भारत इलेक्ट्रॉनिक्स लिमिटेड

BHARAT ELECTRONICS LIMITED

(^maV gaH$ma H$m CÚ_)

(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

QUALITY, TECHNOLOGY, INNOVATION

सूचना / N O T I C E

प्रति

सभी शेयरधारक

एतद्द्वारा सूचना दी जाती है कि भारत इलेक्ट्रॉनिक्स लिमिटेड के शेयरधारकों की पचपनवीं वार्षिक सामान्य बैठक, शुक्रवार, दिनांक 25 सितंबर, 2009 को अपराह्न 2.30 बजे मगध हॉल, दि ललित अशोक होटल, कुमारा पार्क हाई ग्राउण्ड्स, बेंगलूर 560001 में निम्नलिखित कारोबार संचालित करने हेतु आयोजित की जाएगी :

सामान्य कारोबार

1. 31 मार्च 2009 को समाप्त वर्ष हेतु लाभ व हानि लेखा एवं यथा उस तिथि को तुलन पत्र और उसमें निदेशकों व लेखा परीक्षकों के प्रतिवेदनों को प्राप्त करने, उस पर विचार करने और उसे अपनाने हेतु ।
2. अंतरिम लाभांश संपुष्ट करने हेतु तथा साम्या शेयरों पर अंतिम लाभांश घोषित करने हेतु ।
3. श्री एच. एस. भदौरिया, जो चक्रानुक्रम से निवृत्त हो रहे हैं, (के स्थान पर एक निदेशक नियुक्त करने हेतु) और पात्र होने के कारण वे स्वयं को पुनः नियुक्ति के लिए प्रस्तुत करते हैं, ।
4. श्री आई. वी. 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

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

   "संकल्प किया गया कि ले. जन. पी मोहापात्रा, जिन्हें 24 अक्तूबर, 2008 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव करते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्द्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा ।"

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

TO

ALL SHAREHOLDERS

Notice is hereby given that the fifty fifth Annual General Meeting of the Shareholders of Bharat Electronics Ltd will be held on Friday, 25th September 2009, at 2.30 PM at Magadh Hall, The Lalit Ashok Hotel, Kumara Park High Grounds, Bangalore – 560001, to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Profit & Loss Account for the year ended 31st March 2009 and the Balance Sheet as at that date and the Reports of the Directors and the Auditors thereon.
2. To confirm the Interim Dividend and declare Final Dividend on Equity Shares.
3. To appoint a Director in place of Mr H S Bhadoria, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr I V Sarma, who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

ORDINARY RESOLUTION

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

   "RESOLVED THAT Lt Gen P Mohapatra who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 24th October 2008, to hold office up to 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."

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

"**संकल्प किया गया कि** ले. जन. (नि.) जी श्रीधरन, जिन्हें 24 जून, 2009 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव करते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्द्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा ।"

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

"**संकल्प किया गया कि** श्री एच एन रामकृष्णा, जिन्हें 24 जुलाई, 2009 को आयोजित बैठक में कंपनी के निदेशक मंडल द्वारा इस वार्षिक सामान्य बैठक की तारीख तक पद धारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया गया था और जिनकी नियुक्ति के लिए कंपनी ने कंपनी अधिनियम, 1956 की धारा 257 के तहत एक सदस्य से निदेशक के पद हेतु उनकी उम्मीदवारी का प्रस्ताव करते हुए सूचना प्राप्त की है, को कंपनी का निदेशक नियुक्त किया जाए और एतद्द्वारा किया जाता है जिनका कार्यकाल चक्रानुक्रम से सेवानिवृत्ति द्वारा निर्धारित होगा ।"

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

बेंगलूर
1 सितंबर 2009

सी आर प्रकाश
कंपनी सचिव

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 बनता है ।
2. 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 कम से कम 48 घंटे पहले, विधिवत पूर्ण रूप से कंपनी के पंजीकृत कार्यालय में प्रस्तुत किया जाना चाहिए ।
3. कंपनी के सदस्यों की पंजी और शेयर अंतरण बही वार्षिक सामान्य बैठक और लाभांश के भुगतान के प्रयोजनार्थ दिनांक 16/09/2009 से 25/09/2009 तक (दोनों दिनों सहित) बंद रखी जाएगी ।
4. वर्ष 2008-09 हेतु अंतिम लाभांश, जब वार्षिक सामान्य बैठक में घोषित हो, सदस्यों द्वारा लाभांश की घोषणा की तिथि से 30 दिनों के भीतर उन शेयरधारकों को देय होगा जिनका नाम यथा 15 सितंबर 2009 को कंपनी के सदस्यों की पंजी में प्रकट होता है ।

"RESOLVED THAT Lt Gen (Retd) G Sridharan who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 24th June 2009, to hold office up to 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 Mr H N Ramakrishna who was appointed as Additional Director by the Board of Directors of the Company in its meeting held on 24th July 2009, to hold office up to 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
1st September 2009

C R PRAKASH
Company Secretary

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 meeting is entitled to appoint a proxy to attend and vote on his behalf 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. The Register of Members and Share Transfer Books of the Company shall remain closed from 16/09/2009 to 25/09/2009 (both days inclusive) for the purpose of Annual General Meeting and payment of dividend.
4. The Final Dividend for the year 2008-09, when declared at the Annual General Meeting, will be payable within 30 days from the date of declaration of dividend by the members, to those Shareholders whose names appear on the Company's Register of Members as on 15th September 2009.

कंपनी जहाँ कहीं संभव हो, लाभांश भुगतान ईसीएस (इलेक्ट्रॉनिक क्लियरिंग सिस्टम) द्वारा तथा अन्य मामलों में लाभांश वारंट / बैंक मांग पत्र द्वारा करेगी । इलेक्ट्रॉनिक रूप में धारित शेयरों के मामले में, लाभांश का भुगतान यथा 15 सितंबर 2009 को कारोबारी घण्टों की समाप्ति पर इस प्रयोजन हेतु निक्षेपकर्ताओं (एन एस डी एल तथा सी डी एस एल) द्वारा दिए गए हिताधिकारी स्वामित्व ब्यौरों के आधार पर किया जाएगा । जिन सदस्यों ने निक्षेपागार खाता खोलने के बाद अपना बैंक खाता परिवर्तित किया है और जो निक्षेपागार खाता खोलते समय विनिर्दिष्ट खाते के अलावा खाते में लाभांश प्राप्त करना चाहते हैं, ऐसे सदस्यों से अनुरोध है कि वे 12 सितंबर 2009 से पहले अपने निक्षेपागार सहभागी से अपने बैंक खाते के ब्यौरे (नौ अंकों के बैंक कूट सहित) में परिवर्तन / सुधार कर लें ।

5. अधिनियम की धारा 205ए (5) के तहत कंपनियों को अदत्त लाभांश खाते में कंपनियों द्वारा अंतरित ऐसी राशि जो 7 वर्षों की अवधि हेतु दावा न की गई / अदत्त रहती है, को अधिनियम की धारा 205 सी के तहत सरकार द्वारा स्थापित निवेशक शिक्षा व संरक्षा कोष (दि फंड) 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 2008-09 के दौरान, कंपनी ने वर्ष 2000-2001 हेतु अदत्त लाभांश खाते से 95,508/- रु. की राशि को कोष में अंतरित किया है । वर्ष 2001-2002 के लिए दावा न किए गए / अदत्त लाभांश नवंबर, 2009 में निधि में अंतरित करने हेतु नियत है । इसे कार्यान्वित करने के लिए संबंधित शेयरधारकों को सूचनाएँ भेज दी गई हैं ताकि वे दावा कर राशि प्राप्त कर सकें । कंपनी ने अपने वेबसाइट www.bel-india.com में 2001-2002 से लेकर अब तक के लाभांश भुगतान के ब्यौरे "निवेशकों के लिए सूचना" नामक एक पृथक पृष्ठ में तथा अदत्त लाभांश का दावा करने की मार्गदर्शी सूचना लगाई है । शेयरधारकों से निवेदन है कि वे अदत्त / दावा न किए गए लाभांश का दावा करने के लिए इसमें दिए गए फार्म का से प्रयोग करें ।

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

7. सदस्यों से अनुरोध है कि वे वार्षिक प्रतिवेदन और बैठक की सूचना की अपनी प्रतियाँ साथ लाएँ ।

8. बैठक में सम्मिलित हो रहे सदस्यों / परोक्षियों से अनुरोध है कि वे संलग्न उपस्थिति पर्ची भरकर उसे बैठक के प्रवेश स्थल पर सुपुर्द करें ।

9. शेयरों को भौतिक रूप में धारित करने वाले सदस्यों से अनुरोध है कि वे अपने पते में हुए किसी भी परिवर्तन के बारे में कंपनी के पंजीयक व अंतरण एजेन्ट अल्फा सिस्टम्स प्रा.लि., 30, रमणा रेसिडेन्सी, भूतल, 4था क्रास, सम्पिंगे रोड, मल्लेश्वरम, बेंगलूर-560003, दूरभाष 080-23460815-18, फैक्स 080-23460819 को लिखित सूचना भेजते हुए तुरंत सूचित करें । शेयरों को डीमैट रूप

Company will be making the dividend payment by ECS (Electronic Clearing Service), 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 15th September 2009, for this purpose. 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 9 digit Bank code) with their Depository Participant, before 12th September 2009.

5. 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 7 years. As per Section 205C of the Act no claims shall lie against the Fund or the Company in respect of individual amounts thus transferred to the Fund and no payment shall be made in respect of any such claims. During the year 2008-09, the Company transferred to the Fund an amount of Rs. 95,508/- from the Unpaid Dividend Account for the year 2000-01. The unclaimed/unpaid dividend for the year 2001-02 is due for transfer to the Fund in November 2009. 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 2001-02 onwards and guidance information for claiming unpaid dividend. The shareholders are requested to make use of the claim form provided therein to claim unpaid/unclaimed dividend.

6. 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.

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

8. Members/Proxies attending the meeting are requested to complete the enclosed Attendance Slip and deliver the same at the entrance of the meeting venue.

9. Members holding shares in physical form are requested to notify to the Company's Registrars and Transfer Agent, Alpha Systems Pvt 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

में धारित करने वाले सदस्यों से अनुरोध है कि वे संबंधित निक्षेपागार सहभागियों से संपर्क करें जिनके साथ उन्होंने डीमैट खाता खोला है और पते में हुए परिवर्तन को दर्ज कराएँ ।

10. शेयरों को अब भी भौतिक रूप में धारित करने वाले शेयरधारकों को परामर्श दिया जाता है कि वे शेयर प्रमाण-पत्रों के खो जाने / गलत स्थान पर रखे जाने / चोरी / जालसाज़ी 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 किया है । इस संबंध में सदस्य कृपया पंजीयक व अंतरण एजेन्ट, मेसर्स अल्फा सिस्टम्स प्रा.लि. से संपर्क करें ।

सूचना का संलग्नक

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

मद सं. 5 - 7 के संबंध में

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

1. ले. जन. पी मोहापात्रा, अ.वि.से.मे., सिग्नल अफ़सर-इन-चीफ़, भारतीय थलसेना, सितंबर, 2008 में अंशकालिक सरकारी निदेशक के रूप में ;
2. ले. जन. (नि.) जी श्रीधरन, भूतपूर्व महानिदेशक, गुणता आश्वासन, भारतीय थलसेना, मई, 2009 में अंशकालिक गैर-सरकारी निदेशक के रूप में; तथा
3. श्री एच एन रामकृष्णा, 1 सितंबर, 2009 से प्रभावी होते हुए निदेशक (विपणन) के रूप में ।

कंपनी अधिनियम 1956 की धारा 260 तथा कंपनी की अंतर्नियमावली के अनुच्छेद 71सी के तारतम्य में निदेशक मंडल ने दिनांक 24.10.2008, 24.06.2009 तथा 24.07.2009 को हुई बैठक में उपरोक्त व्यक्तियों को अगली वार्षिक सामान्य बैठक की तिथि तक पदधारित करने के लिए अतिरिक्त निदेशक के रूप में नियुक्त किया है ।

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

स्टाक एक्सचेंजों के सूचीकरण करार के अनुसार शेयरधारकों को अग्रेषित किए जाने हेतु आवश्यक ब्यौरे सहित ले. जन. पी मोहापात्रा, अ.वि.से.मे., ले. जन. (नि.) जी श्रीधरन तथा श्री एच एन रामकृष्णा का संक्षिप्त जीवन-वृत्त संलग्न है । आपके निदेशक महसूस करते हैं इन व्यक्तियों के ज्ञान तथा समृद्ध अनुभव से कंपनी को प्रचुर लाभ होगा

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.

10. 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. The Company has entered into agreements with both the depositories, viz., NSDL and CDSL to enable the shareholders to dematerialise BEL shares. Members may please contact the Registrar and Transfer Agent, Alpha Systems Pvt Ltd, in this connection.

ANNEXURE TO THE NOTICE

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

In respect of item No. 5 - 7

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

1. Lt Gen P Mohapatra, AVSM, Signal Officer-in-Chief, Indian Army as Part-time Official Director in September 2008;
2. Lt Gen (Retd) G Sridharan, former Director General Quality Assurance, Indian Army as Part-time Non-official Director in May 2009; and
3. Mr H N Ramakrishna as Director (Marketing), w.e.f 1st September 2009.

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 24.10.2008, 24.6.2009 and 24.7.2009 appointed above persons as Additional Directors to hold office up to the date of the next Annual General Meeting.

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

Brief resumes of Lt Gen P Mohapatra, AVSM, Lt Gen (Retd) G Sridharan and Mr H N Ramakrishna including the details required to be forwarded to the Shareholders as per Listing Agreement with Stock Exchanges, are enclosed. Your Directors feel that the Company would immensely benefit from the knowledge and rich experience possessed by these

और तदनुसार सूचना की मद सं. 5-7 में प्रस्तावित संकल्प पारित करने की संस्तुति करती है ।

अतिरिक्त निदेशकों (इन संकल्पों में निदेशकों के रूप में नियुक्त किए जाने हेतु प्रस्तावित व्यक्ति) को छोड़कर कोई भी निदेशक मद सं. 5 से 7 में दिए गए संकल्प में किसी भी प्रकार से संबद्ध या इच्छुक नहीं है ।

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

पुन:नियुक्त किए जाने हेतु प्रस्तावित निदेशकगण

श्री एच एस भदौरिया - सरकार ने श्री एच एस भदौरिया को 1.8.2006 से प्रभावी करते हुए 5 वर्षों की अवधि के लिए अथवा उनकी अधिवार्षिता तक निदेशक (बेंगलूर काम्प्लेक्स) के रूप में नियुक्त किया है । वे बी.एससी. मेकेनिकल अभियांत्रिकी हैं । निदेशक (बेंगलूर काम्प्लेक्स) के रूप में नियुक्ति से पूर्व, वे मार्च, 2000 से कंपनी में महाप्रबंधक (कार्मिक) के रूप में, प्रारंभिक रूप से 2000 से 2002 तक कारपोरेट कार्यालय में और तदुपरांत बेंगलूर काम्प्लेक्स में, अपनी सेवाएँ प्रदान करते आ रहे हैं । उन्होंने कंपनी की विभिन्न यूनिटों और कारपोरेट कार्यालय में वरिष्ठ स्तर के ओहदों में कार्य किया है । उन्होंने कोटद्वार यूनिट में अपने कार्यकाल के दौरान उत्पादन कार्य-क्षेत्र का नेतृत्व किया था । कारपोरेट कार्यालय और इसके बाद बेंगलूर काम्प्लेक्स में महाप्रबंधक (कार्मिक) के रूप में अपने कार्यकाल के दौरान, वे कार्मिक, औद्योगिक संबंध तथा मानव संसाधन विकास कार्य-क्षेत्रों के लिए उत्तरदायी थे । उन्हें अभिकल्प, उत्पादन तथा मा.सं.वि. कार्य-क्षेत्रों का दीर्घ अनुभव प्राप्त है ।

श्री एच एस भदौरिया हमारी दो संयुक्त उद्यम कंपनियों नामत: जीई बीई प्रा. लि. और बीईएल मल्टीटोन प्रा. लि. में निदेशक हैं । वे बीईएल में लेखा परीक्षा समिति के भी सदस्य हैं । वे बीईएल में कोई शेयर धारित नहीं करते हैं ।

श्री आई वी शर्मा - सरकार ने श्री आई वी शर्मा को 1.4.2008 से प्रभावी करते हुए 5 वर्षों की अवधि के लिए अथवा उनकी अधिवार्षिता तक निदेशक (अनुसंधान एवं विकास) के रूप में नियुक्त किया है । श्री आई वी शर्मा ने इलेक्ट्रॉनिकी एवं संचार में बीई करने के बाद 1975 में बीईएल में कार्यग्रहण किया था । श्री शर्मा को एफएमएस दिल्ली विश्वविद्यालय से एमबीए की डिग्री भी प्राप्त है । 33 वर्षों के कैरियर में श्री शर्मा ने बीईएल की 5 यूनिटों और 2 कार्यालयों में कार्य किया है । उन्होंने गाज़ियाबाद, कोटद्वार, बेंगलूर, नवी मुंबई और हैदराबाद जैसे विभिन्न स्थलों में प्रचालन, विकास एवं अभियांत्रिकी, विपणन एवं कारोबार विकास (देशीय व अंतर्राष्ट्रीय), गुणता आश्वासन तथा परियोजना प्रबंधन सहित विविध कार्य-क्षेत्रों को संभाला है । जुलाई 2003 में, श्री शर्मा को नवी मुंबई स्थित बीईएल की यूनिट का नेतृत्व करने हेतु महाप्रबंधक के रूप में पदोन्नत किया गया । वे जुलाई 2005 से जुलाई 2007 तक बीईएल की हैदराबाद यूनिट, जिसे इलेक्ट्रॉनिक युद्धपद्धति प्रणालियों में विशेषज्ञता है, के महाप्रबंधक थे । श्री शर्मा अगस्त 2007 से मार्च 2008 तक बीईएल बेंगलूर काम्पलेक्स में ईडबल्यू एण्ड ए एसबीयू के महाप्रबंधक थे ।

श्री आई वी शर्मा बीईएल की सहायक कंपनी बीईएल ऑप्ट्रॉनिक डिवाइसेस लि. तथा बीईएल की संयुक्त उद्यम कंपनी बीईएल मल्टीटोन प्रा. लि. के निदेशक हैं । वे बीईएल में कोई शेयर धारित नहीं करते हैं ।

persons and accordingly recommend the passing of the resolutions proposed at items No. 5 - 7 of the Notice.

No Director other than the Additional Directors (the persons proposed to be appointed as Directors in these resolutions) is in any way concerned or interested in the resolutions set out at items No. 5 to 7.

Brief Resume of Directors Proposed to be Reappointed/Appointed

Directors Proposed to be Reappointed

Mr H S Bhadoria – The Government appointed Mr H S Bhadoria as Director (Bangalore Complex) w.e.f 1.8.2006 for a period of 5 years or till the date of his superannuation. He is B.Sc. Mechanical Engineering. Prior to the appointment as Director (Bangalore Complex), he has been serving as General Manager (Personnel) in the Company since March 2000, initially at Corporate Office from 2000 to 2002, and subsequently in the Bangalore Complex. He has served at senior level positions in different Units and Corporate Office of the Company. He headed the production function during his tenure in the Kotdwara Unit. During his tenure as General Manager (Personnel) at Corporate Office and later in the Bangalore Complex, he was responsible for the Personnel, Industrial Relations and HRD functions. He has long experience in Design, Production and HRD functions.

Mr H S Bhadoria is a Director in 2 of our Joint Venture Companies, viz., GE BE Pvt. Ltd., and BEL Multitone Pvt. Ltd. He is also a member of the Audit Committee in BEL. He does not hold any shares in BEL.

Mr I V Sarma – The Government appointed Mr I V Sarma as Director (Research & Development) w.e.f. 1.4.2008 for a period of 5 years or till the date of his superannuation. Mr I V Sarma joined BEL in 1975 after completing BE in Electronics and Communications. Mr Sarma also holds an MBA from FMS, Delhi University. In a career spanning 33 years, Mr Sarma has worked in 5 Units and 2 offices of BEL. He has handled diverse functions including Operations, Development and Engineering, Marketing and Business Development (domestic and international), Quality Assurance, and Project Management, at various locations like Ghaziabad, Kotdwara, Bangalore, Navi Mumbai and Hyderabad. In July 2003, Mr Sarma was promoted as General Manager to head the BEL Unit in Navi Mumbai. He was GM of BEL Hyderabad Unit, which specialises in Electronic Warfare Systems, from July 2005 to July 2007. Mr Sarma was GM of the EW&A SBU at BEL Bangalore Complex from August 2007 till March 2008.

Mr I V Sarma is a Director in BEL Optronic Devices Ltd, subsidiary of BEL and in BEL Multitone Pvt. Ltd., BEL Joint Venture Company. He does not hold any shares in BEL.

नियुक्त किए जाने हेतु प्रस्तावित निदेशकगण

ले. जन. पी मोहापात्रा - सरकार ने ले. जन. मोहापात्रा को सितंबर 2008 में कंपनी के निदेशक मंडल में अंशकालिक सरकारी निदेशक के रूप में नियुक्त किया है । वे भारतीय थलसेना में सिग्नल अफ़सर-इन-चीफ़ तथा सिग्नल कोर के कर्नल कमांडेंट हैं। एनडीए तथा डीएसएससी के विद्यार्थी मोहापात्रा ने प्रतिष्ठित उच्चतर कमान पाठ्यक्रम तथा एनडीसी में "राष्ट्रीय सुरक्षा तथा रणनीतिक अध्ययन पाठ्यक्रम" भी किया है । उच्चतर कमान पाठ्यक्रम के दौरान, उन्हें सर्वश्रेष्ठ अनुसंधान अध्ययन के लिए कमांडेंट का पदक प्रदान किया गया । इस जनरल अफ़सर का अनुकरणीय कैरियर 3 दशकों से भी लंबा है और उन्होंने इस दौरान कुछ अत्यंत प्रतिष्ठित कमान एव स्टाफ नियुक्तियों की शोभा बढ़ाई है ।

ले. जन. पी मोहापात्रा 2 अन्य सरकारी क्षेत्र के उद्यमों नामतः आईटीआई लि. तथा इलेक्ट्रॉनिक्स कार्पोरेशन ऑफ इंडिया के मंडलों में निदेशक हैं । वे बीईएल में कोई शेयर धारित नहीं करते ।

ले. जन. (नि.) जी श्रीधरन - सरकार ने ले. जन. (नि.) जी श्रीधरन को 18.5.2009 से प्रभावी करते हुए 3 वर्षों की अवधि के लिए कंपनी के निदेशक मंडल में स्वतंत्र निदेशक के रूप में नियुक्त किया है । वे सैन्य इलेक्ट्रॉनिकी एवं मेकेनिकल अभियांत्रिकी महाविद्यालय (एमसीईएमई) से इलेक्ट्रॉनिकी अभियांत्रिकी में बी.टेक. हैं । वे एमसीईएमई से औद्योगिकी अभियांत्रिकी में स्नातकोत्तर डिप्लोमा, इंस्टीट्यूशन ऑफ इंजीनियर्स से एमआईई (इलेक्ट्रॉनिकी) तथा इंस्टीट्यूशन ऑफ इलेक्ट्रॉनिक्स एण्ड टेलीकम्यूनिकेशन इंजीनियर्स से एमआईईटीई धारक भी हैं । इससे पहले उन्होंने रक्षा उत्पादन विभाग, रक्षा मंत्रालय में गुणता आश्वासन के महानिदेशक के रूप में अपनी सेवाएँ प्रदान की थी । उनके कार्य-क्षेत्र में रणनीतिक योजना, व्यष्टि-स्तरीय नीति संरचना, निर्णय-निर्धारण, संसाधन प्रबंधन तथा लॉजिस्टिक प्रबंधन शामिल हैं । उन्हें नेतृत्व तथा प्रबंधन के क्षेत्र में 35 वर्षों से अधिक तथा गुणता प्रबंधन में 18 वर्षों का अनुभव प्राप्त है । परियोजना प्रबंधन, टीम निर्माण और गुणता प्रबंधन उनके मुख्य सामर्थ्य हैं ।

ले. जन. (नि.) जी श्रीधरन किसी अन्य कंपनी के मंडल में नहीं हैं । वे बीईएल की लेखा परीक्षा समिति के सदस्य हैं । वे बीईएल में कोई शेयर धारित नहीं करते ।

श्री एच एन रामकृष्णा - सरकार ने श्री एच एन रामकृष्णा को 1.9.2009 से प्रभावी करते 5 वर्षों की अवधि के लिए अथवा उनकी अधिवार्षिता तक निदेशक (विपणन) के रूप में नियुक्त किया है । वे मैसूर विश्वविद्यालय से बी.एससी तथा बीई (इलेक्ट्रॉनिकी) और भारतीय विज्ञान संस्थान, बेंगलूर से एमई (इलेक्ट्रॉनिकी) हैं । निदेशक (विपणन) के रूप में उनकी नियुक्ति से पूर्व, वे बेंगलूर काम्प्लेक्स में महाप्रबंधक (सैन्य संचार) के रूप में कंपनी में सेवाएँ प्रदान करते आ रहे थे । उन्होंने 1977 में परिवीक्षाधीन अधिकारी के रूप में बीईएल में कार्यग्रहण किया था और वर्ष 2006 में महाप्रबंधक बने । अपने 32 वर्षों के कार्यकाल के दौरान उन्होंने कंपनी में विभिन्न उत्तरदायित्वयुक्त पदों पर कार्य किया और उन्हें सैन्य संचार उत्पादनों के अभिकल्प, नए उत्पाद मूल्यांकन, आर एवं एम अध्ययन तथा विफलता विश्लेषण एवं सैन्य संचार उत्पादनों तथा जटिल हवाई इलेक्ट्रॉनिकी प्रणालियों के निर्माण का दीर्घ अनुभव है । वे 3 वर्षों तक भारत इलेक्ट्रॉनिक्स गुणता संस्थान के संकाय सदस्य भी रहे हैं ।

श्री एच एन रामकृष्णा किसी अन्य कंपनी के मंडल में नहीं हैं । वे बीईएल में कोई शेयर धारित नहीं करते ।

Directors proposed to be appointed

Lt Gen P Mohapatra – The Government appointed Lt Gen P Mohapatra as a Part-time Official Director on the Board of Directors of the Company in September 2008. He is the Signal Officer-in-Chief and Colonel Commandant of the Corps of Signals in the Indian Army. An alumnus of NDA and DSSC, he has done the prestigious Higher Command Course and also attended the 'National Security and Strategic Studies Course' at the NDC. During Higher Command Course, he was awarded the Commandant's medal for best Research Study. The General Officer has had an illustrious career spanning over 3 decades and tenanted some very prestigious Command and Staff appointments.

Lt Gen P Mohapatra is a Director on the Boards of 2 other Public Sector Enterprises, viz., ITI Ltd., and Electronics Corporation of India Ltd. He does not hold any shares in BEL.

Lt Gen (Retd) G Sridharan – The Government appointed Lt Gen (Retd) G Sridharan as an Independent Director on the Board of Directors of the Company w.e.f 18.5.2009 for a period of 3 years. He is Bachelor of Technology in Electronics Engineering from Military College of Electronics and Mechanical Engineering (MCEME). He also holds a post graduate diploma in Industrial Engineering from MCEME, MIE (Electronics) from Institution of Engineers and MIETE from Institution of Electronics and Telecommunication Engineers. Earlier, he served as Director General Quality Assurance in the Department of Defence Production, Ministry of Defence. The job included strategic planning, macro-level policy formulation, decision-making, resource management and logistics management. He has over 35 years of experience in leadership and management, and 18 years experience in quality management. He has core competencies in project management, team building and quality management.

Lt Gen (Retd) G Sridharan is not on the Board of any other company. He is a member of BEL Audit Committee. He does not hold any shares in BEL.

Mr H N Ramakrishna – The Government appointed Mr H N Ramakrishna as Director (Marketing) w.e.f 1.9.2009 for a period of 5 years or till the date of his superannuation. He is B.Sc. & BE (Electronics) from Mysore University and ME (Electronics) from Indian Institute of Science, Bangalore. Prior to his appointment as Director (Marketing), he has been serving the Company as General Manager (Military Communication) at its Bangalore Complex. He joined BEL in the year 1977 as Probationary Officer and rose to become General Manager in the year 2006. During the span of 32 years he has held various responsible posts in the Company and has wide experience in design of Military Communication products, New Product Evaluation, R&M studies and failure analysis and manufacture of military communication products and complex airborne electronic systems. He has also been a faculty member of the Bharat Electronics Quality Institute for 3 years.

Mr H N Ramakrishna is not on the Board of any other Company. He does not hold any shares in BEL.

Contents

Chairman's Letter

Dear Shareholders,

It is a pleasant privilege for me to inform you directly through this letter of the achievements of your Company during the past one year and the future outlook for the Company.

Performance during the Past Year

Your Company achieved a record turnover of Rs. 46,240.9 million during the year 2008-09 as against Rs. 41,025.4 million in 2007-08, registering a growth of 12.71% over the previous year. Value of Production during 2008-09 was Rs. 52,736.8 million as against Rs. 41,113.7 million in 2007-08, higher by 28.27% over previous year. The Profit After Tax for 2008-09 was Rs. 7,457.6 million as against Rs. 8,267.4 million last year. Supplies to the Defence Sector constituted 85% of the sales, balance 15% being supplies to the civilian sector. All the nine manufacturing Units of the Company have performed well and earned profits.

Export

Exports turnover registered an increase of 15.17% from US $ 15.43 million in 2007-08 to US $ 17.77 million in 2008-09. Export is a thrust area for BEL. Company has been making efforts for continuous growth in this area. During the financial year, newer markets have been approached for business development and orders worth US $ 23.29 million have been obtained. BEL's relationship with Global players like Boeing, Lockheed Martin and Thales is expected to yield good business in the coming years.

Future Outlook

The Indian market scenario for Defence and Civilian electronics products/systems is rapidly changing with the opening of the Defence Electronics market to private participation and the competition is likely to intensify. In this scenario, BEL is taking proactive steps to protect and further consolidate its leadership position in the Indian Defence Market while at the same time accelerate the efforts to get into new business areas.

Focus on Defence products will continue and the Company will pursue new orders for products and systems in its core segments of Radars, Sonars, Communications, Electronic Warfare, Net Centric Warfare Systems, Tank Electronics etc. BEL has strategies in place to scale up its performance level to international level with enhanced focus on business development & marketing and products/systems development with acquisition of requisite technologies at a competitive price, quality and delivery.

BEL will be capitalising on existing Core Competencies to diversify into newer green field areas like energy sector (wind, solar, nuclear), infrastructure – Railways/Ports, e-Governance etc., for enhanced growth in the coming years matching the growth of the electronic industry sector in India.

Challenges and Opportunities

BEL has been exposed to limited competition since the year 2001, when the Defence sector started opening up for Indian private industry. Introduction of Defence Procurement Procedure 2006 (DPP 2006, which was modified in the year 2008 and issued as DPP 2008) has further opened up the Defence market to private players and foreign competitors. This has significant implications for BEL in that BEL's products will have to compete on the technology, quality, price, delivery and after sales support dimensions on a global basis. This will need considerable effort as BEL's R&D and technology capability and its ability to market its products will have to rise to international standards. Cycle times for manufacturing and time to market products will need to be compressed to match international competition. Although BEL has the advantage of lower labour cost, it somewhat neutralised by economies of scale in favour of MNCs.

With 26% of FDI permitted in Defence sector and foreign companies aspiring for higher FDI (say 49%), technology acquisition by BEL is becoming increasingly difficult as foreign companies will rather like to increase their market share either by direct selling or by entering into Joint Venture relationships with Indian companies than transfer of technology to BEL. Private participation in Defence business is likely to make an adverse impact on BEL's market share of the Defence business. This needs to be offset by development of newer businesses and technologies in diversified fields.

Some of the strategies to combat the challenges will be through the measures, namely, enhanced thrust on in-house R&D, joint development projects with Technology Houses, both domestic and international, strengthening marketing set up & tie ups, constant modernisation of infrastructure facilities, collaboration with private sector in complementary systems and technologies, enhanced customer focus and employee satisfaction to secure a healthy growth rate in the coming years.

Offset provision in the MoD's new "Defence Procurement" is an opportunity for business arising out of large Defence contracts placed on foreign vendors. Increase in the Defence capital acquisitions is another opportunity. These opportunities are being pursued with Ministry of Defence and foreign OEMs. The Company is looking at diversification into its related business areas as another opportunity in the coming years for enhanced growth.

Business Initiatives

BEL is accelerating the efforts to enter into new business areas, either through Organic growth in existing/new areas or Inorganic growth through Joint Ventures and few other methods.

BEL has entered into strategic alliances with Indian and foreign players for IFF for airborne Radars, V/UHF receivers for scan DF systems (EW application), airborne ESM/ELINT systems, modeling simulation analysis & experimentation lab (for systems on aircraft) etc. to ensure business in a competitive market scenario. These alliances are for addressing various emerging markets. BEL has also proactively taken initiatives to dialogue with reputed foreign / Indian players for exploring joint ventures in the areas of RF & Microwave subsystems, Missile electronics, civilian Radars, Solar PV Cells, identified among others. Another means adopted by BEL for diversification is by marketing available products or new products developed into non-defence and newer areas of defence.

Apart from internal efforts, the Company has appointed a global consulting firm to help identify future market opportunities for enhanced growth. The new areas identified for further exploration are Homeland Security, Infrastructure – Railway, e-Governance, Energy Efficiency Solutions and Nuclear Power Instrumentation. BEL has initiated dialogue with prospective partners for possible cooperation to address the business opportunities in these areas.

Environmental Initiatives

BEL has been maintaining a clean and green environment at all its nine manufacturing Units, which are all ISO 14001 certified. Clean surroundings, green environment, stringent pollution control measures, waste water treatment, zero effluent discharge, rainwater harvesting, energy conservation, water conservation, systematic management and disposal of hazardous and other forms of wastes and several other endeavors have become a part of our well-established Environmental Management System.

In order to check the effluents from the plating and painting shops, Effluent Treatment Plants have been modernised/automated during the year. Another significant achievement is the reduction in the generation of hazardous waste from 24 tons in 2007-08 to 13 tons in 2008-09, by resorting to alternate processes, process modifications and material substitutes. Keeping the environmental impact of e-waste in view, the Company has laid down procedures for systematic segregation of e-waste and disposal of the same through approved recyclers.

In order to keep the environment of the factory and township green 135000 trees and 360000 Sq Mtrs of lawn are being maintained at Bangalore Complex. Herbal parks have been developed in Bangalore Township and inside the Ghaziabad factory premises. Rain water harvesting systems have been installed at Bangalore Township, Chennai Unit and Ghaziabad Unit.

Corporate Social Responsibility

BEL is committed to contribute for the socio-economic development of its stakeholders and the business decisions of the Company will be in line with its obligations of CSR. BEL's sustained initiatives shall aim at earning the goodwill of the community and enhancing the image of the Company. Pursuing this objective, the Company has prepared a policy on Corporate Social Responsibility, which identifies Health Care, Education, Rural Development, Environmental Protection etc., for providing benefits to Stakeholders. During the year 2008-09, the Company has approved CSR programmes with a total financial commitment of Rs. 18 million.

Corporate Governance

Your Company constantly endeavours to adopt and maintain the highest standards of ethics in all spheres of business activities. In keeping with its professional approach, BEL is implementing the precepts of Corporate Governance in letter and spirit. A detailed report on compliance of the guidelines on Corporate Governance as per the Listing Agreement with Stock Exchanges and the guidelines issued by the Department of Public Enterprises for CPSEs forms part of the Directors Report contained herein.

I take this opportunity to place on record our sincere appreciation of the support extended by our customers, business associates and the various ministries of the Government of India, particularly the Ministry of Defence, Department of Defence Production and the Defence Services and the Shareholders. The dedication and commitment of our employees and officers at all level 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 in growth.

With Best Wishes,

Bangalore
1st September 2009

Ashwani Kumar Datt
Chairman & Managing Director

Corporate Vision, Mission, Values and Objectives

Vision

To be a world-class enterprise in professional electronics.

Mission

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

Values

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

Objectives

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

Board of Directors

Wholetime Directors

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

Part-time Government Directors

7. Mr Gyanesh Kumar, IAS, Joint Secretary (Shipyards), Ministry of Defence, Department of Defence Production
8. Lt Gen P Mohapatra, AVSM, Signal Officer-in-Chief, Army Headquarters

Part-time Independent Directors

9. Lt Gen (Retd) G Sridharan, Former Director General Quality Assurance, Ministry of Defence

Permanent Special Invitees to all the Board meetings

1. Air Marshal P K Barbora, PVSM, VM, ADC, Vice Chief of Air Staff, Indian Air Force
2. Vice Admiral Dilip Deshpande, AVSM, VSM, Chief of Material, Indian Navy

Principal Executives

CORPORATE OFFICE

Chief Vigilance Officer

Mr Syed Kabeer Ahmad, IRSME

Executive Director

Mr D A Mohan

General Managers

Mr G D Gupta
Mr Ramesh Kumar Marhatha
Mr R P S Gahlaut
Ms Elaine Mathias
Mr Jagdish Kumar Batheja
Mr Ramesh Chandra Nautiyal
Mr H S Bhatia
Brig (Retd) Anand Mehra
Mr S P Ravindran

Company Secretary

Mr C R Prakash

UNITS

Executive Directors/General Managers

Bangalore
Mr M S Sreedhara
Mr A A Mohan Ram
Mr Philip Jacob
Mr M S Venkatesha Murthy
Mr Amol Newaskar
Mr C Nageshwar Rao
Mr S Ramachandran
Mr G Raghavendra Rao
Mr A R Krishna Murthy
Mr Girish Kumar

Chennai
Mr Anil Kumar

Ghaziabad
Mr Anand Kumar
Executive Director

Mr Chander Prakash
Mr Sushil Chand Jain

Hyderabad
Mr Sunil Kumar Sharma

Kotdwara
Mr Chandra Kumar

Machilipatnam
Mr Vijay Gundannavar

Navi Mumbai
Mr Manmohan Handa

Panchkula
Mr R K Singhal

Pune
Mr Amarendra Dasari

CRL, Bangalore
Dr Ajit T Kalghatgi
Chief Scientist

CRL, Ghaziabad
Mr K C Pandita
Chief Scientist

BANKERS

State Bank of India
State Bank of Hyderabad
State Bank of Patiala
State Bank of Travancore
State Bank of Mysore
State Bank of Bikaner & Jaipur
HDFC Bank
Canara Bank
Syndicate Bank
Vijaya Bank
Bank of Baroda
Andhra Bank

AUDITORS

Statutory Auditors
M/s PKF Sridhar & Santhanam

Branch Auditors
M/s B R Maheswari & Co
M/s Argade Shyam & Co
M/s N Koteswara Rao & Co

The Past Decade

(Rs. in million)

Particulars	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Sales & Services	14941.5	17153.3	19419.9	25080.2	27985.9	32120.9	35362.8	39526.9	41025.4	46240.9
Value of Production	15432.9	17875.7	20299.8	25363.9	28078.3	32349.7	34500.3	40127.5	41113.7	52736.8
Other Income	314.3	438.2	296.0	551.1	919.9	1222.8	1185.8	1978.1	2782.4	2295.7
Materials	7904.0	9192.8	10866.3	14790.7	14797.7	17582.3	18506.3	21352.2	20688.9	30405.0
Salaries, Wages & Benefits	3397.7	3942.3	3638.8	3676.1	4382.6	4416.1	4369.3	5196.8	6591.7	7557.9
Depreciation/ Amortisation	479.7	519.2	490.9	552.8	622.7	714.7	794.4	845.9	926.4	1056.0
Interest	327.9	246.4	202.6	119.7	50.6	90.6	256.4	8.0	2.5	107.7
Manufacturing & Other Expenses	1973.6	2214.1	2549.9	2914.1	4454.4	3909.2	3207.1	4178.0	3973.6	4937.5
Profit Before Tax	1664.3	2199.1	2847.3	3861.6	4690.2	6859.6	8552.6	10524.7	11713.0	10968.4
Provision For Tax	585.0	647.0	850.5	1255.5	1529.2	2396.4	2722.5	3343.1	3445.6	3510.8
Profit After Tax	1079.3	1552.1	1996.8	2606.1	3161.0	4463.2	5830.1	7181.6	8267.4	7457.6
Dividend	200.0	320.0	400.0	560.0	800.0	896.0	1168.0	1440.0	1656.0	1496.0
Equity Capital	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0	800.0
Reserves & Surplus	4448.3	5647.8	7385.4	9299.7	11558.2	15000.8	19493.1	24923.1	31329.5	37036.8
Loan Funds	1097.4	822.6	836.8	407.5	329.5	153.6	88.1	17.1	13.8	12.1
Gross Block	7722.2	8093.3	8626.5	9416.5	10409.6	11292.8	12403.1	13248.0	14307.6	15799.0
Cumulative Depreciation/ Amortisation	5718.7	6197.0	6617.4	7094.3	7529.8	8099.4	8699.3	9391.3	10172.7	11124.5
Inventory	6715.5	8447.7	9413.0	9479.5	10152.9	10649.6	10371.4	12463.5	13515.7	24179.1
Debtors	6034.8	5999.3	6297.1	7122.4	6675.4	6991.2	10176.9	16934.1	20557.1	22782.0
Working Capital	3274.5	4551.9	5943.3	7044.1	8495.2	11090.3	15177.7	20099.6	26309.0	31355.6
Capital Employed	5278.0	6448.2	7952.4	9366.3	11375.0	14283.2	18881.7	23956.3	30443.8	36030.1
Net Worth	4912.5	6268.8	7771.2	9748.6	12290.8	15763.7	20270.5	25713.5	32129.5	37836.8

No. of Employees	14807	14177	13572	13750	13038	12390	12262	12357	12371	11961

Directors' Report

To the Members,

On behalf of the Directors of your Company, it is my pleasure to present to you this report on the performance and achievements of your Company for the year ended 31st March 2009.

During the year 2008-09 your Company achieved a record turnover of Rs. 46,240.9 million as against Rs. 41,025.4 million in the previous year, registering a growth of 12.71% over the previous year. The Value of Production during 2008-09 was Rs. 52,736.8 million as against Rs. 41,113.7 million in the previous year, higher by 28.27% over previous year. The Profit After Tax for 2008-09 was Rs. 7,457.6 million as against Rs. 8,267.4 million last year. Value added per employee for the year was Rs. 1.8 million, as against last year's figure of Rs. 1.6 million. Supplies to the defence sector constituted 85% of the sales, balance 15% being supplies to the civilian sector.

All the nine manufacturing Units of the Company performed well and earned profits during the year.

Operating Results

The summarised operating results for the years 2008-09 and 2007-08 are given below:

(Rs. in million)

	2008-09	2007-08
Value of Production	52,736.8	41,113.7
Turnover (Gross)	46,240.9	41,025.4
Profit Before Depreciation, Interest and Tax	12,132.0	12,641.8
Interest	107.7	2.4
Depreciation	1,056.0	926.4
Provision for Tax	3,510.8	3,445.6
Profit After Tax	7,457.6	8,267.4

Distribution of value of production for 2008-09 is given below:

	Amount (Rs. in million)	Percentage
Materials	30,405.0	57.65
Employee Cost	7,557.9	14.33
Other Expenses (Net)	2,641.8	5.01
Depreciation	1,056.0	2.00
Interest	107.7	0.20
Provision for Tax	3,510.8	6.67
Profit After Tax	7,457.6	14.14
Total	52,736.8	100.00

Appropriations & Dividend

Your Directors recommend the following appropriations from the disposable surplus:

(Rs. in million)

Capital Reserve	0.8
Interim Dividend on paid up Capital of Rs. 800 million @ Rs. 6/- per share	480.0
Proposed Final Dividend on paid up Capital of Rs. 800 million @ Rs. 12.70 per share	1,016.0
Dividend Tax	254.3
Transfer to General Reserve	4,000.0
Balance retained in Profit & Loss Account	17,723.7

Your Company declared and paid during 2008-09 an interim dividend @ Rs. 6/- per share.

Important Achievements and New Business Initiatives

Important orders executed by your Company during the year include supply of High Power HF Communication Sets, Frequency Hopping VHF Transceivers, UHF Radio Relays, Artillery Combat Command Control Systems, Upgraded Fire Control Systems, Fourth Generation Composite Communication Systems for various ships and yards, Radar Warning Receivers, Air Traffic Control Surveillance Radar Element, Thermal Imager based Integrated Observation Equipment, 3D Surveillance Radar Rohini, Shipborne & Airborne Electronic Warfare Systems, Laser Range Finders, Night Vision Binoculars, Satellite based Road & Rail Mobile Communication System and Upgraded Electronic Voting Machines. These equipments have been supplied to various customers including the Army, Navy, Air Force, Defence Public Sector Undertakings and Paramilitary Forces.

New Business Initiatives

New business initiatives during the year include:

- Appointment of M/s. KPMG, a global consulting firm, to help identify future market opportunities for growth. Initial opportunities emerging from the KPMG study, for the Company to venture into are:
    - ❖ Infrastructure – Railways, Ports, Airports
    - ❖ Homeland Security
    - ❖ Nuclear Power Instrumentation

- Energy Efficiency Solutions
- E-Governance Solutions

- The Company is discussing with reputed foreign / Indian players for forming Indian Joint Ventures in the areas of defence electronics, viz., Missile Electronics & Guidance Systems, Microwave Super Components, Electro Optics, Airborne Electronic Warfare etc. Some of these proposals are in the advanced stages of finalisation.
- MoU signed with Bharat Heavy Electricals Ltd., to explore formation of a Joint Venture for solar photovoltaic business.
- MoU signed with M/s. Boeing to jointly develop an analysis and experimentation centre in India to offer customers the ability to make better-informed decisions in modernising the Country's defence forces.
- MoU signed with Astra Microwave Products Ltd., for setting up of a Joint Venture for microwave components.
- MoU signed with M/s. Selex Galileo for collaboration on Electronic Warfare programmes.
- BEL has been selected by M/s. Northrop Grumman Corporation for the manufacture of components for Fire Control Radar for its Fighter Aircraft programme.

New Manufacturing Facilities

Some of the new manufacturing facilities set up during the year are:

Shelter-based System Production Facility - An outdoor assembly and testing facility has been set up at the Bangalore Complex for shelter-based systems production. This layout has crane facility, storage area, open area for deployment of vehicles and shelters. Free movement of large numbers of shelter-based vehicles and shelter level testing has been made possible.

Modernisation of Mass Manufacturing Facility – This facility at the Bangalore Complex, which has rolled out lakhs of Electronic Voting Machines, has now been modernised to meet the ever-changing technological needs of the electronics manufacturing industry with stringent process control in a dust-free and electrostatic controlled environment. It will also help address the defence offset business and meet the operational requirements of aerospace and avionics business. It can be used for mass manufacturing of any product that involves extensive electronic assembly.

Turret Test Stand for T90 Tanks – A Horizontal Turret Test Stand has been installed and commissioned at the Chennai Unit for testing of T90 tank stabilizer.

Facility for Space Project – Space grade facility has been set up at the Bangalore Complex to manufacture space grade components / subsystems for supply to ISRO and potential overseas customers.

Walk-in Climatic Chamber – A state-of-the-art walk-in climatic chamber has been commissioned at the Bangalore Complex. This chamber can accommodate vehicle mounted systems like Battery Level Radar, Weapon Locating Radar, etc to carry out climatic tests in the temperature range -45°C to +90°C and relative humidity of 10% to 95% (in the temperature range +10°C to +60°C).

S790 Functional Tester – A S790 Functional Tester has been set up at the Ghaziabad Unit for testing PCB assemblies. This replaces the existing S720 Functional Tester. The new Tester is an upwardly compatible version of S720 in which the programs of S720 can be migrated with minimal efforts.

Thermal Shock Chamber – This chamber, set up at the Ghaziabad Unit, is used to conduct thermal shock test (two chamber method) as per corporate standard PS 955 on PCBs, all assembly modules and sub-units to weed out latent defects due to poor workmanship or weak components.

Hot & Cold Humidity Chamber – This chamber, set up at the Ghaziabad Unit, is used to carry out environmental tests as per JSS 55555 during customer acceptance of BEL-made equipment. It can be used to test for high & low temperature operating and storage condition, as well as conduct damp heat test and tropical exposure test (7 cycle, 14 cycle).

Aspheric Lens Manufacturing Facility – The Machilipatnam Unit has commissioned a state-of-the-art Aspheric Lens Manufacturing Facility for volume production of Glass and IR Aspheric Lenses like Germanium, Silicon and Zinc Sulphide. This is first of its kind facility in India. Aspherics enable designers to develop lighter and high performance Thermal Imager and Night Sights.

Finance

During the financial year 2008-09, your Company has been able to meet its fund requirement against capital expenditure and incremental working capital needs without resorting to borrowings. The Company has also been able to get the highest rating for both short-term and long-term sanctioned bank limits by ICRA, which will help in securing the best rates for any of the services availed from the consortium banks. During the year, Corporate Office also has gone live in SAP platform and with the entire Company now on a single unified platform on a real time basis, it is expected that there will be improvement in the information flow, which will pave way for rationalisation and enhance the quality of decision-making.

The inventory position of your Company has increased from 121 days of production as on 31.3.2008 to 169 days of production as on 31.3.2009. The increase is mainly in Work-in-Progress and this inventory build up is required to achieve a more even flow of sales. The efforts of the Management in the last few years to achieve a more even flow of sales are beginning to show result and it is expected that the increase in inventory as on 31.3.2009 will help achieve that. The level of debtors to sales as on 31.3.2009 has reduced marginally to 180 days as compared to 183 days as on 31.3.2008. However, the level of debtors continues to be high because of:

a) Increased sales at the year-end.
b) Products sold with different payment terms etc.

The debtors' realisation will be very closely monitored to ensure speedy collection and the monitoring mechanism in the Units will ensure reduction in debtors in number of days of sales in the coming year.

The Company does not have any Public Deposit Scheme at present. However, the matured past Public Deposits with the Company is Rs. 3.9 million as on 31.3.2009. Of these, 34 deposits amounting to Rs. 3.7 million are claimed, but not paid as these accounts are frozen on advice by Karnataka Lok Ayukta. Remaining past deposits is Rs. 0.2 million as on 31.3.2009. The entire amount of Public Deposits outstanding as on 31.3.2009 is included in the Current Liabilities, Schedule No. 12 of Balance Sheet.

Performance against MoU

Your Company has been signing a Memorandum of Understanding with its Administrative Ministry, Ministry of Defence (MoD) every year. The performance of your Company against the MoU for 2008-09 is `Excellent'. The MoU between the MoD and BEL for the year 2009-10 was signed on 30th March 2009. Sales target set in the MoU for 2009-10 is Rs. 49,500 million for achieving 'Very Good' performance rating and Rs. 52,000 million for achieving 'Excellent' performance rating.

Order Book Position

The order book position of your Company as on 1st April 2009 was Rs. 103,860 million, out of which orders worth Rs. 48,900 million are executable during 2009-10. The balance will get executed in 2010-11 and beyond.

Exports

Your Company achieved an export turnover of US $ 17.77 million during the year 2008-09 as against US $ 15.43 million during 2007-08, registering an increase of 15.17% over the previous year. The range of products exported includes HF Transreceiver - Bharti, Radar Warning Receiver, V/UHF Radios, Secure Telephone, Non-Eye Safe & Eye Safe Laser Range Finders, Vacuum Interrupter for Switchgears, Solar Cells, Magnetrons, X-Ray Tube parts like Casings, Stators, Magnetics. These exports were made to various countries including USA, UK, Israel, Suriname, Honduras, Malaysia, Indonesia, Singapore, Philippines, Czech Republic, Sri Lanka, Russia, Switzerland and Germany. During the year BEL bagged a high value order worth US $ 19.16 million from Italy, for supply of Composite Communication System, Versatile Communication System, ESM System, Electro Optic Fire Control System and their integration onboard a Fleet Tanker being supplied to the Indian Navy. As on 1.4.2009, your Company has an export order book of US $ 30.06 million.

Research & Development

Research & Development at Bharat Electronics is a continuous activity by the dedicated engineers and staff of R&D divisions of the Company towards development of new technologies and products in all the areas of business of the Company. During 2008-09, R&D activities encompassed all the areas of business of the Company, viz., Radars, Sonars, Communication, Command Control Systems, Electronic Warfare Systems, Avionics, Fire Control Systems, Tank Electronics, Opto-electronics, Components and a number of software intensive electronic products and systems. Central D&E and Central Research Laboratories contributed by way of developing many types of Core Technology Modules, which are required as building blocks for the development of state-of-the-art new products and systems in the areas of operations of the Company.

The composition of turnover achieved by your Company during 2008-09 is 54% due to products developed by BEL, 21% based on products developed by DRDO and other indigenous agencies and the remaining 25% due to products for which technologies were acquired through foreign ToTs.

R&D being the key contributor for new business generation through technology and product development, focused nurturing and monitoring of R&D is one of the top priority tasks at BEL. R&D budgets are planned to be enhanced to cater to the new infrastructure requirements of R&D divisions and to undertake proactive R&D projects. BEL R&D divisions have active interactions with DRDO, other Indian public and private design houses, academic institutions and also with foreign partners for joint development programmes.

More than 20 new products / systems were developed during the year. Some of the new products developed through in-house R&D efforts are:

Composite Communication System (CCS) Mk IV - It is an IP based new generation integrated voice, data and video communication system riding on Gigabit Ethernet backbone. It is highly flexible and can be configured for all classes of ships and submarines.

Helicopter Borne Light Weight ESM System – It is a helicopter borne lightweight Electronic Support Measure (ESM) system. The system consists of FPGA based ESM Processor capable of handling 64 threats simultaneously.

Light Vehicle-based Direction Finding (LVDF) System - The System provides search, direction finding and monitoring facilities of Communication Spectrum. A cluster of 3 such systems provides location of the emitter.

Wide Area Network for BSF – A Wide Area Network solution has been implemented by BEL for Border Security Force. The solution enables data, voice, fax and video services connecting BSF Headquarters with the front-end and similar infrastructure can be extended upto the Battalion HQ at more than 100 locations. An advanced secure messaging solution has been incorporated using E1 Link Encryptors.

Synchronous Transfer Mode Encryptor – This is a custom built high performance Encryptor addressing Government and industry's demanding need for high speed, high bandwidth optical network security.

Following R&D awards were received during the year:

- Gold Trophy of "SCOPE Meritorious Award for R&D, Technology Development & Innovation" for the year 2006-07.
- R&D Engineers from BEL & BELOP (BEL Subsidiary) won SODET (Society for Defence Technologists) Awards for Innovation & Technology Development for the year 2007-08.

Scientists from Central Research Laboratory & Engineers from R&D Units of BEL have contributed 11 papers in the national & international journals during the year.

USHUS Sonar project was selected for DRDO's AGNI Award for self-reliance. This project was designed by National Physical & Oceanographic Laboratory of DRDO and manufactured by BEL.

32 Channel Strip Detectors / Modules developed at BEL in association with Bhabha Atomic Research Centre were successfully used in the international experiment (Big Bang experiment) at CERN, Geneva and received appreciation from the user agency.

Subsidiary / Joint Ventures

The Company's subsidiary at Pune, BEL Optronic Devices Ltd., (BELOP) recorded a turnover of Rs. 311.5 million as against the turnover of Rs. 440.2 million in the previous year, 29% less from previous year. BELOP suffered a loss of Rs. 35.8 million as against Profit After Tax of Rs. 13.9 million in the previous year. Performance of BELOP during the year was not consistent with its past performance. BELOP manufactures mainly Image Intensifier Tubes (I.I. Tubes). These tubes are supplied to the Defence customers and also used in the Night Vision Devices manufactured by BEL. Lower sales are due to fewer orders. Non-receipt of orders is because the main customer, i.e., Indian Army, has shifted from II Generation tubes to higher specification I.I. Tubes for which technology does not exists with BELOP. Efforts are being made to source technology for the higher specification tubes from available sources in the world market. Meanwhile, BELOP is importing in SKD form, the kits to manufacture higher specification tubes to take care of the immediate requirements of the customers. Due to this, the contribution is low besides low turnover resulting in loss. However, BELOP is expected to make profit in 2009-10 with the measures taken to improve the sale turnover.

In accordance with Section 212(8) of the Companies Act 1956 (the Act) your Company has obtained exemption from the Government from attaching the Balance Sheet, Profit & Loss Account, Auditors' Report, Directors' Report, etc., of the subsidiary Company to the Balance Sheet of BEL. Hence, Annual Accounts of the subsidiary Company, BEL Optronic Devices Ltd., are not attached to the Balance Sheet of BEL. A copy of the Annual Accounts of BELOP and the related information will be made available upon request by any member of BEL or BELOP. The Annual Accounts of BELOP are kept for inspection by investors at the registered office of BEL and BELOP. Any investor interested to inspect the same may please contact the Company Secretary of BEL or BELOP. A statement as per Section 212 of the Act relating to the Subsidiary Company, BELOP, is annexed to this report. Further, the information required to be disclosed as per the directions while granting exemption under Section 212(8) of the Act is provided in this Annual Report.

The Joint Venture Company (JVC) with General Electric, USA, viz., GE BE Pvt. Ltd., manufacturing CT Max and other latest version X-Ray Tubes continues to perform well. BEL supplies some parts required for the products manufactured by this JVC. GE BE Pvt. Ltd., achieved a turnover of Rs. 5,282.1 million as against Rs. 4,356.5 million in the previous year. The Profit After Tax was Rs. 525.0 million as against Rs. 355.9 million in the previous year. The JVC declared and paid 100% dividend for the year 2007-08 and BEL received Rs. 26 million as dividend from the JVC on BEL's share of investment.

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

Consolidated Accounts

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

Quality

Your Company had the distinction of developing and implementing a quality system document called 'Quality Manual' way back in 1975, much before the advent of ISO 9000 standards for Quality Management and the associated approach and documentation. The BEL Quality Manual detailed the internal systems and procedures to be followed by all the functional groups / departments to ensure the product quality.

The Quality movement in BEL has undergone significant changes over the years from 'Quality Control' to 'Quality Assurance' model and finally to the 'Total Quality Management' (TQM) model. The TQM model was put in place under the acronym 'TORQUE' (Total Organisational Quality Enhancement) way back in 1987-88, based on the association with MNCs who had implemented world class manufacturing systems. In recent years, following new techniques / initiatives were introduced in your Company in the field of Quality:

Quality System Certifications – Starting from 1993, all the Units / SBUs of Bharat Electronics are certified for ISO 9001

(Quality Management System) and ISO 14001 (Environmental Management System). Considering the business potential in the aerospace segment, 7 of our Units / SBUs working in this segment had embarked on the process of obtaining certification under Aerospace Standards AS-9100. 5 of them have obtained AS-9100 certification during 2008 and remaining 2 SBUs have also been recommended for certification after the audit by the certifying agency. The certificates are expected shortly.

Six Sigma – Your Company has adopted the 'Six Sigma' methodology for achieving breakthrough improvements. Quality Institute of Bharat Electronics has been imparting training on 'Six Sigma' since July 1999. During the year 2008-09, 224 six sigma projects were completed, resulting in cost reduction, process improvement and customer satisfaction.

Business Excellence – Bharat Electronics has adopted the 'CII-EXIM Bank Business Excellence Model' since 2002 and all the Units / SBUs have participated in the Award scheme of this Model since then. This Model depicts that excellence in Results is achieved through Leadership driving the Policy & Strategy, People, Processes and Partnerships & Resources. As of now 11 out of our 15 Units / SBUs have received recognition under this Award scheme. Efforts are on to achieve this recognition for the remaining four Units / SBUs also in the coming years.

With a view to institutionalise the 'business excellence' in the Company, an internal 'BEL Business Excellence Award' has been introduced in the year 2008-09. This award scheme will become operational from the year 2009-10. Under this scheme all the Units / SBUs of the Company will participate in this award scheme every year and best 4 Units / SBUs will be identified for participation in the 'CII-EXIM Bank Award for Business Excellence' in the following year. Introduction of this scheme is likely to bring in a healthy competition among the Units / SBUs to achieve higher level of excellence.

Customer Satisfaction Survey – As a part of our endeavor to enhance the customer satisfaction level, we have been conducting customer satisfaction surveys every year. This survey is being conducted through a third party to bring in objectivity. Based on the feedback obtained from the survey, corrective actions are taken to improve our processes so as to enhance the satisfaction level of customers. During the year 2008-09 the customer satisfaction survey was conducted for 6 products, each belonging to different Unit / SBU. The customer satisfaction index was found to be in the range of 73% to 82%.

ERP Implementation

Based on the recommendation of Tata Consultancy Services, the Company undertook implementation of SAP across all the Units/Offices. The SAP solution is centrally managed with Data Centre for the Company located at Bangalore. The Units/Offices access this Data Centre through a Wide Area Network (WAN). SAP in the Company is implemented in phases. In 1st Phase Product Lifecycle Management (PLM) module and core modules of SAP R/3, viz., Sales & Distribution (SD), Production Planning (PP), Materials Management (MM), Finance & Controlling (FI/CO), Quality Management (QM), Human Resources (HR), Project Systems (PS), Plant Maintenance (PM) and Customer Support (CS) were implemented across all Units and Offices. In Phase 2, new dimension modules like Supplier Relationship Management (SRM), Customer Relationship Management (CRM), Supply Chain Management (SCM), Business Information Warehouse (BIW), Strategic Enterprise Management (SEM) etc., were implemented.

Implementation of SAP R/3 and Product Lifecycle Management module at all Units and Offices of BEL has been completed in a phased manner. Payroll has been implemented at 6 Units (viz., Bangalore Complex, Navi Mumbai, Chennai, Machilipatnam, Hyderabad and Pune Units), Corporate Office, Regional Offices and Marketing Centres. Payroll is planned to be implemented at CRLs, Ghaziabad, Kotdwara and Panchkula Units in a phased manner. Implementation of new dimension modules is planned in phased manner during 2009-10. The preparatory activities such as study of Business Process Requirements are in progress. WAN links have been established between IS/CO and all Units and Offices of the Company. ISDN backup has been provided to take care of failures in leased lines.

Human Resources

The employee strength of your Company was 11,961 as on 31.3.2009 as against 12,371 as on 31.3.2008. The Company employed 2,507 women employees as on 31.3.2009. As a reflection of the Company operating in high tech area, it employed 3,177 engineers and scientists as on 31.3.2009.

The particulars of SC/ST and other categories of employees as on 31.3.2009 are as under:

Category of Employees	Executives		Non-Executives	
	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	728	77	1,411	123
Scheduled Tribe	210	7	131	34
Ex-Servicemen	74	50	382	100
Physically Handicapped	60	9	165	23

To address the learning and organisation development needs, various management development programmes as well as technology programmes were organised during 2008-09 through premier training institutions for all grades of executives.

The Company-wide per capita training days for the year 2008-09 was 3.0 as against 2.8 days during 2007-08. Some of the specific HR initiatives during the year are discussed separately as part of the Management Discussion and Analysis Report attached.

Vigilance

The performance of Vigilance Department during 2008-09 has been satisfactory. 99.7% of the Executives of the Company filed their Annual Property Returns. 1,915 Purchase Orders including 683 high value orders have been reviewed / scrutinised during the year and found to be in order. As per the CVC / CTE Guidelines, 2 teams for Inspection of Works Contracts and 2 teams for Inspection of Purchase Orders have been constituted. During 2008-09, 10 Works Contracts and 6 high value POs have been inspected by in-house inspection teams. During the year, 2,175 Regular/Surprise Inspections were conducted.

During the year 349 Executives and 203 Non-executives have taken part in Vigilance Awareness Programme. 50 Executives & 38 Non-executives working in sensitive areas for 3 years and above have been moved to different posts.

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

- Application forms for Registration of Subcontractors/ Vendors online for being included in the Approved Vendors List and applications for recruitment have also been facilitated online.
- Tenders in respect of works contracts (including service contracts), capital items and non-production items are being published on BEL website.
- Details of awarded contracts/purchase orders valuing more than Rs. 10 lakhs in respect of works contracts, service contracts, capital items and non-production items are being published on BEL website.
- Details of awarded contracts/purchase orders issued on nomination/single tender basis value exceeding Rs. 5 lakhs are being published on BEL website.

Environment Management

BEL has been maintaining a clean and green environment at all its 9 Units, which are all ISO 14001 certified. Clean surroundings, green environment, stringent pollution control measures, waste water treatment, zero effluent discharge, rainwater harvesting, energy conservation, water conservation, systematic management and disposal of hazardous and other forms of wastes and several other endeavors have become a part of the well-established Environmental Management System.

In order to check the effluents from the plating and painting shops, Effluent Treatment Plants have been modernised / automated during the year. Another significant achievement is the reduction in the generation of hazardous waste from 24 tonnes in 2007-08 to 13 tonnes in 2008-09, by resorting to alternate processes, process modifications and material substitutes. Keeping the environmental impact of e-waste in view, the Company has laid down procedures for systematic segregation of e-waste and disposal of the same through approved recyclers.

In order to keep the environment of the factory and township green, 135,000 trees and 360,000 Sq. Mtrs. of lawn are being maintained at Bangalore Complex. A herbal park has been developed inside the Ghaziabad factory premises. Rain water harvesting system has been installed at the CRL-Ghaziabad building complex.

In a bid to harness renewable energy, the Company had established two Wind Energy Power Plants, one 2.5 MW Plant near Davanagere during 2006-07 and another 3 MW Plant near Hassan in March 2008. The two Wind Energy Power Plants together generated 11 million units of energy in 2008-09 and this has been wheeled to the Bangalore Complex for captive use. The equivalent reduction in CO_2 emission stands around 10,000 tons. While the Davanagere Project has already been registered with the United Nations Framework Convention on Climate Change (UNFCCC) for benefits under Clean Development Mechanism (CDM), the process is on for the Hassan Project.

Industrial Relations & Welfare

Industrial relations continued to be harmonious throughout the Company. Besides various statutory and voluntary welfare measures, the Company encourages various cultural and sports events for its employees. The Company's comprehensive medical scheme covers all employees, their dependent family members as well as retired employees and their spouses. Educational institutions run by the Company for education of children of employees and also of neighbouring villages, performed well during the year. BEL hospital at Bangalore extends outpatient medical treatment to the residents of neighbouring villages and employees of BEL associate institutions/societies in addition to its own employees, their dependents and retired employees/their spouses.

Specific welfare measures implemented during the year for the employees and their family members include: Well Woman program/clinic (Cancer detection clinic) at BEL Hospital, Bangalore, periodic medical examination programs for employees above 40 years for detection of diabetes, hypertension, retinal diseases and respiratory diseases, health educational classes for retiring employees, etc.

Implementation of Official Language

BEL being a Government Company is committed to complying with the Official Language policies of the Government of India. 9 Units/Offices of the Company have been notified under Rule 10(4) of Official Language Rules 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. During 2008-09, the Committee of Parliament on Official Language visited the Company's office at Delhi and Chennai. Officials of the Ministry of Defence inspected the Units at Bangalore and Panchkula. The Drafting and Evidence Committee of Parliament inspected the Bangalore Unit. Hindi workshops for those having working knowledge in Hindi were conducted during the year. The Company's website is available in both Hindi and English version. Efforts are continued 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 the Company, www.bel-india.com. The information posted on the website contains general information about the Company, powers and duties of employees, information about decision-making, rules, regulations, manuals and records held by BEL, directory of the Company's officers, pay scales, procedure for requesting additional information about the Company by citizens and associated request formats. During the year 2008-09 the Company received and attended to 39 requests for information under RTIA.

Awards & Recognition

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

- Raksha Mantri's award for Excellence in the 'Institutional' category for 2006-07.
- Indian Institute of Material Management's Corporate Excellence Award for 2008.
- IEI Industry Excellence Award 2008 from the Institution of Engineers (India).
- Good Performance Award under the category 'Public Manufacturing Organization Large' instituted by the Institute of Cost & Works Accountants of India for 2008
- CMD, BEL, won the ELCINA-Dun & Bradstreet Electronics Man of the Year Award for the year 2007-08.
- Prime Minister's Shram Award to 2 employees for 2006.
- 4 Units/SBUs of BEL – Kotdwara Unit, Pune Unit and from Bangalore Complex, Naval Systems SBU and Components SBU – were awarded the 'Strong Commitment to Excel'

commendation under the CII-EXIM Bank Business Excellence model.

- Export Award – 'Niryat Shree' Certificate of Excellence for the year 2005-06 in the Residual Products – Non-SSI category from the Federation of Indian Export Organisations (FIEO).

Directorate

Following changes took place in the Directorate of your Company since the last report.

Lt Gen P Mohapatra, AVSM, Signal Officer-in-Chief, Army was appointed as Part-time Official Director w.e.f. 24th October 2008. Dr M Rammohan Rao, Independent Director, resigned from the membership of the Board w.e.f. 14th January 2009. Mr Ashwani Kumar Datt has been appointed as Chairman & Managing Director w.e.f. 1st May 2009 in place of Mr V V R Sastry, who retired on 30th April 2009. Lt Gen (Retd) G Sridharan has been appointed as an Independent Director on 18th May 2009 in place of Dr S P Parashar, who had resigned earlier. 7 Independent Directors, viz., Dr Ashok Jhunjhunwala, Dr V Bakthavatsalam, Prof N Balakrishnan, Mr Bhupindar Singh, Prof Goverdhan Mehta, Mr K G Ramachandran and Prof S Sadagopan exited the Board on 22nd May 2009, on completion of their 3 year term of appointment. Action has been initiated to fill up these vacant posts of Independent Directors. Mr M G Raghuveer has been appointed as Director (Finance) w.e.f. 1st August 2009 in place of Mr P R K Hara Gopal, who retired on 31st July 2009. Mr H N Ramakrishna has been appointed as Director (Marketing) w.e.f. 1st September 2009 in place of Mr N K Sharma, who retired on 31st August 2009.

Corporate Governance

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

Management Discussion and Analysis Report

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

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. 19 of the Notes to Accounts (Schedule 21);

(ii) that the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and 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 reappointed M/s. PKF Sridhar & Santhanam, Chartered Accountants, Chennai as Statutory Auditors for the year 2008-09, for audit of accounts of BEL, audit of accounts of Bangalore Complex, Hyderabad & Chennai Units and Corporate Office. M/s. B R Maheswari & Co, Chartered Accountants, New Delhi, were reappointed as Branch Auditors of Ghaziabad, Panchkula and Kotdwara Units for 2008-09. M/s. Argade Shyam & Co, Chartered Accountants, Pune were reappointed as Branch Auditors for Pune and Taloja Units for 2008-09. M/s. N Koteswara Rao & Co, Chartered Accountants, Guntur were appointed as Branch Auditors for Machilipatnam Unit for 2008-09.

Auditors' Report

Auditors' Report on the Annual Accounts for the financial year 2008-09 and Comments of the Comptroller & Auditor General of India on the Annual Accounts and Management's replies thereto are appended to this report.

Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo

Information on Conservation of Energy, Technology Absorption and Foreign Exchange Earnings & Outgo, required to be disclosed under the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules 1988 is attached to this Report.

Particulars of Employees

The particulars of employees to be given as per Section 217(2A) of the Companies Act 1956, read with the Companies (Particulars of Employees) Rules 1975 are appended to this report.

Acknowledgements

I take this opportunity to place on record our sincere appreciation and gratitude for the valuable support received from all the customers, particularly the Defence Services and the Department of Defence Production and we look forward to their continued support and co-operation in future. We are also grateful for the support received from various Ministries of the Government of India, especially the Ministry of Defence. We thank the Comptroller and Auditor General of India, Chairman, Members and employees of the Audit Board, Statutory Auditors and Branch Auditors, Company's Bankers, Collaborators and Vendors. The Board appreciates the sincere efforts put in by all the employees at all levels, which enabled your Company to achieve the significant performance during the year. The Board of Directors also wishes to place on record its appreciation and gratitude to all the shareholders/ investors for the trust and confidence reposed in the Company and look forward to their continued support and participation in sustaining the growth of your Company in the coming years.

For and on behalf of the Board

Place : Bangalore
Date : 1st September 2009

Ashwani Kumar Datt
Chairman & Managing Director

Annexure to Directors' Report

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

1. Name of the Subsidiary	:	BEL Optronic Devices Limited
2. Holding Company's interest at the end of the financial year 2008-09 (as at 31.3.2009):		
(a) The number of equity shares held	:	1,700,223 shares of Rs.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	:	Rs. (-) 33.2 million (loss)
ii) for the financial years/period of the subsidiary since it became the holding Company's subsidiary	:	Rs. 176.7 million (cumulative profit)
The net aggregate amount of the profits of the subsidiary after deducting its losses or vice versa:		
i) for the financial year of the subsidiary aforesaid	:	NIL
ii) for the previous financial years of the subsidiary since it became the holding Company's subsidiary	:	NIL
so far as those profits are dealt with, or provision is made for those losses, in the Company's accounts.		

Place : Bangalore	**C R Prakash**	**P R K Hara Gopal**	**Ashwani Kumar Datt**
Date : 24th June 2009	*Company Secretary*	*Director (Finance)*	*Chairman & Managing Director*

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

Information related to BEL Optronic Devices Ltd., Subsidiary Company of Bharat Electronics Ltd., for the Financial Year ended 31.3.2009:

(Rs. in million)

(a) Capital	:	183.2	(f) Turnover (Gross)	:	311.5
(b) Reserves & surplus	:	105.9	(g) Profit before Taxation (Loss)	:	(-) 47.3
(c) Total assets (Gross Block)	:	493.0	(h) Provision for Taxation	:	(-) 11.5
(d) Total liabilities	:	24.8	(i) Profit After Tax	:	(-) 35.8
(e) Details of investment	:	NIL	(j) Proposed dividend (%)	:	NIL

Annexure to Directors' Report *(Contd.)*

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 2008-09

Energy conservation measures taken during the year 2008-09 include the following:

- Replacement of 7 old 200 TR capacity reciprocating chillers with 3 energy efficient screw chillers of 345 TR capacity at Components SBU air conditioning plant of Bangalore Complex.
- Load demand management by improving power factor at load centers using Automatic Power Factor Controllers.
- Introduction of double-skinned Air Handling Units (AHU) to improve the efficiency of air conditioning systems.
- Incorporation of variable frequency drives for AHU's and cooling towers.
- Replacement with energy efficient motors pumps and fans.
- Enhancing participation in renewable energy sources like wind & solar.
- Incorporation of wind-driven roof ventilators based exhaust systems.

(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 Rs. 34 million.

(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 electricity consumption in kWhrs per each lakh rupee of production has come down to 112 units during 2008-09 from 133 units during 2007-08.

The electricity consumption for the year 2008-09 is 51.60 mkWhrs as against 55.00 mkWhrs during 2007-08.

B. Technology Absorption

Form B

R&D Activities

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

During 2008-09, R&D activities encompassed all the areas of business of the Company, viz., Radars, Sonars, Communication, Command Control Systems, Electronic Warfare Systems, Avionics, Fire Control Systems, Tank Electronics, Opto-electronics, Components and a number of software intensive electronic products and systems. Apart from the new products developed through in-house R&D efforts as indicated in the Directors' Report under the caption "Research & Development", other new products in the advanced stages of development through indigenous collaboration or joint development with foreign partners are:

3D Tactical Control Radar – This is a 3D medium range surveillance Radar in 'S' band based on planar array antenna technology, developed by Electronic & Radar Development Establishment (LRDE), a DRDO Laboratory, and engineered by BEL.

The Expert Committee appointed by ISRO has cleared BEL manufactured Doppler Weather Radar MK-II developed by Indian Space Research Organisation (ISRO) for advanced weather forecasting.

Short Range Battle Field Surveillance Radar, developed by LRDE, has been upgraded with the introduction of following features: Automatic target classification, introduction of Thermal Imaging Camera, establishment of networking of four Radars connected to one command post using wireless LAN and transmission of Radar data & video to the command post for monitoring. The Radar has been successfully evaluated by an independent team.

Upgradation of Schilka Weapon System has been carried out by BEL jointly with M/s. IAI, Israel. The upgradation activities carried out include replacement of the Radar with state-of-the-art active phase array Radar, introduction of modern fire control system, main & auxiliary engines of the vehicle, optronics, air conditioner for crew comfort, modern user friendly displays etc. The system has undergone User Trials, DGQA & MET evaluations.

TARANG Line Replaceable Units, developed by Defence Avionics Research Establishment, have been packaged on to a single mechanical chassis and configured as a Line Replaceable Unit for MiG-29 Aircraft.

New Generation HUMSA Sonar, developed by Naval Physical & Oceanographic Laboratory has been delivered by BEL for installation onboard P 17 Ship after successful completion of Factory Acceptance Tests.

Convoy Jammer with DDS based exciter for Smart Jamming of wide frequency band of communication signals including GSM, CDMA & extended GSM has been developed in co-operation with DRDO.

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

As a result of the R&D activities in the Company, a large number of new products were developed, which will provide new business to the Company in future. 217 new work orders were taken up by R&D divisions for development during 2008-09. 188 numbers of R&D work orders were completed during 2008-09. Development activity on about 300 R&D project work orders worth Rs. 3730 million is under progress as on 31.3.2009. Other than development of new business for the Company, R&D activities save foreign exchange for the Country and promote self-reliance in the area of technology development.

3. Future plan of action

Focused nurturing and monitoring of R&D is one of the top priority tasks at BEL. Allocation of funds for R&D is being enhanced to cater for the new infrastructure requirements of R&D divisions and for undertaking many proactive R&D projects. BEL R&D divisions will have active interactions with DRDO, other Indian public & private design houses, academic institutions and also with foreign partners for joint development programmes. Planning and monitoring process in R&D is being upgraded in order to improve the product and technology development cycle times.

4. Expenditure on R&D

During 2008-09, BEL has spent a sum of Rs. 2,433.3 million on R&D. The expenditure on Revenue account was Rs. 2,250.0 million and on Capital account was Rs. 183.3 million. The total R&D expenditure as percentage of turnover during the year was 5.26%.

5. Technology Absorption, Adaptation and Innovation:

(a) <u>Efforts in brief, made towards technology absorption, adaptation & innovation</u>

BEL R&D divisions take interest in technology absorption of state-of-the-art new products in the areas of business of the Company acquired through both indigenous and imported routes other than its own in-house developments.

In respect of indigenous technologies, BEL R&D divisions have made efforts to interact with various Defence Research and Development Organisation Laboratories, other national laboratories, private design and development 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 2008-09, R&D Engineers of BEL have completed development of products like Upgraded Short Range Battle Field Surveillance Radar, Weight Altitude performance compliant Weapon Locating Radar, New Generation HUMSA Sonar for P 17 Class of Ships, Convoy Jammer, Integrated Tarang System etc., in close co-operation with DRDO Labs like LRDE, NPOL, DLRL & DARE. BEL R&D Engineers completed the development of Doppler Weather Radar Mk-II in close association with ISRO. BEL R&D Engineers associated with these organisations from the very beginning of developments of such projects and provided needed supports like concurrent engineering, development of identified subsystems etc., for faster realisation of prototypes for customer evaluations and acceptance.

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

As a result of close interactions with DRDO Labs, BEL Engineers are able to absorb the indigenous technologies to provide product support, bring out required updates and apply the technologies absorbed for newer applications. These efforts of acquisition of indigenous technologies have made possible to offer new products to various customers, which otherwise would have to be imported. Since the complete technologies & source codes for software are available with BEL for the indigenous technologies, it is always possible to take further cost reduction measures and bring out product improvements/ modifications whenever called for.

(c) Information regarding technology imported during the last 5 years

During the last 5 years, several technologies of interest have been imported from various countries and have been produced and brought to the level of indigenous manufacture for further cost reduction. BEL R&D Engineers make effort to adopt some of the imported subsystems in their own design, take up joint developments with foreign partners and also make efforts to absorb the imported technologies acquired through ToT routes. The effort of BEL Engineers in the absorption of imported technologies help BEL to provide effective product support to the customers, make necessary improvements whenever required and apply the technological knowledge gained in the development of new products for further 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 Rs. 722.8 million as against Rs. 571.0 million in the previous year. Foreign Exchange Outgo was Rs. 24,379.0 million as against Rs. 15,034.1 million in the previous year.

Annexure to Directors' Report *(Contd.)*

Information as per Section 217(2A) of the Companies Act 1956 read with the Companies (Particulars of Employees) Rules 1975 and forming part of the Directors' Report for the year ended 31st March 2009

Sl. No.	Name of the Employee Shri/Smt.	Designation / Nature of Duty	Age Yrs.	Previous Employment/ Position Held	Qualification	Date of Joining	Experience Yrs.	Gross Remuneration (Rs.)
(A)	Statement showing the particulars of employees who were in receipt of remuneration of not less than Rs. 24,00,000/- per annum during the financial year 2008-09							
1	V V R Sastry	Chairman & Managing Director	59	Nil	BE (E&C)	1.5.1969	40	2,958,227
2	A K Datt	Director (Other Units)	57	Nil	BE (Mech)	11.1.1973	36	2,785,703
3	H S Bhadoria	Director (Bangalore Complex)	57	Nil	BE (Mech)	12.1.1973	36	2,674,164
4	N K Sharma	Director (Marketing)	59	Nil	B.Tech (Mech)	3.11.1971	37	2,880,930
5	I V Sarma	Director (Research & Development)	56	Nil	BE (E&C)	10.2.1975	34	2,524,825
6	Gokhale S S	Chief Regional Manager, New York	52	Nil	BE (Mech.)	6.10.1978	30	3,378,759
7	Sabhari V	Dy Chief Regional Manager, New York	39	Nil	AICWA	31.12.1996	12	2,497,980
8	H J Sampathkumaran	Chief Regional Manager, Singapore	54	Nil	BE (Mech.)	17.11.1976	32	2,834,662
(B)	Statement showing the particulars of employees who were in receipt of remuneration of not less than Rs. 2,00,000/- per month during the part of the financial year 2008-09							
	Nil							

Annexure to Directors' Report *(Contd.)*

Management Discussion and Analysis Report

A) Industry structure and developments, strengths, weaknesses, opportunities and threats, major initiatives undertaken and planned to ensure sustained performance and growth

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

India being an emerging economy is impacted by the current global recession and this has resulted in slowdown of several sectors of the economy. Fall in demand for products has lead to a negative IIP (Index of Industrial Production) growth. As per various analysts, this situation is likely to persist at least till the end of the year 2009.

As per the Interim Budget 2009-10, the Government of India has increased the total Defence allocation by 34% to Rs. 1,417,030 million (including capital outlay). Since Defence is a major customer of BEL, this increase has the potential for providing enhanced growth opportunity for the Company's products and services.

The introduction of Defence Procurement Procedure (DPP) - 2006 and DPP - 2008 guidelines for defence procurement, has opened up competition for BEL both from Indian private companies as well as global manufacturers. The ability to design, develop, implement solutions meeting customers' requirements has been a competitive advantage of BEL. R&D is getting renewed focus to enable the Company to stay ahead of the competition. DPP gives an additional opportunity for business through offset obligations with a potential for enhanced exports.

Rapid technological changes are taking place in various areas of business interest to BEL. The customer choices are becoming wider due to their increased exposure to various products and systems from all around the globe. The technology is further leading to integration of various functions, which are not imaginable few years back.

(b) SWOT Analysis

❑ Strengths

- Strong R&D base for product improvement, adaptation, indigenisation and new products
- Large infrastructure and manufacturing facilities
- Clearly defined vision, mission, objectives and values
- Well established systems & procedures aided by implementation of ERP Program (SAP)
- Financial strength
- Commitment to customer
- Capability to provide lifetime product support
- Total solution providers
- Excellent tie ups with DRDO
- Total Quality Management (TQM) and Six Sigma implementation

❑ Weaknesses

- Low risk-taking ability
- Not proactive enough
- Lack of aggressive marketing
- Dependence on defence market
- Slower response time

❑ Opportunities

- Large communication & networking projects of defence services
- System solutions business
- Strategic alliances & Joint Ventures
- Larger defence budget allocation
- Maintenance, repair and overhaul business
- Offset business
- Mergers & Acquisitions

- Homeland Security business
- Energy efficiency solutions

- Threats:
  - Rapid changes in technology
  - Global/Private participation in defence sector
  - Sourcing of technology: non-availability and exorbitant cost
  - Retention of trained manpower
  - Consolidation and sustaining market share

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

The Company has taken various initiatives to ensure sustained performance and growth in the coming years. The various initiatives taken are in the areas of:

1. Technology updation and R&D:

BEL has initiated many proactive developmental programs in Radars, Naval Systems, Communications, C4I systems, EW Systems, Electro Optics and Tank Electronics with a view to develop as well as enhance the technology to the state-of-the-art in its product and systems.

A comprehensive R&D plan has been prepared to synergise the efforts of various development groups and develop core technology modules for the Company's products. R&D investment is being progressively increased to achieve an investment of 8% of the Company's turnover in the next few years. Detailed action plans have been drawn to progress various in-house initiatives in this regard.

BEL has joined hands with M/s. Boeing in establishing an Analysis, Modeling, Simulation and Experimentation facility at Bangalore for enabling various customers in analysing and experimenting among integrated systems and technologies so as to offer solutions to the customer needs.

BEL is in the process of establishing a Radar Chair at the Indian Institute of Science, Bangalore, the premier Science Institution in India, in order to work on new emerging technologies in the field of Radar Technology of interest to BEL.

Approval to establish one more Central Research Laboratory to take up original Research work in Electronic Warfare and Electro Optics is another initiative undertaken recently in the technology front. Some of the other R&D initiatives during the year include:

- Strengthening of the partnership with DRDO labs through MoUs for joint development programmes.
- Investment in DRDO projects/programmes.
- Enhancing co-operation with academia.
- Strengthening the process of R&D planning and development of Critical Technology modules.
- International R&D partnerships for Radar, Electronic Warfare and Electro-Optic projects.
- Sponsorship and participation in DRDO and other seminars.
- Modernisation of R&D infrastructure.
- Progressively enhancing the investment in R&D.
- R&D Excellence Awards to 117 engineers for their contributions in award-winning projects, 7 Key Contributor Awards and 1 Patent Award given for encouraging excellence in R&D performance.

2. Manufacturing:

The following manufacturing facilities were set up in the Company during the year 2008-09:

- For the prestigious Digital Mobile Radio Relay project, an outdoor assembly and testing facility has been set up at the Bangalore Complex for shelter-based system production.

- Modernisation of automated Mass Manufacturing Facility at Bangalore Complex to meet the ever changing technological needs of the electronics manufacturing industry with stringent process control in a dust free and electrostatic controlled environment.
- A Horizontal Turret Test Stand installed and commissioned at the Chennai Unit for testing T90 tank stabilizer.
- Facility for Space Project – Space grade facility has been set up at the Bangalore Complex to manufacture space grade components / subsystems for supply to ISRO and potential overseas customers.
- Thermal Shock Chamber set up at the Ghaziabad Unit, to conduct thermal shock test (two chamber method) as per corporate standard PS 955 on PCBs, all assembly modules and sub-units to weed out latent defects due to poor workmanship or weak components.
- Hot & Cold Humidity Chamber set up at the Ghaziabad Unit, to carry out environmental tests as per JSS 55555 during customer acceptance of BEL-made equipment.
- A state-of-the-art Aspheric Manufacturing Facility commissioned at the Machililpatnam Unit for volume production of Glass and IR Aspheric Lenses like Germanium, Silicon, Zinc Sulphide. This is first of its kind facility in India.

3. New Business Initiatives & Diversification:

In the present business scenario, BEL is taking proactive steps to protect and further consolidate its leadership position in the Indian Defence Market, while at the same time accelerate the efforts to get into new business areas. BEL is looking for new growth opportunities in areas aligned with the Company's core strengths, either through organic growth in existing/new areas or inorganic growth through Joint Ventures/ Acquisitions and such other methods.

The following are the broad approaches being followed for development of new businesses, for enhanced growth:

(i) Strategic alliances for emerging businesses through co-development, co-production, product manufacture through technology transfer.

BEL has been entering into strategic alliances with Indian and foreign players to ensure business in a competitive market scenario. These alliances are for addressing various emerging markets where BEL ties up with suitable partners for collaboration. The Company has initiated the following partnerships for diversification and growth:

- MoU signed with M/s. Boeing to jointly develop an analysis and experimentation centre in India to offer customers the ability to make better-informed decisions in modernising the Country's defence forces.
- MoU signed with M/s. SELEX Galileo for collaboration on Electronic Warfare programmes.
- BEL has been selected by M/s. Northrop Grumman Corporation for the manufacture of components for Fire Control Radar for its Fighter Aircraft programme.
- BEL has been selected as offset business partner by many other multinational companies.

(ii) Forming of joint ventures / acquiring technology Companies (for both existing / emerging business areas)

BEL has initiated dialogue with reputed foreign / Indian players for possible Joint Ventures in the areas where technology gaps are identified vis-à-vis future market requirements. Currently discussions and negotiations are in progress for the following:

Missile electronics & guidance systems, microwave super components and subsystems, airborne EW products, solar photovoltaic business, computational platforms for Radars and training simulators for defence

(iii) Identified areas of diversification

By capitalising on existing core competencies, extensions are planned to create products or markets beyond those in which they have been originally developed. Such extensions into non-defence and newer areas of defence represent excellent diversification opportunities for BEL. Towards this, following are the few potential areas of business for diversification identified:

- Missile Electronics & Guidance Systems
- Commutated Aerial Direction Finder (CADF) for IAF
- Airborne Radar Systems based on Active Electronically Scanned Array (AESA), Synthetic Aperture Radar (SAR)/Inverse Synthetic Aperture Radar (ISAR), Airborne Early Warning & Control (AEW&C) technologies with integrated IFF (Identification Friend or Foe)
- Remote Actuator Influence Mine (RAIM)
- Interception & Monitoring Systems, Terrestrial, Wireless, Satellite Communication, Email
- Satellite On The Move (SOTM) Systems
- Mobile WiMAX
- Data Centers
- Coastal Surveillance Radars

(iv) Status of KPMG Consultancy

The Company has appointed M/s. KPMG, a global consulting firm, to help identify future market opportunities and investments for growth. Under the contr KPMG is to study BEL's present plans and identify opportunities for expansion of business in the existing areas as well as new business segments not presently addressed by BEL. The broad objective of the engagement is to evolve a strategic growth plan for BEL through identification and evaluation of new business opportunities that would provide enhanced growth.

KPMG carried out an internal and external perspective assessment of BEL and its future by holding discussions with all senior executives of BEL, one-to-one meetings with key customers in Defence forces and other stakeholders. It conducted market / electronics industry scan for identifying opportunities for BEL's enhanced growth aligning its core strengths through secondary research, meetings with KPMG's internal experts and external industry experts. The following are the potential opportunities emerging from KPMG study for BEL to enter into:

- Infrastructure – Railways, Ports, Airports
- Homeland Security
- E-Governance
- Energy Efficiency Solutions
- Nuclear Power Instrumentation & Control

KPMG in association with BEL has initiated dialogue with prospective partners for possible co-operation to address the above identified business opportunities.

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

1. Risk Management:

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

   The Company has adopted the Project Management Tool to minimise / mitigate the risk of losses on Liquidated Damages due to delays in execution of projects and project managers and associated executives are being trained on latest Project Management systems / tools. The Company executives are being trained in the Project Management concept. In order to hone Project Management skills, 92 executives were trained in Project Management. Another batch of 100 executives will be trained during 2009-10.

   The marketing function is also being strengthened and marketing executives are imparted intensive training on marketing skills in a competitive environment. To enhance marketing skills to compete in a fast changing market, 21 executives were nominated for a 6-months residential Marketing program at IMI, New Delhi. The program was focused on providing key marketing knowledge and skills required for business. During the year 2009-10, 22 executives would be trained as a part of this initiative.

   All the assets of the Company are covered by Insurance. Necessary measures are being taken to manage risks associated with FE variation and other areas of Finance, HRD, etc. A comprehensive Risk Management Policy and framework has also been prepared during the year.

2. Cost Reduction:

   Recognising the increasing competitive environment for electronic products in both civil & defence segments, BEL has adopted cost reduction strategy as one of the thrust areas. 'Cost Reduction Task Forces' are set up in all the units with members from cross-functional areas. The Task Forces in each unit identify areas and set targets for achieving cost reduction.

   Cost reduction activities concentrate on both manufacturing and non-manufacturing areas and encompass all facets of business like production, administration, finance, services etc. The cost reduction parameters identified in the Company include design change, alternate sourcing, indigenisation process & yield improvements, energy conservation, etc. During the year 2008-09 your Company achieved cost reduction of Rs. 1,960 million from 61 task forces, which is 4% of turnover.

3. Indigenisation:

   Self-reliance is one of the objectives of the Company to meet the strategic needs of the nation. The indigenisation activity, therefore, in BEL, is an ongoing activity and enough avenues are created to help the process of indigenisation. Each of the Unit/SBU carry out indigenisation activity for high cost imported assemblies/modules. The Company has also instituted an Award Scheme to encourage its employees in contributing towards indigenisation. During the year, the Company achieved cost reduction of Rs. 260 million through indigenisation efforts.

B) Internal Control System and its adequacy

Your Company has an adequate system of Internal Control Measures with a view to provide reasonable assurance regarding effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

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

Your Company has implemented ERP (SAP) System across all the Units/Offices. Now all the business processes have been integrated and the Internal Control System has been streamlined with its in-built checks at various levels of operations.

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

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

C) Financial/Operational Performance

1. Strategy & Objectives

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

   (i) To make available funds by effective cash flow management.

   (ii) To maintain the highest credit rating in the short-term to be able to raise funds at most economical rate if required.

   (iii) To meet the expectations of the various stakeholders.

   (iv) To effectively execute tax planning thereby improving the post tax yield to the shareholders.

   (v) To maintain highest standards of financial reporting by following the mandatory as well as recommendatory accounting standards.

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

2. Performance Highlights

(Rupees in million)

	Year ended 31.3.2009	Year ended 31.3.2008
Gross Sales/Income from Operations	**46,240.9**	4,1025.4
Total Expenditure Before Interest	**43,956.4**	32,180.7
Profit Before Interest and Tax	**11,076.0**	11,715.4
Operating Margin (PBIT/Gross Sales) Ratio	**23.95%**	28.56%
Profit After Tax	**7,457.6**	8,267.4
No. of Days Inventory/Value of Production (DPE Method)	**169**	121
No. of Days Sundry Debtors/Sales & Services	**180**	183
Current Ratio	**1.67**	1.71
Debt Equity Ratio	**0.00032**	0.00043

3. Analysis of Financial Performance of 2008-09

   - Turnover registered a growth of 12.71%, from Rs. 41,025.4 million in 2007-08 to Rs. 46,240.9 million in 2008-09.
   - Value of Production has increased from Rs. 41,113.7 million in 2007-08 to Rs. 52,736.8 million in 2008-09, a growth of 28.27%.
   - 9.80% decrease in Profit After Tax, from Rs. 8,267.4 million in 2007-08 to Rs. 7,457.6 million in 2008-09.
   - Reduced PAT to Sales Ratio, from 20.15% in 2007-08 to 16.13% in 2008-09.
   - Sales Per Employee has increased from Rs. 3.3 million in 2007-08 to Rs. 3.9 million in 2008-09.
   - Earning Per Share has decreased from Rs. 103.34 in 2007-08 to Rs. 93.22 in 2008-09.
   - Book Value Per Share has increased from Rs. 401.62 in 2007-08 to Rs. 472.96 in 2008-09.
   - Networth has grown from Rs. 32,129.5 million in 2007-08 to Rs. 37,836.8 million in 2008-09.

D) Development in Human Resources/Industrial Relations

In order to address the learning and organisation development needs, various management development programs as well as technology programs were organised during the year 2008-09. These programs were organised through premier training institutions for all grades of executives. The Company-wide per capita training days for the year 2008-09 was 3.02.

Management Development Programs organised through premier Management Institutes include programs that enhance soft skills capabilities, managerial effectiveness, Change Management and Leadership Development. For supervisory skills, development programs are organised at NITIE, Mumbai for TC3 and TC4 cadres (supervisory staff).

Competency Modeling was initiated to identify the critical competencies having an impact on business outcomes that had to be demonstrated at all levels across the Organisation. The Competency Model for BEL has 9 competencies and was arrived at with the help of an external consultant. 39 unique role competency profiles were also created. 8 functional models have also been developed for assessment of competencies in various functional areas.

Outward-bound learning program was conducted for engineers to learn from experience and reflect, review and internalise learning from the performances in realistic situation. 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. A cross-functional team of 25 participants was sent for the training during the year 2008-09.

In order to provide a strategic perspective by experiential learning utilising various projects, strategy workshops were conducted for junior/middle level management and for DGMs and above. These workshops provide an opportunity to middle/senior executives to debate, evolve and validate business plans for BEL and their involvement was expected to generate out-of-box approaches to strategy plans for BEL.

The program was focused on providing key marketing knowledge and skills required for business. During the year 2009-10, 22 executives would be trained as a part of this initiative.

Various function-specific programs organised for HR professionals during the year include:

- A 6-day Strategic HRM Program for HR/HRD executives was organised at XLRI, Jamshedpur and 20 executives attended the program.
- 8 HR executives attended the certificate program in Competency Mapping through M/s. TVRLS.
- 8 HR executives with 1 - 6 years of experience attended the NHRD's HR Professionals Development Program.

Technology Programs conducted during the year to enhance knowledge of current technology included:

- VLSI and VHDL
- WiMax
- Digital Microwave Radio Theory
- Network Protocols and Operations
- MATLAB programming
- Digital Signal Processing

E) Corporate Social Responsibility (CSR)

Your Company is committed to contribute for the socio-economic development of its stakeholders and the business decisions of the Company will be in line with its obligations of CSR. BEL's sustained initiatives shall aim at earning the goodwill of the community and enhancing the image of the Company. Pursuing this objective, the Company has prepared a policy on Corporate Social Responsibility. BEL CSR policy identifies following broad areas for providing benefits to the stakeholders:

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

During the year 2008-09, the Company has approved CSR programmes with a total financial commitment of Rs. 18 million.

Annexure to Directors' Report *(Contd.)*

Corporate Governance Report

Philosophy and Code of Governance

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

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

Board of Directors

Composition

As on 31.3.2009, the BEL Board of Directors consisted of 7 Wholetime Directors (Executive Directors), including the Chairman & Managing Director, 2 Government Directors (Non executive Directors) and 7 Non-executive Independent Directors. As on 31.3.2009, there were 2 casual vacancies due to resignation of 2 Independent Directors, of which one was filled up in May 2009 and the other is being filled up. In addition, as per Government directives, the Vice Chief of Air Staff, Indian Air Force and the Chief of Material, Indian Navy are Permanent Special Invitees to all the Board Meetings of the Company. The composition of the Board is in accordance with the stipulations in Clause 49 of the Listing Agreement with the Stock Exchanges (Clause 49) and the DPE Guidelines.

Meetings and Attendance

During the financial year ended 31.3.2009, six Board Meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 25.4.2008, 27.6.2008, 29.7.2008, 23.8.2008, 24.10.2008 and 23.1.2009. 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 2008-09, etc., are given below:

Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 29th Sep. 2008	No. of other directorships held	* Number of Committee membership across all companies	
						As Chairman	As Member
Wholetime (Executive) Directors							
1	Mr V V R Sastry	6	6	Yes	2	Nil	1
2	Mr P R K Hara Gopal	6	6	Yes	2	2	-
3	Mr M L Shanmukh	6	6	Yes	Nil	Nil	Nil
4	Mr A K Datt	6	6	Yes	1	Nil	2
5	Mr H S Bhadoria	6	5	Yes	2	Nil	1
6	Mr N K Sharma	6	5	Yes	Nil	Nil	Nil
7	Mr I V Sarma	6	5	Yes	2	Nil	1
Part-time Government (Non-executive) Directors							
8	Mr Gyanesh Kumar	6	3	No	3	1	3
9 (i)	Lt Gen S P Sree Kumar (up to 31.7.2008)	3	2	No	2	Nil	Nil
9 (ii)	Lt Gen P Mohapatra (w.e.f. 24.10.2008)	2	1	No	Nil	Nil	Nil

Sl. No.	Directors	Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 29th Sep. 2008	No. of other directorships held	* Number of Committee membership across all companies	
						As Chairman	As Member
Non-executive Independent Directors							
10	Dr V Bakthavatsalam	6	5	No	4	1	-
11	Prof N Balakrishnan	6	3	No	1	1	-
12	Dr Ashok Jhunjhunwala	6	4	No	10	1	6
13	Prof Goverdhan Mehta	6	5	No	2	Nil	2
14	Dr S P Parashar (up to 4.4.2008)	Nil	Nil	No	4	Nil	1
15	Mr K G Ramachandran	6	3	Yes	1	Nil	1
16	Dr M Rammohan Rao (up to 14.1.2009)	5	3	Yes	5	2	3
17	Prof S Sadagopan	6	5	No	5	Nil	3
18	Mr Bhupindar Singh	6	6	No	5	1	1

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

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

Code of Conduct

Board of Directors of your Company has laid down a Code of Conduct for all Board members and senior management personnel of the Company as per Clause 49 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE Guidelines). The Code of Conduct has been posted on the Company's website, www.bel-india.com. All Board members and senior management personnel have affirmed compliance with the Code of Conduct during the year 2008-09. A declaration to this effect signed by the Chairman & Managing Director is attached to this Report.

Audit Committee

The terms of reference of the Audit Committee are as specified in Section 292A of the Companies Act 1956, Clause 49 and DPE Guidelines. The Company's Audit Committee consisted of three Independent Directors, one Government Director and one Wholetime Director. In addition, the Statutory Auditors of the Company, the Director (Finance) and the General Manager (Internal Audit) also attend the meetings of the Audit Committee, regularly. The Company Secretary is the Secretary to the Audit Committee. The composition of the Audit Committee is in accordance with the stipulations in Clause 49 and DPE Guidelines. Chairman of the Audit Committee is an Independent Director. Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 29th September 2008.

During the year ended 31.3.2009, the Audit Committee met seven times on 25.4.2008, 9.5.2008, 27.6.2008, 29.7.2008, 23.8.2008, 24.10.2008 and 22.1.2009.

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

Name	Meetings held during respective tenure of Director	No. of meetings attended
Dr M Rammohan Rao	6	4
Mr Gyanesh Kumar	7	3
Dr S P Parashar (up to 4.4.2008)	-	-
Mr KG Ramachandran	7	3
Prof S Sadagopan	7	6
Mr Bhupindar Singh	7	7
Mr H S Bhadoria	7	6

Remuneration Committee/ Remuneration Policy

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

Details of remuneration of Wholetime Directors during the year 2008-09 are given below: (Remuneration in Rs.)

Name of Director	Salary *	Benefits **	Company contribution to PF & Incremental Gratuity***	Incentive	Leased Accommodation	Total
Mr V V R Sastry	985,395	255,378	1,348,419	60,335	308,700	2,958,227
Mr P R K Hara Gopal	1,008,775	201,792	546,884	57,804	303,310	2,118,565
Mr M L Shanmukh	791,109	203,400	594,982	57,763	303,310	1,950,564
Mr Ashwani Kumar Datt	859,330	194,653	1,399,859	57,769	274,092	2,785,703
Mr H S Bhadoria	751,540	206,214	1,355,343	57,757	303,310	2,674,164
Mr N K Sharma	900,094	187,825	1,435,477	54,224	303,310	2,880,930
Mr I V Sarma	881,439	355,226	1,241,138	47,022	-	2,524,825

* Includes terminal benefits

** Medical and other perquisites valued as per IT Rules

*** Includes Leave Encashment at the time of retirement

Part-time Government Directors (Non-executive Directors) are not paid any remuneration. They are also not paid sitting fees for attending Board / Committee meetings. Non-executive Independent Directors are paid sitting fees of Rs. 20,000/- per meeting of the Board / Committee of the Board attended. However, if the same Non-official Part-time Director attends more than one meeting (of Board / Committee) on the same day, the sitting fees payable for each of such additional meeting is Rs. 10,000/-. Details of sitting fees paid to the Independent Directors during the year 2008-09 are given below:

Name	Sitting Fees		Total
	Board Meetings	Committee Meetings	
Dr V Bakthavatsalam	100,000	-	100,000
Prof N Balakrishnan	60,000	30,000	90,000
Dr Ashok Jhunjhunwala	80,000	-	80,000
Prof Goverdhan Mehta	100,000	-	100,000
Dr S P Parashar (up to 4.4.2008)	-	-	-
Mr K G Ramachandran	60,000	30,000	90,000
Dr M Rammohan Rao	60,000	50,000	110,000
Prof S Sadagopan	100,000	120,000	220,000
Mr Bhupindar Singh	120,000	90,000	210,000

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

The Chairman & Managing Director and other Functional Directors are appointed by the 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 Government, 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 Government Directors are ex-officio appointees and their term is co-terminus with the term of respective position held by them in Government at the time of appointment on the Company's Board. The Non-executive Independent Directors are appointed for a period of 3 years.

Directors' Shareholding

Mr V V R Sastry and Mr Gyanesh Kumar hold 100 shares each in the Company, on behalf of the Government of India.

No other Directors of the Company hold any BEL shares or convertible instruments of the Company as on 31.3.2009.

Shareholders / Investors Grievance Committee

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

1. Prof N Balakrishnan : Chairman
2. Mr Ashwani Kumar Datt : Member
3. Mr M L Shanmukh : Member

Transfer requests and complaints from the shareholders are attended to promptly as and when they are received. 5 grievances from shareholders, mainly relating to dividend payment, were received and resolved during the year. No grievance was pending as on 31.3.2009. There were no pending share transfers at the close of the financial year.

Other Board Subcommittees

Your Directors have constituted the following other Subcommittees of the Board:

1. Investment Committee consisting of the Chairman & Managing Director, the Director (Other Units) and the Director (Finance) to approve investment of short-term surplus funds.
2. Appointments Committee consisting of the Chairman & Managing Director and Wholetime Directors of relevant functional areas and one Part-time Director for filling up vacancies in the posts of General Managers / Executive Directors.

Compliance Officer

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

Mr C R Prakash, Company Secretary
Bharat Electronics Ltd, Regd. & Corp. Office
Outer Ring Road, Nagavara, Bangalore – 560 045
Phone : 080 25039300
Fax : 080 25039266
Email : secretary@bel.co.in

General Body Meetings

Details of last three Annual General Meetings are as follows:

Year	Location	Date & Time
2005-06	The Chancery, Hotel Atria Palace Road Bangalore – 560001	19th September 2006 at 2.30 PM
2006-07	The Grand Ball Room Hotel Grand Ashok Kumara Park, High Grounds Bangalore – 560001	20th September 2007 at 2.30 PM
2007-08	The Kalinga Hall Hotel Grand Ashok Kumara Park, High Grounds Bangalore – 560001	29th September 2008 at 2.30 PM

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

Disclosures

(a) Related party transactions are disclosed in Note No. 22 of Notes to the Accounts (Schedule 21 to the Profit & Loss Account of the Company for the year-ended 31.3.2009). The Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large.

(b) There were no cases of non-compliance by the Company and no penalties / strictures were imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority on any matter related to capital markets, during the last three years.

(c) No items of expenditure, other than those directly related to its business or incidental thereto, those spent towards the welfare of its employees/ ex-employees, towards fulfilling its Corporate Social Responsibility, were debited in books of accounts.

(d) Expenses incurred for the Board of Directors and Top Management are in the nature of salaries, allowances, perquisites, benefits and sitting fees as permissible under the rules of the Company. No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management.

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

Administrative and office expenses were 4% of the total expenses for the year 2008-09 and in the preiovus year 2007-08.

Training of Directors

During the year 2008-09, the Directors were sponsored for training programme on Corporate Governance conducted by the Institute of Public Enterprises, Hyderabad.

Presidential Directives and Guidelines

Your Company has been following the Presidential Directives and guidelines issued by the Government 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 Government 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. The representations of SC / ST / OBCs as on 31.3.2009 are as under:

Category of Employees	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Scheduled Caste	728	77	1,411	123
Scheduled Tribe	210	7	131	34
OBC	630	64	1,055	66

Your Company has been implementing the Government Directives on reservation for Persons with Disabilities and Ex-Servicemen and their representation as on 31.3.2009 are as under:

Category of Employees	Group 'A'	Group 'B'	Group 'C'	Group 'D'
Physically Handicapped	60	9	165	23
Ex-Servicemen	74	50	382	100

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 they have been taken on record by the Board. The quarterly unaudited financial results are published in one of the newspapers, i.e., Economic Times / Business Standard / Financial Express / Business Line / Business Bhaskar (in English / Hindi) and Prajavani / Kannada Prabha / Samyuktha Karnataka (in Kannada).

The quarterly unaudited results are simultaneously posted on the Company's website, viz., www.bel-india.com. The Company has been filing all Corporate Announcements, quarterly results, shareholding pattern, other information submitted to the Stock Exchanges on the NSE / BSE managed common platform, viz., www.corpfiling.co.in. Investors may please log on to www.corpfiling.co.in to view the information filed by the Company on this common platform. Press releases are also being sent to the Stock Exchanges and posted on your Company's website.

No presentations have been made to institutional investors or to the analysts.

Code for Prevention of Insider Trading

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

Secretarial Audit

Your Company obtains a Secretarial 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. The Secretarial 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. The Secretarial Audit Report is forwarded to all the Stock Exchanges where BEL shares are listed.

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

MCA-21 Compliance

The e-governance initiative of the Ministry of Corporate Affairs in the administration of the Companies Act 1956 (MCA-21) provides the public, corporate entities and others an easy and secure online access to the corporate information including the filing of documents and public access to the information required to be in public domain under the statute, at any time and from anywhere. Your Company has complied with all mandatory e-filing requirements under MCA-21, during 2008-09.

Listing on Stock Exchanges

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

1. Bangalore Stock Exchange Ltd.
   Stock Exchange Towers
   No. 51, 1st Cross
   J C Road,
   Bangalore – 560 027

2. Bombay Stock Exchange Ltd.
   25th Floor
   Phiroze Jeejeebhoy Towers
   Dalal Street
   Mumbai – 400 001

3. National Stock Exchange of India Ltd.
   Exchange Plaza
   Plot No. C / 1, G Block
   Bandra-Kurla Complex, Bandra (E)
   Mumbai – 400 051

The Company has paid listing fees for the Financial Year 2009-10 to all the three Stock Exchanges.

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

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

Custody Fees to Depositories

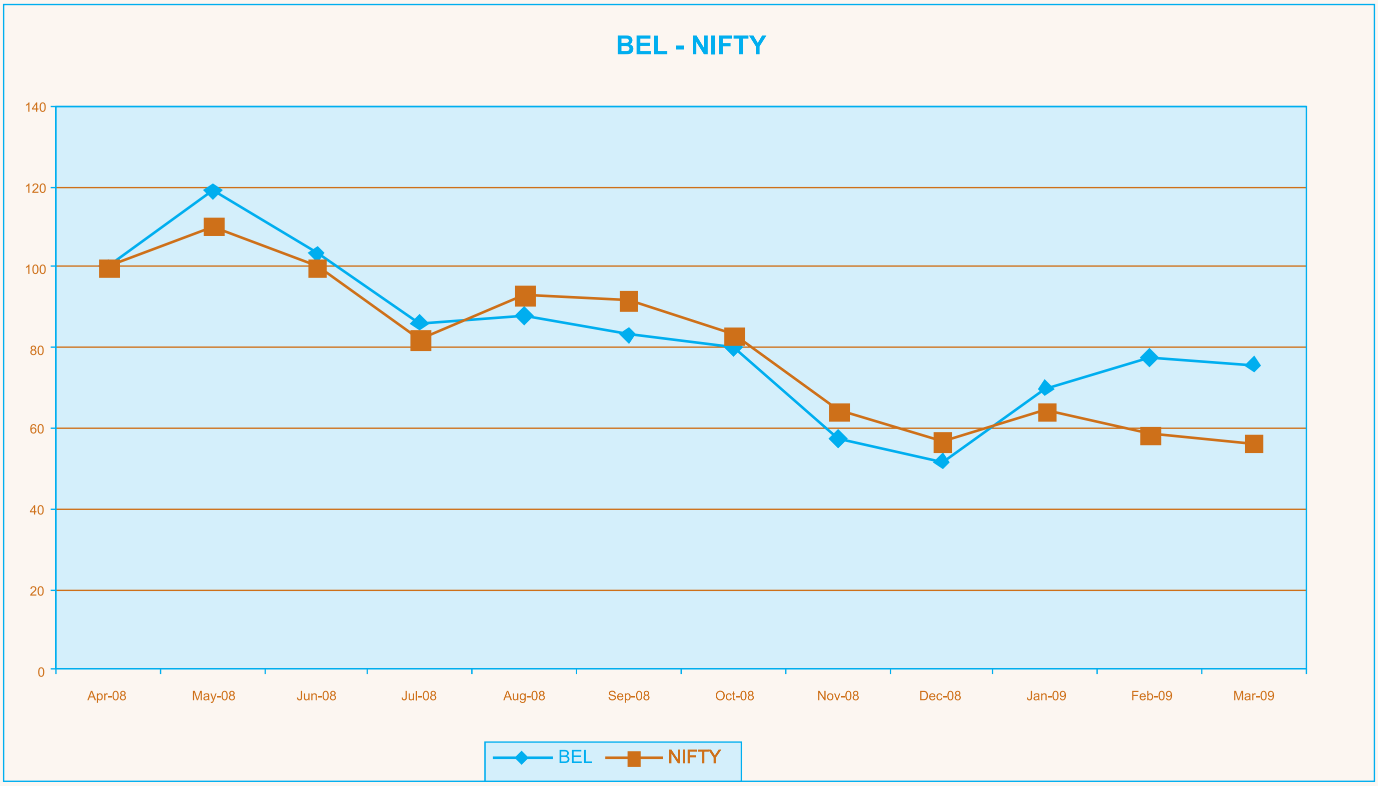
Your Company has paid annual custody fees for the Financial Year 2009-10 to both the Depositories, viz., NSDL and CDSL.

Market Price Data

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

Month	Quotation on BSE - Rupees Per Share		Quotation on NSE - Rupees Per Share	
	High	Low	High	Low
April 2008	1,360.00	1,057.55	1,355.00	1,055.00
May 2008	1,371.00	1,075.00	1,398.95	1,055.00
June 2008	1,230.00	1,010.10	1,228.00	1,007.45
July 2008	1,200.00	950.00	1,195.00	927.60
August 2008	1,000.00	797.80	1,000.00	902.00
September 2008	999.00	850.00	1,000.00	822.60
October 2008	938.80	552.00	935.00	550.00
November 2008	688.00	545.40	760.00	545.00
December 2008	763.80	560.00	779.45	552.00
January 2009	840.00	725.00	835.00	722.80
February 2009	915.00	820.25	915.00	815.00
March 2009	890.55	813.25	892.95	803.00

A comparison of closing quotation of your Company's share price on NSE with the closing position of NSE NIFTY during the year 2008-09 (position as on first trading day of every month) is presented in the following graph.



Both NSE NIFTY index and your Company's share price on NSE have been indexed to 100 as on 1st April 2008 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 2008-09 is given below:

	BSE	NSE	BSE+NSE
No. of shares traded	4,655,795	13,554,473	18,210,268
Value (Rs. in million)	4,520	12,880	17,400

Share Transfer

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

Alpha Systems Pvt. Ltd.
30, Ramana Residency, 4th Cross
Sampige Road, Malleswaram
Bangalore - 560 003
Telephone : 080 23460815 to 818
Fax : 080 23460819
Email : alfint@vsnl.com

Share Transfer System

Shares sent for transfer are registered within the stipulated period. Shares under objection are returned within the stipulated period seeking suitable rectification. The Share Transfer Committee meets periodically to approve the transfers within the specified period.

Shareholding Pattern as on 31st March 2009

Sl. No.	Category	No. of Shareholders	No. of Shares	% Holding
1	Central Government (Government of India)	6	60,689,600	75.86
2	Mutual Funds / UTI	106	6,398,676	8.00
3	Financial Institutions / Banks	8	75,131	0.09
4	Insurance Companies	12	5,259,394	6.57
5	Foreign Institutional Investors	94	4,254,275	5.32
6	Bodies Corporate	638	1,533,244	1.92
7	Individuals	19,253	1,621,199	2.03
8	Clearing Members	176	25,989	0.03
9	NRIs	631	138,441	0.17
10	Trusts	6	4,051	0.01
	TOTAL	20,930	80,000,000	100.00

Top 10 Shareholders as on 31st March 2009

Sl. No	Name	No. of Shares	% Holding
1	President of India (including 5 Government nominees)	60,689,600	75.86
2	Life Insurance Corporation of India	2,378,807	2.97
3	LIC of India - Market Plus	1,446,822	1.81
4	Pyramis Global Advisors LLC A/c Fidelity Northstar Fund	700,000	0.88
5	Life Insurance Corporation of India - Profit Plus	670,473	0.84
6	DSP Blackrock India T.I.G.E.R. Fund	556,553	0.70
7	The Master Trust Bank of Japan Ltd A/c The Master Trust Bank of Japan	431,467	0.54
8	Emerging Markets Growth Fund Inc.	380,971	0.48
9	LIC of India Market Plus - 1	342,308	0.43
10	Templeton Mutual Fund A/c Franklin India Flexi Cap Fund	341,206	0.43

Distribution of Shareholding as on 31st March 2009

No. of Equity Shares Held	No. of Shareholders	%	No. of Shares	%
Upto 500	20,129	96.17	935,197	1.17
501-1000	327	1.56	248,669	0.31
1001-2000	166	0.79	244,125	0.31
2001-3000	45	0.22	115,191	0.14
3001-4000	21	0.10	71,287	0.09
4001-5000	25	0.12	116,919	0.15
5001-10,000	48	0.23	361,062	0.45
10001 and above	169	0.81	77,907,550	97.38
TOTAL	20,930	100.00	80,000,000	100.00

Dematerialisation of Shares

99.88% of total equity capital disinvested by the Government (i.e. 24.14% of the total paid up capital) is held by the investors in dematerialised form with NSDL and CDSL.

Outstanding GDRs / ADRs / Warrants: **Not applicable**

Transfer to IEPF Account

Under Section 205A(5) of the Companies Act 1956 (the Act) companies are required to transfer to the Investor Education and Protection Fund (the Fund) established by the 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 7 years. As per Section 205C of the Act no claims shall lie against the Fund or the Company in respect of individual amounts thus transferred to the Fund and no payment shall be made in respect of any such claims. During the year 2008-09 the Company transferred to the Fund an amount of Rs. 95,508/- from the Unpaid Dividend Account for the year 2000-2001. The unclaimed / unpaid dividend for the year 2001-02 is due for transfer to the Fund in 2009. 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 2001-02 onwards and guidance information for claiming unpaid dividend. Shareholders are requested to make use of the claim form provided therein to claim unpaid / unclaimed dividend.

Credit Rating

In order to comply with the Basel II requirements of Banks, your Company has got its entire working capital facilities rated by ICRA, besides continuing the existing rating for short-term debt programme. ICRA has reaffirmed the LAAA (pronounced as L triple A) rating to the Rs. 2 billion fund based limit and the A1+ (pronounced as A one plus) rating to the Rs.10 billion non-fund based limit of the Company. The ratings indicate the highest credit quality in the long- and short-term. The existing rating of A1+ for the short-term debt programme has also been reaffirmed for Rs. 50 million.

CEO / CFO Certification

In terms of the requirements of Clause 49 of the listing Agreement 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 of the listing Agreement 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.

Non-mandatory Requirements

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

Additional / General Information for Shareholders

Annual General Meeting

Date : 25th September 2009
Time : 2.30 PM
Venue : The Magadh Hall, The Lalit Ashok Hotel
Kumara Park, High Grounds, Bangalore – 560 001

Financial Calendar 2009-10

Financial Year	:	1st April 2009 to 31st March 2010
First quarter results	:	By end of July 2009
Second quarter results	:	By end of October 2009
Third quarter results	:	By end of January 2010
Fourth quarter results	:	By end of April 2010
Annual General Meeting	:	September 2010

Book Closure

16th September 2009 to 25th September 2009 (both days inclusive).

Dividend Payment Date

Dividend will be paid within 30 days of declaration.

Plant Locations

1. Jalahalli, Bangalore - 560013 (Karnataka)
   Phone: (080) 28382626 Fax: (080) 28380266
2. Bharat Nagar Post, Ghaziabad - 201010
   (Uttar Pradesh)
   Phone: (0120) 2619500, 2619786
   Fax: (0120) 2776730, 2770926
3. Plot No. 405, Industrial Area, Phase III
   Panchkula - 134113 (Haryana)
   Phone: (0172) 2588252, 2588400
   Fax: (0172) 2594548, 2591463
4. Balbhadrapur, Kotdwara - 246149
   Dist. Pauri Garhwal (Uttarakhand)
   Phone: (01382) 231171 to 231178
   Fax: (01382) 231132, 231112, 231156
5. Plot No. L-1, M.I.D.C. Industrial Area
   Navi Mumbai - 410208 (Maharashtra)
   Phone: (022) 27412701
   Fax: (022) 27412888, 27412887
6. N.D.A. Road, Pashan, Pune - 411021 (Maharashtra)
   Phone: (020) 25881400 / 01 / 02
   Fax: (020) 25880577, 25888789
7. Industrial Estate, Nacharam, Hyderabad - 500076
   (Andhra Pradesh)
   Phone: (040) 27150113 to 27150117
   Fax: (040) 27171406
8. Post Box No. 26, Ravindranath Tagore Road
   Machilipatnam - 521001. (Andhra Pradesh)
   Phone: (08672) 223581 to 223583 Fax: (08672) 222640
9. Post Box No. 981, Nandambakkam
   Chennai - 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
Phone : 080-25039300 Fax: 080-25039233
Email: 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 22nd 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 Limited for the year ended 31st March 2009.

For **Bharat Electronics Ltd**

Place : Bangalore
Date : 19th June 2009

Ashwani Kumar Datt
Chairman & Managing Director

PKF Sridhar & Santhanam
Chartered Accountants

98A IV Floor
Dr Radhakrishnan Salai
Mylapore, Chennai - 600 004
Phone: 28478701/02/03
Fax: 28478705
E-mail: ssca@vsnl.com

AUDITORS' CERTIFICATE

To
The Members
Bharat Electronics Limited
Bangalore

We have examined the compliance of conditions of Corporate Governance by Bharat Electronics Limited, for the year ended on 31.3.2009, as stipulated in clause 49 of the Listing Agreement of the said Company with Stock Exchanges and Department of Public Enterprises (DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises.

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

In our opinion, and to the best of our information and according to the explanations given to us, we certify that, the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement and DPE Guidelines. However, during the year, casual vacancies caused due to resignation of one Director on 4th April 2008 and another on the 14th January 2009 remained vacant as on 31st March 2009 resulting in 7 Independent Directors against nine Independent Directors required.

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

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

For PKF Sridhar & Santhanam
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Bangalore
24th June 2009

Auditors' Report

The Members
Bharat Electronics Limited
Bangalore

1. We have audited the attached Balance Sheet of Bharat Electronics Limited as at 31st March 2009, the Profit and Loss Account and also the cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. As required by the Companies (Auditor's Report) Order, 2003 (as modified on 25 Nov 04) issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

4. Further to our comments in the Annexure referred to in Paragraph 3 above, we report that:

   a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.

   b. In our opinion, proper books of account, as required by law, have been kept by the Company in so far as it appears, from our examination of those books. The audit of the accounts of Bangalore, Hyderabad and Chennai Units and Corporate Office were carried out by us, whilst the audit of Ghaziabad, Panchkula, Kotdwara, Pune, Taloja and Machilipatnam units were audited by respective branch auditors. The reports of branch auditors have been considered by us while preparing our report. In the case of New York and Singapore offices, not visited by us, in respect of which the accounts are maintained at Corporate Office, the returns / records received from the said offices have been verified and found to be adequate for the purpose of our audit. We further state that the disclosure in Note No. 24 of Schedule 21 of Company's share of Assets, Liabilities, Income and Expenses in the Joint ventures is based on audited financial statements of GE BE Pvt. Ltd., and un-audited financial statements of BEL Multitone Pvt. Ltd., as provided by the respective operators of Joint Ventures.

   c. The Balance Sheet and the Profit and Loss account dealt with by this report, are in agreement with the books of account of this Company;

   d. In our opinion, the Balance Sheet, Profit and Loss Account and Cash flow statement dealt with by this report comply with the accounting standards referred to in Section 211(3C) of the Companies Act, 1956, read with Section 211(3B) of the Companies Act, 1956 and Note No. 19 regarding segment reporting.

   e. As the Company is a Government Company, it is exempt from the provisions of Section 274 (1) (g) of the Companies Act, 1956 regarding disqualification of Directors.

   f. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read together with the Significant Accounting Policies and the Notes forming part of accounts give the information required by the Companies Act 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

      i) In the case of the Balance Sheet, of the State of Affairs of the Company as at 31st March 2009,

      ii) In the case of the Profit and Loss Account, of the Profit of the Company, for the year ended on that date.

      iii) In the case of Cash Flow Statement, of the Cash Flow for the year ended on that date.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Bangalore
24th June 2009

Annexure referred to in Para 3 of our report of even date on the Accounts of Bharat Electronics Limited, for the year ended 31st March 2009

(i) (a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) As explained to us, the management has generally carried out the physical verification of a portion of the fixed assets in accordance with their phased programme of physical verification, which is considered reasonable having regard to the size of the Company and nature of its business and no material discrepancies were noticed on such verification to the extent verification was done during the year.

(c) During the year, the Company has not disposed off substantial portion of the fixed assets.

(ii) (a) The Raw material, Work in progress and semi finished goods inventory with the Company have been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable. In case of finished goods, stock verification was done at year end.

(b) The procedures of physical verification of Raw Material inventories followed by the management are generally reasonable and adequate in relation to the size of the Company and the nature of its business.

(c) The Company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material and have been appropriately dealt in the books except for differences disclosed in Note 10 which is being reconciled.

(iii) The Company has not granted / taken any loans to / from parties covered in the register maintained under Section 301 of the Companies Act 1956 and hence, Clause No. (iii) is not applicable.

(iv) In our opinion and according to the information and explanations given to us, there are adequate internal control systems commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system.

(v) According to the information and explanations given to us, we are of the opinion that there are no transactions that need to be entered in register maintained under Section 301 of the Companies Act, 1956.

(vi) Company has not accepted any deposit from public in the current year and all deposits have matured. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) The Company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 has to maintain cost records for Electronic Products and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed scrutiny of the same.

(ix) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax (VAT), Wealth Tax, Service Tax, Customs duty, Excise duty, Cess and other material statutory dues applicable to it.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Service tax, Sales tax (VAT), Customs duty, Excise duty and Cess were in arrears, as at 31st March 2009 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of Income tax, Service tax, Sales tax(VAT), Customs duty, Excise duty and Cess which have not been deposited on account of any dispute except as follows:

Nature of Statute	Nature of Dues	Amount disputed (Rs. in Lakhs)	Forum where dispute is pending
Sales Tax Act	Sales Tax	66.44	Commissioner of Commercial Taxes (Appeals), Chirkunda, Bihar
		846.38	Tribunal commercial Tax & Joint Comm (Appeals) Commercial tax, Dehradun
Service Tax Act	Service Tax	8.42	Commissioner (Appeals)
		36.33	Commissioner
		37.97	High Court of Karnataka
The Central Excise Act	Excise Duty	64.90	CESAT, New Delhi
		41.87	Commissioner (Appeals)
		57.26	CEGAT
		335.20	Commissioner of Central Excise
U.P. Trade Tax	Trade Tax	1.87	First Appellate Authority
		1.07	DC Appeals
Central Sales Tax Act	Central Sales Tax	7.50	DC Appeals
		2.05	AC Appeals
		673.07	Appellate Dy. Commissioner Appeals
		0.77	Appellate Tribunal
AP VAT Act	AP VAT	12.14	Appellate Tribunal
		13.90	ADC Appeals
Income Tax Act	Income Tax	500.14	CIT(A)

(x) The Company does not have accumulated losses as at the end of the financial year and has not incurred Cash losses during the financial year and in the immediately preceding financial year.

(xi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bank.

(xii) According to information furnished, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) The Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xiv) The Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

(xv) The Company has not given any guarantee for loans taken by others from banks or financial institutions.

(xvi) The Company has not availed any term loan.

(xvii) According to the information and explanation given to us and on an overall examination of the Balance Sheet of the Company, we report that no funds raised on short term basis have been used for long term investment.

(xviii) The Company has not made preferential allotment of shares to parties covered in the register maintained under Section 301 of the Companies Act 1956.

(xix) The Company has not issued any debentures.

(xx) The Company has not raised money by Public Issues and hence Clause 4(xx) is not applicable to the Company.

(xxi) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company noticed or reported during the year nor have we been informed of any such case by the management, that causes the financial statements to be materially misstated.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Bangalore
24th June 2009

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 31st March 2009

The preparation of financial statements of Bharat Electronics Limited for the year ended 31st March 2009 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 24th June 2009.

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 for the year ended 31st March 2009. 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. Based on my supplementary audit, I would like to highlight the following significant matters under Section 619(4) of the Companies Act, 1956 which have come to my attention and which in my view are necessary for enabling a better understanding of the financial statements and the related Audit Report:

COMMENT ON PROFITABILITY

Profit and loss Account

I) Income-Turnover (Gross) - Rs. 4,624.09 crore

The above includes:

1) Sales amounting to Rs. 274.51 crore in respect of 3 contracts, where the equipment were retained by the Company at the request of the buyer or for want of despatch instructions. As these contracts were on 'Free on Rail (FOR)-Destination basis' and the despatch of equipment on retention were subject to further clearances, the risks and rewards would be transferred to the buyers on delivery of the goods at their destination. Accordingly, revenue recognition should have been postponed in these cases in accordance with According Standard-9 prescribed under Section 211(3C) of the Companies Act 1956.

   This has resulted in overstatement of the turnover by Rs. 274.51 crore and profit by Rs. 104.10 crore.

2) Sales amounting to Rs. 1.73 crore in respect of 4 indents where the Company has sought amendment to the delivery schedule from 'FOR DESTINATION' to 'FOR'. Despite the amendment, the customer retained the delivery terms of Consignee destination and risk and rewards to be transferred after physical receipt of items at destination. As the items had not reached the consignee as on 31st March 2009, revenue recognition should have been postponed in accordance with Accounting Standard-9 prescribed under section 211 (3C) of the Companies Act 1956. This has resulted in overstatement of the turnover by Rs.1.73 crore and profit by Rs. 0.93 crore.

II) Expenditure - Other Expenses of Manufacturing, Administration, Selling and Distribution – (Schedule 17) – Royalty and Technical Assistance – Rs. 1.22 crore.

The above is understated by Rs. 2.87 crore representing claims towards Technical Assistance Fees not charged off during the year. The Company has erroneously accounted the payment towards claim of Rs. 1.64 crore as inventory materials in transit and has failed to recognise the liability towards claim of Rs. 1.23 crore.

This has resulted in understatement of Sundry Creditors by Rs.1.23 crore and overstatement of inventory and profit by Rs. 1.64 crore and Rs. 2.87 crore respectively.

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

Sd/-
(C H Kharshiing, IAAS)
Principal Director of Commercial Audit
& Ex-Officio Member, Audit Board, Bangalore

Place : Bangalore
Date : 31st July 2009

Addendum to the Directors' Report

Management's Reply to the Comments of the Comptroller and Auditor General of India

I) (1) All the items referred to by Audit were specifically manufactured for the customer as per their specifications, identified, inspected as per inspection clause and were ready for delivery. They were retained for specific purposes on the written request of the customer. Bills have been raised to recognise the revenue and bills along with the required documents are being sent to the respective Paying Authorities after despatch of the consignments as per the advice of the customer. As these items are inspected, accepted and advance/ progressive payments amounting to Rs. 232.38 crores are received against firm orders, there is no uncertainty in taking delivery by the customer or realisation of the balance amount. The fact that the customer has inspected and accepted the items and advised for the retention of the items by the Company amounts to transfer of significant risks and rewards to the buyer. This has been followed by the Company over the years and is in accordance with Accounting Standard-9 and the Accounting Policy of the Company. Thus these items have been included in the turnover and profit for the year 2008-09.

(2) The customer issued amendment to read delivery terms as 'FOR' and further clarified that cost of transportation and insurance is to be borne by the Company which is in line with the conditions applicable to other 'FOR' indents of the customer. The goods were dispatched as on 31st March 2009 and the progressive payments of Rs. 0.42 crores have been received. The fact that the customer has inspected and accepted the items prior to dispatch amounts to transfer of significant risks and rewards to the buyer. This has been followed by the Company over the years and is in accordance with Accounting Standard-9 and the Accounting Policy of the Company. Thus these items have been included in the turnover and profit for the year 2008-09.

II) Noted. Necessary corrective action has been taken during the year 2009-10.

Significant Accounting Policies

1. BASIS OF ACCOUNTING

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

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

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

a. In the case of FOR contracts, when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.

b. In the case of ex-works contracts, when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

c. In the case of contracts for supply of complex equipments / systems where the normal cycle time of completion / delivery period is more than 24 months and the value of the equipment / system is more than Rs. 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:

(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.

(ii) Intangible Assets:

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

(iii) Impairment of Assets:

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

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 / up to the date on which the assets are ready to be put to use / are deleted or discarded. Leasehold land is amortised over the period of lease.

6. BORROWING COSTS

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

7. RESEARCH & DEVELOPMENT EXPENDITURE

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

8. GOVERNMENT GRANTS

All Grants from Government are initially recognised as Deferred Income.

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

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

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

9. INVESTMENTS

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

10. INVENTORY VALUATION

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

11. SUNDRY DEBTORS

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

a. Time barred debts from the Government / Government Departments / Government Companies are generally not treated as doubtful debts.

b. Where debts are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.

(ii) Provision for bad and doubtful debts is generally made for debts outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realisable based on a case to case review.

12. INCOME TAX

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

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

13. PROVISION FOR WARRANTIES

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

14. FOREIGN CURRENCY TRANSACTIONS

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

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

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

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

15. EMPLOYEE BENEFITS

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

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

(ii) Defined contributions to Employee Provident Fund and Pension Scheme are made on a monthly accrual basis at the applicable rates.

(iii) Incremental liability for payment of gratuity 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.

(iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.

(v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.

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

16. PRIOR PERIOD ADJUSTMENTS AND EXTRAORDINARY ITEMS

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

17. TECHNICAL KNOW-HOW

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

18. PROVISIONS AND CONTINGENT LIABILITIES

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

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

19. CASH FLOW STATEMENT

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

For **M/s. PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th June 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

Balance Sheet as at 31st March 2009

(Rs. in Thousands)

	Schedule		As at 31.3.2009		As at 31.3.2008
SOURCES OF FUNDS					
Shareholders Funds					
Share Capital	1	800,000		800,000	
Reserves & Surplus	2	37,036,815		31,329,463	
			37,836,815		32,129,463
Government Grants	3		234,431		201,885
Loan Funds					
Secured Loans	4	12,108		13,781	
Unsecured Loans		-		-	
			12,108		13,781
			38,083,354		32,345,129
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block		15,799,036		14,307,584	
Less: Depreciation		11,124,463		10,172,740	
Net Block	5	4,674,573		4,134,844	
Capital Work-in-Progress	6	467,216		357,123	
			5,141,789		4,491,967
Investments	7		119,811		119,811
Deferred Tax Assets			1,466,191		1,424,350
(Refer Note No. 21 of Schedule 21)					
Current Assets, Loans & Advances					
Inventories	8	24,179,094		13,515,710	
Sundry Debtors	9	22,781,964		20,557,132	
Cash & Bank Balances	10	26,419,452		24,534,939	
Loans & Advances	11	4,976,721		4,823,447	
		78,357,231		63,431,228	
Less: Current Liabilities and Provisions					
Current Liabilities	12	42,602,265		32,915,813	
Provisions	13	4,399,403		4,206,414	
		47,001,668		37,122,227	
Net Current Assets			31,355,563		26,309,001
Miscellaneous Expenditure			-		-
(to the extent not written off or adjusted)					
			38,083,354		32,345,129

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

As per our report of even date attached.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th June 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

Profit and Loss Account for the year ended 31st March 2009

(Rs. in Thousands)

	Schedule	Year ended 31.3.2009	Year ended 31.3.2008
INCOME			
Sales less returns		**45,030,858**	38,104,169
Revenue from Long Term Contracts		**190,850**	1,207,288
Income from services		**1,019,201**	1,713,973
Turnover (Gross)		**46,240,909**	41,025,430
Less: Excise Duty		**405,350**	422,708
Turnover (Net)		**45,835,559**	40,602,722
Other revenues	14	**2,253,087**	2,483,672
Accretion/(Decretion) to Work-in-Progress, Finished Goods and Scrap	15	**6,495,838**	88,269
Profit on Sale of Fixed Assets (Net)		**10,569**	36,013
Transfer from Grants		**32,029**	50,396
		54,627,082	43,261,072
EXPENDITURE			
Consumption of Raw Materials and Components		**23,725,952**	15,915,621
Consumption of Stores & Spares		**388,722**	439,304
Purchase of Finished Goods		**6,290,298**	4,334,001
Employees Remuneration and Benefits	16	**7,557,935**	6,591,721
Other Expenses of Manufacturing, Administration, Selling and Distribution	17	**3,758,077**	3,546,157
Interest	18	**107,685**	2,450
Depreciation/Amortisation on Fixed Assets		**1,055,977**	926,397
		42,884,646	31,755,651
Less: Expenditure allocated to Capital Jobs		**831**	996
		42,883,815	31,754,655
Profit before Prior Period, exceptional and extraordinary items		**11,743,267**	11,506,417
Less: Exceptional Items - Expenses (Income)	19	**784,747**	(212,329)
		10,958,520	11,718,746
Less: Extraordinary items		**-**	-
Profit for the Year		**10,958,520**	11,718,746
Less: Prior Period Items (Net)	20	**(9,839)**	5,768
Profit Before Tax (PBT)		**10,968,359**	11,712,978
Less: Provision for Taxation			
- Current Year		**3,472,700**	3,580,000
- Earlier Years		**41,903**	(222,521)
- Deferred Taxes		**(41,841)**	50,100
- Fringe Benefit Tax		**38,000**	38,000
- Total Provision for Taxation		**3,510,762**	3,445,579
Profit After Tax (PAT)		**7,457,597**	8,267,399
Less: Transfer to Capital Reserve (Capital Profit on sale of fixed assets included above)		**873**	20,635
Add: Balance Brought Forward from previous year		**16,017,205**	13,707,878
Profit available for appropriation		**23,473,929**	21,954,642
Appropriations:			
Dividends:			
Interim Dividend		**480,000**	480,000
Proposed Final Dividend		**1,016,000**	1,176,000
Dividend Tax		**254,245**	281,437
Transfer to General Reserve		**4,000,000**	4,000,000
Balance carried to Balance Sheet		**17,723,684**	16,017,205
		23,473,929	21,954,642
Notes to Accounts	21		
Balance Sheet Abstract & Company's General Business Profile	22		
Earnings per Share (Equity Shares of Rupees Ten each) in Rupees:			
Basic & Diluted:			
Before Extraordinary Item Rs.		**93.22**	103.34
After Extraordinary Item Rs.		**93.22**	103.34
Face Value of share Rs.		**10**	10
Number of Shares used in computing earnings per share:			
Basic & Diluted		**80,000,000**	80,000,000

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

As per our report of even date attached.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th June 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

Schedules to Financial Statements

(Rs. in Thousands)

Particulars		As at 31.3.2009		As at 31.3.2008
SCHEDULE - 1				
Share Capital				
Authorised Capital				
100,000,000 (100,000,000) Equity Shares of Rs. 10 each		**1,000,000**		1,000,000
Issued, Subscribed & Paid-up Capital				
80,000,000 (80,000,000) Equity Shares of Rs. 10 each		**800,000**		800,000
SCHEDULE - 2				
Reserves & Surplus				
Capital Reserve				
a) Land valuation Reserve	**20,064**		20,064	
b) Capital Profit:				
At the beginning of the year	**74,876**		54,241	
Add: Transfer from Profit & Loss Account	**873**		20,635	
	75,749		74,876	
c) On acquisition of Machilipatnam Unit	**85**		85	
	85		85	
d) General Investment Subsidy for Kotdwara Unit	**5,000**		5,000	
		100,898		**100,025**
General Reserve				
At the beginning of the year	**15,212,233**		11,135,855	
Add: Adjustment for decrease in opening provision for Compensated Absences	-		76,378	
Add: Transfer from Profit & Loss Account	**4,000,000**		4,000,000	
		19,212,233		15,212,233
Surplus				
Balance carried from P & L Account		**17,723,684**		16,017,205
		37,036,815		31,329,463
SCHEDULE - 3				
Government Grants				
Grant from Government for Research and other purposes				
At the beginning of the year	**201,885**		198,370	
Add: Additions during the year	**64,575**		53,911	
Less: Transfer to Profit & Loss Account	**32,029**		50,396	
		234,431		201,885
		234,431		201,885
SCHEDULE - 4				
Secured Loans				
Cash Credit from Banks secured by hypothecation of Inventories and Book debts		**-**		-
Liability on Leased Assets - (Secured by vehicles on lease)		**12,108**		13,781
		12,108		13,781

Schedules to Financial Statements *(Contd.)*

SCHEDULE - 5

Fixed Assets

(Rs. in Thousands)

Particulars	Gross Block (At Cost)				Depreciation/Amortisation				Net Block	
	Cost as at 1.4.2008	Additions/ adjustments during the year	Deductions/ adjustments during the year	**Total cost as at 31.3.2009**	Accumulated Depreciation/ Amortisation upto 31.3.2008	Depreciation/ Amortisation for the year	Deductions/ adjustments during the year	**As at 31.3.2009**	**As at 31.3.2009**	As at 31.3.2008
Tangible Assets:										
Free Hold Land *	108,662	-	-	**108,662**	-	-	-	**-**	**108,662**	108,662
Lease Hold Land	29,867	40,953	-	**70,820**	5,069	813	-	**5,882**	**64,938**	24,798
Roads and Culverts	52,934	506	-	**53,440**	38,717	1,743	-	**40,460**	**12,980**	14,217
Buildings	1,492,681	50,067	1,291	**1,541,457**	771,294	38,181	-	**809,475**	**731,982**	721,387
Installations++	492,436	57,650	6,172	**543,914**	364,059	26,301	6,172	**384,188**	**159,726**	128,377
Plant & Machinery++	5,548,799	656,138	56,078	**6,148,859**	4,181,539	396,357	56,078	**4,521,818**	**1,627,041**	1,367,260
Electronic Equipment++	3,521,996	440,080	18,825	**3,943,251**	2,588,360	281,277	18,825	**2,850,812**	**1,092,439**	933,636
Equipment for R & D Lab	1,447,078	154,086	12,307	**1,588,857**	1,076,745	130,614	12,307	**1,195,052**	**393,805**	370,333
Vehicles	81,665	14,891	2,104	**94,452**	68,040	6,718	2,008	**72,750**	**21,702**	13,625
Office Equipment ++	886,137	83,347	5,901	**963,583**	668,513	82,034	5,901	**744,646**	**218,937**	217,624
Furniture, Fixtures and other Equipment ++	401,328	56,416	455	**457,289**	266,259	31,911	455	**297,715**	**159,574**	135,069
Assets acquired for Sponsored Research **	133,491	-	-	**133,491**	102,627	17,102	-	**119,729**	**13,762**	30,864
Leased Assets - Vehicles	19,649	2,507	3,157	**18,999**	6,474	3,678	2,459	**7,693**	**11,306**	13,175
Total ***	14,216,723	1,556,641	106,290	**15,667,074**	10,137,696	1,016,729	104,205	**11,050,220**	**4,616,854**	4,079,027
Previous Year	13,195,562	1,169,035	147,874	**14,216,723**	9,377,105	905,807	145,216	**10,137,696**	**4,079,027**	3,818,457
Intangible Assets:										
Enterprise Resource Planning (ERP)										
Software/Licenses/ Implementation charges	90,861	41,101	-	**131,962**	35,044	39,199	-	**74,243**	**57,719**	55,817
Previous Year	52,433	38,428	-	**90,861**	14,223	20,821	-	**35,044**	**55,817**	38,210
Grand Total ***	14,307,584	1,597,742	106,290	**15,799,036**	10,172,740	1,055,928	104,205	**11,124,463**	**4,674,573**	4,134,844
Previous Year	13,247,995	1,207,463	147,874	**14,307,584**	9,391,328	926,628	145,216	**10,172,740**	**4,134,844**	3,856,667

* *Land includes 12,268 (12,268) Sq. meters leased to commercial/religious organisations and in their possession.*

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

++ *Additions during the year include Rs. 29,221 (Rs. 61,955) in respect of the assets of Central Research Laboratories of BEL.*

*** *Gross Block and Accumulated Depreciation include Rs. 262,309 (Rs. 132,420) pertaining to assets not in active use, disposal of which is pending.*

Schedules to Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars		As at 31.3.2009		As at 31.3.2008
SCHEDULE - 6				
Capital Work in Progress at Cost				
Civil Construction		49,448		66,976
Plant, Machinery, etc.		274,713		176,440
Capital Goods in Transit & under Inspection	44,326		86,054	
Less: Provision	36,803		36,803	
		7,523		49,251
Advances on account of Capital items	124,809		53,982	
Less: Provision	36		767	
		124,773		53,215
Intangible Assets – Enterprise Resource Planning (ERP) – under implementation				
Opening Balance	11,241		5,404	
Add: Amount incurred during the year	40,619		44,265	
	51,860		49,669	
Less: Amount Capitalised during the year	41,101		38,428	
		10,759		11,241
		467,216		357,123
SCHEDULE - 7				
Investments at Cost - Long Term				
Non-trade				
Unquoted				
Investment in Shares/Bonds:				
40 Shares of Rs. 50 each fully paid in Cuffe Parade Persopolis Premises Co-op. Society, Mumbai		2		2
10 Shares of Rs. 50 each fully paid in Sukh Sagar Premises Co-op. Society, Mumbai				
10 Shares of Rs. 50 each fully paid in Shri Sapta Ratna Co-op. Society Ltd., Mumbai		1		1
5 Shares of Rs. 50 each fully paid in Dalamal Park Co-op. Society Ltd., Mumbai				
30 Shares of Rs. 50 each fully paid in Chandralok Co-op. Housing Society Ltd., Pune		2		2
Note: These are in respect of apartments owned by the Company, cost of which is included under fixed assets.				
Trade				
Unquoted				
Subsidiary:				
1,700,223 (1,700,223) Equity Shares of Rs. 100 each fully paid in BEL Optronic Devices Ltd., Pune		93,608		93,608
Others:				
2,600,000 (2,600,000) Equity Shares of Rs. 10 each fully paid in GE BE Private Ltd., Bangalore		26,000		26,000
318,745 (318,745) Equity Shares of Rs. 10 each fully paid in BEL Multitone Pvt. Ltd., Bangalore	3,188		3,188	
Less: Provision for Diminution in value of Investment	2,990		2,990	
		198		198
		119,811		119,811
Aggregate Value of Unquoted shares		119,811		119,811

Schedules to Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars		As at 31.3.2009		As at 31.3.2008
SCHEDULE - 8				
Inventories				
Stores and Spares		**249,052**		242,859
Raw Materials & Components		**12,868,432**		8,242,919
Materials in Transit and under Inspection	**1,003,969**		1,311,020	
Less: Provision	**11,418**		16,399	
		992,551		1,294,621
Finished Goods		**1,841,207**		629,402
Work-in-Progress		**9,101,751**		3,816,716
Disposable Scrap		**6,900**		7,902
		25,059,893		14,234,419
Less: Provision for obsolescence		**880,799**		718,709
		24,179,094		13,515,710
SCHEDULE - 9				
Sundry Debtors				
Debts - Considered Good:				
Debts over six months	**8,544,946**		7,728,462	
Other debts	**14,237,018**		12,828,670	
		22,781,964		20,557,132
Debts - Considered Doubtful:				
Debts over six months	**3,164,959**		2,910,779	
Other debts	**318,607**		323,135	
		3,483,566		3,233,914
		26,265,530		23,791,046
Less: Provision for doubtful debts		**3,483,566**		3,233,914
		22,781,964		20,557,132
Particulars of Sundry Debtors:				
Considered good in respect of which the Company is fully secured		**6,737**		7,548
Considered good for which the Company holds no security other than the debtors personal security		**22,775,227**		20,549,584
		22,781,964		20,557,132
SCHEDULE - 10				
Cash and Bank Balances				
Cash and Cheques on hand		**2,192,623**		1,632,004
With Scheduled Banks:				
Current Accounts		**3,316,629**		6,222,644
Deposit Accounts (incl. Accrued Interest)		**20,908,306**		16,678,571
Unpaid Dividend Account		**1,894**		1,720
		26,419,452		24,534,939

Schedules to Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars		As at 31.3.2009		As at 31.3.2008
SCHEDULE - 11				
Loans and Advances				
Loans to Employees *		196,141		188,461
Loans to Others		21,939		21,954
Advances Recoverable in cash or in kind or for value to be received:				
Advances to Employees *	122,410		108,447	
Advances for Purchase	3,212,352		3,580,914	
Claims Receivable - Purchases	315,796		269,910	
Advances to others	481,580		357,990	
		4,132,138		4,317,261
Advance payment of Income Tax (including FBT) [Net of Provisions for Tax - Rs. 10,762,377 (Rs. 6,444,083)]		363,316		217,380
Balances with Customs, Port Trust and Other Government Authorities		159,008		53,541
Deposits		252,465		143,166
		5,125,007		4,941,763
Less: Provision for Doubtful Loans, Advances and Claims		148,286		118,316
		4,976,721		4,823,447
Particulars of Loans and Advances:				
Considered good in respect of which the Company is fully secured		-		-
Considered good for which the Company holds no security other than debtors personal security		4,976,721		4,823,447
Considered doubtful and provided for		148,286		118,316
		5,125,007		4,941,763
* Includes due by Directors & Secretary Rs. 129 (Rs. 68) [Maximum amount due at any time during the year Rs. 200 (Rs. 120)]				
SCHEDULE - 12				
Current Liabilities				
Sundry Creditors:				
Dues to Micro and Small Enterprises	15,498		39,673	
Creditors - Others	9,511,766		9,617,618	
		9,527,264		9,657,291
Other Liabilities		1,665,144		1,597,086
Advances/Progress Payments received from Customers		30,174,649		21,631,446
Investor Education & Protection Fund to be credited when due:				
- Unpaid Dividend Account*		1,894		1,720
- Unpaid Matured Deposits*		3,855		3,862
Gratuity		1,229,459		24,408
		42,602,265		32,915,813

* There is no amount due & outstanding as at Balance Sheet date to be transferred to the Investor Education & Protection Fund.

Schedules to Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars		As at 31.3.2009		As at 31.3.2008
SCHEDULE - 13				
Provision				
Taxation (Including FBT) [Net of Advance Tax Rs. 10,762,377 (Rs. 3,617,838) refer advance tax Schedule - 11]		-		162
Proposed Final Dividend		1,016,000		1,176,000
Dividend Tax		172,669		199,861
Employee Benefits (Long-term compensated absences & BERECHS)		2,431,228		2,063,070
Contingencies towards Long-term Contracts		395,727		380,915
Performance Guarantee		383,779		386,406
		4,399,403		4,206,414

Particulars		Year ended 31.3.2009		Year ended 31.3.2008
SCHEDULE - 14				
Other Revenues				
Sale of Scrap & Surplus Stores		57,371		50,704
Export Benefits		16,981		4,773
Income from Long - Term Trade Investments - Dividend Gross (TDS - Nil)		26,000		-
Interest Income - Gross [TDS 363,164 (383,939)]		1,607,175		1,697,067
Interest Income from Staff/Income Tax refund/others		18,534		130,465
Transport Receipts		6,586		6,192
Rent Receipts		12,243		11,476
Canteen Receipts		14,179		14,493
Water Charges collected		3,255		3,259
Provision withdrawn		358,551		418,255
Miscellaneous		132,212		146,988
		2,253,087		2,483,672
SCHEDULE - 15				
Accretion/(Decretion) to Work-in-progress, Finished Goods and Scrap				
Work-in-Progress:				
Closing Balance	9,101,751		3,816,716	
Opening Balance	3,816,716		3,742,475	
		5,285,035		74,241
Finished Goods:				
Closing Stock	1,841,207		629,402	
Opening Stock	629,402		611,964	
		1,211,805		17,438
Scrap:				
Closing Stock	6,900		7,902	
Opening Stock	7,902		11,312	
		(1,002)		(3,410)
		6,495,838		88,269
SCHEDULE - 16				
Employees Remuneration and Benefits				
Salaries, Wages and Bonus/Ex-gratia		5,612,612		5,101,214
Gratuity		504,712		174,176
Contribution to Provident and Pension Funds		450,623		402,856
Provision for BEL Retired Employees Contributory Health Scheme		118,189		101,136
Welfare Expenses [including Salaries 99,953 (67,317), PF Contribution 6,397 (5,957)]		871,799		812,339
		7,557,935		6,591,721

Schedules to Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars		Year ended 31.3.2009		Year ended 31.3.2008
SCHEDULE - 17				
Other Expenses of Manufacturing, Administration, Selling & Distribution				
Power and Fuel [after adjusting Rs. 55,907 (Rs. 11,282) income from wind energy]		259,857		293,449
Water charges		29,117		29,515
Royalty & Technical Assistance		12,246		106,947
Rent		44,213		43,102
Rates & Taxes		28,532		24,477
Insurance		42,673		57,243
Auditors' Remuneration:				
Audit	708		663	
Tax Audit	160		160	
Certification	199		178	
Expenses	594		496	
		1,661		1,497
Repairs & Maintenance:				
Buildings	189,114		192,126	
Plant & Machinery	56,618		75,309	
Others	375,717		242,940	
		621,449		510,375
Bank Charges		47,196		34,666
Printing and Stationery		38,811		37,009
Discounts, Allowances & Rebate		234		832
Advertisement & Publicity		82,759		84,602
Travelling Expenses		385,579		385,984
Excise Duty – Others		2,501		7,677
Packing & Forwarding		83,077		88,298
Bad Debts & Advances written off	263,733		99,039	
Less: Charged to Provisions	263,690		98,873	
		43		166
Provision for Obsolete/Redundant Materials		217,999		75,420
Provisions for Doubtful Debts, Liquidated Damages, Customers' Claims and Disallowances		727,650		772,048
Provision for Doubtful Advances, Claims		23,796		6,510
Provision for Warranties		1,392		100,005
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	2,189		25,888	
Write - back of Material written off earlier	(2,977)		-	
Less: Charged to Provisions	-		24,348	
		(788)		1,540
Sponsorship / Contribution for Professional & Social Activities		17,735		51,000
Provision for Contingencies towards Long-term Contracts		14,812		64,570
Provision for Diminution in value of investment in JVC		-		2,990
Others:				
Expenditure on Service Orders / other Misc. Direct Expenditure	212,306		367,691	
Foreign Exchange Rate Differential	376,321		41,540	
After Sales Service	67,980		11,459	
Telephones	60,954		61,974	
Expenditure on Seminars & Courses	53,051		43,265	
Other Selling Expenses	54,509		11,968	
Miscellaneous	250,412		228,338	
		1,075,533		766,235
		3,758,077		3,546,157

Schedules to Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars	Year ended 31.3.2009	Year ended 31.3.2008
SCHEDULE - 18		
Interest		
On Cash Credit	16	16
On Fixed Deposits	-	272
Interest on Fixed Loan - Lease Financing	1,656	1,418
On Dues to Micro & Small Enterprises	120	71
On Others	105,893	673
	107,685	2,450
SCHEDULE - 19		
Exceptional Items		
Gratuity past liability on account of enhancement in limit from Rs. 3.50 lakhs to Rs. 10 lakhs w.e.f. 1.1.2007 till 31.03.2008	784,747	-
Provision withdrawn - Compensated Absences (Income)	-	(212,329)
	784,747	(212,329)
SCHEDULE - 20		
Prior Period Items		
Prior Period Income:		
Sales	(1,733)	(3,607)
Others	11,861	4,610
Total Prior Period Income (A)	10,128	1,003
Prior Period Expenditure:		
Material Consumption	122	-
Depreciation	(48)	230
Others	215	6,541
Total Prior Period Expenditure (B)	289	6,771
Total Prior Period Items Net (Income) Expenditure [(A) - (B)]	(9,839)	5,768

Schedules to Financial Statements *(Contd.)*

(Rs. in Thousands)

SCHEDULE - 21

Notes forming part of the Accounts for the year ended 31st March 2009

1. Estimated amount of contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 658,164 (Rs. 717,866).

2. Exemption has been granted [vide GOI Letter No. 46/5/2009-CL-III dated 16.03.2009] to the Company from compliance with the following provisions contained in Part II of Schedule VI to the Companies Act 1956, as amended:

Para	Particulars
3(i)(a)	Details regarding sales in respect of each class of goods with quantities thereof.
3(ii)(a)(1)	Value of raw materials consumed giving item wise break up and quantities thereof.
3(ii)(a)(2)	Opening and closing stock of goods produced giving break up in respect of each class of goods with quantities thereof.
3(ii)(d)	Value of opening and closing stock of goods, purchases, sales and consumption of raw materials with quantitative break up and Gross Income from services rendered.
4 C	Details regarding licensed capacity, installed capacity and actual production in respect of each class of goods manufactured.
4 D (a)	Value of imports calculated on CIF basis for the year in respect of raw materials, components, spares and capital goods.
4 D (c)	Value of imported and indigenous raw materials, components and spares consumed and percentage of each to the total consumption.

3. a) Expenditure in foreign exchange on account of royalty, know how, interest and other matters (on payment basis) Rs. 55,544 (Rs. 87,905).

   b) Earnings in foreign exchange on account of exports on FOB basis amounted to Rs. 722,796 (Rs. 570,992).

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

	2008-09	2007-08
Expenditure		
Materials	**385,507**	565,238
Employees Remuneration & Benefits	**1,291,459**	871,978
Depreciation	**155,967**	146,604
Others	**417,044**	289,756
Gross Expenditure	**2,249,977**	1,873,577
Income		
Sales	**65,193**	111,814
Accretion/(Decretion) to WIP & FG	**42,681**	53,953
Others	**52,565**	59,436
Gross Income	**160,439**	225,203
Net Expenditure	**2,089,538**	1,648,374

5. The Company has made certain minor modifications/ changes to accounting policies during the year 2008-09 which do not have any material impact on the profit of 2008-09 nor are they expected to have a material effect in later years.

6. Letters requesting confirmation of Balances have been sent in respect of Sundry Debtors, Sundry Creditors, Advances and Deposits. Wherever replies have been received, reconciliation has been done and provisions/ adjustments have been made wherever considered necessary.

7. The Company has analysed indications of impairment of assets of each geographical composite manufacturing units considered as Cash Generating Units (CGU). On the basis of assessment of internal and external factors, none of the Units has found indications of impairment of its assets and hence no provision is considered necessary.

8. a) In respect of certain Fixed Assets mentioned below, execution of title/sale deed by the appropriate authorities is pending.

Schedules to Financial Statements *(Contd.)*

(Rs. in Thousands)

(i)	Freehold land (Machilipatnam - 0.516 acres)	Rs. 375	(Rs. 375)
(ii)	Leasehold land (Ghaziabad)	Rs. 18	(Rs. 18)
(iii)	Buildings (Ghaziabad)	Rs. 16	(Rs. 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 (86.78 acres) pertaining to Panchkula Unit. Out of this, title in respect of land measuring 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 Hyderbad by Andra Pradesh Industrial Infrastruture Corporation admeasuring 5.24 acres (5.24 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 Rs. 6,512 (Rs. 6,512) is included in Capital WIP-Advances.

c) Based on a 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 25.110 (25.110) acres has not been provided in the books of accounts.

d) Land acquired free of cost from the Government in some units has been accounted at a notional value by corresponding credit to Capital Reserve.

e) The Company has installed Windmill Generator at two locations. The leasehold land of the Windmill Generator-I is capitalised at the nominal value of Rs. 5 (Five Rupees only) as the upfront lease cost is nil. The leasehold land of Windmill Generator-II is capitalised at the cost of Rs. 11,400. In both the cases the lease agreement for the land is pending finalisation.

f) Addition to Leasehold land during the year 2008-09 includes purchase of 6.02 acres of land for Rs. 40,953 on lease for 90 years for setting up of Production Support Centre at Kochi.

9. 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 after 1.4.1987.

b) Wherever the rates of depreciation applied prior to 1.4.1987 are higher than the rates specified in Schedule XIV to the Companies Act 1956 they have been continued. However, additions forming part of existing machines are depreciated on the same basis as the original machines.

c) Depreciation for multiple shifts is charged on block of assets for the full year.

d) The straight line rates of depreciation adopted other than those under Schedule XIV are as under:

i)	Buildings	2.5% / 5%
ii)	Plant and Machinery	10% / 11.31% / 15% / 16.21% / 20% / 25%
iii)	Vehicles	20% / 25%
iv)	Furniture, Fixture and other equipment	10% / 15% / 20% / 25%
v)	Assets under Build, Own, Operate and Transfer (BOOT) Contract	Depreciated over the period of Contract
vi)	Intangible Assets	Amortised over 3 years

Schedules to Financial Statements *(Contd.)*

(Rupees in Thousands)

10. a) Raw Materials and Components include Rs. 186,989 (Rs. 162,550) being materials with subcontractors, out of which Rs. 16,075 (Rs. 37,029) of material is subject to confirmation and reconciliation. The impact, if any, on consequent adjustment is considered not material.

    b) Pending reconciliation, stock verification discrepancies for the year [shortages of Rs. 6,399 (Rs. 22,537) and surplus of Rs. 1,628 (Rs. 10,759)] have not been adjusted in the accounts.

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

12. The Exchange Rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/the Balance Sheet date resulting in a net exchange loss of Rs. 376,321 (Rs. 41,540) during the year have been included in the Profit and Loss Account in Schedule No. 17 - "Other Expenses of Manufacturing, Administration, Selling & Distribution".

13. "Excise Duty, which is included in Turnover (Gross) is shown as a deduction from Turnover (Gross) in the Profit and Loss Account. "Excise Duty – Others" included in the Schedule 17 - "Other Expenses of Manufacturing, Administration, Selling & Distribution" represents incremental provision of Excise Duty on Finished Goods, Excise Duty on Sale of Scrap etc.

14. The information regarding amounts due to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31st March 2009 is furnished below:

    i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March 2009:

Principal Amount	Rs. 15,362	(Rs. 39,602)
Interest	Rs. 47	(Rs. 71)

    An amount of Rs. 48 remains outstanding as on 31.03.2009 out of balance as on 31.03.2008.

    ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year ending 31st March 2009:

Principal Amount	Rs. 3,089 (Nil)
Interest	Rs. 33 (Nil)

    iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act: Rs. 79 (Nil)

    iv) The amount of interest accrued and remaining unpaid at the end of the year ending 31st March 2009: Rs. 136 (Rs. 71)

    v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of MSMED Act: Rs. 120 (Rs. 71)

    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.

15. Contingent Liabilities:

a.	Claims not acknowledged as debts	Rs. 450,646	(Rs. 220,891)
b.	Outstanding Letters of Credit	Rs. 3,371,478	(Rs. 3,470,027)
c.	Others	Rs. 29,181	(Rs. 24,773)
d.	Provisional Liquidated Damages upto 31.3.2009 on unexecuted customer orders where the delivery date has expired is Rs. 685,252 (Rs. 276,417).		

Schedules to Financial Statements *(Contd.)*

(Rupees in Thousands)

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

    a) Contract revenue recognised during the year Rs. 190,850 (Rs. 1,207,288).

    b) Percentage of completion method is used to determine the contract revenue recognised in the period. Ratio of the actual cost incurred on the contracts upto 31.03.2009 to the estimated total cost of the contracts, is used to determine the stage of completion.

    c) Aggregate amount of cost incurred: Rs. 7,061,340 (Rs. 6,944,552).

    d) Recognised profit upto 31.03.2009 (net of provision for contingency): Rs. 1,582,910 (Rs. 1,523,660)

    e) Amount of advances received and outstanding as at 31.3.2009 Rs. 4,888 (Rs. 152,009)

    f) The amount of retention Rs. 811,126 (Rs. 728,805)

17. During the year, the Department of Public Enterprises (DPE), GOI had issued detailed guidelines on the pay revision with effect from 1.1.2007 for the officers of PSUs. After due approvals, it is implemented by the Company after 31st March 2009. Necessary provision has been made in the accounts (including enhancement in the limit of Gratuity from Rs. 3.50 Lakhs to Rs. 10 Lakhs). Provision for wage revision in respect of non-executives has been made based on management's best estimates.

18. As per the provisions of revised Accounting Standard 15, the following information is disclosed in respect of Employee Benefits:

    Gratuity Scheme:

    The Company has a Gratuity Scheme for its employees, which is a funded plan. Every year the Company remits funds to the Gratuity Trust to the extent of shortfall of the assets over the fund obligations, which is determined through actuarial valuation. The Company has a Gratuity Plan under which 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' emoluments based on the emoluments last drawn. During the year, the Department of Public Enterprises (DPE), GOI has enhanced the maximum amount of gratuity payable to an employee from Rs. 3.5 lakhs to Rs. 10 lakhs retrospectively with effect from 1.1.2007. The past liability of Rs. 784,747 upto 31.03.2008 on account of enhancement in the limit has been treated as an Exceptional Item in the Profit and Loss Account.

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

	Particulars	2008-09	2007-08
i)	**Change in Benefit Obligations :**		
	Present Value of Obligation as at the beginning of the year	2,402,768	2,172,815
	Current Service Cost	235,175	164,225
	Interest Cost	172,457	157,270
	Past Service Cost (vested benefits)	719,298	-
	Actuarial (gain) / Loss	189,061	60,212
	Benefits paid	(206,672)	(151,754)
	Present Value of Obligation as at the end of the period	**3,512,087**	**2,402,768**

Schedules to Financial Statements *(Contd.)*

(Rupees in Thousands)

	Particulars	2008-09	2007-08
ii)	**Change in Fair Value of Plan Assets:**		
	Fair Value of Plan Assets at the beginning of the year	2,378,592	1,975,282
	Expected return on Plan Assets	225,246	202,756
	Contributions	84,176	347,533
	Benefit paid	(206,672)	(151,754)
	Actuarial gain / (loss) on Plan Assets	(23,441)	4,775
	Fair Value of Plan Assets at the end of the period	**2,457,901**	**2,378,592**
	Excess of Obligation over Plan Assets	**1,054,186**	**24,176**
iii)	**Expenses Recognised in the Statement of Profit & Loss A/c**		
	Opening Net Liability	-	-
	Current Service Cost	235,175	164,225
	Interest Cost	172,457	157,270
	Expected return on Plan Assets	(225,246)	(202,756)
	Net Actuarial (gain) / loss recognised in the period	212,502	55,437
	Past Service Cost (vested Benefits)	719,298	-
	Expenses Recognised in the Statement of Profit & Loss [Excluding Rs. 175,273 (Nil) in respect of retired employees which has been provided on actual basis]	**1,114,186**	**174,176**
	Actual Return on Plan Assets	**9.72%**	**9.74%**
iv)	**Amounts recognised in Balance Sheet:**		
	Present Value of Obligation as at the end of the period	3,512,087	2,402,768
	Fair Value of Plan Assets at the end of the period	2,457,901	2,378,592

	Particulars	2008-09	2007-08
	Funded Status	**(1,054,186)**	**(24,176)**
	Unrecognised Actuarial (gains) / losses	-	-
	Liability recognised in Balance Sheet [Excluding Rs. 175,273 (Nil) in respect of retired employees which has been provided on actual basis]	**1,054,186**	**24,176***
v)	**Category of Assets as at 31st March 2009**		
	State Govt. Securities	23.94%	22.00%
	Govt. of India Securities	9.14%	9.00%
	High Quality Corporate Bonds	45.64%	45.00%
	Special Deposit	0.97%	1.00%
	Investment with Insurer	20.31%	23.00%
vi)	**Principal Assumptions:**		
	Discounting Rate	7.50%	7.50%
	Salary escalation rate	6.25%	5.25%
	Expected rate of Return on Plan Assets	9.72%	9.78%

* excluding Rs. 233 being the liability prior to establishment of the Trust.

BEL Retired Employee's Contributory Health Scheme (BERECHS):

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

Schedules to Financial Statements *(Contd.)*

medicine cost and 75% of the cost of diagnostic tests for outpatient treatment and for the treatment of specified diseases, the Company bears the full cost of treatment, over and above the Insurance Coverage.

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

(Rupees in Thousands)

	Particulars	2008-09	2007-08
i)	**Change in Benefit Obligations:**		
	Present Value of Obligation (PVO) as at the beginning of the year	1,053,500	985,749
	Current Service Cost	64,387	41,245
	Interest Cost	76,726	71,913
	Actuarial (gain) / Loss	4,665	8,410
	Benefits paid	(60,974)	(53,817)
	Present Value of Obligation as at the end of the period	**1,138,304**	**1,053,500**
ii)	**Change in Fair Value of Plan Assets:**		
	Fair Value of Plan Assets at the beginning of the year	-	-
	Expected return on Plan Assets	-	-
	Contributions	60,974	53,817
	Benefit paid	(60,974)	(53,817)
	Actuarial gain / (loss)	-	-
	Fair Value of Plan Assets at the end of the period	-	-
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Opening Net Liability	-	-
	Current Service Cost	64,387	41,245
	Interest on Defined benefit obligation	76,726	71,913
	Expected return on Plan Assets	-	
	Net Actuarial (gain) / loss recognised in the period	4,665	8,410
	Expenses Recognised in the Statement of Profit & Loss A/c	**145,778**	**121,568**
	Add: Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.03.2004)	33,385	33,385

	Particulars	2008-09	2007-08
	Net Expenses Recognised in the Statement of Profit & Loss A/c (Expenses: 60,974, Provisions: 118,189)	**179,163**	**154,953**
v)	**Principal Assumptions:**		
	Discounting Rate	7.50%	7.50%
	Rate of increase in compensation level	6.25%	5.25%
	Health care costs escalation rate	6.00%	6.00%
	Attrition Rate	2.00%	2.00%
vi)	**Amounts recognised in Balance Sheet:**		
	Present Value of Obligation as at the end of the period	1,138,304	1,053,500
	Fair Value of Plan Assets at the end of the period	-	-
	Funded Status	(1,138,304)	(1,053,500)
	Unrecognised Actuarial (gains) / losses	-	-
	Liability recognised in Balance Sheet (as per actuarial valuation)	**1,138,304**	**1,053,500**
	Less: Initial actuarial Liability towards existing employees (valued on 31.03.2004) Amortised over 14 years	297,256	297,256
	Add: Amortisation of above initial actuarial liability till 2007-08	200,307	166,923
	Liability recognised in Balance Sheet	**1,041,355**	**923,167**
vii)	**Effect of 1% 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	3,388	3,003
	Effect on defined benefit obligation	28,457	26,325
viii)	**Effect of 1% 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	3,367	2,984
	Effect on defined benefit obligation	(28,401)	(26,281)

Schedules to Financial Statements *(Contd.)*

(Rupees in Thousands)

Long Term Compensated Absence Scheme:

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

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

	Particulars	2008-09	2007-08
i)	**Expenses Recognised in the Statement of Profit & Loss**		
	Net Expenses Recognised in the Statement of Profit & Loss A/c (Expenses: 195,154, Provisions: 249,969)	**445,123**	**251,379%**
ii)	**Principal Assumptions:**		
	Discounting Rate	7.50%	7.50%
	Rate of increase in compensation level	6.25%	5.25%
iii)	**Amounts to be recognised in Balance Sheet:**		
	Liability recognised in Balance Sheet (as per actuarial valuation)	**1,389,872**	**1,139,903%**

Provident Fund Contributions:

During the year the Company has recognised an amount of Rs. 457,020 (Rs. 408,813) towards contribution to Employees Provident Fund and Pension Schemes in the Profit and Loss Account. The guidance on implementing AS 15 (Revised) issued by the Institute of Chartered Accountants of India states that provident funds setup by Employers that guarantee a specified rate of return and which require interest shortfalls to be met by the Employer would be defined benefits plans in accordance with the requirements of paragraph 26 (b) of AS 15 (R) and actuarially valued.

Pursuant to the Guidance Note, the Company has determined on the basis of Actuarial Valuation carried out as at 31st March 2009 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). Comparative figures could not be furnished as no guidance note from Institute of Actuaries was available in previous year.

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

	Particulars	2008-09
i)	**Change in Benefit Obligations:**	
	Present Value of Obligation as at the beginning of the year	7,048,125
	Current Service Cost	1,442,601
	Interest Cost	475,058
	Past Service Cost (Non vested Benefits)	-
	Past Service Cost (vested Benefits)	-
	Actuarial (gain) / Loss	(154,288)
	Benefits paid	(1,428,035)
	Present Value of Obligation as at the end of the period	**7,383,461**
ii)	**Change in Fair Value of Plan Assets:**	
	Fair Value of Plan Assets at the beginning of the year	7,520,316
	Expected return on Plan Assets	660,982
	Contributions	1,495,571
	Benefit paid	(1,428,035)
	Actuarial gain / (loss) on Plan Assets	17,631
	Fair value of Plan Assets at the end of the period	**8,266,465**
iii)	**Expenses Recognised in the Statement of Profit & Loss A/c**	
	Opening Net Liability	-
	Current Service Cost	1,442,601

Schedules to Financial Statements *(Contd.)*

(Rupees in Thousands)

	Particulars	2008-09
	Interest Cost	475,058
	Expected return on Plan Assets	(660,982)
	Net Actuarial (gain) / loss recognised in the period	(171,919)
	Past Service Cost (Non vested Benefits)	-
	Past Service Cost (vested Benefits)	-
	Expenses Recognised in the Statement of Profit & Loss A/c of the Trust	**1,084,758**
iv)	**Amounts recognised in Balance Sheet:**	
	Present Value of Obligation as at the end of the period	7,383,461
	Fair Value of Plan Assets at the end of the period	8,266,465
	Difference	**(883,004)**
	Unrecognised Actuarial (gains) / losses	-
	Liability recognised in Balance Sheet of the Trust	-
v)	**Amount for the Current Period**	
	Present Value of Obligation	7,383,461
	Plan Assets	8,266,465
	Surplus / (Deficit)	883,004
	Experience Adjustments on Plan liabilities - (Loss) / Gain	154,288
	Experience Adjustments on Plan Assets - (Loss) / Gain	17,631
vi)	**Category of Assets as at 31st March 2009**	
	Government of India Securities	18.83%
	State Government Securities	20.40%
	High Quality Corporate Bonds	43.66%
	Equity shares of listed companies	0.00%
	Property	0.00%
	Special Deposit Scheme	16.98%
	Mutual Funds	0.08%
	Cash	0.05%
	Total	100.00%
vii)	**Principal Assumptions:**	
	Discounting Rate	7.50%
	Salary escalation rate	6.25%
	Expected rate of Return on Plan Assets	8.75%

Experience adjustments for funded schemes

The disclosure with respect to clause 120 (N) of AS-15 (R) towards experience adjustments are being made for funded schemes viz., Gratuity. In case of Provident Fund as it is first year of actuarial assessment for shortfall in interest if any, no separate disclosure is given for experience adjustment. As long term compensated absences and BERECHS are not funded, such disclosure is not required.

	Particulars	2008-09	2007-08	2006-07
i)	Present Value of Obligation as at the end of the period	3,512,087	2,402,768	2,172,815
ii)	Fair value of Plan Assets at the end of the period	2,457,901	2,378,592	1,975,282
iii)	Excess of Obligation over Plan Assets – Surplus / (deficit)	(1,054,186)	(24,176)	(197,533)
	Experience Adjustments			
iv)	Experience Adjustments on Plan liabilities - (Loss) / Gain	(47,276)	(152,933)	(2,221)
v)	Experience Adjustments on Plan Assets - (Loss) / Gain	(23,441)	4,775	117

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 Rs. 1,229,459. In case of Provident Fund, there is no actuarial liability assessed for short fall in interest as at year end.

19. 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

Schedules to Financial Statements *(Contd.)*

(Rupees in Thousands)

under Accounting Standard 17 (AS 17) is not disclosed. Such non-disclosure has no financial effect.

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

a) The net carrying amount (WDV) at the balance sheet date in respect of vehicles taken on lease is Rs. 11,306 (Rs. 13,175).

b) Total minimum lease payments as at the balance sheet date is Rs. 14,946 (Rs. 17,245) and the present value is Rs. 12,108 (Rs. 13,781).

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

	Period	Minimum Lease Payments	Present Value
i)	not later than one year	Rs. 4,784 (Rs. 4,712)	Rs. 4,520 (Rs. 4,470)
ii)	later than one year & not later than five years	Rs. 10,162 (Rs. 12,533)	Rs. 7,588 (Rs. 9,311)
iii)	later than five years	NIL	NIL
		Rs. 14,946	Rs. 12,108

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

Deferred Tax Assets	**2008-09**	2007-08
VRS payments	**-**	21,194
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment etc.	**1,881,129**	1,772,821
Technical Know-how Fee	**22,835**	47,908
	1,903,964	1,841,923
Deferred Tax Liability		
Depreciation	**437,773**	417,573
	437,773	417,573
Net Deferred Tax Assets	**1,466,191**	1,424,350

22. Related Party Disclosure:

(a) The Related Parties and their relationship with the Company are as under:

- Subsidiary Company viz., BEL Optronic Devices Ltd., (Equity Holding 92.79%);
- Joint Venture Companies:

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

  BEL Multitone Private Ltd. (Equity Holding 49%)

The transactions with Related Parties are as follows:

Sl. No.	Particulars	Subsidiary	Joint Ventures		Grand Total
		BELOP	GE BE	BEL Multitone	
1	Purchase of Goods	25,587 (82,380)	- (-)	- (-)	25,587 (82,380)
2	Sale of Goods	99 (-)	93,018 (80,582)	- (-)	93,117 (80,582)
3	Rendering Services	- (-)	12 (67)	- (-)	12 (67)
4	Receiving Services	- (-)	- (0)	- (-)	- (-)
5	Rent Receivable	- (-)	- (0)	32 (49)	32 (49)
6	Provision of Corporate Guarantees	- (-)	- (0)	- (-)	- (-)
7	Interest Income on Loans	- (-)	- (0)	- (-)	- (-)
8	Dividend Income on Investments	- (0)	26,000 (-)	- (-)	26,000 (-)
9	Creditors outstanding as on 31.3.2009	- (-)	7 (7)	- (-)	7 (7)
10	Debtors outstanding as on 31.3.2009	102 (-)	27,376 (24,872)	- (-)	27,478 (24,872)
11	Provision for doubtful debtors as on 31.3.2009	- (-)	1841 (1,731)	- (-)	1,841 (1,731)
12	Investment in Equity as on 31.3.2009*	93,608 (93,608)	26,000 (26,000)	3188* (3,188)	122,796 (122,796)

* Against this, a Provision of Rs. 2,990 towards diminution in value of investment in BEL Multitone Private Limited has been made.

Schedules to Financial Statements *(Contd.)*

(Rupees in Thousands)

(b) Management Contracts including deputation of Employees:

Three Officials (1 DGM & 2 Managers) of BEL have been deputed to BELOP (Subsidiary) and his salary etc., is paid by BELOP during the year as per terms and conditions of employment.

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

The total salary including other benefits drawn by the key management personnel during the year 2008-09 is Rs. 17,893 (Rs. 10,319) as detailed below:

Names with Designation	Year	Salary & Allowances incl. Benefits	Contribution to PF & Incremental Gratuity **/ Leave / BERECHS	Leased Accommodation	Others	Total
Shri V V R Sastry	2008-09	1,241	1,348	309	60	**2,958**
CMD	2007-08	889	231	288	58	**1,466**
Shri P R K Hara Gopal	2008-09	1,211	547	303	58	**2,119**
Director [Finance]	2007-08	1,037	341	279	58	**1,714**
Shri M L Shanmukh	2008-09	995	595	303	58	**1,951**
Dir [HR]	2007-08	833	200	237	58	**1,328**
Shri S K Mehta	2008-09	-	-	-	-	-
Dir [R&D] [upto 31.03.08]	2007-08	1,847*	284	-	58	**2,189**
Shri A K Datt	2008-09	1,054	1,400	274	58	**2,786**
Dir [OU]	2007-08	796	139	239	55	**1,229**
Shri H S Bhadoria	2008-09	958	1,355	303	58	**2,674**
Dir [BG CX]	2007-08	771	166	279	55	**1,271**
Shri N K Sharma	2008-09	1,088	1,435	303	54	**2,880**
Dir [Mktg]	2007-08	657	267	177	20	**1,121**
Shri I V Sarma	2008-09	1,237	1,241	-	47	**2,525**
Dir [R&D] from 01.04.2008	2007-08	-	-	-	-	-
Total [Current Year]	2008-09	**7,784**	**7,921**	**1,795**	**393**	**17,893**
Total [Previous Year]	2007-08	**6,830**	**1,628**	**1,499**	**362**	**10,319**

* includes terminal benefits at the time of retirement.

** Provision for Gratuity is considered based on the enhanced limit of Rs. 10 Lakhs in current year.

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

Provision for warranty is made towards meeting the expenditure on account of Performance Guarantee and warranties in accordance with Accounting Policy No. 13. The details of the same are given below:

Opening Balance as on 1.4.2008	Additional Provisions made during the year	Amounts used during the year*	Unused Amounts reversed during the year	Closing Balance as on 31.3.2009
386,406 (289,636)	118,048 (189,126)	52,682 (10,244)	67,993 (82,112)	383,779 (386,406)

* Includes Rs. 4,019 (Rs. 3,237) debited to opening provision.

24. Interest in Joint Venture Companies (JVCs):

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

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

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

Particulars	GE BE Pvt. Ltd. (Audited)		BEL Multitone Pvt. Ltd. (Unaudited)	
Sources of Funds	**31.3.2009**	**31.3.2008**	**31.3.2009**	**31.3.2008**
Share Capital	26,000	26,000	3,188	3,188
Reserves & Surplus	939,995	833,834		
Secured Loans	3,761	4,904		
Unsecured Loans			2,150	2,150
Total	**969,756**	**864,738**	**5,338**	**5,338**
Application of Funds				
Net Fixed Assets	112,536	100,879	-	-
Capital Work in progress	28,103	15,022	-	-
Investments	3	3	-	-
Deferred Tax Assets	18,093	16,156	-	-
Current Assets, Loans & Advances:				
Inventory	110,138	121,528	-	-
Sundry Debtors	69,511	92,757	149	120
Cash & Bank	558	41	3,525	3,098

Schedules to Financial Statements *(Contd.)*

Particulars	GE BE Pvt. Ltd. (Audited)		BEL Multitone Pvt. Ltd. (Unaudited)	
Application of Funds	**31.3.2009**	**31.3.2008**	**31.3.2009**	**31.3.2008**
Loans & Advances	867,927	705,931	133	466
Total Current Assets	**1,048,134**	**920,256**	**3,807**	**3,683**
Current Liabilities & Provisions:				
Current Liabilities	203,937	155,374	1,335	1,316
Provisions	33,177	32,204	0	2
Total Current Liabilities	**237,114**	**187,578**	**1,335**	**1,318**
Net Current Assets	**811,021**	**732,678**	**2,472**	**2,365**
Debit balance in P & L A/c	-	-	2,866	2,973
Total	**969,756**	**864,738**	**5,338**	**5,338**

Particulars	GE BE Pvt. Ltd. (Audited)		BEL Multitone Pvt. Ltd. (Unaudited)	
Income	**31.3.2009**	**31.3.2008**	**31.3.2009**	**31.3.2008**
Turnover	1,373,333	1,132,692	-	-
Excise Duty	-1,015	-413	-	-
Other revenues	65,923	54,384	256	293
Total Income (A)	**1,438,241**	**1,186,663**	**256**	**293**
Expenditure				
Mfg. & other expenses	1,200,020	1,006,296	132	327
Finance cost	777	537	-	-
Depreciation	32,304	37,848	-	-
Provision for taxation	68,651	49,460	18	2
Total Expenditure (B)	**1,301,753**	**1,094,141**	**150**	**329**
Profit (Loss) after tax (A) - (B)	**136,488**	**92,523**	**106**	**(36)**

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

Particulars	GE BE Pvt. Ltd. (Audited)		BEL Multitone Pvt. Ltd. (Unaudited)	
	31.3.2009	**31.3.2008**	**31.3.2009**	**31.3.2008**
Capital Commitments	4,593	5,245	-	-
Other Contingent Liabilities	164,211	81,209	-	-

(Rupees in Thousands)

25. Pursuant to the announcement of the ICAI requiring the disclosure of "Foreign Exchange Exposure", the major currency-wise exposure as on 31.3.2009 is given below:

Currency	Payables		Receivables		Contingent Liability*	
	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent	Foreign Currency	Indian Rupee equivalent
USD	65,447 (78,776)	3,335,348 (3,153,042)	4,766 (6,457)	242,736 (259,701)	43,238 (55,928)	2,203,401 (2,238,729)
Euro	26,948 (28,058)	1,818,669 (1,764,832)	1 (13)	67 (869)	11,862 (9,549)	800,578 (603,305)
GBP	4,926 (2,646)	358,922 (208,798)	6 (-)	437 (-)	1,575 (1,842)	114,765 (144,931)
JYEN	9,799 (16,035)	5,093 (6,432)	- (-)	- (-)	17,221 (14,276)	8,934 (5,723)
SGD	134 (470)	4,547 (13,698)	- (-)	- (-)	- (-)	- (-)
CHF	4,782 (861)	215,775 (34,689)	- (-)	- (-)	223 (250)	10,085 (10,134)
Canadian Dollars	- (-)	- (-)	- (1)	- (35)	5 (-)	184 (-)
Others	- (-)	18,709 (26,130)	- (-)	- (-)	- (-)	115,622 (7,965)
Total (Rs.)	- (-)	**5,757,063** **(5,207,621)**	- (-)	**243,240** **(260,605)**	- (-)	**3,253,569** **(3,010,787)**
Amount covered by Exchange Rate variation clause from Customers out of the above		**3,599,280** **(2,804,428)**	- (-)	- (-)	- (-)	**1,435,072** **(5,158)**

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

The Company does not have any derivative instruments.

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

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th June 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

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

SCHEDULE - 22

Balance Sheet Abstract and Company's General Business Profile

I Registration Details

Registration No	787	State Code	08
Balance Sheet Date	31 (Date)	03 (Month)	2009 (Year)

II Capital raised during the year (Amount in Rs. Thousands)

Public Issue	Rights Issue
NIL	NIL
Bonus Issue	Private Placement
NIL	NIL

III Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

Total Liabilities	Total Assets
38083354	38083354

Sources of Funds

Paid-up Capital	Reserves & Surplus
800000	37036815
Secured Loans	Unsecured Loans
12108	NIL

Application of Funds

Net Fixed Assets	Investments
4674573	119811
Net Current Assets	Misc. Expenditure
31355563	NIL
Accumulated Losses	
NIL	

IV Performance of Company (Amount in Rs. Thousands)

Turnover	Total Expenditure
46240909	44064073
Profit Before Tax	Profit After Tax
10968359	7457597
Earning Per Share in Rs.	Dividend %
93	187

V Generic names of three Principal Products/Services of Company (as per monetary terms)

Item Code No. (ITC Code)	85261000
Product Description	RADAR
Item Code No. (ITC Code)	85252000
Product Description	COMMUNICATION TRANSMITTERS CUM RECEIVERS
Item Code No. (ITC Code)	90058090
Product Description	ELECTRO OPTIC PRODUCTS

Schedules 1 to 22 form part of the Accounts

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th June 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

Cash Flow Statement for the year ended 31st March 2009

(Rs. in Thousands)

Particulars	2008-09	2007-08
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax as per Profit & Loss Account	**10,968,359**	11,712,978
Adjustments for:		
Depreciation (incl. prior period items)	**1,055,928**	926,627
Provision for Diminution in Value of Investment in JVC	**-**	2,990
Provision for Employee Benefits (Leave Encashment & BERECHS)	**368,158**	-18,558
Provision for Contingencies towards Long-term Contract	**14,812**	64,570
Provision for Performance Guarantee	**-2,627**	96,770
Interest Income	**-1,607,175**	-1,697,067
Dividend Income	**-26,000**	-
Interest Expense	**107,685**	2,450
Profit on Sale of Fixed Assets	**-10,569**	-36,013
Transfer from Government Grants	**-32,029**	-50,396
Deferred Revenue Expenditure (Net)	**-**	9,593
Operating Profit Before Working Capital Changes	**10,836,542**	11,013,944
Adjustments for:		
Trade and Other Receivables	**-2,232,170**	-6,152,843
Inventories	**-10,663,384**	-1,052,177
Trade Payables & Advances	**9,686,285**	4,625,200
Cash Generated from Operations	**7,627,273**	8,434,124
Receipt of Grants	**64,575**	53,911
Direct Taxes Paid (Net)	**-3,698,701**	-3,400,288
Cash Flow Before Extraordinary Items	**3,993,147**	5,087,747
Extraordinary Items	**-**	-
Net Cash from Operating Activities	**3,993,147**	5,087,747
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	**-1,707,835**	-1,227,836
Sale of Fixed Assets	**12,654**	38,671
Bank Deposits	**373,125**	-3,067,738
Interest Received	**1,607,175**	1,697,067
Dividend Received	**26,000**	-
Net Cash from/(used in) Investing Activities	**311,119**	-2,559,836
C. CASH FLOW FROM FINANCING ACTIVITIES :		
Increase / Decrease in Long-term Loan Borrowings	**-1,673**	-3,381
Dividends Paid (including Dividend Tax)	**-1,937,263**	-1,872,137
Increase / Decrease in Unpaid Matured Deposits	**-7**	-25
Interest Expense	**-107,685**	-2,450
Net Cash used in Financing Activities	**-2,046,628**	-1,877,993
Net Increase / Decrease in Cash and Cash Equivalents (A+B+C)	**2,257,638**	649,918
Cash and Cash Equivalents at the beginning of the Year	**10,367,926**	9,718,008
Cash and Cash Equivalents at the end of the Year	**12,625,564**	10,367,926

Notes:

1. The above statement has been prepared under indirect method as per the Accounting Standard on Cash Flow Statement (AS - 3).
2. 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.
3. "Cash and Cash Equivalents" consists of Cash on hand, Balances with Banks, and Deposits having a maturity period of three months or less from the date of deposit. Cash and Bank Balance shown in Schedule No. 10 is inclusive of Rs. 13,793,888 (Rs. 14,167,013) being the deposits having an original maturity period of more than three months.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th June 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

Consolidated Financial Statements

Auditors' Report

To

The Board of Directors
Bharat Electronics Limited
Regd. Office
Nagavara
Bangalore-560 045

We have audited the attached Consolidated Balance Sheet of Bharat Electronics Limited Group as at 31st March 2009 and the Consolidated Profit and Loss Account and also the Consolidated Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

We did not audit the financial statements of the Subsidiary BEL Optronic Devices Limited whose financial statements reflect total assets of Rs. 31.39 Crores as at 31st March 2009, total revenues Rs. 32.65 crores and cash in flows amounting to Rs 7.69 Crores for the year then ended, whose financial statements were audited by other auditors. The financial statements of Joint venture GE BE Private Limited is audited by other auditor and other information of the joint venture BEL Multitone Private Limited have been certified by its Management, whose certificate has been furnished to us, and our opinion, in so far as it relates to amounts included in respect of the joint venture, is based solely on these certificate, which was unaudited.

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

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

(i) In the case of the consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2009;
(ii) In the case of the consolidated Profit and Loss Account, of the profit for the year ended on that date; and
(iii) In the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th July 2009

Significant Accounting Policies on the Consolidated Financial Statements (CFS) for the year 2008-09

1. BASIS OF ACCOUNTING

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

2. USE OF ESTIMATES

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

3. REVENUE RECOGNITION

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

a. In the case of FOR contracts, when the goods are handed over to the carrier for transmission to the buyer after prior inspection and acceptance, if stipulated, and in the case of FOR destination contracts, if there is a reasonable expectation of the goods reaching destination within the accounting period. Revenue is recognised even if goods are retained with the Company at the request of the customer.

b. In the case of ex-works contracts, when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

c. In the case of contracts for supply of complex equipments/systems where the normal cycle time of completion/delivery period is more than 24 months and the value of the equipment/system is more than Rs. 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

(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 31.3.2007.

(ii) Intangible Assets:

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

(iii) Impairment of Assets:

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

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 / up to the date on which the assets are ready to be put to use / are deleted or discarded. Leasehold land is amortised over the period of lease.

6. BORROWING COSTS

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

7. RESEARCH & DEVELOPMENT EXPENDITURE

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

8. GOVERNMENT GRANTS

All Grants from Government are initially recognised as Deferred Income.

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

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

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

9. INVESTMENTS

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 Falue.

10. INVENTORY VALUATION

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

11. SUNDRY DEBTORS

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

a. Time barred debts from the Government / Government departments / Government companies are generally not treated as doubtful debts.

b. Where debts are disputed in legal proceedings, provision is made if any decision is given against the Company even if the same is taken up on appeal to higher authorities / courts.

(ii) Provision for bad and doubtful debts is generally made for debts outstanding for more than three years, excepting those which are contractually not due as per the terms of the contract or those which are considered realisable based on a case to case review.

12. INCOME TAX

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

Certain items of income and expenditure are not considered in tax returns and financial statements in the same period. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset / liability. The effect on deferred tax assets and liabilities due to change in such assets / liabilities as at the end of the accounting period as compared to the beginning of the period and due to a change in tax rates are recognised in the income statement of 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 31.3.2007 relating to acquisition of Fixed Assets from a place outside India, is recognised in the Profit and Loss Account. Exchange differences relating to the acquisition of Fixed Assets were adjusted in the carrying cost of the Fixed Assets till 31.3.2007.

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

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

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

15. EMPLOYEE BENEFITS

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

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

(ii) Defined contributions to Employee Provident Fund and Pension Scheme are made on a monthly accrual basis at the applicable rates.

(iii) Incremental liability for payment of gratuity 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.

(iv) Incremental liability under BEL Retired Employees Contributory Health Scheme (BERECHS) is determined annually on actuarial basis using Projected Unit Credit Method and provided for.

(v) Actuarial liability for the year is determined with reference to employees at the end of January of each year.

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

16. PRIOR PERIOD ADJUSTMENTS AND EXTRAORDINARY ITEMS

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

17. TECHNICAL KNOW-HOW

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

18. PROVISIONS AND CONTINGENT LIABILITIES

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

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

19. CASH FLOW STATEMENT

Cash Flow Statement has been prepared in accordance with the indirect method prescribed in Accounting Standard – 3 on Cash Flow Statements.

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 **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th July 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

Consolidated Balance Sheet as at 31st March 2009

(Rs. in Thousands)

	Schedule		As at 31.3.2009		As at 31.3.2008
SOURCES OF FUNDS					
Shareholders Funds					
Share Capital	1	800,000		800,000	
Reserves & Surplus	2	38,185,938		32,407,805	
			38,985,938		33,207,805
MINORITY INTEREST	2A		20,441		23,189
Government Grants	3		239,797		208,541
Loan Funds					
Secured Loans	4	16,269		18,685	
Unsecured Loans	5	2,151		2,151	
			18,420		20,836
			39,264,596		33,460,371
APPLICATION OF FUNDS					
Fixed Assets					
Gross Block		16,709,622		15,173,404	
Less: Depreciation / Amortisation		11,823,856		10,803,084	
Net Block	6	4,885,766		4,370,320	
Less: Unrealised Profit		12		12	
Net Block after Unrealised Profit		4,885,754		4,370,308	
Capital Work-in-progress	7	498,938		373,874	
			5,384,692		4,744,182
Investments	8		7		7
Deferred Tax Assets					
(Refer Note No. 17 of Schedule 22)			1,480,322		1,424,932
Current Assets, Loans & Advances					
Inventories	9	24,394,529		13,688,168	
Sundry Debtors	10	22,960,160		20,786,907	
Cash & Bank Balances	11	26,577,365		24,615,518	
Loans & Advances	12	5,939,749		5,635,270	
		79,871,803		64,725,863	
Less: Current Liabilities and Provisions					
Current Liabilities	13	42,990,791		33,126,852	
Provisions	14	4,481,437		4,307,761	
		47,472,228		37,434,613	
Net Current Assets			32,399,575		27,291,250
Miscellaneous Expenditure					
(To the extent not written off or adjusted)					
Technical Know-how fee			-		-
			39,264,596		33,460,371
Notes to CFS	22				

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

As per our report of even date attached.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th July 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

Consolidated Profit and Loss Account for the year ended 31st March 2009

(Rs. in Thousands)

	Schedule	Year ended 31.3.2009	Year ended 31.3.2008
INCOME			
Sales less returns		**46,636,326**	39,561,047
Revenue from Long Term Contracts		**190,850**	1,207,288
Income from services		**1,051,767**	1,737,146
Turnover (Gross)		**47,878,943**	42,505,481
Less: Excise Duty		**409,680**	438,121
Turnover (Net)		**47,469,263**	42,067,360
Other revenues	15	**2,303,921**	2,549,226
Accretion/(Decretion) to Work-in-Progress, Finished Goods and Scrap	16	**6,504,718**	22,963
Profit on Sale of Fixed Assets (Net)		**10,834**	36,135
Transfer from Grants		**33,319**	51,975
		56,322,055	44,727,659
EXPENDITURE			
Consumption of Raw Materials and Components		**24,942,094**	16,959,656
Consumption of Stores & Spares		**392,852**	445,146
Purchase of Finished Goods		**6,290,298**	4,334,001
Employees Remuneration and Benefits	17	**7,632,127**	6,658,671
Other Expenses of Manufacturing, Administration, Selling and Distribution	18	**3,955,784**	3,660,367
Interest	19	**108,276**	3,013
Depreciation/Amortisation on Fixed Assets		**1,128,483**	1,007,223
		44,449,914	33,068,077
Less: Expenditure allocated to Capital Jobs		**831**	996
		44,449,083	33,067,081
Profit before Prior Period and extraordinary items		**11,872,972**	11,660,578
Less: Exceptional Items - Expense (Income)	20	**784,747**	(212,329)
		11,088,225	11,872,907
Less: Extra ordinary item	21	**-**	-
Profit for the Year		**11,088,225**	11,872,907
Add: Prior Period Items (Net)	22	**9,712**	3,966
Profit Before Tax (PBT)		**11,097,937**	11,876,873
Less: Provision for Taxation			
- Current Year		**3,542,791**	3,649,807
- Earlier Years		**41,903**	(222,521)
- Deferred Taxes		**(55,389)**	36,960
- Fringe Benefit Tax		**38,664**	39,168
- Total Provision for Taxation		**3,567,969**	3,503,414
Profit After Tax Before Minority Interest		**7,529,968**	8,373,459
Minority Interest		**(2,737)**	808
Profit After Tax After Minority Interest		**7,532,705**	8,372,651
Less: Transfer to Capital Reserve (Capital Profit included above)		**873**	20,635
Add: Balance Brought Forward from previous year		**16,702,234**	14,299,913
		24,234,066	22,651,929
Add: Transitional adjustment for Compensated Absences Liability by Subsidiary (Net of minority interest of Rs. 110) & Joint Venture Companies		**-**	1,521
Profit available for appropriation		**24,234,066**	22,653,450
Appropriations:			
Dividends:			
Interim Dividend		**480,000**	480,000
Proposed Final Dividend		**1,016,000**	1,176,000
Dividend Tax		**258,664**	285,856
Transfer to General Reserve		**4,013,650**	4,009,360
Balance carried to Balance Sheet		**18,465,752**	16,702,234
		24,234,066	22,653,450
Notes to CFS	22		
Earnings per Share (Equity Shares of Rupees Ten each) in Rupees:			
Basic & Diluted:			
Before Extraordinary Item Rs.		**94.16**	104.66
After Extraordinary Item Rs.		**94.16**	104.66
Face Value of Share		**10**	10
Number of Shares used in computing earnings per share:			
Basic & Diluted		**80,000,000**	**80,000,000**

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

As per our report of even date attached.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th July 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

Schedules to Consolidated Financial Statements

(Rs. in Thousands)

Particulars		As at 31.3.2009		As at 31.3.2008
SCHEDULE - 1				
Share Capital				
Authorised Capital				
100,000,000 (100,000,000) Equity Shares of Rs. 10 each		**1,000,000**		1,000,000
Issued, Subscribed & Paid-up Capital				
80,000,000 (80,000,000) Equity Shares of Rs. 10 each		**800,000**		800,000
SCHEDULE - 2				
Reserves & Surplus				
Capital Reserve				
a) Land Valuation Reserve	**20,064**		20,064	
b) Capital Profit:				
At the beginning of the year	**74,876**		54,241	
Add: Transfer from Profit & Loss Account	**873**		20,635	
	75,749		74,876	
c) Capital Reserve on Consolidation of Subsidiary	**20,682**		20,682	
d) ESOP [JVC - GE BE Pvt. Ltd.]	**92**		-	
e) On acquisition of MC Unit	**85**		85	
f) General Investment Subsidy for Kotdwara Unit	**5,000**		5,000	
		121,672		120,707
General Reserve				
At the beginning of the year	**15,340,606**		11,254,868	
Add: Adjustment for decrease in opening provision for Compensated Absences	**-**		76,378	
Add: Transfer from Profit & Loss Account	**4,013,650**		4,009,360	
		19,354,256		15,340,606
Surplus				
Balance carried from P & L Account	**18,465,752**		16,702,234	
P & L Surplus/Adjst. on Consolidation of JVCs	**244,270**		244,270	
	18,710,022		16,946,504	
Less: Unrealised Profit on Stock	**12**		12	
		18,710,010		16,946,492
		38,185,938		32,407,805
SCHEDULE - 2A				
Minority Interest				
At the beginning of the year		**23,189**		22,261
Add: Transfer from Profit & Loss Account		**(2,737)**		808
		20,452		23,069
Add: Consolidation Adjustments		**(11)**		120
		20,441		23,189
SCHEDULE - 3				
Government Grants				
Grant from Government for Research at the beginning of the year		**208,541**		206,605
Add: Additions during the year		**64,575**		53,911
Less: Transfer to Profit & Loss Account		**33,319**		51,975
		239,797		208,541
SCHEDULE - 4				
Secured Loans				
Cash Credit from Banks secured by hypothecation of Inventories and Book debts		**-**		-
Liability on Leased Assets (Secured by vehicles on lease)		**16,269**		18,685
		16,269		18,685
SCHEDULE - 5				
Unsecured Loans				
Others		**2,151**		2,151
		2,151		2,151

Schedules to Consolidated Financial Statements *(Contd.)*

SCHEDULE - 6

Fixed Assets

(Rs. in Thousands)

Particulars	Gross Block (At Cost)				Depreciation/Amortisation				Net Block	
	Cost as at 1.4.2008	Additions/ adjustments during the year	Deductions/ adjustments during the year	**Total cost as at 31.3.2009**	Accumulated Depreciation/ Amortisation upto 31.3.2008	Depreciation/ Amortisation for the year	Deductions/ adjustments during the year	**As at 31.3.2009**	**As at 31.3.2009**	As at 31.3.2008
Tangible Assets										
Free Hold Land *	118,460	-	-	**118,460**	-	-	-	**-**	**118,460**	118,460
Lease Hold Land	32,202	40,953	-	**73,155**	5,459	837	-	**6,296**	**66,859**	26,743
Roads and Culverts	52,934	506	-	**53,440**	38,717	1,743	-	**40,460**	**12,980**	14,217
Buildings	1,598,070	50,067	1,291	**1,646,846**	811,329	42,371	-	**853,700**	**793,146**	786,741
Installations++	517,970	67,050	6,172	**578,848**	382,479	29,419	6,172	**405,726**	**173,122**	135,491
Plant & Machinery++	6,227,868	689,568	58,003	**6,859,433**	4,719,653	456,786	58,002	**5,118,437**	**1,740,996**	1,508,215
Electronic Equipment++	3,535,305	440,320	18,825	**3,956,800**	2,600,353	281,945	18,825	**2,863,473**	**1,093,327**	934,952
Equipment for R & D Laboratory	1,447,078	154,086	12,307	**1,588,857**	1,076,745	130,614	12,307	**1,195,052**	**393,805**	370,333
Vehicles	81,736	14,891	2,104	**94,523**	68,065	6,732	2,008	**72,789**	**21,734**	13,671
Office Equipment ++	896,576	86,016	6,072	**976,520**	676,339	83,001	6,046	**753,294**	**223,226**	220,237
Furniture, Fixtures and other Equipment ++	413,774	57,583	546	**470,811**	276,731	32,543	546	**308,728**	**162,083**	137,043
Assets acquired for Sponsored Research **	133,491	-	-	**133,491**	102,627	17,102	-	**119,729**	**13,762**	30,864
Leased Assets - Vehicles	27,079	4,244	4,847	**26,476**	9,543	6,144	3,758	**11,929**	**14,547**	17,536
Intangible Assets:										
ERP - Software / Licenses / Implementation Charges	90,861	41,101	-	**131,962**	35,044	39,199	-	**74,243**	**57,719**	55,817
Total ***	15,173,404	1,646,385	110,167	**16,709,622**	10,803,084	1,128,436	107,664	**11,823,856**	**4,885,766**	4,370,320
Previous Year	14,081,511	1,242,377	150,484	**15,173,404**	9,942,810	1,007,453	147,179	**10,803,084**	**4,370,320**	4,138,701

* *Land includes 12,268 (12,268) Sq. meters leased to commercial/religious organisations and in their possession.*

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

++ *Additions during the year include Rs. 29,221 (Rs. 61,955) in respect of the assets of Central Research Laboratories of BEL.*

*** *Gross Block and Accumulated Depreciation include Rs. 262,309 (Rs. 132,420) pertaining to assets not in active use, disposal of which is pending.*

Schedules to Consolidated Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars		As at 31.3.2009		As at 31.3.2008
SCHEDULE - 7				
Capital Work In Progress at Cost				
Civil Construction		**51,365**		66,996
Plant, Machinery etc.		**304,224**		192,816
Capital Goods in Transit & under Inspection	**44,620**		86,409	
Less: Provision	**36,803**		36,803	
		7,817		49,606
Advances on account of Capital items	**124,809**		53,982	
Less: Provision	**36**		767	
		124,773		53,215
Intangible Assets - Enterprise Resource Planning (ERP) - under implementation				
Opening Balance	**11,241**		5,404	
Add: Amount incurred during the year	**40,619**		44,265	
	51,860		49,669	
Less: Amount Capitalised during the year	**41,101**		38,428	
		10,759		11,241
		498,938		373,874
SCHEDULE - 8				
Investments at Cost - Long Term				
Non-trade				
Unquoted				
Investment in Shares / Bonds:				
40 Shares of Rs. 50 each fully paid in Cuffe Parade Persopolis Premises Co-op. Society, Mumbai		**2**		2
10 Shares of Rs. 50 each fully paid in Sukh Sagar Premises Co-op. Society, Mumbai				
10 Shares of Rs. 50 each fully paid in Shri Sapta Ratna Co-op. Society Ltd., Mumbai		**1**		1
5 Shares of Rs. 50 each fully paid in Dalamal Park Co-op. Society Ltd., Mumbai				
30 Shares of Rs. 50 each fully paid in Chandralok Co-op. Housing Society Ltd., Pune		**2**		2
Note: These are in respect of apartments owned by BEL, cost of which is included under Fixed Assets				
Government Securities		2		2
Investments - Current				
Non-trade				
Unquoted				
Commercial Paper		-		-
		7		7
Aggregate Value of Unquoted Shares		7		7
SCHEDULE - 9				
Inventories				
Stores and Spares		**260,008**		251,899
Raw Materials & Components		**12,978,826**		8,327,946
Materials in Transit and under Inspection	**1,033,558**		1,334,970	
Less: Provision	**11,418**		16,399	
		1,022,140		1,318,571
Finished Goods		**1,857,449**		644,961
Work-in-Progress		**9,152,632**		3,859,144
Disposable Scrap		**6,900**		7,902
		25,277,955		14,410,423
Less: Provision for obsolescence		**883,159**		721,579
Unrealised Profit on Stock		**267**		676
		24,394,529		13,688,168

Schedules to Consolidated Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars		As at 31.3.2009		As at 31.3.2008
SCHEDULE - 10				
Sundry Debtors				
Debts - Considered Good:				
Debts over six months	8,547,345		7,730,451	
Other debts	14,412,815		13,056,456	
		22,960,160		20,786,907
Considered Doubtful:				
Debts over six months	3,165,076		2,911,447	
Other debts	318,607		323,135	
		3,483,683		3,234,582
		26,443,843		24,021,489
Less: Provision for doubtful debts		3,483,683		3,234,582
		22,960,160		20,786,907
Particulars of Sundry Debtors:				
Considered good in respect of which the Company is fully secured		6,737		7,548
Considered good for which the Company holds no security other than the debtors personal security		22,953,423		20,779,359
		22,960,160		20,786,907
SCHEDULE - 11				
Cash and Bank Balances				
Cash and Cheques on hand		2,192,668		1,632,065
With Scheduled Banks:				
Current Accounts		3,351,248		6,237,982
Deposit Accounts (incl. Accrued Interest) *		21,022,627		16,734,866
Margin Money Account		8,928		8,885
Unpaid Dividend Account		1,894		1,720
		26,577,365		24,615,518
* Term deposits of Rs. 8,928 (Rs. 8,885) have been pledged with bank				
SCHEDULE - 12				
Loans and Advances				
Loans to Employees		196,292		188,727
Loans to Others		21,939		21,954
Advances Recoverable in cash or in kind or for value to be received:				
Advances to Employees *	122,695		109,446	
Advances for Purchase	3,214,674		3,583,323	
Claims Receivable - Purchases	315,796		269,910	
Advances to others	484,612		362,452	
		4,137,777		4,325,131
Advance payment of Income Tax (including FBT) [Net of Provisions for Tax - Rs. 10,928,049 (Rs. 6,539,419)]		455,225		318,030
Balances with Customs, Port Trust and other Government Authorities		230,674		107,235
Deposits		1,048,087		794,468
		6,089,994		5,755,545
Less: Provision for Doubtful Loans, Advances and Claims		150,245		120,275
		5,939,749		5,635,270

Schedules to Consolidated Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars		As at 31.3.2009		As at 31.3.2008
SCHEDULE - 12 *(Contd.)*				
Particulars of Loans and Advances:				
Considered Good in respect of which the Company is fully secured		-		-
Considered good for which the Company holds no security other than debtors personal security		5,939,749		5,635,270
Considered doubtful and provided for		150,245		120,275
		6,089,994		5,755,545
* Includes due by Directors & Secretary Rs. 129 (Rs. 87) [Maximum amount due at any time during the year Rs. 219 (Rs. 120)].				
SCHEDULE - 13				
Current Liabilities				
Sundry Creditors:				
Dues to Micro and Small Enterprises	19,438		41,130	
Creditors - Others	9,801,861		9,779,410	
		9,821,299		9,820,540
Other Liabilities		1,745,924		1,633,623
Advances / Progress Payments received from Customers		30,185,237		21,641,298
Investor Education & Protection Fund to be credited when due:				
- Unpaid Dividend Account *		1,894		1,720
- Unpaid Matured Deposits *		3,855		3,862
Gratuity		1,232,582		25,809
		42,990,791		33,126,852
* There is no amount due & outstanding as at Balance Sheet date to be transferred to the Investor Education & Protection Fund.				
SCHEDULE - 14				
Provisions				
Taxation (Including FBT) [Net of Advance Tax Rs. 10,773,987 (Rs. 3,645,894)]		71,418		90,768
Proposed Final Dividend		1,016,000		1,176,000
Dividend Tax		177,088		204,280
Employee Benefits (Long-term compensated absences & BERECHS)		2,435,195		2,066,834
Contingencies towards Long-term Contracts		395,727		380,915
Performance Guarantee		386,009		388,964
		4,481,437		4,307,761

Schedules to Consolidated Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars	Year ended 31.3.2009		Year ended 31.3.2008	
SCHEDULE - 15				
Other Revenues				
Sale of Scrap & Surplus Stores		**59,284**		52,971
Export Benefits		**16,981**		4,773
Interest Income - Gross [TDS 379,711 (396,978)]		**1,681,451**		1,755,656
Interest Income from Staff / Income Tax refund/others		**18,534**		130,465
Transport Receipts		**6,586**		6,192
Rent Receipts		**12,243**		11,476
Canteen Receipts		**14,179**		14,493
Water Charges		**3,255**		3,259
Provision withdrawn - Others		**358,632**		421,621
Miscellaneous		**132,776**		148,320
		2,303,921		2,549,226
SCHEDULE - 16				
Accretion / (Decretion) to Work-in-progress Finished Goods and Scrap				
Work-in-Progress:				
Closing Balance	**9,152,632**		3,859,144	
Opening Balance	**3,859,144**		3,843,789	
		5,293,488		15,355
Finished Goods:				
Closing Stock	**1,857,449**		644,961	
Opening Stock	**644,961**		633,313	
		1,212,488		11,648
Scrap:				
Closing Stock	**6,900**		7,902	
Opening Stock	**7,902**		11,312	
		(1,002)		(3,410)
		6,504,974		23,593
Less: Unrealised Profit on Stock		**256**		630
		6,504,718		22,963
SCHEDULE - 17				
Employees Remuneration and Benefits				
Salaries, Wages and Bonus / Ex-gratia		**5,676,473**		5,158,921
Gratuity		**506,833**		176,268
Contribution to Provident and Pension Funds		**455,501**		406,985
Provision for BEL Retired Employees Contributory Health Scheme		**118,189**		101,136
Welfare Expenses [including Salaries 99,953 (67,317) PF Contribution 6,397 (5,957)]		**875,131**		815,361
		7,632,127		6,658,671

Schedules to Consolidated Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars		Year ended 31.3.2009		Year ended 31.3.2008
SCHEDULE - 18				
Other Expenses of Manufacturing, Administration, Selling & Distribution				
Power and Fuel [after adjusting Rs. 55,907 (Rs. 11,282) income from wind energy]		283,774		320,490
Water charges		29,496		29,906
Royalty & Technical Assistance		25,564		117,854
Rent		44,229		43,165
Rates & Taxes		31,045		26,993
Insurance		44,189		59,111
Auditors' Remuneration:				
Audit	1,157		696	
Tax Audit	203		160	
Certification	199		178	
Expenses	600		496	
		2,159		1,530
Repairs & Maintenance:				
Buildings	192,261		195,685	
Plant & Machinery	71,490		90,834	
Others	377,736		244,007	
		641,487		530,526
Bank Charges		48,135		36,161
Printing and Stationery		39,129		37,342
Discounts, Allowances & Rebate		234		832
Advertisement & Publicity		82,759		84,602
Travelling Expenses		391,367		392,277
Excise Duty - Others		2,501		7,677
Packing & Forwarding		83,077		89,877
Bad Debts & Advances written off	274,177		99,039	
Less: Charged to Provisions	274,134		98,873	
		43		166
Provision for Obsolete/Redundant Materials		217,999		75,420
Provisions for Doubtful Debts, Liquidated damages, Customers' Claims and Disallowances		727,650		772,048
Provision for Doubtful Advances, Claims		23,796		6,510
Provision for Warranties		1,371		100,364
Write off of Raw Materials, Stores & Components due to obsolescence and redundancy	2,189			
Write-back of Material written off earlier	(2,977)		25,888	
Less: Charged to Provisions	-		24,348	
		(788)		1,540
Sponsorship / Contribution for Professional & Social Activities		17,735		51,000
Provision for Contingencies towards Long-term Contracts		14,812		64,570
Others:				
Expenditure on Service Orders / Other Misc. Direct Expenses		263,456		404,185
Foreign Exchange Rate Differential		445,281		46,392
After Sales Service		67,980		11,459
Telephones		62,774		63,988
Expenditure on Seminars & Courses		53,051		43,265
Other Selling Expenses		54,509		11,968
Miscellaneous		256,970		229,149
		3,955,784		3,660,367

Schedules to Consolidated Financial Statements *(Contd.)*

(Rs. in Thousands)

Particulars	Year ended 31.3.2009	Year ended 31.3.2008
SCHEDULE - 19		
Interest		
On Cash Credit from Bankers	**16**	28
On Term Loans	**43**	171
On Fixed Deposits	**-**	272
On Lease Financing	**2,112**	1,798
On Dues to Micro & Small Enterprises	**210**	157
On Others	**105,895**	587
	108,276	3,013
SCHEDULE - 20		
Exceptional Items		
Gratuity past liability on account of enhancement in limit from Rs. 3.50 Lakhs to Rs. 10 Lakhs w.e.f. 1.1.2007 till 31.3.2008	**784,747**	-
Provision withdrawn - Compensated Absences (Income)	**-**	(212,329)
	784,747	(212,329)
SCHEDULE - 21		
Prior Period Items		
Prior Period Income:		
Sales	**(1,733)**	(3,607)
Others	**11,895**	14,450
Total Prior Period Income (A)	**10,162**	10,843
Prior Period Expenditure:		
Material consumption	**122**	-
Depreciation	**(48)**	230
Others	**376**	6,647
Total Prior Period Expenditure (B)	**450**	6,877
Total Prior Period Items - Net Income [(A) - (B)]	**9,712**	3,966

Schedules to Consolidated Financial Statements *(Contd.)*

(Rupees in Thousands)

SCHEDULE - 22

Notes to Consolidated Financial Statements for the year ended 31.3.2009

1.0 **Consolidation Procedure:**

1.1 The Consolidated Financial Statements ("CFS") have been prepared on the basis of audited financial statements of the Parent Company viz., Bharat Electronics Limited (BEL) and its subsidiary viz., BEL Optronic 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 un-audited financial statements of BEL Multitone Private Limited, Bangalore (JVC - 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 up to the same reporting date as that of the Parent Company.

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

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

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

3.0 **Impact of Changes in Accounting Policies:**

3.1 The Parent Company has made certain minor modifications / changes to accounting policies during the year 2008-09 which do not have any material impact on the profit of 2008-09 nor they expected to have a material effect in later years.

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

- Cost of inventories is generally assigned by using the weighted average cost formula, except in case of JVCs, which are following FIFO method for RMC and bought out items for resale.
- Depreciation on Fixed Assets is calculated generally on the straight line method except in case of a Joint Venture Company viz., M/s. BEL Multitone Private Limited which is following WDV method consistently.

4. Estimated amount of contracts remaining to be executed on Capital Account and not provided for amounts to Rs. 666,821 (Rs. 726,775).

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

6. i) In pursuance of the Companies (Amendment) Act, 1988 and Schedule XIV thereof increased rates of depreciation on straight line method in accordance with the Schedule XIV have been adopted wherever required, only on additions after 1.4.1987.

ii) Wherever the old rates of depreciation applied prior to 1.4.1987 are higher than the rates specified in Schedule XIV of the Companies Act 1956 they have been continued. However, additions forming part of existing machines are depreciated on the same basis as the original machines.

iii) Depreciation for multiple shifts is charged on block of assets for the full year.

iv) The rates of depreciation adopted other than those under Schedule XIV are as under:

a) Buildings 2.5% / 5%

Schedules to Consolidated Financial Statements *(Contd.)*

(Rupees in Thousands)

b)	Plant and Machinery	10% / 11.31% / 15% / 16.21% / 20% / 25%
c)	Vehicles	20% / 25%
d)	Furniture, Fixture and Other Equipment	10% / 15% / 20% / 25%
e)	Computers [in JVC - GE BE (P) Ltd.]	50%
f)	Assets under Build, Own, Operate and Transfer (BOOT) Contract	Depreciated over the period of contract
g)	Intangible Assets	Amortised over three years

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

8. The Exchange Rate variations arising on transactions in foreign currency (including relating to Fixed Assets, in previous excluding those relating to Fixed Assets) between the date of recording of such transactions and the settlement / the Balance Sheet date resulting in a net exchange loss of Rs. 445,281 (Rs. 46,392) during the year have been included in the Profit and Loss Account in Schedule No. 18 - "Other Expenses of Manufacturing, Administration, Selling & Distribution".

9. Raw Materials and Components of Parent Company includes Rs. 186,989 (Rs. 162,550) being materials with subcontractors. Out of which Rs. 16,075 (Rs. 37,029) of material is subject to confirmation and reconciliation. The impact, if any, on consequent adjustment is considered not material.

10. The information regarding amounts due to Micro and Small Enterprises as required under Micro, Small & Medium Enterprises Development (MSMED) Act, 2006 as on 31st March 2009 is furnished below:

    i) The principal amount and the interest due thereon remaining unpaid to any supplier as at 31st March 2009:

Principal Amount	Rs. 19,212	(Rs. 40,973)
Interest	Rs. 137	(Rs. 157)

    ii) The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year ending 31st March 2009:

Principal Amount	Rs. 9,397	(Nil)
Interest	Rs. 33	(Nil)

    iii) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Act: Rs. 159 (Nil)

    iv) The amount of interest accrued and remaining unpaid at the end of the year ending 31st March 2009: Rs. 226 (Rs. 157)

    v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act: Rs. 210 (Rs. 157)

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

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

    a) Contract revenue recognised during the year Rs. 190,850 (Rs. 1,207,288).

    b) Percentage of completion method is used to determine the contract revenue recognised in the period. Ratio of the actual cost incurred on the contracts upto 31.3.2009 to the estimated total cost of the contracts, is used to determine the stage of completion.

Schedules to Consolidated Financial Statements *(Contd.)*

(Rupees in Thousands)

c) Aggregate amount of cost incurred: Rs. 7,061,340 (Rs. 6,944,552)

d) Recognised profit upto 31.3.2009 (net of provision for contingency): Rs. 1,582,910 (Rs. 1,523,660)

e) Amount of advances received and outstanding at 31.3.2009: Rs. 4,888 (Rs. 152,009)

f) The amount of retention: Rs. 811,126 (Rs. 728,805)

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

Gratuity:

	Particulars	Consolidated	
		2008-09	2007-08
i)	**Change in Benefit Obligations :**		
	Present Value of Obligation (PVO) as at the beginning of the year	2,410,561	2,178,647
	Current Service Cost	235,979	164,944
	Interest Cost	173,121	157,769
	Past Service Cost (vested Benefits)	719,318	0
	Actuarial (gain) / loss	191,058	61,554
	Benefits paid	(207,004)	(152,353)
	Present Value of Obligation as at the end of the period	**3,523,033**	**2,410,561**
ii)	**Change in Fair Value of Plan Assets:**		
	Fair Value of Plan Assets at the beginning of the year	2,384,981	1,979,489
	Expected return on Plan Assets	225,842	203,226
	Contributions	85,580	349,849
	Benefit paid	(207,004)	(152,353)
	Actuarial gain / (loss) on Plan Assets	(23,676)	4,771
	Fair Value of Plan Assets at the end of the period	**2,465,724**	**2,384,981**
	Excess of Obligation over Plan Assets	**1,057,309**	**25,580**
iii)	Expenses Recognised in the Statement of Profit & Loss A/c		
	Opening Net Liability	0	0
	Current Service Cost	235,979	164,944
	Interest Cost	173,121	157,769
	Expected return on Plan Assets	(225,842)	(203,226)
	Net Actuarial (gain) / loss recognised in the period	214,733	56,783
	Past Service Cost (vested Benefits)	719,298	0
	Expenses Recognised in the Statement of Profit & Loss [Excluding Rs. 175,273 (Nil) in respect of retired employees which has been provided on actual basis]	**1,117,289**	**176,271**

	Particulars	Consolidated	
		2008-09	2007-08
	Actual Return on Plan Assets	**7.50% / 8% / 9.72%**	**7.50% / 9.74% / 10%**
iv)	**Amounts recognised in Balance Sheet:**		
	Present Value of Obligation as at the end of the period	3,523,033	2,410,561
	Fair Value of Plan Assets at the end of the period	2,465,724	2,384,981
	Funded Status	(1,054,186)	(24,176)
	Unrecognised Actuarial (gains) / losses	0	0
	Liability recognised in Balance Sheet [Excluding Rs. 175,273 (Nil) in respect of retired employees which has been provided on actual basis]	1,057,309	* 25,580
vi)	**Category of Assets as at 31st March 2009**		
	State Govt. Securities	23.94%	22%
	Govt. of India Securities	9.14%	9%
	High Quality Corporate Bonds	45.64%	45%
	Special Deposit	0.97%	1%
	Investment with Insurer	20.3% / 100%	23% / 100%
vi)	**Principal Assumptions:**		
	Discounting Rate	6.25% / 7.50% / 8%	7.50% / 7.75% / 8%
	Salary escalation rate	5% / 6.25% / 8%	5% / 5.25% / 7%
	Expected rate of Return on Plan Assets	7.50% / 8% / 9.72%	7.50% / 8% / 9.78%

* *Excluding Rs. 233 being the liability prior to establishment of the Trust by BEL.*

BEL Retired Employees Contributory Health Scheme (BERECHS):

	Particulars	Consolidated	
		2008-09	2007-08
i)	**Change in Benefit Obligations :**		
	Present Value of Obligation (PVO) as at the beginning of the year	1,053,500	985,749
	Current Service Cost	64,387	41,245
	Interest Cost	76,726	71,913
	Actuarial (gain) / Loss	4,665	8,410
	Benefits paid	(60,974)	(53,817)
	Present Value of Obligation as at the end of the period	**1,138,304**	**1,053,500**
ii)	**Change in Fair Value of Plan Assets:**		
	Fair Value of Plan Assets at the beginning of the year	-	-
	Expected return on Plan Assets	-	-
	Contributions	60,974	53,817
	Benefit paid	(60,974)	(53,817)
	Actuarial gain / (loss)	-	-
	Fair Value of Plan Assets at the end of the period	-	-

Schedules to Consolidated Financial Statements *(Contd.)*

(Rupees in Thousands)

	Particulars	Consolidated 2008-09	Consolidated 2007-08
iii)	**Expenses Recognised in the Statement of Profit & Loss**		
	Opening Net Liability	-	-
	Current Service Cost	64,387	41,245
	Interest on Defined benefit obligation	76,726	71,913
	Expected return on Plan Assets		
	Net Actuarial (gain) / loss recognised in the period	4,665	8,410
	Expenses Recognised in the Statement of Profit & Loss A/c	**145,778**	**121,568**
	Add : Amortisation of Initial Actuarial Liability towards existing employees (valued on 31.3.2004)	33,385	33,385
	Net Expenses Recognised in the Statement of Profit & Loss A/c (Expenses: 60,974 Provisions: 118,189)	**179,163**	**154,953**
iv)	Principal Assumptions :		
	Discounting Rate	7.50%	7.50%
	Rate of increase in compensation level	6.25%	5.25%
	Health care costs escalation rate	6.00%	6.00%
	Attrition Rate	2.00%	2.00%
v)	Amounts recognised in Balance Sheet:		
	Present Value of Obligation as at the end of the period	**1,138,304**	**1,053,500**
	Fair Value of Plan Assets at the end of the period	-	-
	Funded Status	(1,138,304)	(1,053,500)
	Unrecognised Actuarial (gains) / losses	-	-
	Liability recognised in Balance Sheet (as per actuarial valuation)	**1,138,304**	**1,053,500**
	Less: Initial actuarial Liability towards existing employees (valued on 31.3.2004) Amortised over 14 years	297,256	297,256
	Add: Amortisation of above initial actuarial liability till 2007-08	200,307	166,923
	Liability recognised in Balance Sheet	**1,041,355**	**923,167**
vi)	**Effect of 1% 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	3,388	3,003
	Effect on defined benefit obligation	28,457	26,325
vii)	**Effect of 1% 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	3,367	2,984
	Effect on defined benefit obligation	(28,401)	(26,281)

Long Term Compensated Absence Scheme:

	Particulars	Consolidated 2008-09	Consolidated 2007-08
	Expenses recognised in the Statement of Profit & Loss A/c		
i)	Principal Assumptions:	447,625	253,252
	Discounting Rate	6.25% / 7.50% / 8%	7.50% / 7.75% / 8%
	Rate of increase in compensation level	5% / 6.25% / 8%	5% / 5.25% / 7%
ii)	Amounts recognised in Balance Sheet:		
	Liability recognised in Balance Sheet (as per actuarial valuation)	1,393,839	1,143,667

Provident Fund Contributions:

The Parent Company has separate Trusts for Provident Fund. During the year the Parent Company has recognised an amount of Rs. 457,020 (Rs. 408,813) towards contribution to Employees Provident Fund and Pension Schemes in the Profit and Loss Account. The guidance on implementing AS 15 (Revised) issued by the Institute of Chartered Accountants of India states that provident funds setup by Employers that guarantee a specified rate of return and which require interest shortfalls to be met by the Employer would be defined benefits 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 has determined on the basis of Actuarial Valuation carried out as at 31st March 2009 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). Comparative figures could not be furnished as no guidance note from Institute of Actuaries was available in previous year.

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

	Particulars	2008-09
i)	**Change in Benefit Obligations :**	
	Present Value of Obligation as at the beginning of the year	7,048,125
	Current Service Cost	1,442,601
	Interest Cost	475,058
	Past Service Cost (Non vested Benefits)	-
	Past Service Cost (vested Benefits)	-
	Actuarial (gain) / Loss	(154,288)
	Benefits paid	(1,428,035)
	Present Value of Obligation as at the end of the period	**7,383,461**

Schedules to Consolidated Financial Statements *(Contd.)*

(Rupees in Thousands)

	Particulars	2008-09
ii)	**Change in Fair Value of Plan Assets:**	
	Fair Value of Plan Assets at the beginning of the year	7,520,316
	Expected return on Plan Assets	660,982
	Contributions	1,495,571
	Benefit paid	(1,428,035)
	Actuarial gain / (loss) on Plan Assets	**17,631**
	Fair Value of Plan Assets at the end of the period	**8,266,465**
iii)	**Expenses Recognised in the Statement of Profit & Loss A/c**	
	Opening Net Liability	-
	Current Service Cost	1,442,601
	Interest Cost	475,058
	Expected return on Plan Assets	(660,982)
	Net Actuarial (gain) / loss recognised in the period	(171,919)
	Past Service Cost (Non vested Benefits)	-
	Past Service Cost (vested Benefits)	**-**
	Expenses Recognised in the Statement of Profit & Loss A/c of the Trust	**1,084,758**
iv)	**Amounts recognised in Balance Sheet :**	
	Present Value of Obligation as at the end of the period	7,383,461
	Fair Value of Plan Assets at the end of the period	8,266,465
	Difference	**(883,004)**
	Unrecognised Actuarial (gains) / losses	-
	Liability recognised in Balance Sheet of the Trust	-
v)	**Amount for the Current Period**	
	Present Value of Obligation	7,383,461
	Plan Assets	8,266,465
	Surplus / (Deficit)	883,004
	Experience Adjustments on Plan liabilities - (Loss) / Gain	154,288
	Experience Adjustments on Plan Assets - (Loss) / Gain	17,631
vi)	**Category of Assets as at 31st March 2009**	
	Government of India Securities	18.83%
	State Government Securities	20.40%
	High Quality Corporate Bonds	43.66%
	Equity shares of listed companies	0.00%
	Property	0.00%
	Special Deposit Scheme	16.98%
	Mutual Funds	0.08%
	Cash	0.05%
	Total	100.00%
vii)	**Principal Assumptions:**	
	Discounting Rate	7.50%
	Salary escalation rate	6.25%
	Expected rate of Return on Plan Assets	8.75%

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

13. **Interest in Joint Venture Companies (JVCs):**

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

Name of Joint Ventures	Proportionate Ownership of BEL
(a) GE BE Private Limited	26%
(b) BEL Multitone Private Limited	49%
Country of Incorporation	India
The Company's share of contingent liabilities in the JVCs is included under Note 14.	

14. **Contingent Liabilities** (including share in JVCs):

Claims not acknowledged as debts	Rs. 616,248	(Rs. 302,074)
Outstanding letters of Credit	Rs. 3,371,842	(Rs. 3,471,444)
Others	Rs. 29,181	(Rs. 24,773)
LD on unexecuted supplies	Rs. 685,252	(Rs. 276,417)

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

16. **Related Party Transactions:**

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

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

BEL Multitone Private Ltd. (Equity Holding 49%)

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

Sl. No.	Particulars	Joint Ventures Companies: GE BE Private Ltd.	Joint Ventures Companies: BEL Multitone Pvt. Ltd.	Grand Total
1	Purchase of Goods	- (-)	- (-)	- (-)
2	Sale of Goods	93,018 (80,582)	- (-)	93,018 (80,582)
3	Rendering Services	12 (67)	- (-)	12 (67)
4	Receiving Services	- (-)	- (-)	- (-)
5	Rent Receivable	- (0)	32 (49)	32 (49)
6	Dividend Income on Investments	26,000 (-)	- (-)	26,000 (-)
7	Creditors outstanding as on 31.3.2009	7 (7)	- (-)	7 (7)
8	Debtors outstanding as on 31.3.2009	27,376 (24,872)	- (-)	27,376 (24,872)
9	Provision for doubtful debtors as on 31.3.2009	1841 (1,731)	- (-)	1,841 (1,731)
10	Investment in Equity as on 31.3.2009*	26,000 (26,000)	3,188* (3,188)	29,188 (29,188)

Schedules to Consolidated Financial Statements *(Contd.)*

(Rupees in Thousands)

* A Provision of Rs. 2,990 towards diminution in value of investment in BEL Multitone Private Limited has been made by BEL in 2007-08.

The Key Management Personnel are as follows:

(a) Shri V V R Sastry, Chairman & MD
(b) Shri P R K Hara Gopal, Director (Finance)
(c) Shri M L Shanmukh, Director (Human Resources)
(d) Shri A K Datt, Director (Other Units)
(e) Shri H S Bhadoria, Director (Bangalore Complex)
(f) Shri N K Sharma, Director (Marketing)
(g) Shri I V Sarma, Director (R&D) w.e.f 1.4.2008
(h) Shri Srikant Srinivasan, MD, GE BE Private Ltd.

The total salary including perquisites drawn by the above Key Management personnel during the year 2008-09 is Rs. 19,437 (Rs. 11,642) as detailed below:

Salary & Allowances including benefits	**Rs. 9,183**	(Rs. 8,091)
Contribution to Provident Fund & Gratuity etc.	**Rs. 8,038**	(Rs. 1,689)
Leased Accommodation	**Rs. 1,795**	(Rs. 1,499)
Others	**Rs. 421**	(Rs. 362)

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

	2008-09	2007-08
Deferred Tax Assets:		
VRS payments	**-**	21,194
Provision against Debts, Inventory, Performance Guarantee & Leave Encashment etc.	**1,888,240**	1,776,186
Technical Know-how Fee	**22,835**	47,908
	1,911,075	1,845,288
Deferred Tax Liability:		
Depreciation	**430,753**	420,356
	430,753	420,356
Net Deferred Tax Assets	**1,480,322**	1,424,932

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

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

Opening Balance as on 1.4.2008	Additional Provisions made during the year	Amounts used during the year*	Unused Amounts reversed during the year	Closing Balance as on 31.3.2009
388,964 (291,951)	118,048 (189,485)	52,989 (10,359)	68,014 (82,112)	386,009 (388,964)

* Includes Rs. 4,019 (Rs. 3,351) debited to opening provision.

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

20. Previous year figures represent the corresponding figures as appearing in the Consolidated Financial Statements of the Company as on 31.3.2008, which have been regrouped / reclassified wherever necessary. Figures for the current year of the group have been regrouped / reclassified wherever necessary to conform to the Parent Company's presentation. Figures in brackets relate to previous year.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th July 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary

Consolidated Cash Flow Statement for the year ended 31st March 2009

(Rs in Thousands)

Particulars	2008-09	2007-08
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit Before Tax as per Profit & Loss Account	**11,097,937**	11,876,873
Adjustments for:		
Extraordinary Items	-	-
Depreciation (incl. prior period items)	**1,128,483**	1,007,453
Income from Investments	**-1,681,451**	-1,755,656
Provision for Employee Benefits (Leave Encashment & BERECHS)	**368,259**	-18,854
Provision for Contingencies towards Long-term Contract	**14,812**	64,570
Provision for Performance Guarantee	**-2,955**	97,013
Interest Expenses	**108,186**	3,013
Profit on Sale of Fixed Assets	**-10,834**	-36,135
Transfer from Government Grants	**-33,319**	-51,975
Deferred Revenue Expenditure	-	9,593
ESOP amortisation - GE BE Pvt. Ltd.	**92**	-
Operating Profit Before Working Capital Changes	**10,989,210**	11,195,895
Adjustments for:		
Trade and Other Receivables	**-2,340,538**	-6,328,629
Inventories	**-10,706,315**	-950,710
Trade Payables & Advances	**9,863,764**	4,537,994
Cash Generated from Operations	**7,806,121**	8,454,550
Receipt of Grants	**64,575**	53,911
Direct Taxes Paid (Net)	**-3,779,904**	-3,476,611
Cash Flow Before Extraordinary Items	**4,090,792**	5,031,850
Extraordinary Items	-	-
Net Cash from Operating Activities	**4,090,792**	5,031,850
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	**-1,771,449**	-1,264,303
Sale of Fixed Assets	**13,337**	39,440
Bank Deposits	**373,442**	-3,026,583
Interest Income	**1,681,451**	1,755,656
Net Cash from/(used) in Investing Activities	**296,781**	-2,495,790
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Increase/Decrease in Long-term Loan Borrowings	**-2,416**	-2,607
Increase/Decrease in Short-term Borrowings	-	-
Dividends Paid (including Dividend Tax)	**-1,941,682**	-1,872,137
Interest Expenses	**-108,186**	-3,013
Net Cash used in Financing Activities	**-2,052,284**	-1,877,757
Net Increase/Decrease in Cash and Cash Equivalents (A+B+C)	**2,335,289**	658,303
Cash and Cash Equivalents at the beginning of the year	**10,442,112**	9,783,809
Cash and Cash Equivalents at the end of the year	**12,777,401**	10,442,112

Notes:

1. The above statement has been prepared under indirect method as per the Accounting Standard on Cash Flow Statement (AS - 3)
2. 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.
3. "Cash and Cash Equivalents" consists of Cash on hand, Balances with Banks and Deposits having a maturity period of three months or less from the date of deposit. Cash and Bank Balance shown in Schedule No. 11 is inclusive of Rs. 13,799,964 (Rs. 14,173,406) being the deposits having an original maturity period of more than three months.

For **PKF Sridhar & Santhanam**
Chartered Accountants

S Narasimhan
Partner
Membership No. 206047

Place : Bangalore
Date : 24th July 2009

Ashwani Kumar Datt
Chairman & Managing Director

P R K Hara Gopal
Director (Finance)

C R Prakash
Company Secretary