MISSION

To be a customer focussed technology driven company in the field of Image Intensifiers and other chosen areas

BOARD OF DIRECTORS OF BEL OPTRONIC DEVICES LIMITED

a)	Shri. Anil Kumar (from 1st October 2011)	Chairman	CMD, BEL
b)	Shri. Ashwani Kumar Datt (upto 30th September 2011)	Chairman	CMD, BEL
c)	Shri. M.L. Shanmukh	Director	Director (HR), BEL
d)	Shri. I.V. Sarma	Director	Director (R&D), BEL
e)	Shri. M.G. Raghuveer (upto 31st May 2012)	Director	Director (Finance), BEL

PRINCIPAL EXECUTIVE

1.	Mr. J.Y. Choudhary	Chief Executive Officer

BANKERS

1. State Bank of India
2. AXIS Bank Ltd.

AUDITORS

M/s. D. V. Sathe & Co.
Chartered Accountants,
Pune

CONTENTS

BELOP

Ten Year Financial Statistics

(₹ in Millions)

Particulars	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Total Income	287	386	437	533	624	451	322	610	534	702
Profit after tax	(28)	12	46	60	82	14	(36)	23	45	82
Equity capital	183	183	183	183	183	183	183	183	183	183
Reserves & Surplus	(47)	(35)	11	46	126	142	106	129	173	255
Gross Block	424	426	450	474	485	489	493	501	503	507
Working Capital	283	256	119	132	182	222	205	245	299	881
Capital Employed	534	488	353	342	355	357	304	325	366	942
Net Worth	136	148	194	229	310	325	289	312	356	438

CHAIRMAN'S LETTER

Dear Shareholders,

It gives me immense pleasure to share with you the achievements of your Company during the past one year and the future outlook for the Company.

HIGHLIGHTS OF THE YEAR 2011-12

- Your company achieved a turnover of ₹ 6,273.92 lakhs during the year 2011-12 as against ₹ 5,236.06 lakhs in 2010-11, an increase of 19.82%. During 2011-12, the Profit after Tax (PAT) has increased by 83.21%, from ₹ 445.23 lakhs in 2010-11 to ₹ 815.69 lakhs in 2011-12. The turnover and profits are the highest ever for the company.
- The PAT to sales ratio is 13% as against 8.50% last year. The net worth of the Company has increased to ₹ 4,379.15 lakhs as on 31.03.2012, registering an increase of 22.89%.
- During 2011-12, the Company adopted various cost reduction measures in both manufacturing and non-manufacturing areas resulting in savings of about ₹ 125.59 lakhs.
- **Other achievements:**

  You will be happy to know that your company has received the following recognitions during the year:

  i) Excellent rating by the Department of Public Enterprises in respect of the MoU for the year 2010-11 which BELOP had entered into with it's holding company Bharat Electronics Limited(BEL) for establishing the performance parameters and targets for the year. This is the second consecutive year for which BELOP has been awarded Excellent rating in respect of the MoU.

  ii) State level Award for "Excellence in Energy Conservation and Management" from Maharashtra Energy Development Agency (MEDA) in the small and medium enterprises category for the year 2008-09.

- **New Products Developed:**

  During the year 2011-12, the Company has developed following new products through in-house R&D efforts:

  i) 18mm Auto-gated I.I. Tube:

  The 18mm Auto-gated I.I. Tube in Standard version i.e., Dia. 43mm, has been developed. The Auto-gated Tube will enable day-night operation of Night Vision Device (NVD) with an advantage of reduced blooming of Image and higher Operational Life.

  ii) Test Equipment for automated measurement of Photocathode Sensitivity of I.I. Tube:

  The equipment has been designed to improve the Test efficiency of I.I. Tubes by about 30% than the conventional equipment. BELOP has manufactured this special purpose equipment for in-house applications. This equipment can, however, be supplied to the manufacturers of I.I. Tubes and NVDs.

FUTURE OUTLOOK

- **Transfer of Technology:**

  BELOP is upgrading its infrastructure, through ToT from M/s. Photonis, France, to establish the In-depth Manufacture (IM) of XD-4 Performance I.I. Tubes with Figure of Merit (FoM) of 1,250 min. BELOP has planned to increase the IM Capacity by end of financial year 2013-14, to cater to the increased requirement from Indian MoD. The upgraded versions of XD-4 type Tubes, with Auto-gating Feature, would also be made available to customers by September, 2013. The Company has plans to acquire ToT for the manufacture of critical components of I.I. Tubes, viz., 6μm pore Micro Channel Plates (MCPs) and Alkali Dispensers. With acquisition of the above technologies, the country would have strategic advantage and self reliance in the field of Night Vision.

- **Performance in 2012-13**

  BELOP has an order book position of Rs 348.67 Cr as on 31.07.2012 and is expected to achieve a sales of around ₹150 Cr for the year 2012-13.

- **Products under Development**

  <u>Test equipment for automated measurement of Gain and E.B.I. of I.I. Tube:</u>

  The equipment is being developed based on latest PC based Photometric Test Instrumentation and associated optical hardware. It would facilitate ease of testing of Luminous Gain and Equivalent Background Illumination (EBI) parameters of I.I. Tube and would result in better test efficiency. The equipment is being developed for in-house use, however, it will have market from the organisations involved in Manufacture, Test, Usage and Maintenance of I.I. Tubes.

GOVERNANCE AND SUSTAINABILITY

BELOP endeavours to uphold the best practices in corporate governance. By doing this, BELOP provides the structure through which the company objectives are set, and the means of attaining those objectives and monitoring performance. A report on compliance of the guidelines on Corporate Governance as per the guidelines issued by the Department of Public Enterprises for CPSEs forms part of the Directors' Report.

ACKNOWLEDGEMENTS

I deeply appreciate the continuing support of our customers, especially Defence and Defence Services, our Shareholders, particularly the Specified Undertaking of the Unit Trust of India, our business associates, my colleagues and members of the Board for their support and guidance. I also wish to express my sincere gratitude to all the officers and employees of BELOP for their dedication and commitment which is a major strength for driving growth in the Company. It shall be our continuous endeavour to build on these strengths to face future challenges to continue the journey of profitable growth.

With Best Wishes,

-sd-

(Anil Kumar)
Chairman

Place : Pune
Date : 23rd August, 2012

DIRECTORS' REPORT

To the Shareholders,

Your Directors are pleased to present their report on the business and operations of your company for the year ended 31st March 2012.

1. Financial Highlights

The financial highlights for the year 2011-2012 and 2010-2011 are summarised below :-

(₹ *in Lakhs)*

Particulars	2011-2012	2010-2011
Total Income	7020.64	5344.22
Profit Before Depreciation, Interest and Tax	1347.91	806.98
Interest	3.53	0.55
Depreciation	96.02	137.76
Profit Before Tax	1248.36	668.67
Provision for Taxation	432.67	223.44
Profit for the year	815.69	445.23

2. Operating Results

The company has achieved turnover (Gross) of ₹ 6,273.92 Lakhs and has made a profit after tax of ₹ 815.69 Lakhs during the year. The turnover and profits are the highest ever for the company.

3. Dividend

The Directors could not recommend any dividend for the year 2011-12 taking into account the future funds requirements.

4. Order Book Position

The order status of the company as on 01.04.2012 was ₹ 41,002 Lakhs as compared to ₹ 802.67 Lakhs as on 01.04.2011.

5. Future Outlook

BELOP is upgrading its Infrastructure including Clean Rooms through ToT from M/s. Photonis, France to establish the manufacture of XD-4 Performance I.I. Tubes.

The Infrastructure is being established for In-depth Manufacture (IM) of XD-4 Performance I.I. Tubes. BELOP has planned to increase this IM Capacity by the end of the financial year 2013-14, to cater to the increased requirement from Indian MoD.

The upgraded versions of XD-4 Tubes, with Auto-gating Feature, would be made available to Customers by September 2013.

The Company also has plans to acquire ToT for manufacturing critical components of I.I. Tubes, viz., 6µm pore Micro Channel Plates (MCPs) and Alkali Dispensers.

With acquisition of the above Technologies, the Country would have strategic advantage and self reliance in the Field of Night Vision.

6. Excellent rating in the MoU for the year 2010-11.

BELOP enters into a MoU with it's holding company Bharat Electronics Limited(BEL) for establishing the performance parameters and targets for each year. The MoU for each year is also approved by the Department of Public Enterprises(DPE).

The Directors are pleased to inform you that the company has been awarded Excellent rating in respect of the MoU for the year 2010-11. This is the second consecutive year for which BELOP has been awarded Excellent rating in respect of the MoU.

7. Exemption from disclosure of quantitative details in the Annual Accounts for the year 2011-12

The Company has received exemption from the Government of India, Ministry of Company Affairs from compliance of Para 5(ii)(a)(1), 5(ii)(a)(2), 5(ii)(e), 5(iii), 5(viii)(a), 5(viii)(b), 5(viii)(c), 5(viii)(e) of the Revised Schedule VI in respect of the Financial year ended on 31st March, 2012 vide Letter No. F.No. 46/10/2012-CL-III dt. 07.06.2012.

8. Customer Satisfaction

The company being customer focussed and technology driven, as a step towards improving it's customer satisfaction index, training to major customers and end users on proper storage, usage and maintenance of I.I. Tubes was imparted. For customer inspectors, the training workshop on inspection of XD-4 I.I. Tubes as per MIL standard was also organised.

9. New Products Developed

During the Year 2011-12, the Company has developed following new Products through in-house R&D efforts:-

i) 18mm Auto-gated I.I. Tube:

The 18mm Auto-gated I.I. Tube in Standard Version i.e., Dia. 43mm, has been developed. The Tube has been tested satisfactorily in Customer Laboratory and Field.

The Auto-gated Tube will enable Day-Night Operation of Passive Night Vision Device(PNVD) and result in reduced Halo and improved Operational Life of Tube.

ii) Test Equipment for automated measurement of Photocathode Sensitivity of I.I. Tube :

The equipment has been designed to improve the test efficiency of I.I. Tubes by about 30% than the conventional equipment. The equipment uses latest optical and electronic hardware to facilitate ease of measurement and data logging. The equipment uses labview based software on a PC for control and data logging.

BELOP has manufactured this special purpose equipment for in-house applications. This equipment can, however, be supplied to the manufacturers of I.I. Tubes and Night Vision Devices (NVDs).

10. Products under Development

i) Test Equipment for automated measurement of Gain and E.B.I. of I.I. Tube:

The equipment is being developed based on latest PC based Photometric Test Instrumentation and associated Optical Hardware. It would facilitate ease of testing of Luminous Gain and Equivalent Background Illumination (EBI) parameters of I.I. Tube and would result in better Test Efficiency.

The automation, based on the latest hardware, will result in accuracy and reliability of measurement and would enable data logging.

The equipment is being developed for in-house use, however, it will have market from the Organisations involved in Manufacture, Test, Usage and Maintenance of I.I. Tubes.

11. Exports

The company has made direct export of I.I. Tubes and Power Supplies during 2011-12.

12. Research & Development (R&D)

The company's R&D Centre is recognised by Department of Scientific and Industrial Research (DSIR). The efforts taken in connection with R&D work are detailed in the Annexure to the Director's Report. Information to be disclosed in "Form B" under the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is annexed to this report.

13. Energy Conservation & Pollution Control

The company is continuously implementing various measures to conserve energy. The details of energy conservation in accordance with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 are furnished in the Annexure to this report.

14. Environment and Safety

14.1 Environment

The Company, certified for ISO 14001:2004, maintains a clean and green environment and also undertakes stringent pollution control measures with respect to treatment of effluents and sewage in compliance with Maharashtra Pollution Control Board (MPCB) norms. The Company is a member of "Maharashtra Enviro Power Limited, Pune (MPCB approved agency) for the disposal of hazardous wastes. The Company has also laid down procedures for segregation of E-Waste and disposal of the same through approved agencies.

14.2 Safety

The company has a structured organisation for safety of it's personnel, plant and machinery. The Safety Committee reviews safety requirements and safety performance on a monthly basis. In such initiatives company has installed 22KV/630A Vacuum Circuit Breaker(2 Nos) replacing Gang Operated Devices enhancing the safety of electrical apparatus, distribution system and personnel.

15. Industrial Relations

Industrial relations during the year were cordial.

16. Auditors

The Comptroller and Auditor General of India has appointed M/s. D.V. Sathe & Co., Chartered Accountants as the statutory auditors for the year 2011-12. The internal audit of the company for the year 2011-12 was conducted by the internal audit team of BEL.

17. Audit Report

Management's replies to the comments by the statutory auditors are appended to this report at **Annexure No.1.** The NIL comments report of the Comptroller & Auditor General of India for the year 2011-12 is appended to this report at **Annexure No. 2.**

18. Audit Committee

The members of the audit committee are as follows :

1)	Mr. M.L. Shanmukh	Chairman
2)	Mr. I.V. Sarma	Member
3)	Mr. M.G. Raghuveer (upto 31st May 2012)	Member

19. Directorate

Mr. M.L Shanmukh was appointed as a Director, retiring by rotation at the 21st Annual General Meeting of the company held on 23rd September, 2011. In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the company, Mr. M.L Shanmukh retires by rotation and being eligible offers himself for re-appointment.

20. Directors' responsibility statement :

Your Directors confirm :

- that in preparation of the annual accounts, the applicable accounting standards have been followed.
- that the Directors have selected such accounting policies and applied them consistently and made judgements 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 ended on 31st March, 2012 and of the profit of the company for that period.
- 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.
- that the Directors have prepared the Annual Accounts on a going concern basis.

21. Particulars of Employees :

The particulars of employees to be furnished as per Section 217(2A) of the Companies Act, read with the Companies (Particulars of Employees) Rules, 1975, as amended, are 'NIL' for 2011-12.

22. Acknowledgement

We are grateful for the support received from the holding Company, M/s. Bharat Electronics Limited and Shareholders, particularly the Specified Undertaking of the Unit Trust of India.

The Board also acknowledges the co-operation extended by M/s. Photonis for implementation of ToT at BELOP.

Your Directors acknowledge with a deep sense of appreciation the support and co-operation received from the Customers, particularly, Defence Services, Ordnance Factory Board and BEL, Machilipatnam.

We thank the Comptroller and Auditor General of India, Chairman, Members and Employees of the Audit Board, Statutory Auditors, Company's Bankers and Vendors for their valuable support.

The Board appreciates the contribution by the employees at all levels which enabled your company to achieve the significant performance during the year.

For and on behalf of the Board

-sd-

ANIL KUMAR
Chairman

Place : Pune
Date : 14th August, 2012

ANNEXURE TO DIRECTORS' REPORT

Particulars under the Companies (Disclosures of particulars in the report of Board of Directors) Rules, 1988

A CONSERVATION OF ENERGY

BELOP has received state level Award for "Excellence in Energy Conservation and Management" from Maharashtra Energy Development Agency (MEDA) in the small and medium enterprises category for the year 2008-09.

a. Energy Conservation measures taken during 2011-12

- Energy Audit was carried out for BELOP by independent Auditors and based on the Audit, an action plan for three years has been prepared for the Company for conserving Energy at an investment of ₹ 125 Lakhs. This includes installation of Screw Chillers for Centralised Air Conditioning System and Oil Free Air Compressor with Variable Frequency Drive (VFD) for Compressed Air generation.
- As the Power Tariffs are the lowest during the Night Hours, some of the Plant Operations have been re-scheduled from Day Hours to Night Hours.
- Installation of Occupancy Sensors & Digital Timers for Automatic Switch On / Off of the Lightings and Exhaust Fans at identified locations and Toilets.

b. Additional investments and proposals, if any, being implemented for reduction of consumption of energy

- Planned to replace the existing conventional Street Lighting with LED Lights with an estimated expenditure of ₹ 5.5 Lakhs.
- Planned to provide Lighting Management System in the Company with an estimated expenditure of ₹ 2.5 Lakhs.

c. Impact of above measures taken at (a) and (b) above

- Due to the implementation of above proposals, a Recurring Savings of 2.5% in Domestic Power Consumption, has been achieved .
- Savings of about 6.5% in Domestic Power Consumption is estimated, on installation of LED lighting & Lighting Management System in the Company.

d. Information regarding energy consumption and energy consumption per unit of Production

Since the company does not fall under any of the industries as classified in the schedule to the Companies (Disclosure of particulars in the Report of Board of Directors) Rules,1988, the information regarding energy consumption and energy consumption per unit of production in “Form A" has not been provided herewith.

B TECHNOLOGY ABSORPTION

FORM B

R&D activities

The Company's in-house R&D Unit recognised by Department of Scientific & Industrial Research(DSIR) is involved in product & process related developments.

1 Specific Areas in which R&D was carried out by the Company:

- Development of 18mm Auto-gated I.I. Tube.
- Development of Test Equipment for automated measurement of Photocathode Sensitivity of I.I. Tube.
- Process Improvements:
  - Established alternate Process of Thermal Treatment of I.I. Tube Parts, resulting in reduction of consumption of H_2 Gas by 55%.
  - Development of new Chemical Treatment Processes eliminating the use of hazardous solvents, like Hydrofluoric Acid and Trichloroethylene.
  - Increase in FTP of 18mm envelope screen assembly from 80% to 90%.

2 Benefits derived from above R&D efforts:

- Development of Strategically important products for Country's Defence needs.
- Upgradation of Manufacturing Infrastructure of the Company.
- Creation of new Markets and improving Export Potential.
- Increase in Process Safety.
- Establishing Sustainable and Environment Friendly Processes.
- Improved Product Reliability.

3 Future plan of action:

- Development of Test Equipment for automated measurement of Gain and E.B.I. of I.I. Tube.

4 Expenditure on R&D:

The Company has incurred an expenditure of approx. ₹ 39 Lakhs during the period of consideration.

5 Technology absorption, adaptation and innovation:

i. Efforts in brief, made towards Technology absorption, adaptation and innovation:

- Creation of infrastructure and training of manpower to absorb the XD-4 technology under acquisition from M/s. Photonis, France.
- Development of strategically important products.

ii. Benefits derived as a result of the above efforts:

- Improvement in indigenous manufacturing capability.
- Better Customer Support.

iii. Information regarding technology imported during the last 5 years :

During 2005-06 to 2010-11, the company has not imported any technology. The Product Development and Process improvements have been made through in-house R&D efforts. In May 2011, the Company has signed a Transfer of Technology (ToT) Agreement with M/s. Photonis, France for the manufacture of. XD-4 Type I.I. Tubes required for Indian Army and the ToT is under implementation at BELOP.

C FOREIGN EXCHANGE EARNING AND OUTGO

No disclosure of the foreign exchange earning and outgo is furnished on account of the exemption obtained from the Government of India, Ministry of Company Affairs.

ANNEXURE TO DIRECTORS' REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A) Strengths, Weaknesses, Opportunities and Threats and Major Initiatives undertaken and planned to ensure sustained performance and growth

1. SWOT Analysis:

- **Strengths:**

  - The technological strength of the Company will be enhanced to next generation after the assimilation of technology for manufacture of Higher Specification I.I. Tubes.
  - Quality Management System (QMS) certified to ISO 9001:2008 and Environmental Management System (EMS) certified to ISO 14001:2004.
  - Recognised in-house R&D Unit by Department of Scientific and Industrial Research (DSIR), Govt. of India.

- **Weaknesses:**

  - Single Product and exclusively dependent on a Single Customer i.e., Indian MoD.
  - Major Raw Materials & Components are not available in the Country. The Critical Components are subject to International Traffic in Arms Regulations (ITAR).

- **Opportunities:**

  - Potential Market of approx. 10,000 Tubes / Annum for min. 8-10 Years.

- **Threats:**

  - Advances in Un-cooled Thermal Imagers may offer competitive alternatives for I.I. Tubes.

2. Major initiatives undertaken and planned to ensure sustained performance and growth:

BELOP Plant is being upgraded for manufacture of XD-4 Type I.I. Tubes required for Indian Army with the help of technology from M/s. Photonis, France. The Linear Transfer Lines for Photocathode fabrication and State-of-the-art Test Equipment would be added in the year 2012-13.

On implementation of the ToT for XD-4 type Tubes, Company has plans to establish facility for the manufacture of Micro Channel Plates (MCPs) and Alkali Dispensers which are critical components of I.I. Tubes.

3) **Specific Measures on Risk Management, Cost Reduction and Indigenisation :**

All the assets of the company are covered by Insurance.

The company has taken various measures in both manufacturing and non-manufacturing areas for cost reduction through design changes, productivity improvement, optimum plant utilization, indigenisation, energy savings etc. The estimated savings due to the above measures is approx. ₹ 125.59 lakhs.

B) **Internal Control System and it's adequacy**

The 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 internal audit of the company for the year 2011-12 was conducted by the internal audit team of BEL.

The Audit Committee reviews the Internal Control Systems. The adequacy of the Internal Control procedures is reviewed and reported by the Statutory Auditors in their Audit Report. BELOP 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 effectively execute tax planning thereby improving the post tax yield.

(iii) To maintain highest standards of financial reporting by following the mandatory accounting standards.

Each of the objectives listed continue to be accorded the highest priority by BELOP. During the financial year, the company made efforts to fund the working capital needs and the funding for capital expenditure from the internal resources to the maximum extent possible thus minimising the external borrowings.

2. Performance Highlights

(₹ in Lakhs)

Particulars	2011-12	2010-11
Gross Sales	6273.92	5236.06
Total Expenditure Before Interest	6125.03	4541.33
Profit Before Interest and Tax	1251.89	669.21
Operating Margin(PBIT/Gross Sales) Ratio%	19.95	12.78
Profit After Tax	815.69	445.23
No. of Days Inventory/Value of Production(DPE Method)	204	43
No. of Days Sundry Debtors	199	100
Current Ratio	1.92	5.52
Debt Equity Ratio	Nil	Nil

3. Analysis of Financial Performance of 2011-12

- Turnover increased by 19.82% from ₹ 5,236.06 lacs in 2010-11 to ₹ 6,273.92 lacs in 2011-12.
- Value of Production has increased by 69.53% from ₹ 4,701.46 lacs in 2010-11 to ₹ 7,970.55 lacs in 2011-12.
- PAT has increased by 83.21% from ₹ 445.23 lacs in 2010-11 to ₹ 815.69 lacs in 2011-12.
- PAT to Sales Ratio in 2011-12 is 13%.
- Sales per Employee has increased by 25% from ₹ 44 lacs in 2010-11 to ₹ 55 lacs in 2011-12
- Earning per share is ₹ 44.52
- Networth has increased by 22.89% from ₹ 3,563.46 lacs in 2010-11 to ₹ 4,379.15 lacs in 2011-12.

D) Development in Human Resources/Industrial Relations

The company has provided training of average 3.02 mandays per employee on technical and quality related topics.

ANNEXURE TO DIRECTORS' REPORT

CORPORATE GOVERNANCE REPORT

Philosophy and Code of Governance

BELOP'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. BELOP 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.

Board of Directors

Composition

At present, the Board of Directors comprises of four Directors including the Chairman. The Chairman of the BEL Board is the Chairman of the Board and BELOP. All the four Directors are nominated by BEL (as per the Articles of Association) of BELOP.

The composition of the Board of Directors is given below :-

a)	Shri. Anil Kumar, Chairman (from 1st October 2011)	CMD, BEL
b)	Shri. Ashwani Kumar Datt, Chairman (upto 30th September 2011)	CMD, BEL
c)	Shri. M.L. Shanmukh, Director	Director (HR), BEL
d)	Shri. I.V. Sarma, Director	Director (R&D), BEL
e)	Shri. M.G. Raghuveer, Director (upto 31st May 2012)	Director (Finance), BEL

Meetings and Attendance

During the financial year ended 31.03.2012, six board meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 29.04.2011, 29.06.2011, 23.08.2011, 31.10.2011, 13.12.2011 and 27.01.2012. Details of attendance of the Directors at the Board Meetings, Annual General Meeting and the number of other directorships/committee memberships held by them during 2011-12 etc. are given below:-

Sr.	Part time Directors	Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 23rd Sept 2011	No. of other Director ships held	* Number of Committee Membership across all companies	
						As Chairman	As Member
1	Mr. Anil Kumar	3	3	No	1	Nil	Nil
2	Mr. Ashwani Kumar Datt	3	3	Yes	1	Nil	Nil
3	Mr. M. L. Shanmukh	6	6	Yes	1	1	1
4	Mr. I. V. Sarma	6	6	Yes	2	Nil	1
5	Mr. M. G. Raghuveer	6	5	Yes	2	Nil	2

* Membership of Audit Committee and Shareholders' Grievance Committee only is considered.

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 the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises (DPE Guidelines). All Board members and senior management personnel have affirmed compliance with the Code of Conduct during the year 2011-12. A declaration to this effect signed by the Chairman is attached to this Report.

Audit Committee

The Company's Audit Committee consists of three Directors as specified in Section 292A of the Companies Act, 1956. In addition, the Statutory Auditors of the Company and the Internal Auditor attend the meetings of the Audit Committee. The Company Secretary is the Secretary to the Audit Committee. The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 23rd September, 2011. The terms of reference of the Audit Committee are as specified in Section 292A of the Act.

During the year ended 31.03.2012, the Audit Committee met five times on 29.04.2011, 29.06.2011, 23.08.2011, 31.10.2011 and 27.01.2012.

The attendance of the Chairman and members of the Audit Committee in the above meeting was as follows:-

Name	Meetings held during respective tenure of Director	No. of meetings attended
Mr. M. L. Shanmukh	5	5
Mr. I. V. Sarma	5	5
Mr. M. G. Raghuveer	5	4

Remuneration

The Company does not pay any remuneration to its Directors. The Company has not issued any stock options to its Directors.

Directors' Shareholding

No Directors of the Company hold any BELOP shares of the Company as on 31.03.2012.

Other Board Subcommittees

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

Investment Committee consisting of the Chairman, two Directors, CEO and Head of Finance to approve investment of short-term surplus funds.

Remuneration Committee consisting of three Directors to look into all policy matters relating to remuneration of all employees of BELOP viz. salary, allowances, perquisites, incentives and performance related pay etc.

General Body Meetings

Details of last three Annual General Meetings are as follows:-

Year	Location	Date & Time
2008-09	Registered Office	22nd September 2009 at 2.45 PM
2009-10	Registered Office	24th September 2010 at 8.30 AM
2010-11	Registered Office	23rd September 2011 at 3.00 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. 34 of Notes to the Accounts for the year ended 31.03.2012. The Company does not have any materially significant related party transactions, which may have potential conflict with its interest at large.

(b) No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management.

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

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

Administrative and office expenses were 1.14 % of the total expenses for the year 2011-12 as against 1.20 % in the previous year. No significant deviation during the year.

MCA-21 Compliance

The e-governance initiative of the Ministry of Corporate Affairs in the administration of the Companies Act, 1956 (MCA-21) provides the public, corporate entities and others an easy and secure online access to the corporate information including the filing of documents and public access to the information required to be in public domain under the statute, at any time and from anywhere. The Company has complied with all mandatory e-filing requirements under MCA-21, during 2011-12.

Presidential Directives and Guidelines

Your company is required to follow the Presidential Directives and guidelines issued by the Government of India from time to time regarding reservation for SC's, ST's and OBC's in letter and spirit. Liaison Officer is required to be appointed in the Company to ensure implementation of the Government Directives. Officials dealing with the subject shall be provided necessary training to enable him/her to update his/her knowledge on the subject and perform their job effectively. The verification of the caste certificates submitted by the employees at the time of joining needs to be carried out in the Company to ascertain the representation. The recruitment/ promotion rosters are required to be prepared and maintained in the Company after completion of the verification of caste certificates. Your company is required to implement the Government Directives on reservation for persons with Disabilities and Ex-Servicemen.

Shareholding Pattern as on 31 March, 2012

Sr.	Category	No. of Shareholders	No. of Shares	% Holding
1	Promoter – M/s. Bharat Electronics Limited	1	1,700,223	92.79
2	Financial Institutions - Specified Undertaking of the Unit Trust of India	1	132,000	7.21
3	Individuals	7	70	0.00
	Total	**9**	**1,832,293**	**100.00**

Top 10 Shareholders as on 31 March, 2012

Sr.	Name	No. of Shares	% Holding
1	Promoter – M/s. Bharat Electronics Limited	1,700,223	92.79
2	Financial Institutions - Specified Undertaking of the Unit Trust of India	132,000	7.21
3	Individuals	70	0.00

CEO/CFO Certification

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

Compliance

The company has been submitting quarterly compliance report on Corporate Governance to the DPE.

Registered Office/Address for Correspondence

BEL Optronic Devices Ltd.
Registered Office, EL-30, 'J', Block, MIDC, Bhosari Industrial Area, Pune- 411 026
Phone: (020) 27130981/2/3/4; Fax: (020) 27130589; E-Mail: belop@vsnl.net

Declaration

Pursuant to 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 dt. 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 BEL Optronic Devices Limited for the year ended 31st March, 2012.

For BEL Optronic Devices Limited

-sd-

Place : Pune
Date : 14th August, 2012

Anil Kumar
Chairman

BEL OPTRONIC DEVICES LIMITED

BALANCE SHEET AS AT 31st MARCH 2012

(Amount in ₹)

	Particulars	Note No.	As at 31st March 2012	As at 31st March 2011
I.	**EQUITY AND LIABILITIES:**			
(1)	**Shareholder's Funds:**			
	(a) Share Capital	2	183,229,300	183,229,300
	(b) Reserves and Surplus	3	254,686,535	173,117,193
			437,915,835	**356,346,493**
(2)	**Grants:**	3a	**1,022,216,226**	**9,367,298**
(3)	**Non-Current Liabilities:**			
	(a) Long-term borrowings	4	44,966	154,940
	(b) Deferred tax liabilities (Net)	5	-	-
	(c) Other long term liabilities	6	3,918,733	533,576
	(d) Long-term provisions	7	4,203,826	3,160,610
			8,167,525	**3,849,126**
(4)	**Current Liabilities:**			
	(a) Short-term borrowings	8	-	-
	(b) Trade payables	9	199,682,573	32,209,916
	(c) Other current liabilities	10	748,268,057	22,279,236
	(d) Short-term provisions	11	11,332,770	8,062,137
			959,283,400	**62,551,289**
	Total		**2,427,582,986**	**432,114,206**
II	**ASSETS:**			
(1)	**Non-Current Assets:**			
	(a) Fixed assets			
	(i) Tangible assets	12/12a	61,478,191	67,015,386
	(ii) Intangible assets	13/13a	-	-
	(iii) Capital work-in-progress		13,481,810	-
	(iv) Intangible assets under development	13b	290,726,120	-
			365,686,121	**67,015,386**
	(b) Non-current investments	14	-	-
	(c) Deferred tax assets (Net)	5	652,503	78,552
	(d) Long-term loans and advances	15	3,765,225	5,514,195
	(e) Other non-current assets	16	217,053,762	14,024,172
			221,471,490	**19,616,919**
(2)	**Current Assets:**			
	(a) Current investments	17	-	-
	(b) Inventories	18	445,739,469	54,770,041
	(c) Trade receivables	19	341,480,968	143,223,438
	(d) Cash and Cash Equivalents	20	429,634,876	137,819,480
	(e) Short-term loans and advances	21	590,510,335	111,960
	(f) Other current assets	22	33,059,727	9,556,982
			1,840,425,375	**345,481,901**
	Total		**2,427,582,986**	**432,114,206**

SEE ACCOMPANYING NOTES (1 TO 50) TO THE FINANCIAL STATEMENTS

As per our report attached
For D.V.Sathe and Co.
Chartered Accountants
Firm Reg. No. 109302W

-sd-
ANIL KUMAR
Chairman

-sd-
M. L.SHANMUKH
Director

-sd-
Bhagyashree Sathe
Partner
M.No. 037396

-sd-
I.V. SARMA
Director

-sd-
J.Y. CHOUDHARY
Chief Executive Officer

Place: BANGALORE
Date : 21st June, 2012

-sd-
PRIYA S. IYER
Company Secretary

-sd-
AMARNATH KUNDU
Manager (Finance)

Place : BANGALORE
Date : 21st June, 2012

BEL OPTRONIC DEVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2012

(Amount in ₹)

	Particulars	Note No.	For the year ended 31st March 2012	For the year ended 31st March 2011
	REVENUE:			
I.	Revenue from operations	23	627,392,436	523,605,936
	Less: Excise Duty		7,098,390	16,304,634
			620,294,046	507,301,302
II.	Other Income	24/24a	74,672,168	10,815,545
III.	Transfer from Grant (TPDUP)		2,215,585	2,937,580
	Transfer from Grant (ToT)		40,511,024	-
	Total Revenue		**737,692,823**	**521,054,427**
IV.	**EXPENSES:**			
	Cost of materials consumed	25	615,598,229	327,183,834
	Purchase of Stock-in-Trade		-	-
	Changes in Process Stock & Finished Goods	26	(176,760,795)	37,155,990
	Employee benefit expense	27	52,315,518	48,982,255
	Finance costs	28	1,885,888	2,174,819
	Depreciation and amortization expense	10	9,602,350	13,775,537
	ToT Expeneses	29	78,131,236	-
	Other expenses	29a	32,083,728	24,915,082
	Total Expenses		**612,856,154**	**454,187,517**
V.	Profit before exceptional, extraordinary items and tax		124,836,669	66,866,910
VI.	Exceptional Items		-	-
VII.	Profit before extraordinary items and tax		124,836,669	66,866,910
VIII.	Extraordinary Items		-	-
IX.	**Profit before tax**		**124,836,669**	**66,866,910**
X.	Tax expense:			
	Previous Year Tax Expenses		1,723,653	-
	Current tax		42,117,625	24,326,000
	Deferred tax		(573,951)	(1,982,395)
	Total Tax Expense		**43,267,327**	**22,343,605**
XI.	Profit from continuing operations		**81,569,342**	**44,523,305**
XII.	Profit from discontinuing operations		-	-
XIII.	**Profit for the period**		**81,569,342**	**44,523,305**
XIV.	Earning per equity share:			
	(1) Basic	33	44.52	24.30
	(2) Diluted		44.52	24.30

SEE ACCOMPANYING NOTES (1 TO 50) TO THE FINANCIAL STATEMENTS

As per our report attached
For D.V.Sathe and Co.
Chartered Accountants
Firm Reg. No. 109302W

-sd-
Bhagyashree Sathe
Partner
M.No. 037396

Place: BANGALORE
Date : 21st June, 2012

-sd-
ANIL KUMAR
Chairman

-sd-
M. L.SHANMUKH
Director

-sd-
I.V. SARMA
Director

-sd-
J.Y. CHOUDHARY
Chief Executive Officer

-sd-
PRIYA S. IYER
Company Secretary

-sd-
AMARNATH KUNDU
Manager (Finance)

Place : BANGALORE
Date : 21st June, 2012

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES:

A. Basis of Accounting :

The financial statements are prepared and presented under 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 of 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.

B. Use of Estimates :

The preparation of the financial statements in conformity with GAAP, requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as at the date of financial statements and 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.

C. Revenue Recognition :

i) Sales are recognised on completion of contract terms and inspection by customer's inspectors and when the goods are handed over to customer or to carriers for onward delivery to customers.

In case of FOR destination contracts, sales are recognised, if there is a reasonable expectation of the goods reaching destination within the accounting period.

ii) Sales exclude Sales Tax / Value Added Tax (VAT) and include excise duty.

iii) Income from services are recognised on completion of services.

iv) Other income is recognised on accrual basis.

D. Inventory Valuation :

i) Raw materials, stores & spares and goods in transit have been valued at lower of cost and net realisable value and cost of material is determined on weighted average basis.

ii) Work-in-Progress has been valued at the lower of cost and net realisable value. Cost includes materials cost and cost of conversion to the extent applicable.

iii) Finished Goods have been valued at the lower of cost and net realisable value.

E. Depreciation :

i) Tangible Depreciable Fixed Assets are generally depreciated on straight line method at the rates (or higher rates as disclosed) and in the manner provided for in Schedule XIV to the Companies Act, 1956.

ii) Cost of Leasehold land is amortised over the lease period.

iii) Assets costing ₹ 5,000/- and less individually are depreciated at 100% in the year of addition.

iv) Depreciation on addition to the assets is charged from the date of addition of assets.

v) Depreciation on deletions of assets is charged upto the date of deletion of assets.

F. 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) Incentives and Bonuses which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

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

ii) Defined contribution to Employee Provident Fund and Pension Scheme are made on a monthly accrual basis at the applicable rates. Defined contribution to Superannuation Scheme is made on yearly basis at the applicable rates.

iii) Gratuity: 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.

G. Income Tax :

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

Current tax is the amount of income tax determined to be payable in respect of taxable income as computed under the tax laws.

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 and is recognised in the Profit and Loss Account for the period in accordance with AS 22 - "Accounting for Taxes on Income".

H. Prior Period Adjustments and Extra-Ordinary Items :

Prior period adjustments and extra-ordinary items having material impact on the financial affairs of the company are disclosed in the financial statements.

I. Foreign Currency Transactions :

Foreign exchange transactions 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 transactions 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 amortized as income / expenditure over the life of the contract.

The exchange rate differences on the amount of forward exchange contract 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 difference arising from the rates prevailing at the time of entering into 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 recognized as income or as expense in the period when the cancellation or renewal occurs.

J. Borrowing costs :

Borrowing cost including interest and other expenses incurred for specific borrowing of funds that are attributable to acquisition, construction and fabrication of fixed assets are capitalised as cost of fixed assets till they are put to use.

K. Fixed Assets and Capital Work-In-Progress :

Tangible fixed assets are stated at cost less accumulated depreciation / amortization 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 difference if any, arising in respect of liabilities in foreign currency incurred for acquisition of the same upto 31.03.2007.

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

L. Investment :

i) Long term investments are stated at cost. In case there is permanent diminution in the value of the investments, provision for the same is made in the Accounts.

ii) Short-term investments are carried at lower of cost or market value/fair value.

M. Impairment of Assets :

The assessment for the impairment of assets is done with reference to the company [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 rate.

N. Government Grants :

All grants from government are initially recognized 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 utilized 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.

O. Provision for Doubtful Debts:

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

P. Cash Flow Statement:

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard - 3 on cash flow statements issued by the Institute of Chartered Accountants of India.

Q. Provision for Warranties:

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

R. 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.

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

As per our report attached
For D.V.Sathe and Co.
Chartered Accountants
Firm Reg. No. 109302W

-sd-
Bhagyashree Sathe
Partner
M.No. 037396

Place: BANGALORE
Date : 21st June, 2012

-sd-
ANIL KUMAR
Chairman

-sd-
M. L.SHANMUKH
Director

-sd-
I.V. SARMA
Director

-sd-
J.Y. CHOUDHARY
Chief Executive Officer

-sd-
PRIYA S. IYER
Company Secretary

-sd-
AMARNATH KUNDU
Manager (Finance)

Place : BANGALORE
Date : 21st June, 2012

NOTE 2 - SHARE CAPITAL

(Amount in ₹)

Particulars	As at 31st March 2012	As at 31st March 2011
Authorised:		
3,500,000 (Previous year 3,500,000) equity shares of ₹ 100/- each	350,000,000	350,000,000
	350,000,000	**350,000,000**
Issued:		
1,974,370 (Previous year 1,974,370) equity shares of ₹ 100/- each	197,437,000	197,437,000
	197,437,000	**197,437,000**
Subscribed and Paid up:		
1,832,293 (Previous year 1,832,293) equity shares of ₹ 100/- each fully paid up	183,229,300	183,229,300
Total	**183,229,300**	**183,229,300**

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year	As at 31st March 2012		As at 31st March 2011	
	No of shares	₹	No of shares	₹
No of shares outstanding at the beginning of the year - Equity shares	1,832,293	183,229,300	1,832,293	183,229,300
Add: Additional shares issued during the year - Equity shares	-	-	-	-
Less: Shares forfeited/bought back during the year - Equity shares	-	-	-	-
No of shares outstanding at the end of the year - Equity shares	1,832,293	183,229,300	1,832,293	183,229,300

Notes:

1. Out of the above 1,700,223 (Previous year 1,700,223) equity shares of ₹ 100/- each are held by Bharat Electronics Ltd., the Holding Company.
2. Details of the Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	Number of shares as at 31st March 2012	Number of shares as at 31st March 2011
Equity Shares:		
Bharat Electronics Ltd.	1,700,223	1,700,223
Specified Undertaking of Unit Trust of India	132,000	132,000

NOTE 3 - RESERVES AND SURPLUS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Surplus:		
As per last Balance Sheet	173,117,193	128,593,888
Add: Profit/(Loss) for the period	81,569,342	44,523,305
Total	**254,686,535**	**173,117,193**

1. Remittance on account of dividend in foreign currency - ₹ Nil (Previous year ₹ Nil)

NOTE 3a - GRANTS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Grant:		
TPDUP Project:		
As per last Balance Sheet	9,367,298	11,204,878
Add: Received during the year	-	1,100,000
Less: Transferred to Profit & Loss Account	2,215,585	2,937,580
Sub-Total	**7,151,713**	**9,367,298**
ToT:		
As per last Balance Sheet	-	-
Add: Received during the year	1,055,575,537	-
Less: Transferred to Profit & Loss Account	40,511,024	-
Sub-Total	**1,015,064,513**	**-**
Total	**1,022,216,226**	**9,367,298**

NOTE 4 - LONG TERM BORROWINGS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Long term maturities of Finance Lease Secured against hypothecation of Vehicles	44,966	154,940
Total	**44,966**	**154,940**

NOTE 4a - DETAILS OF REPAYMENT OF TERM LOANS

Lender	Nature of facility	Terms of repayment
	-	-
Total	-	-

NOTE 5 - DEFERRED TAX

(i) Break up of Deferred Tax Liability as at year end

Nature of timing difference	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Provision for Depreciation	3,075,278	3,380,797
Total	**3,075,278**	**3,380,797**

(ii) Break up of Deferred Tax Asset as at year end

Nature of timing difference	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Provision for Leave encashment	1,611,832	1,219,205
Provision for Warranties	770,767	800,196
Provision for doubtful debts/advances	1,345,182	1,439,948
Total	**3,727,781**	**3,459,349**

(iii) Deferred Tax Asset/(Liability) net	**652,503**	**78,552**

NOTE 6 - OTHER LONG TERM LIABILITIES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Liability for Capital Purchases	3,918,733	533,576
Total	**3,918,733**	**533,576**

Note :

The above liability for Capital Purchases includes Capital Goods-in-Transit of ₹ 1,488,199/-(Previous Year ₹ Nil)

NOTE 7 - LONG TERM PROVISIONS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Provision for Leave Encashment	4,203,826	3,160,610
Total	**4,203,826**	**3,160,610**

NOTE 7a - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:

I) GRATUITY

(A) Defined Contribution Plan:

Amount recognised as an expense in the Profit and Loss Account in respect of Defined Contribution Plans is ₹ 2,030,484 (Previous year - ₹ 1,259,489).

(B) Defined Benefit Plan:

i) Actuarial gains and losses in respect of defined benefit plans are recognised in the Profit & Loss Account.

ii) Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service. Gratuity plan is funded.

NOTE 7a - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:

I) GRATUITY

(Amount in ₹)

	Particulars	Gratuity	
(C)	**Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :**	**Current Year**	**Previous Year**
1	Present Value of Defined Benefit Obligation as on 1st April	10,331,202	8,540,513
2	Current Service Cost	737,691	657,017
3	Interest Cost	852,324	704,592
4	Losses (gains) on Curtailment	-	-
5	Liabilities extinguished on settlements	-	-
6	Plan amendments	-	-
7	Actuarial (gains) / losses on obligations	1,264,341	637,688
8	Benefits paid	(633,430)	(208,608)
9	Present value of Defined Benefit Obligation as on Balance Sheet date:	12,552,128	10,331,202

(D)	**Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :**		
1	Fair value of Plan assets as on 1st April	9,071,713	7,726,927
2	Expected return on plan assets	725,737	618,154
3	Actuarial gains and losses on plan assets	98,135	121,654
4	Actual contributions by employers	1,259,489	813,586
5	Benefits paid	(633,430)	(208,608)
6	Plan assets as on 31st March, 2012	10,521,644	9,071,713

(E)	**Analysis of Defined Benefit Obligation :**		
1	Defined Benefit Obligation as on 1st April	12,552,128	10,331,202
2	Fair Value of Plan assets at the end of the year	10,521,644	9,071,713
3	Net (Asset)/Liability recognised in the Balance Sheet as at 31st March, 2012	2,030,484	1,259,489

(F)	**Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :**		
1	Present value of Defined Benefit Obligation	12,552,128	10,331,202
2	Fair value of plan assets	10,521,644	9,071,713
3	Funded status [Surplus/(Deficit)]	2,030,484	1,259,484
4	Unrecognized Past Service Costs	-	-
5	**Net asset/(Liability) recognized in Balance Sheet**	**(2,030,484)**	**1,259,484**

NOTE 7a - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:

I) GRATUITY

(Amount in ₹)

Particulars		Gratuity	
(G)	**Components of employer expenses recognised in the statement of profit and loss for the year ended 31st March 2012:**	**Current Year**	**Previous Year**
1	Current Service cost	737,691	657,017
2	Interest cost	852,324	704,592
3	Expected return on plan assets	725,737	618,154
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Past Service cost	-	-
7	Actuarial Losses/(Gains) to be recognised	1,166,206	516,034
8	**Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds**	**2,030,484**	**1,259,489**

(H) In respect of Funded Benefits with respect to gratuity, the fair value of Plan assets represents the amounts invested through "Insurer Managed Funds":

Particulars		Gratuity	
(I)	**Principal Actuarial Assumptions :**	**Current Year**	**Previous Year**
1	Discount Rate (%)	8.25%	8.25%
2	Expected Return on plan assets (%)	8.60%	8.00%
3	Salary Escalation (%)	5.00%	5.00%
4	Medical cost inflation	0.00%	0.00%

a) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.

b) Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.

c) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Particulars		Gratuity	
(J)	**Experience History:**	**Current Year**	**Previous Year**
1	Defined Benefit Obligation at the end of the period	12,552,128	10,331,202
2	Plan Assets at the end of the period	10,521,644	9,071,713
3	Funded Status Deficit	2,030,484	1,259,489
4	Experience adjustments on plan liabilities	-	-
5	Experience adjustments on plan assets	-	-

(K) Contributions expected to be paid to the plan during the next financial year ₹ 2,030,484/-

NOTE 7a - DETAILS OF EMPLOYEE BENEFITS AS REQUIRED BY THE ACCOUNTING STANDARD 15 (REVISED) EMPLOYEE BENEFITS ARE AS UNDER:

II) LEAVE ENCASHMENT

1) The company has a leave encashment scheme which is a non-funded scheme.

2) As per the scheme all employees of the company are entitled to encash their accumulated Annual Leave subject to the retention of minimum leave as prescribed for each grade. The encashed leave is payable at the rate of (Basic + DA)/30 per day.

3) The liability for payment of long term compensated absence such as annual leave valued on actuarial basis is ₹ 4,967,889/- as on 31.03.2012. The actuarial valuation has been done using PUC method with the following assumptions.

Particulars	**For the year ended 31st March 2012**
Retirement Age	58 years
Attrition Rate	2%
Future Salary Rise	5%
Rate of Discounting	8.50%
Mortality Table	LIC(1994-96) Ultimate

III) SUPERANNUATION

1) The company has a superannuation scheme for executives in the grade of Asst. Manager and above.

2) As per the Scheme, the company contributes 13% of the (Basic + DA) per year. For the purpose of making contribution the Basic + DA of the employees as on 1st April of each year is considered.

3) The superannuation contribution is remitted to LIC through the superannuation trust and the accumulated sum to the credit of each employee is released by LIC to the employees through the Superannuation Trust by way of pension.

NOTE 8 - SHORT TERM BORROWINGS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Secured Cash Credit facility from Banks		
Axis Bank	-	-
State Bank of India	-	-
Total	**-**	**-**

Notes:

Of the above, the aggregate amount guaranteed is as follows:

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Secured Cash Credit facility from Banks		
By Directors	-	-
By Others	-	-
Total	**-**	**-**

Notes:

Loans on Cash Credit Accounts are secured by:

a) Hypothecation of raw materials, stock-in-process, finished stocks, stores and spares, book debts and other current assets (except spare parts relating to plant and machinery) by way of first charge. and,

b) The Second Charge on Immovable Property has been waived by the Bankers. The Company is in the process of filing satisfaction of charge.

NOTE 9 - TRADE PAYABLES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Trade payables (see note 9a)	199,682,573	32,209,916
Total	**199,682,573**	**32,209,916**

NOTE 9a -

Principal amount payable to Micro and Small Enterprises (to the extent identified by the company from available information and relied upon by the auditors) as at 31st March, 2012 is ₹ NIL (Previous year- ₹ NIL) including unpaid amount of ₹ NIL (Previous year - ₹ NIL) outstanding for more than 30 / 45 days. Estimated interest thereon is ₹ NIL (Previous Year - ₹ NIL)

NOTE 10 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Current maturities of finance lease obligations	109,974	94,356
Advance from Customers	705,631,287	16,932,516
Statutory Dues Payable	495,314	1,267,409
TDS Payable	23,913,449	974,975
Sales Tax payable	15,172,070	883,066
EMD Depostits	40,000	10,000
Security Deposits	952,440	813,170
Other Payables	1,953,523	1,303,744
Total	**748,268,057**	**22,279,236**

NOTE 11 - SHORT-TERM PROVISIONS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Provision for Income Tax less payments FY 2011-12	2,711,878	-
Provision for Leave Encashment	764,063	509,759
Provision for Gratuity	2,030,484	1,259,489
Provision for Warranty	2,375,610	2,408,959
Provision towards Annual Incentive	3,450,735	3,883,930
Total	**11,332,770**	**8,062,137**

NOTE 11a - DETAILS OF PROVISIONS AND MOVEMENTS IN EACH CLASS OF PROVISIONS AS REQUIRED BY THE ACCOUNTING STANDARD ON PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS (ACCOUNTING STANDARD-29)

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Carrying Amount at the beginning of the year	2,408,959	2,342,259
Additional Provision made during the year	2,487,125	206,897
Amounts Used during the year	2,520,474	140,197
Unused amounts reversed during the year	-	-
Carrying Amounts at the end of the year	2,375,610	2,408,959

Brief description of the nature of the obligation and the expected timing of any resulting outflows of economic benefits :

1) Warranty Provision:

Warranty costs are accrued at the time of sale of products, based on past experience. The provision is discharged over the warranty period of 24 months from the date of sale.

NOTE 12 - FIXED ASSETS (TANGIBLE)

Description of Assets	Cost				Depreciation / Amortization/ Diminution				Net Block	
	As at 1st April 2011 ₹	Additions during the year ₹	Deductions during the year ₹	As at 31st March 2012 ₹	Upto 1st April 2011 ₹	For the year ₹	On Deductions ₹	Upto 31st March 2012 ₹	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Land: Leasehold Premium	2,334,780	-	-	2,334,780	459,738	39,120	-	498,858	1,835,922	1,875,042
Buildings	66,948,776	-	-	66,948,776	33,409,844	2,236,089	-	35,645,933	31,302,843	33,538,932
Plant & Machinery	408,832,546	1,752,038	-	410,584,584	381,501,826	6,319,207	-	387,821,033	22,763,551	27,330,720
Office Equipment	3,126,831	338,421	-	3,465,252	2,353,079	166,450	-	2,519,529	945,723	773,752
Electrical installation	11,656,735	1,630,676	-	13,287,411	10,112,621	332,315	-	10,444,936	2,842,475	1,544,114
Furniture & Fixtures	5,808,227	239,082	-	6,047,309	4,391,226	237,334	-	4,628,560	1,418,749	1,417,001
Computer Systems	3,477,883	104,938	-	3,582,821	3,149,372	183,745	-	3,333,117	249,704	328,511
Vehicles: Leased vehicle	440,451	-	-	440,451	233,137	88,090	-	321,227	119,224	207,314
Total	502,626,229	4,065,155	-	506,691,384	435,610,843	9,602,350	-	445,213,193	61,478,191	67,015,386
Previous year	**501,138,515**	**1,487,714**	**-**	**502,626,229**	**421,835,306**	**13,775,537**	**-**	**435,610,843**	**67,015,386**	**79,303,209**

Plant and Machinery (Gross Block) includes Assets to the tune of ₹ 28,363,205/- (Previous Year ₹ 28,363,205/-) which is funded out of Grant under TPDUP Project.
Amortisation of Leasehold Premium includes prior period expenses of ₹ 14,460/-(Previous Year ₹ Nil)
Plant and Machinery additions during the year includes Assets to the tune of ₹ 2,059,000 for R&D

NOTE 12a - AMOUNT OF BORROWING COSTS CAPITALIZED DURING THE YEAR Rs. NIL (31ST MARCH, 2011- ₹ NIL)

NOTE 13 - FIXED ASSETS (INTANGIBLE)

Description of Assets	Cost				Depreciation / Amortization/ Diminution				Net Block	
	As at 1st April 2011 ₹	Additions during the year ₹	Deductions during the year ₹	As at 31st March 2012 ₹	Upto 1st April 2011 ₹	For the year ₹	On Deductions ₹	Upto 31st March 2012 ₹	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Computer Software	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-	-	-
Previous year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

NOTE 13a - AMOUNT OF BORROWING COSTS CAPITALISED DURING THE YEAR ₹ NIL (31ST MARCH, 2011- ₹ NIL)

NOTE 13b - INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
ToT:		
Licence Fee	290,726,120	-
Total	**290,726,120**	**-**

NOTE 14 - NON CURRENT INVESTMENTS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Non-current investments	-	-
Less:		
Provision for diminution in value of investments	-	-
Total	**-**	**-**

NOTE 15 - LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Deposits:		
Deposit with Excise Authority	1,000	1,000
Deposit with Court	1,391,490	1,391,490
Deposit with Income Tax	-	1,748,970
Other Deposits	2,372,735	2,372,735
Total	**3,765,225**	**5,514,195**

NOTE 16 - OTHER NON CURRENT ASSETS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Prepaid Expenses	66,718	131,753
Capital Advance	212,343,853	-
Interest Accrued on Fixed Deposits	91,930	293,227
Other Bank Balances:		
In Fixed Deposit		
- Maturity More than 12 Months	4,084,910	3,521,853
Advance Tax Less Provision		
2008-2009	-	9,610,988
2009-2010	65,248	65,248
2010-2011	401,103	401,103
Total	**217,053,762**	**14,024,172**

NOTE 17 - CURRENT INVESTMENTS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Current investments	-	-
Less:		
Provision for diminution in value of investments	-	-
Total	**-**	**-**

NOTE 18 - INVENTORIES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Raw Materials	237,363,156	27,518,711
Stores & Consumables	8,251,723	3,762,111
Process Stock	199,952,795	23,192,000
Machinery Spares	171,795	297,219
Finished Goods	-	-
Total	**445,739,469**	**54,770,041**

Notes:

1) Raw materials includes Goods-in-transit ₹ 3,423,796/-(Previous year ₹ 4,008,110/-)

NOTE 19 - TRADE RECEIVABLES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
1) Debts due for a period exceeding six months		
Considered Good	27,129,282	1,271,031
Considered Doubtful	2,157,478	972,450
	29,286,760	2,243,481
Less: Provision for Doubtful Debts	2,157,478	972,450
Sub-Total	**27,129,282**	**1,271,031**
2) Other Debts:		
Considered Good	314,351,686	141,952,407
Considered Doubtful	29,224	1,403,120
	314,380,910	143,355,527
Less: Provision for Doubtful Debts	29,224	1,403,120
Sub-Total	**314,351,686**	**141,952,407**
Total	**341,480,968**	**143,223,438**

NOTE 20 - CASH AND BANK BALANCES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Cash and Cash Equivalents:		
Cash and stamps in hand	119,708	91,309
Balances with banks		
In Current Accounts	3,583,139	1,215,059
In Cash Credit Account	8,749,081	11,388,826
In Fixed Deposits	327,700,000	115,500,000
Cheques, drafts in hand	107,000	-
Total	**340,258,928**	**128,195,194**
Other Bank Balances:		
In Fixed Deposit		
- Maturity within 12 Months	89,375,948	9,624,285
Total	**89,375,948**	**9,624,285**

NOTE 21 - SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Loans and Advances to:		
Employees		
Considered Good	8,996	11,960
Considered Doubtful	-	-
	8,996	11,960
Less: Provision for Doubtful Advances	-	-
	8,996	11,960
Suppliers		
Considered Good	539,157,131	-
Considered Doubtful	1,959,337	1,959,337
	541,116,468	1,959,337
Less: Provision for Doubtful Advances	1,959,337	1,959,337
	539,157,131	-
ToT:		
Service Tax Paid on ToT Advance	51,144,208	-
Housing Deposit	200,000	100,000
Total	**590,510,335**	**111,960**

NOTE 22 -OTHER CURRENT ASSETS

Particulars	As at 31st March 2012 ₹	As at 31st March 2011 ₹
Interest Accrued on Fixed Deposits	8,592,830	1,111,477
Stipend Receivable (Trainees)	30,104	14,851
Prepaid Expenses	536,966	688,234
Site Survey fee Receivable	5,395,200	-
Balance with Revenue Authorities:		
Input Service Tax Balance	127,370	12,051
Service tax Receivable	1,229,320	-
VAT Refund Receivable	283,221	201,688
Income Tax Refund Due	16,808,714	5,581,185
FBT Refund Due	45,928	45,928
VAT Input Tax Credit	10,074	177,915
Earlier Years short provision	-	1,723,653
Total	**33,059,727**	**9,556,982**

NOTE 23 - REVENUE FROM OPERATIONS

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Sale of products	627,392,436	523,605,936
Sale of services	-	-
Total	**627,392,436**	**523,605,936**

NOTE 23a - EARNINGS IN FOREIGN EXCHANGE

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
FOB Value of exports	8,246,811	35,163,032
Total	**8,246,811**	**35,163,032**

NOTE 24 - OTHER INCOME

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Interest on Fixed Deposit	47,565,951	5,652,963
Interest others	65,853	590,334
Sundry provisions and credit balances no longer required, written back	9,492,437	396,498
Net gain on foreign currency transaction and translation	17,068,808	3,629,463
Miscellaneous Income	479,119	546,287
Total	**74,672,168**	**10,815,545**

Sundry Creditors and credit balances no longer required written back includes Prior Period income of ₹ 8,652,168.32 (Previous Year ₹ NIL).
Miscellaneous Income includes prior period income of ₹ NIL (Previous Year ₹ 70,764/-).

NOTE 24a - THE NET EXCHANGE DIFFERENCES ARISING DURING THE YEAR

(i) Recognised appropriately in the Profit and Loss Account - net gain - ₹ 17,068,808/- (Previous Year ₹ 3,629,463/-).

(ii) Adjusted in carrying amount of fixed assets - ₹ NIL (Previous Year ₹ NIL).

NOTE 25 - COST OF MATERIAL CONSUMED

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Raw Material and Components consumed:		
Opening Stock	23,510,601	28,050,671
Add : Purchases	820,535,493	313,338,233
	844,046,094	341,388,904
Less: Closing Stock	233,939,360	23,510,601
Sub-Total	**610,106,734**	**317,878,303**
Stores and Consumables consumed:		
Opening Stock	3,762,111	7,702,723
Add : Purchases	9,981,107	5,364,919
	13,743,218	13,067,642
Less: Closing Stock	8,251,723	3,762,111
Sub-Total	**5,491,495**	**9,305,531**
Total	**615,598,229**	**327,183,834**

R&D Expenditure

Raw Materials consumed includes ₹ 60,000/- towards R&D.

Stores and Consummables consumed includes ₹ 217,000/- towards R&D.

NOTE 26 - DECREASE / (INCREASE) IN PROCESS STOCK

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Process Stock		
Opening stock	23,192,000	60,347,990
Closing stock	199,952,795	23,192,000
Decrease / (Increase) in Process Stock	(176,760,795)	37,155,990
Total	**(176,760,795)**	**37,155,990**

NOTE 27 - EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Salaries and Allowances	42,775,214	41,127,338
Ex-Gratia	-	-
Leave Encashment	1,807,279	923,424
Contribution to Provident Fund and other funds		
ESIC	-	600,995
Provident Fund	3,053,406	2,847,045
Superannuation Fund	1,092,679	958,450
Labour Welfare Fund	7,812	8,064
Gratuity	2,030,484	1,259,489
Staff welfare expenses	1,548,644	1,257,450
Total	**52,315,518**	**48,982,255**

Salaries and Allowances includes prior period expense of ₹ 9,846/- (Previous Year ₹ 250,971/-)

Staff Welfare expenses includes prior period expense of ₹ 39,477/- (Previous Year ₹ Nil)

R&D Expenditure

Salaries and Allowances includes ₹ 1,551,000/- towards R&D.

NOTE 28 - FINANCE COSTS

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Interest on Demand Loan	321,781	-
Interest others	31,137	55,409
Bank Charges	1,532,970	2,119,410
Total	**1,885,888**	**2,174,819**

Interest expense includes prior period expense of ₹ Nil (Previous Year- ₹ 3,612/-).
Bank Charges Include Prior Period Expenses of ₹ 1,409/- (Previous Year ₹ 451,601/-).
Bank Charges Include Commitment charges of ₹ 56,718/- (Previous Year ₹ 75,831/-).

NOTE 29 - OTHER EXPENSES-ToT EXPENSES

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Technical Assistance Fees	70,378,543	-
Service Tax	7,752,693	-
Total	**78,131,236**	**-**

NOTE 29a - OTHER EXPENSES

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Power and Fuel	11,256,047	9,487,245
Gases Consumed	1,200,872	1,158,881
Water Charges	266,853	245,590
Travelling & Conveyance Expenses	1,815,713	1,223,931
Communication Expenses	888,365	822,579
Printing and Stationery	365,759	358,490
Insurance	785,371	423,096
Rates & Taxes	1,606,429	1,464,265
Advertisement	153,341	-
Legal & Professional Charges	551,595	420,758
Lease Rent	229,250	210,000
Repairs :		
To Machinery	1,608,996	2,119,499
To Building	259,811	185,949
General Maintenance Expenses	3,977,576	3,722,051
Miscellaneous Expenses	1,891,406	1,078,952
Bad Debts	2,339,416	-
Provision for Doubtful Debts/Advances	399,803	1,786,899
Provision for repairs during Warranty Period	2,487,125	206,897
Total	**32,083,728**	**24,915,082**

Rates & taxes includes prior period expense of ₹ 6,996/- (Previous Year ₹ 4,231/-).

Miscellaneous expenses includes net prior period expense of ₹ 1,131,287/- (Previous Year ₹ 107,039/-).

Repairs to machinery expenses includes prior period expense of ₹ 750/-(Previous Year ₹ 31,825/-).

Legal & professional charges includes prior period expense of ₹ 3,755/-(Previous Year ₹ 3,900/-).

NOTE 30 - PAYMENT TO AUDITORS (NET OF SERVICE TAX)

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Audit fees	100,000	50,000
Tax Audit fees	-	20,000
Out of pocket expenses reimbursed	-	-
Total	**100,000**	**70,000**

NOTE 31 - EXPENDITURE IN FOREIGN CURRENCY

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
Royalty	-	-
Knowhow	-	-
Legal & Professional Charges	-	-
Consultation Fees	-	-
Interest	-	-
Total	**-**	**-**

NOTE 32a - THE TOTAL OF FUTURE MINIMUM LEASE PAYMENTS UNDER NON-CANCELLABLE OPERATING LEASE :

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
(i) Not later than one year	-	-
(ii) Later than one year and not later than five years.	-	-
(iii) Later than five years	-	-
Total	**-**	**-**

a) The total of future minimum lease payments expected to be received under non-cancellable sub-leases at the balance sheet date ₹ NIL(Previous Year ₹ NIL).

b) Lease payments recognised in the profit and loss account for the year ₹ NIL(Previous Year ₹ NIL).

c) Sub- lease payments received (or receivable) recognised in profit and loss account for the year is ₹ NIL(Previous Year ₹ NIL).

d) General description of the lessee's significant lease arrangements.

NOTE 32b - PARTICULARS OF ASSETS TAKEN ON FINANCE LEASE ON OR AFTER AUGUST 2008

(i) Total minimum lease payments as at the balance sheet date is ₹ 170,676/- (Previous year- ₹ 295,380/-) and the present value of total minimum lease payments as at the balance sheet date is ₹ 88,344/- (Previous year - ₹ 165,676/-). The difference represents the finance charge payable in the future.

(ii) Total of minimum lease payments at the balance sheet date :

(Amount in ₹)

Particulars	Total minimum lease payments at the balance sheet date	Present value of minimum lease Payments	
PAYABLE	**As at 31st March 2012**	**As at 31st March 2012**	**As at 31st March 2011**
Not later than one year	124,704	66,346	77,332
Later than one year and not later than five years	45,972	21,998	88,344
Later than five years	-	-	-

(iii) The aforesaid leasing arrangements are in respect of Vehicle .The lease period ranges from the year 2008 to year 2013 .

NOTE 33 - EARNING PER SHARE

(a) The amount used as the numerator in calculating basic and diluted earnings per share is the net profit after tax for the year disclosed in the Profit and Loss Account.

(b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is ₹ 1,832,293.

NOTE 34 - RELATED PARTY DISCLOSURES:

A) Name of the related party and nature of relationship where control exists:

Name of Related Party	Nature of Relationship
Bharat Electronics Limited	Holding Company

B) Related Party Transactions:

Name of Related Party	Description of Relationship	Nature of Transactions	Amount of Transactions ₹	Amount Outstanding at the end of year	
				Credit (₹)	Debit (₹)
Bharat Electronics Ltd.	Holding Company	Sale of Goods	292,395,469	-	-
Bharat Electronics Ltd.	Holding Company	Receipt of Grant	1,055,575,537	-	-
Bharat Electronics Ltd.	Holding Company	Debtors	-	-	117,166,072
Bharat Electronics Ltd.	Holding Company	Advance for sales	-	701,326,737	-

NOTE 35 -

a) Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 460,041,796/- (Previous year- ₹ NIL).

b) Estimated amount of other contracts remaining to be executed and not provided for ₹ 1,526,874,587/- (Previous year- ₹ NIL).

NOTE 36 -

a) Details of Derivative Instruments (for hedging)

Particulars	Currency	Amount in foreign currency		Equivalent amount in ₹	
		Current Year	Previous Year	Current Year	Previous Year
Forward cover	-	-	-	-	-

b) Details of foreign currency exposures that are not hedged by a derivative instrument or otherwise :

Particulars	Currency	Amount in foreign currency		Equivalent amount in ₹	
		Current Year	Previous Year	Current Year	Previous Year
Payables	USD	127,305	205,543	6,560,027	9,379,275
	EURO	3,367,860	266,863	232,550,764	16,718,925
Receivables	USD	-	36,000	-	1,595,160
	EURO	80,000	86,492	5,524,000	5,356,764
Contingent Liability	USD	126,000	99,200	6,492,780	4,477,888
	EURO	-	16,185	-	1,035,732
	CHF	-	12,240	-	605,512
Bank Balance	USD	69,948	26,657	3,604,395	1,203,301

NOTE 37 - INTANGIBLE ASSETS

During May 2011, the company has entered into an ToT Agreement with M/s. Photonis, France for Transfer of Technology for manufacture of Higher Specification I.I. Tubes at BELOP. The license Fees of ₹ 290,726,120/- (incl. service tax) paid to M/s. Photonis, France under the ToT agreement has been treated as an intangible asset in the books of accounts of the company and would be ammortised over a period of ten years.

NOTE 38 -

The Company is having possession of certain assets originally taken on lease under lease agreements with Lloyds Finance, ICICI Ltd & Times Guaranty Financials Limited for which primary and/or secondary lease period is over. In respect of ICICI Ltd and Times Guaranty Financials Limited, the lease period is over as per the OTS Scheme.

NOTE 39 -

Key Management Personnel are as follows:

Name of Key Management Personnel	Designation
a) Shri. ANIL KUMAR, Chairman	CMD, BEL
b) Shri. I.V. SARMA, Director	Director (R&D), BEL
c) Shri. M.L. SHANMUKH, Director	Director (HR), BEL
d) Shri. M.G. RAGHUVEER, Director (upto 31st May, 2012)	Director (Finance), BEL

All the above directors are part time directors. No remuneration has been paid by the company to the above directors during this year.

NOTE 40 -

Research and Development expenditure debited to the Profit and Loss Account aggregating ₹ 3,885,000/- (Previous Year ₹ 4,000,000/-) has been incurred by the company and disclosed under appropriate account heads.

Note - 41

The Company has received exemption from the Government of India, Ministry of Company Affairs from compliance of Para 5(ii)(a)(1), 5(ii)(a)(2), 5(ii)(e), 5(iii), 5(viii)(a), 5(viii)(b), 5(viii)(c), 5(viii)(e) of the Revised Schedule VI in respect of the Financial year ended on 31st March 2012 vide Letter No. F. No. 46/10/2012-CL-III dt. 7.6.2012.

Note - 42

Depreciation is provided in accordance with the Accounting Policy of the Company.

The rates of Depreciation adopted other than those under Schedule XIV of the Companies Act, 1956 are as under:

i)	Plant and Machinery	10%
ii)	Electrical Installations	10%
iii)	Furniture and Fixtures / Office Equipment	10%
iv)	Computer Systems	20%
v)	Vehicles	20%

Additional Depreciation of 3.08 % and 6.49% has been charged on Plant & Machinery items in respect of double shift working and triple shift working respectively.

Note - 43

Capital Work-In-Progress includes Assets procured from M/s. Photonis, France under the ToT Agreement entered with them amounting to ₹ 11,780,002 (Previous Year ₹ Nil)

Note - 44

As per the Accounting Standard - 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company's product falls in one segment only viz., Image Intensifier Tubes, hence separate segment wise results are not disclosed.

Note - 45

Raw material and Components with Sub-contractors are subject to reconciliation on confirmation as a regular exercise. The impact, if any, on consequent adjustment is considered not material.

Note - 46

The company which is a single composite cash generating unit has on the basis of assessment of internal and external factors found that there are no indications of impairment of its assets and hence no provision for the same is considered necessary. The company has complied with the Accounting standard (AS)-No.28 on “Impairment of Assets”.

Note - 47

The Company has acquired 13,680 square meter of land on lease from MIDC, on lease for 95 years at cost of ₹ 2,052,000/- on 25.11.1991 with a renewable option of further 95 years on new terms and conditions.

Note - 48

Contingent Liabilities:

Particulars	For the year ended 31st March 2012 ₹	For the year ended 31st March 2011 ₹
a) Outstanding Letters of Credit	6,492,780	6,119,132
b) Outstanding Bank Guarantees (Counter Guarantee given against same by Company)	10,650,210	10,650,210
c) *Octroi Demand disputed by the Company	1,391,490	1,391,490
d) Claims against the Company not acknowledged as debt (interest, if any, not ascertainable).	NIL	NIL
e) Income tax disputed by the Company	NIL	1,748,970
TOTAL	**18,534,480**	**18,518,312**

*Octroi demand disputed by the company and deposited with Sr. Divisional Bench of Pune court in the financial year 2005-06, the decision of which is pending.

Note - 49

Liability, if any, in respect of labour matters under dispute before various judicial authorities is not ascertainable.

Note - 50

Previous year figures have been regrouped wherever necessary, to correspond to figures of the current year. Figures in brackets relate to previous year.

CASH FLOW STATEMENT FOR THE PERIOD 01.04.2011 to 31.03.2012

Sr	Particulars	Amount in ₹ 2011-12	Amount in ₹ 2010-11
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	NET PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	124,836,669	66,866,910
	ADJUSTMENTS FOR :		
	DEPRECIATION	9,602,350	13,775,537
	INCOME FROM INVESTMENTS	(47,565,951)	(5,652,963)
	INTEREST	352,918	51,797
	TRANSFER FROM GRANT	(42,726,609)	(2,937,580)
	LOSS/(PROFIT) ON SALE OF ASSET	-	-
	EXCESS PROVISION WRITTEN BACK	-	(202,922)
	OPERATING PROFIT BEFORE WORKING CAPITAL CHANGES	**44,499,377**	**71,900,779**
	ADJUSTMENTS FOR :		
	TRADE AND OTHER RECEIVABLES	(1,013,439,270)	(1,852,753)
	INVENTORIES	(390,969,428)	42,691,831
	TRADE PAYABLES & ADVANCES	898,448,607	(33,497,838)
	CASH GENERATED FROM OPERATIONS	**(461,460,714)**	**79,242,019**
	DIRECT TAXES PAID	(39,405,747)	(28,324,103)
	REFUND OF EXCESS TAX/SHORT PROVISION OF PREVIOUS YEAR	(1,723,653)	5,679,557
	CASH FLOW BEFORE EXTRAORDINARY ITEMS	(502,590,114)	56,597,473
	EXTRAORDINARY ITEMS :		
	RECEIPT OF GRANTS	-	-
	NET CASH FROM OPERATING ACTIVITIES	**(502,590,114)**	**56,597,473**
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	PURCHASE OF FIXED ASSETS	(308,273,085)	(777,848)
	SALE OF FIXED ASSETS	-	-
	BANK DEPOSITS	(79,751,663)	(3,846,623)
	INTEREST RECEIVED	47,565,951	5,652,963
	DIVIDEND RECEIVED	-	-
	NET CASH FROM/(USED)IN INVESTING ACTIVITIES	**340,458,797**	**1,028,492**
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	GRANT RECEIVED	1,055,575,537	1,100,000
	INCREASE/(DECREASE) IN TERM LOAN BORROWINGS	-	-
	INCREASE/(DECREASE) IN SHORT TERM BORROWINGS	(109,974)	(80,956)
	INTEREST PAID ON LONG TERM LOANS	(352,918)	(51,797)
	NET CASH FROM/(USED) IN FINANCING ACTIVITIES	**1,055,112,645**	**967,247**

CASH FLOW STATEMENT FOR THE PERIOD 01.04.2011 to 31.03.2012

Sr	Particulars	Amount in ₹ 2011-12	Amount in ₹ 2010-11
	ABSTRACT		
A.	NET CASH FROM /(USED) OPERATING ACTIVITIES	(502,590,114)	56,597,473
B.	NET CASH FROM/(USED) IN INVESTING ACTIVITIES	(340,458,797)	1,028,492
C.	NET CASH FROM/(USED) IN FINANCING ACTIVITIES	1,055,112,645	967,247
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**212,063,734**	**58,593,212**
	CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	128,195,194	69,601,982
	CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	340,258,928	128,195,194
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**212,063,734**	**58,593,212**
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.		

As per our report attached
For D.V.Sathe and Co.
Chartered Accountants
Firm Reg. No. 109302W

-sd-
Bhagyashree Sathe
Partner
M.No. 037396

Place: BANGALORE
Date : 21st June, 2012

-sd-
ANIL KUMAR
Chairman

-sd-
I.V. SARMA
Director

-sd-
PRIYA S. IYER
Company Secretary

Place : BANGALORE
Date : 21st June, 2012

-sd-
M. L.SHANMUKH
Director

-sd-
J.Y. CHOUDHARY
Chief Executive Officer

-sd-
AMARNATH KUNDU
Manager (Finance)

AUDITOR'S REPORT

To the Members of
BEL Optronic Devices Limited.
Pune

We have audited the attached Balance Sheet of BEL Optronic Devices Limited, as at 31st March, 2012 and also the Profit and Loss Account and 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.

Based on the recommendations made by the Comptroller and Auditor General of India we have redrafted our earlier audit report dated 23rd June 2012 in sub para (ii) and (iii), the opinion paragraph (b) of the Main Report and Para nos 3,5,6,8,9(a),10,13,14,16,17,19 & 20 of the Annexure to the said report. This report now supercedes our previous Report bearing the date 23rd June 2012.

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 management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Companies (Auditor's Report) Order, 2003 as amended by Companies (Auditors Report) (Amendment) order 2004; issued by the Central Government in terms of sub-section (4A) of section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.

Further to our comments in the Annexure referred to above, we report that:

i. We have obtained all the information and explanations- except balance confirmation from customers - which to the best of our knowledge and belief were necessary for the purposes of our audit;

ii. In our opinion, proper books of account as required by law have been kept by the company so far as appears from our examination of those books;

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

iv. In our opinion, the Balance Sheet and Profit and Loss Account dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.

The company being a Government Company is exempt from the provisions regarding the disqualification of directors contained in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

In our opinion and to the best of our information and according to the explanations given to us, the said accounts, read together with notes thereon, 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:

a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March, 2012;

b) in the case of the statement of Profit and Loss Account of the Profit for the year ended on that date and

c) in the case of the cash flow statement for the cash flows for the year ended on that date.

FOR D. V. SATHE & CO.
CHARTERED ACCOUNTANTS

-sd-
(CA BHAGYASHREE SATHE)
PARTNER
M NO. 037396

July 11, 2012
Pune

ANNEXURE TO AUDITOR'S REPORT

(A statement on the matters specified in paragraphs 4 of the Companies (Auditor's Report) Order, 2003; as amended by Companies (Auditors Report) (Amendment) order 2004)

1. In respect of Fixed Assets

   (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   (b) These fixed assets have been physically verified by the management at reasonable intervals; and no material discrepancies were noticed on such verification;

   (c) As is informed to us no fixed assets have been disposed of during the year.

2. In respect of inventory

   (a) Physical verification of inventory has been conducted at reasonable intervals by the management;

   (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business;

   (c) In our opinion, the company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification.

3. The Company has neither granted nor taken any loans, secured or unsecured to/ from companies, firm or other parties covered in the register maintained u/s 301 of the Act. Accordingly sub clause (b) (c) and (d) are not applicable.

4. In our opinion, there is an adequate internal control system commensurate with the size of the company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services.

5. In our opinion and according to the information and explanation given to us, there are no particulars of contracts that need to be entered into the register maintained in pursuance of Section 301 of the Act.

6. The company has not accepted any deposits from the public, hence the directives issued by the Reserve Bank of India and the provisions of sections 58A, 58AA are not applicable.

7. The company has an adequate internal audit system commensurate with the size and nature of its business.

8. As is informed to us, Cost records have been kept from 1.4.2011; as is required vide notification of Ministry Of Corporate affairs dated 3rd June 2011.

9. (a) The company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess and any other statutory dues. Moreover, according to information given to us, there are no undisputed amounts payable as at 31st March 2012 outstanding for a period of more than 6 months.

   (b) On our examination, we observed that the company is regular in paying its dues of Income tax/Sales tax/Wealth tax/Service tax/Custom duty/Excise duty/cess.

10. The company does not have any accumulated losses at the end of the financial year, and has not incurred any cash losses in the current financial year and in the immediately preceding financial year.

11. In our opinion and as per the information and explanation given to us the company has not defaulted in repayment of dues to bank. In addition, the company has not taken any loan from a financial institution nor has issued any debentures.

12. The company has not granted loans and advances based on security by way of pledge of shares, debentures and other securities.

13. The company is not a chit fund or a nidhi/ mutual benefit fund or society. Therefore, the provisions of clause 4(xiii) are not applicable.

14. The company is not dealing or trading in shares, securities, debentures and other investments therefore clause referred in Para 4(xiv) is not applicable.

15. According to the information given the company has not given any guarantee for loans taken by others from bank or financial institutions.

16. The company has not availed any term loan and no such term loan is outstanding at the end of the year.

17. During our examination we observed a single instance where the company raised a short term loan of Rs. 21.75 crores for a period of six days against the company's bank term deposit, which was utilised for payment of purchases / license fee under the transfer of technology agreement with M/s Photonis SAS, a French company.

18. The company has not made any preferential allotment of shares.

19. The company has not issued any debentures therefore para 4(xix) is not applicable for the Company.

20. The company has not raised any money by public issue and therefore para 4(xx) is not applicable for the Company.

21. As per the information given to us, the company has not noticed or reported any fraud during the year.

FOR D. V. SATHE & CO.
CHARTERED ACCOUNTANTS

-sd-

CA BHAGYASHREE SATHE
PARTNER
M. NO. 037396

July 11, 2012
Pune

ANNEXURE NO. 1

Addendum to the Directors' Report

MANAGEMENT REPLIES TO STATUTORY AUDITORS OBSERVATIONS COMMENTS FOR THE YEAR 2011-12

Para No. refers to Para No.i of Auditors' Report
(See Page No. 54)

PARA NO. OF AUDITOR'S REPORT	COMMENTS/OBSERVATIONS OF STATUTORY AUDITORS	MANAGEMENT REPLIES TO COMMENTS /OBSERVATIONS OF REPORT STATUTORY AUDITORS
i	We have obtained all the information and explanations-except balance confirmation from customers-, which to the best of our knowledge were necessary for the purpose of our audit.	The company has recorded all the transactions relating to Trade Receivables based on proper documents / records / vouchers / invoices etc. as per the standard accounting practices. Where, in the company's opinion, any issues relating to non-realisation of dues in respect of trade receivables exist, adequate provision in respect of the same has been made in the Accounts. The company is making efforts to get confirmation of balances of Trade Receivables and reconcile the same. No material variation is expected in respect of the outstanding balances pertaining to Trade Receivables on their reconciliation.

ANNEXURE NO. 2

Addendum to the Directors' Report

सत्यमेव जयते

सं / No. Reports/BELOP/2012-13/ 216
प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर - 560 001.

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

दिनांक / DATE : 19.7.2012

To
Shri. Anil Kumar,
Chairman,
BEL Optronic Devices Limited,
EL-30, 'J' Block,
Bhosari Industrial Area,
Pune-411 026.

Sir,

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

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

It may please be ensured that the Comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,

(C.H. Kharshiing)
Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग,
INDIAN AUDIT & ACCOUNTS DEPARTMENT

पहला तल, बसवा भवन, श्री बसवेश्वरा रोड, बेंगलूर - 560 001.
1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001.

दू. भा / Phone: 2226 7646 / 2226 1168
E-mail : mabblr@giasbg01.vsnl.net.in

तार / Telegram : DIRCOMIT
फैक्स / Fax : 080-2226 2491

ANNEXURE NO. 2

Addendum to the Directors' Report

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BEL OPTRONIC DEVICES LIMITED, PUNE FOR THE YEAR ENDED 31st MARCH 2012.

The preparation of financial statements of **BEL Optronic Devices Limited, Pune** for the year ended 31st March 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 is 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 23.6.2012 and their **Revised report dated 11.7.2012**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of **BEL Optronic Devices Limited, Pune** for the year ended 31st March 2012. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. In view of the ***revisions made in sub para (ii) and (iii), the opinion paragraph (b) of the Main Report and Para nos 3,5,6,8,9(a),10,13,14,16,17,19 & 20 of Annexure to Auditors' Report*** as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 619(4) of the Companies Act, 1956.

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

(C.H. Kharshiing, IA&AS)
Pr. Director of Commercial Audit
and Ex-Officio Member, Audit Board, Bangalore.

Bangalore
Dated: 19 July 2012