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

Particulars	2012-2013	2011-2012
i. Change in Benefit Obligations:		
Present Value of Obligation as at the beginning of the year	37,957.43	38,255.63
Current Service Cost	811.99	752.50
Interest Cost	3,038.99	2,908.70
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Actuarial (gain)/loss	1,692.44	3,306.38
Benefits paid	(5,260.39)	(7,265.78)
Present Value of Obligation as at the end of the period	38,240.46	37,957.43
ii. Change in Fair Value of Plan Assets:		
Fair value of Plan Assets at the beginning of the year	35,642.66	35,427.14
Expected return on Plan Assets	3,117.49	3,054.54
Contributions	2,318.93	4,327.19
Benefits paid	(5,260.39)	(7,265.52)
Actuarial gain/(loss) on Plan Assets	197.33	99.31
Fair value of Plan Assets at the end of the period	36,016.02	35,642.66
Excess of Obligation over Plan Assets	2,224.44	2,314.77
iii. Expenses Recognised in the Statement of Profit & Loss:		
Opening Net Liability	-	-
Current Service cost	811.99	752.50
Interest Cost	3,038.99	2,908.70
Expected return on Plan Assets	(3,117.49)	(3,054.54)
Net Actuarial (gain)/loss recognised in the period	1,495.11	3,207.07
Past Service Cost (Non vested Benefits)	-	-
Past Service Cost (Vested Benefits)	-	-
Expenses Recognised in the Statement of Profit & Loss	2,228.60	3,813.73
Actual Return on Plan Assets	7.50%/8.70%/9.64%	7.50%/8.70%/9.13%
iv. Amounts recognised in Balance Sheet:		
Present Value of Obligation as at the end of the period	38,240.46	37,957.43
Fair Value of Plan Assets at the end of the period	36,016.02	35,642.66
Funded Status	(2,224.44)	(2,314.77)
Unrecognised Actuarial (gains)/losses	-	-
Liability recognised in Balance Sheet [after considering payment of ₹ NIL (₹ 1500) to the Trust during the year]	2,224.44	2,314.77
v. Category of Assets as at 31 March 2013:		
State Govt. Securities	14.08%	14.45%
Govt. of India Securities	2.70%	2.58%
High Quality Corporate Bonds	16.62%	17.19%
Special Deposit	0.00%	0.00%
Investment with Insurer	66.60%/100%	65.78%/100%
Principal Assumptions:		
Discounting Rate	8.00%/8.10%/8.25%	8.35%/8.50%/8.60%
Salary escalation rate	5.00%/7.50%/8.00%	5.00%/7.50%/8.00%
Expected rate of Return on Plan Assets	7.50%/8.70%/9.64%	7.50%/8.70%/9.13%

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

Consolidated Notes to Accounts

NOTE - 10 FIXED ASSETS-TANGIBLE

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			DEPRECIATION			NET BLOCK		
	Cost as at 01.04.2012	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total cost as at 31.03.2013	Accumulated Depreciation Upto 31.03.2012	Depreciation for the year	Deductions/ adjustments during the year	As at 31.03.2013	As at 31.03.2012
Free Hold Land *	1,184.62	-	-	1,184.62	-	-	-	1,184.62	1,184.62
Lease Hold Land	731.55	-	1.85	729.70	97.14	11.36	0.78	621.98	634.41
Roads and Culverts	660.95	19.97	-	680.92	451.51	16.61	-	212.80	209.44
Buildings ++	19,341.64	4,596.85	10.43	23,928.06	9,782.81	649.38	8.03	13,503.90	9,558.83
Installations ++	6,554.15	563.37	33.60	7,083.92	4,905.16	356.32	33.60	1,856.04	1,648.99
Plant and Machinery ++	77,699.70	7,110.28	1,061.64	83,748.34	62,265.31	4,961.89	1,042.51	17,563.65	15,433.52
Electronic Equipment ++	49,128.65	2,261.44	541.64	50,848.45	36,613.65	3,479.23	512.51	11,268.08	12,515.00
Electronic Equipment - Under Lease	6.93	-	6.93	-	6.93	-	6.93	-	-
Equipment for R & D Lab	23,260.02	3,834.81	411.51	26,683.32	16,244.18	2,406.47	394.21	8,426.88	7,015.84
Vehicles	888.32	40.31	39.35	889.28	747.93	66.90	39.21	113.66	140.39
Vehicles - Under Lease	117.13	33.28	82.33	68.08	85.89	26.32	80.62	36.49	31.24
Office Equipment ++	11,278.42	909.32	329.29	11,858.45	9,156.09	804.55	327.90	2,225.71	2,122.33
Furniture, Fixtures and other Equipment ++	6,196.79	1,376.82	60.62	7,512.99	4,085.59	605.81	60.04	2,881.63	2,111.20
Assets acquired for Sponsored Research **	1,334.91	-	-	1,334.91	1,330.95	2.96	-	1.00	3.96
Total ***	198,383.78	20,746.45	2,579.19	216,551.04	145,773.14	13,387.80	2,506.34	59,896.44	52,609.77
Previous Year	187,066.18	15,287.90	3,971.17	198,382.91	136,985.65	12,357.75	3,570.26	52,609.77	50,080.53

Free Hold Land of Parent Company (BEL) consists of 943.67 acres (943.67 acres) and Lease Hold Land of Parent Company (BEL) consists of 301.33 acres (302.4 acres). During the year 1.07 acres was converted to Free Hold Land and sold.

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

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

++ Additions during the year include ₹ 1,443.18 (₹ 753.26) in respect of the assets of Central Research Laboratories of BEL.

*** Gross Block and Accumulated Depreciation include ₹ 5,378 (₹ 4,951.32) pertaining to assets not in active use, disposal of which is pending.

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%/15%
 - ii) Plant and Machinery - 10%/11.31%/15%/16.21%/20%/25%
 - iii) Vehicles - 20% / 25%
 - iv) Furniture, Fixture and Other Equipment - 10%/15%/20%/25%
 - v) Assets under Build, Own, Operate and Transfer (BOOT) Contract - Depreciated over the period of Contract

NOTE - I I

FIXED ASSETS - INTANGIBLE

(₹ in Lakhs)

PARTICULARS	GROSS BLOCK (AT COST)			AMORTISATION			NET BLOCK		
	Cost as at 01.04.2012	Additions/ adjustments during the year	Deductions/ adjustments during the year	Total cost as at 31.03.2013	Accumulated Amortization upto 31.03.2012	Amortization for the year	Deductions/ adjustments during the year	As at 31.03.2013	As at 31.03.2012
Enterprise Resource Planning (ERP) - Software Licenses / Implementation	2,039.04	-	-	2,039.04	1,655.25	261.07	-	1,916.32	383.79
Total	2,039.04	-	-	2,039.04	1,655.25	261.07	-	1,916.32	383.79
Previous Year	1,666.61	372.43	-	2,039.04	1,446.12	209.13	-	1,655.25	220.49

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 12		
CAPITAL WORK IN PROGRESS		
Civil Construction	6,506.27	7,083.56
Plant, Machinery	14,813.82	2,914.57
Others	732.53	1,038.26
	<u>22,052.62</u>	<u>11,036.39</u>
Add: Capital Items in Transit	1,974.71	1,111.23
	<u>24,027.33</u>	12,147.62
Less: Provision	368.73	368.03
	<u>23,658.60</u>	<u>11,779.59</u>

NOTE - 13

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

Opening Balance	2,919.25	3,116.60
Add: Addition during the year	6,221.85	175.08
	<u>9,141.10</u>	<u>3,291.68</u>
Less: Amount Capitalised during the year	-	372.43
	<u>9,141.10</u>	2,919.25
	<u>9,141.10</u>	<u>2,919.25</u>

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
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		
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
INVESTMENT IN GOVERNMENT SECURITIES	0.02	0.02
	0.07	0.07
Aggregate Value of Quoted Investments	NIL	NIL
Aggregate Value of Unquoted Investments	0.07	0.07
Aggregate Provision for diminution in Value of Investment	NIL	NIL

- 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).

NOTE - 15

DEFERRED TAX ASSETS

Deferred Tax Assets	32,868.16	27,327.87
Deferred Tax Liabilities	5,470.38	4,290.23
	27,397.78	23,037.64

Break up of Net Deferred Tax Assets is given below:

	2012 - 2013	2011 - 2012
Deferred Tax Asset		
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment, etc.,	32,407.02	26,995.67
Technical Know-how fee	461.14	332.20
	32,868.16	27,327.87
Deferred Tax Liability		
Depreciation	5,470.38	4,290.23
	5,470.38	4,290.23
Net Deferred Tax Assets	27,397.78	23,037.64

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 16		
LONG TERM LOANS & ADVANCES		
Unsecured, Considered Good		
Capital Advances	2,630.24	2,517.47
Security Deposits	2,276.60	2,308.67
Other Loans & Advances -		
Loans to Employees	975.30	1,074.41
Loans to Others	2.39	3.75
Advances to Employees	0.69	1.55
Advances for Purchase	1,122.49	2,381.10
Advances to Others	864.90	142.88
Advance payment of Income Tax [Net of Provision for Tax - ₹ 93,117.38 (₹ 99,678.02)] - Refer Note 9	7,668.25	11,182.09
Balances with Customs, Port Trust and Other Government Authorities	522.09	479.24
Prepaid Expenses	8.93	7.79
	16,071.88	20,098.95
Unsecured, Considered Doubtful		
Capital Advances	7.85	0.30
Security Deposits	72.76	76.83
Other Loans & Advances -		
Loans to Others	132.11	132.00
Advances to Employees	0.85	-
Advances for Purchase	430.43	446.36
Advances to Others	2,057.03	2,149.63
Advance payment of Income Tax	0.12	-
Balances with Customs, Port Trust and Other Government Authorities	38.71	46.85
	2,739.86	2,851.97
Less: Provision	2,739.86	2,851.97
	16,071.88	20,098.95

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

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013		As at 31 March 2012	
NOTE - 17				
OTHER NON CURRENT ASSETS				
Inventories				
Raw Materials & Components	25,309.97		23,816.50	
Less: Provision	<u>17,631.86</u>		<u>13,780.61</u>	
		7,678.11		10,035.89
Work in Progress	272.65		1,547.10	
Less: Provision	<u>56.27</u>		<u>-</u>	
		216.38		1,547.10
Stores & Spares	137.04		119.23	
Less: Provision	<u>98.09</u>		<u>27.51</u>	
		38.95		91.72
Loose Tools	95.92		48.21	
Less: Provision	<u>49.69</u>		<u>39.65</u>	
		46.23		8.56
Disposable Scrap		<u>-</u>		<u>39.65</u>
		7,979.67		<u>11,722.92</u>
Trade Receivables				
Unsecured, Considered Good				
Trade Receivables		-		22.81
Unsecured, Considered Doubtful				
Trade Receivables	63,028.10		54,542.37	
Less: Provision	<u>63,028.10</u>		<u>54,536.80</u>	
		-		5.57
		-		<u>28.38</u>
Others				
Secured, Considered Good				
Unsecured, Considered Good				
Claims Receivables - Purchases	-		-	
Others	<u>4.11</u>		<u>4.11</u>	
		4.11		4.11
Unsecured, Considered Doubtful				
Non Trade Receivables	19.07		-	
Claims Receivables - Purchases	473.79		443.10	
Others	<u>92.59</u>		<u>130.41</u>	
	585.45		573.51	
Less: Provision	<u>585.45</u>		<u>573.51</u>	
		-		-
		4.11		4.11
		7,983.78		<u>11,755.41</u>

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

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 18		
INVENTORIES		
Raw Materials & Components	152,855.52	126,024.62
Add: Raw Materials & Components in Transit	9,502.36	13,582.06
Less: Provisions	348.28	195.38
	162,009.60	139,411.30
Work in Progress	138,279.11	112,720.85
Finished Goods	7,404.36	6,874.29
Add: Finished Goods in Transit	8,236.02	3,267.43
Less: Provisions	1.71	0.11
	15,638.67	10,141.61
Stock in Trade	5,267.87	5,624.89
Add: Stock in Trade in Transit	34.70	-
	5,302.57	5,624.89
Stores & Spares	1,416.71	2,377.67
Add: Stores & Spares in Transit	109.00	273.64
Less: Provisions	21.23	16.09
	1,504.48	2,635.22
Loose Tools	2,662.50	2,867.98
Add: Loose Tools in Transit	-	1.65
	2,662.50	2,869.63
Disposable Scrap	153.27	97.63
	325,550.20	273,501.13
Less: Unrealised Profit on Unsold Inventory	19.89	132.41
	325,530.31	273,368.72

- i) Raw Materials and Components of Parent Company (BEL) includes ₹ 3,999.44 (₹ 4,008.13) being materials with subcontractors, out of which ₹ 220.72 (₹ 265.07) of materials is subject to confirmation and reconciliation. The impact, if any, on consequent adjustment 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 4852 TON CO₂ EQ Carbon Credit for the 2.5 MW BEL Grid Connected Wind Power Project at Davangere District, Karnataka for the verification period from 05.11.2007 to 31.03.2009 in the F.Y. 2011-12. The carbon Credits are included under Finished Goods at a value of ₹ 0.59 (₹ 0.59). The CER is valued at cost as required by Guidance Note on CER issued by ICAI.
- b. CER under Certification: 11004 CERs.
- c. Depreciation & Operation Cost of Emission Reduction Equipments during the year: ₹ 77.91 (₹ 60.60).

NOTE - 19 TRADE RECEIVABLES

Secured, Considered Good

Not Exceeding Six Months	29.56	42.00
Exceeding Six Months	7.00	7.00
	36.56	49.00

Unsecured, Considered Good

Not Exceeding Six Months	173,501.99	136,031.50
Exceeding Six Months	162,817.90	135,593.70
	336,319.89	271,625.20

Unsecured, Considered Doubtful

Less than Six Months	-	0.30
Over Six Months	24.59	21.57
	24.59	21.87
Less: Provision for Doubtful Dues	24.59	21.87
	-	-
	336,356.45	271,674.20

Consolidated Notes to Accounts

(₹ in Lakhs)

	As at 31 March 2013	As at 31 March 2012
NOTE - 20		
CASH & BANK BALANCES		
CASH & CASH EQUIVALENTS		
Balance with Banks	41,388.44	41,570.51
Cheques/Drafts on hand	32.63	61.77
Cash on hand	31.33	30.22
Term Deposits (incl. accrued interest)	<u>139,405.42</u>	<u>133,581.75</u>
	180,857.82	175,244.25
OTHER BANK BALANCES		
Term Deposits (incl. accrued interest)		
- Deposits with more than twelve months maturity	53.18	80.69
- Deposits - Others	352,120.56	506,692.86
Unpaid Dividend	<u>19.47</u>	<u>18.15</u>
	352,193.21	506,791.70
	<u>533,051.03</u>	<u>682,035.95</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	10,140.00	9,880.00
Security Deposits	626.69	450.97
Loans to Employees	210.86	220.06
Loans to Others	1.25	1.85
Advances to Employees	466.10	866.00
Advances for Purchase	114,514.96	123,823.21
Advance to Others	3,615.67	5,291.26
Balances with Customs, Port Trust and Other Government Authorities	6,578.85	5,820.77
Prepaid Expenses	<u>1,590.44</u>	<u>1,602.67</u>
	137,744.82	147,956.79
Unsecured, Considered doubtful		
Advances for Purchase	19.59	19.59
Less: Provision	<u>19.59</u>	<u>19.59</u>
	<u>137,744.82</u>	<u>147,956.79</u>

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

NOTE - 22

OTHER CURRENT ASSETS

Receivables other than Trade Receivables	531.05	
Claims Receivables - Purchases	6,169.72	4,470.48
Others	1,440.17	1,963.86
	<u>8,140.94</u>	<u>6,434.34</u>

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE - 23		
OTHER OPERATING REVENUES		
Sale of Scrap	657.42	717.86
Export Benefits	138.08	189.08
Transport Receipts	395.97	401.22
Rent Receipts	482.69	419.97
Canteen Receipts	578.60	571.63
Electricity Charges Collected	113.41	96.63
Water Charges Collected	33.71	29.59
Provisions Withdrawn		
- Performance Warranty	-	218.43
- Doubtful Debts, LD	1,157.89	1,481.59
- Inventory	594.02	372.65
- Loans & Advances	237.36	63.74
- Others	229.70	271.12
Transfer from Grants	1,084.82	677.12
Miscellaneous	6,483.82	6,704.44
	<u>12,187.49</u>	<u>12,215.07</u>

NOTE - 24

OTHER INCOME

Interest Income from Staff/IT Refund/Others	485.12	323.65
Interest income on Term Deposits	56,058.98	58,270.65
Foreign Exchange Differential Gain	2,240.83	-
Profit on Sale of Fixed Assets	3,476.35	212.70
Miscellaneous (Net of "Nil" expenses)	284.51	825.93
	<u>62,545.79</u>	<u>59,632.93</u>

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

NOTE - 25

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

Work in Progress:

Closing Balance	138,551.76	114,267.95	
Opening Balance	114,267.95	92,918.27	
	<u>24,283.81</u>	<u>21,349.68</u>	
Less: Adjustment pertaining to earlier years	-	35.68	
	<u>24,283.81</u>	<u>21,314.00</u>	

Finished Goods:

Closing Stock	15,640.38	10,141.72	
Opening Stock	10,141.72	20,380.05	
	<u>5,498.66</u>	<u>(10,238.33)</u>	

Scrap:

Closing Stock	153.27	97.63	
Opening Stock	97.63	125.58	
	<u>55.64</u>	<u>(27.95)</u>	
	<u>29,838.11</u>	<u>11,047.72</u>	
Less: Unrealised Profit on Stock	18.51	122.86	
	<u>29,819.60</u>	<u>10,924.86</u>	

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE - 26		
EMPLOYEE BENEFITS EXPENSE		
Salaries, Wages and Bonus / Ex - gratia	85,840.20	84,195.11
Gratuity	2,228.60	3,813.73
Contribution to Provident and Pension Funds	8,792.41	8,151.93
Provision for BEL Retired Employees Contributory Health Scheme	4,295.83	1,679.64
Welfare Expenses [including Salaries ₹ 1030.24 (₹ 1237.90), PF Contribution ₹ 69.97 (₹ 72.23)]	11,313.13	11,470.91
	112,470.17	109,311.32

The Parent Company's VRS Scheme was opened for the period from 15.07.2011 to 29.08.2011. An amount of ₹ Nil (₹ 2544.03) has been debited to "Salaries & Wages" being the exgratia amount paid as per the scheme.

NOTE - 27

FINANCE COSTS

Interest Expenses

Interest on Lease Finance	5.27	7.10
Interest on Dues to Micro & Small Enterprises	2.14	2.04
Other Interest Expenses	51.92	28.56
	59.33	37.70
Other borrowing costs		
Loan Processing Charges	25.00	30.00
	84.33	67.70

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE - 28		
OTHER EXPENSES		
Power and Fuel [after adjusting ₹ 548.83 (₹ 531.75) wind energy income]	3,367.92	3,010.70
Water Charges	329.52	300.29
Royalty & Technical Assistance	2,291.40	3,883.71
Rent	2,095.13	1,828.24
Rates & Taxes	403.50	300.97
Insurance	667.24	515.72
Auditors Remuneration		
Audit Fees	11.07	16.05
Tax Audit Fees	2.19	2.06
Fees for Company Law Matters	1.42	0.85
Other Services (Certification Fees)	0.93	1.94
Reimbursement of Expenses	6.08	8.00
	21.69	28.90
Repairs & Maintenance:		
Buildings	1,412.20	1,722.64
Plant & Machinery	1,433.33	1,453.00
Others	6,188.19	5,545.58
	9,033.72	8,721.22
Bank Charges	581.43	390.08
Printing and Stationery	392.30	426.47
Advertisement & Publicity	750.02	718.80
Travelling Expenses	6,878.66	5,593.11
Hiring Charges for Van & Taxis	720.73	661.95
Excise Duty - Others	150.22	55.90
Packing & Forwarding	1,139.05	1,130.31
Bad Debts & Advances Written Off	2,587.57	1,072.71
Less: Charged to Provisions	2,584.30	1,043.38
	3.27	29.33
Provision for Obsolete/Redundant Materials	4,985.28	4,518.20
Provisions for Doubtful Debts, Liquidated damages, Customers' claims and disallowances	12,136.58	9,812.88
Provision for Doubtful Advances, claims	287.38	1,810.11
Provision for Performance Warranty	327.62	-
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	268.61	510.65
Less: Charged to Provisions	266.15	508.14
	2.46	2.51
Sponsorship/Contribution for Professional & Social Activities	432.17	263.50
Others:		
Other Misc. Direct Expenditure	5,074.67	2,971.37
After Sales Service	856.15	176.47
Telephones	533.04	565.19
Expenditure on Seminars & Courses	690.12	651.26
Other Selling Expenses	331.51	173.69
Foreign Exchange Differential Loss	-	473.21
Miscellaneous	2,455.81	2,402.48
	9,941.30	7,413.67
	56,938.59	51,416.57

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

Consolidated Notes to Accounts

(₹ in Lakhs)

	For the year ended 31 March 2013	For the year ended 31 March 2012
NOTE - 29		
PRIOR PERIOD ITEMS		
Prior Period Income:		
Sales	-	(92.34)
Accretion to WIP	-	35.68
Depreciation	-	19.03
Others	37.71	48.20
Total Prior Period Income (A)	37.71	10.57
Prior Period Expenditure:		
Material Consumed	638.77	63.26
Bank Charges	-	-
Depreciation	-	9.43
Foreign Exchange Loss	-	236.57
Others	45.25	11.69
Total Prior Period Expenditure (B)	684.02	320.95
Total Prior Period Items Net Income/ (Expenditure) [(A) - (B)]	(646.31)	(310.38)

NOTE - 30 **EARNING PER SHARE**

Profit for the period - Before Extraordinary items	91,077.78	84,674.51
Profit for the period - After Extraordinary items	91,077.78	84,674.51
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)	113.85	105.84
After Extraordinary items (Amount in Rupees)	113.85	105.84

NOTE - 31 **GENERAL NOTES TO ACCOUNTS**

1) Consolidation Procedure:

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

- 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.

Consolidated Notes to Accounts

(₹ in Lakhs)

- 2) Additional information disclosed in individual financial statements of the parent and subsidiary / JVCs having no bearing on the true and fair view of the consolidated financial statements and also the information pertaining to the items which are not material have not been disclosed in the consolidated financial statements in view of the Accounting Standards Interpretation ASI-15 issued by the Institute of Chartered Accountants of India (ICAI).
- 3) The Parent Company (BEL) has analysed indications of impairment of assets of each geographical composite manufacturing unit considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Units has found indications of impairment of its assets and hence no provision is considered necessary. The subsidiary (BELOP) and GE BE Pvt. Ltd. (JVC) have also analysed indications of impairment of assets and found no indication of impairment of assets and hence no provision for the same is considered necessary. BEL Multitone Pvt. Ltd. (JVC) does not have any fixed assets.
- 3.1 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 WDV method consistently. BEL Multitone Pvt. Ltd. (JVC) does not have any fixed assets as on 31 March 2013.
- 3.2 The amount of ₹ 255.79 (pertains to BELOP) represents amount charged off towards TOT expenses, in the year 2011-12, written back due to change in the funding pattern in respect of grant towards TOT cost.
- 4) a) The Parent Company (BEL) has been sanctioned working capital limit of ₹ 180000 by Consortium Bankers (SBI Lead Bank). The sanctioned limit includes a sub limit of ₹ 20000 of fund based limit (interchangable with non fund based LC limits).
 b) The interest rate payable on fund based limit is linked to SBI Base Rate plus 1%. (Interest rate payable as on 31.03.2013 is 10.70% p.a.).
 c) The amount utilised is re-payable on demand. Utilisation as on 31.03.2013 is NIL (NIL).
 d) The above sanction limit is secured by hypothecation of Inventories and Trade Receivables.
- 5) a) Estimated amount of contracts remaining to be executed on Capital Account and not provided for amounts to **23,552.31** 23,061.94
 b) Other commitments i.e., Non-cancellable contractual commitments (i.e. cancellation of which will result in a penalty disproportionate to the benefits involved) - -
- 6) Letters requesting confirmation of balances have been sent in respect of Trade Receivables, Trade Payables, Advances and Deposits. Wherever replies have been received, reconciliation is under process and provisions / adjustments will be made wherever considered necessary.
- 7) The following disclosure is made as per AS-7 (Accounting for Construction Contracts) in respect of accounting policy 3 (i) (c) relating to revenue recognition on contracts:

Particulars	2012-2013	2011-2012
a) Contract Revenue recognised during the year	-	-
b) No Contract Revenue is recognised in the current year. Upto year 2008-09, Contract Revenue was recognised using the percentage of completion method. Ratio of the actual cost incurred on the contracts upto 31.03.2009 to the estimated total cost of the contracts, was used to determine the stage of completion.		
c) Aggregate amount of cost incurred	43,009.84	43,009.84
d) Recognised profit upto 31.03.2013 (net of provision for contingency)	3,522.08	3,522.08
e) Amount of advances received and Outstanding as at 31.03.2013	48.85	48.85
f) The amount of retention	1,466.65	1,466.65

Consolidated Notes to Accounts

(₹ in Lakhs)

8) Interest in Joint Venture Companies (JVCs):

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

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

9) Contingent Liabilities (including share in JVCs) :

Particulars	2012-2013	2011-2012
Claims not acknowledged as debts	20,354.74	10,147.25
Outstanding Letters of Credit	22,886.51	70,588.92
Others	1,093.66	1,083.01
Provisional Liquidated Damages upto 31 March on unexecuted customer orders where the delivery date has expired	11,172.06	11,770.88
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.		

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

11) Related Party Transactions:

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

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

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

Sl. No.	Particulars	Joint Ventures		Grand Total
		GE BE Pvt. Ltd.	BEL Multitone Pvt. Ltd.	
1	Purchase of Goods	-	-	-
		-	-	-
2	Sale of Goods	1,694.67	-	1,694.67
		(1,377.56)	-	(1,377.56)
3	Rendering Services	0.74	27.51	28.25
		(0.20)	-	(0.20)
4	Receiving Services	-	-	-
		-	-	-
5	Rent Received	-	0.42	0.42
		-	(0.42)	(0.42)
6	Dividend Income on Investments	260.00	-	260.00
		(260.00)	-	(260.00)
7	Trade Payables outstanding as on 31.03.2013	-	-	-
		(0.07)	-	(0.07)
8	Trade Receivables outstanding as on 31.03.2013	422.56	-	422.56
		(391.01)	-	(391.01)
9	Provision for doubtful trade receivables as on 31.03.2013	10.27	-	10.27
		(10.27)	-	(10.27)
10	Provision for Customer disallowances as on 31.03.2013	6.44	-	6.44
		(6.44)	-	(6.44)
11	Investment in Equity as on 31.03.2013 *	260.00	31.88	291.88
		(260.00)	(31.88)	(291.88)

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

Consolidated Notes to Accounts

(₹ in Lakhs)

- (b) The Key Management Personnel & their remuneration details are as follows:
- Shri Anil Kumar CMD from 01.10.11 & Dir [OU] from 03.02.10 to 30.09.11
 - Shri A K Datt, CMD upto 30.09.11
 - Shri M L Shanmukh, Director (Human Resources)
 - Shri M G Raghuvver, Director (Finance) upto 31.05.12
 - Shri H N Ramakrishna, Director (Marketing)
 - Shri Ajit T Kalghatgi, Director (R&D) from 01.09.12
 - Shri I V Sarma, Director (R&D) upto 31.08.12
 - Shri S K Sharma, Director (Bangalore Complex) from 01.09.11
 - Shri Amol Newaskar, Director [Other Units] from 24.05.12
 - Shri H S Bhadoria, Director (Bangalore Complex) upto 31.08.11
 - Shri Mahesh C Kapri, MD, GE BE Pvt Ltd

The total salary including perquisites drawn by the above key management personnel during the year 2012-13 are ₹ 255.25 (₹ 283.93) as detailed below:

Particulars	2012-2013	2011-2012
Salary & Allowances including benefits	189.58	173.97
Contribution to Provident Fund & Gratuity etc.	29.68	38.28
Leased Accommodation	19.32	17.56
Others	16.68	54.12

12) Previous year's figures have been regrouped wherever required necessary. Figures in brackets related to previous year.

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

Anil Kumar
Chairman & Managing Director

M L Shanmukh
Director (HR)

H. S. Venkatesh
Partner
Membership No. 026666

Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
26 July 2013

Consolidated Cash Flow Statement

	(₹ in Lakhs)	
Particulars	2012-13	2011-12
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax as per Statement of Profit & Loss	114,744.94	110,285.03
Adjustments for:		
Extraordinary Items	-	-
Depreciation and Amortisation Expenses (incl. prior period items)	13,648.87	12,566.88
Provision for Employee Benefits	7,387.51	6,325.86
Provision for Performance Guarantee	323.31	(333.63)
Interest Income	(56,058.98)	(58,270.65)
Finance Cost	84.33	67.70
Profit on Sale of Fixed Assets	(3,476.35)	(212.70)
Transfer from Government Grants	(1,340.61)	(677.12)
ESOP amortisation - GE BE Pvt. Ltd.	-	0.52
Operating Profit Before Working Capital Changes	75,313.02	69,751.89
Adjustments for:		
Trade Receivables & Advances	(55,595.74)	(84,956.24)
Inventories	(48,418.34)	(37,582.88)
Trade Payables & Advances	(106,412.24)	94,425.81
Cash Generated from Operations	(135,113.30)	41,638.58
Receipt of Grants	5,663.54	10,593.75
Direct Taxes Paid (Net)	(24,488.85)	(34,342.60)
Cash Flow Before Extraordinary Items	(153,938.61)	17,889.73
Extraordinary Items	-	-
Net Cash from/(used in) Operating Activities	(153,938.61)	17,889.73
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(38,847.31)	(24,523.55)
Sale of Fixed Assets	3,549.20	613.61
Bank Deposits	154,556.71	(129,707.19)
Interest Received	56,058.98	58,270.65
Net Cash from/(used in) Investing Activities	175,317.58	(95,346.48)
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/(Decrease) in Long-term Borrowings	(18.32)	(36.79)
Dividends Paid (including Dividend Tax)	(15,661.15)	(23,843.62)
Increase/(Decrease) in Unpaid Matured Deposits	(1.60)	-
Finance Cost	(84.33)	(67.70)
Net Cash from/(used in) Financing Activities	(15,765.40)	(23,948.11)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	5,613.57	(101,404.86)
Cash and Cash Equivalents at the beginning of the Year	175,244.25	276,649.11
Cash and Cash Equivalents at the end of the Year	180,857.82	175,244.25

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 ₹ 3,52,173.74 (₹ 5,06,773.55) being the deposits having a original maturity period of more than three months.

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

Anil Kumar
Chairman & Managing Director

M L Shanmukh
Director (HR)

H. S. Venkatesh
Partner
Membership No. 026666

Elaine Mathias
Executive Director (Finance)

C R Prakash
Company Secretary

Bangalore
26 July 2013

BHARAT ELECTRONICS LIMITED

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

PLEASE FILL THIS ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

DP ID* :

Folio No. :

Client ID* :

NAME AND ADDRESS OF THE SHAREHOLDER:

No. of Shares held: _____

I hereby record my presence at the 59th Annual General Meeting of the Company held on 20th September 2013.

* Applicable for investors holding shares in electronic form.

Signature of the Shareholder or Proxy

NOTE:

1. The Meeting is for Members of the Company only. **Members are requested not to bring non-Members or children.**
2. The Company will accept only the Attendance Slip of a person personally attending as a Member or a valid Proxy duly registered in time with the Company. The Company will not accept Attendance Slip from any other person even if signed by a Member.
3. Member/Proxy holder attending the Meeting should **bring his copy of the Annual Report and Notice of the Meeting**, for reference at the Meeting.
4. To facilitate Members, registration of attendance will commence at 2.00 PM. on 20th September, 2013

PROXY FORM

BHARAT ELECTRONICS LIMITED

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

DP ID* :

Folio No. :

Client ID* :

I/We _____ of _____, being a member/members of

Bharat Electronics Limited, hereby appoint _____ of

_____ or failing him _____ of

_____ as my/our proxy to vote for me/us and on my/our behalf at the 59th Annual General Meeting of the

Company, to be held on 20th September 2013 and at any adjournment thereof.

Affix
Re. 1/-
Revenue
Stamp

Signed this _____ day of _____ 2013

* Applicable for investors holding shares in electronic form.

[Please sign across the stamp]

Note : The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

Members are advised that no gifts will be distributed at the Annual General Meeting