BEL OPTRONIC DEVICES LIMITED

Annual Report 2012-13

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	Chairman	CMD, BEL
c)	Shri. M.L. Shanmukh	Director	Director (HR), BEL
d)	Dr. Ajit.T. Kalghatgi (w.e.f. 1st September 2012)	Director	Director (R&D), BEL
e)	Shri. I.V. Sarma (upto 31st August 2012)	Director	Director (R&D), BEL

PRINCIPAL EXECUTIVE

1.	Mr. S.S. Kulkarni	Chief Executive Officer

	BANKERS	AUDITORS
1.	State Bank of India	M/s. D. V. Sathe & Co. Chartered Accountants, Pune
2.	AXIS Bank Ltd.	

CONTENTS

Ten Year Financial Statistics

(₹ in Millions)

Particulars	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Total Income	386	437	533	624	451	322	610	534	702	1578
Profit after tax	12	46	60	82	14	(36)	23	45	82	58
Equity capital	183	183	183	183	183	183	183	183	183	183
Reserves & Surplus	(35)	11	46	126	142	106	129	173	255	312
Gross Block	426	450	474	485	489	493	501	503	507	529
Working Capital	256	119	132	182	222	205	245	299	881	272
Capital Employed	488	353	342	355	357	304	325	366	942	347
Net Worth	148	194	229	310	325	289	312	356	438	495

CHAIRMAN'S LETTER

Dear Shareholders,

It is a great pleasure to communicate to you directly once again and to share with you the highlights of achievements of your company during the past year and the future outlook for the Company.

HIGHLIGHTS OF THE YEAR 2012-13

Your company achieved a turnover of ₹ 14,704.37 lakhs during the year 2012-13 as against ₹ 6275.77 lakhs in 2011-12, an increase of 134.30%.

- During 2012-13, the Profit after Tax (PAT) has decreased by 29.41%, from ₹ 815.69 lakhs in 2011-12 to ₹ 575.83 lakhs in 2012-13. The reason for lower profits is on account of lower margins as majority of the sales was executed by procurement of SKD/CKD kits pending implementation of ToT for in-depth manufacturing.
- The Networth of your Company has increased to ₹ 4,954.98 lakhs as on 31.03.2013, registering an increase of 13.15%.
- **Other achievements:**

  You will be happy to know that for the third consecutive year (2011-12) your company has been awarded Excellent rating in respect of the MoU which BELOP enters with it's holding company Bharat Electronics Limited (BEL). The performance parameters and targets for each year are finalised with the approval of the Department of Public Enterprises (DPE).
- **Products under Development**

  Your company has plans for Development of Intensified Camera Unit (ICU) with Image Processor during the year 2013-14. The ICU converts the Intensified Image from an I.I. Tube to an electronic format which enables the Intensified Image to be remotely viewed, processed and transmitted. The ICU can be used for Low Light Level Surveillance Applications.

FUTURE OUTLOOK

- **Transfer of Technology:**

  The facility for In-depth Manufacture (IM) of 8,000 XD-4 Performance I.I. Tubes p.a. is expected to be ready by January 2014 and the company would be meeting the customer requirements of XD-4 Performance I.I. Tubes through in-depth manufacturing from February 2014 onwards. After the start of in-depth manufacturing, your Company would take steps to expand it's capacity to meet the requirements of the Indian army.

  In order to have strategic advantage and self reliance in the field of Night Vision, your company is also pursuing it's plan for acquisition of ToT for manufacturing critical components of I.I. Tubes, viz., 6μm Pore Micro Channel Plates (MCPs) and Alkali Dispensers.
- **Performance in 2013-14**

  Your company has an order book position of ₹ 12,034 lakhs as on 30.06.2013 and is expected to achieve sales of around ₹ 13,500 lakhs for the year 2013-14.

GOVERNANCE AND SUSTAINABILITY

Your company endeavours to uphold the best practices in corporate governance. 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 would like to thank my fellow Directors on the Board for their wisdom and guidance. I deeply appreciate our Shareholders, particularly the Specified Undertaking of the Unit Trust of India, our customers and our business associates for their support. I also wish to express my sincere gratitude to all the officers and employees of BELOP for their dedication and committment 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.

Best Wishes,

Sincerely,

-sd-

(Anil Kumar)
Chairman

Place : Bangalore
Date :

DIRECTORS' REPORT

To the Members,

Your Directors are pleased to present their report on the business and operations of your company for the year ended 31st March 2013 together with the Audited Accounts.

1. Financial Highlights

The company has achieved turnover (Gross) of ₹ 14,704.37 lakhs and has made a profit after tax of ₹ 575.83 lakhs during the year. The turnover is the highest ever for the company.

The summary of the company's financial results is given below:-

(₹ *in Lakhs)*

Particulars	2012-2013	2011-2012
Total Income	15,775.54	6,934.12
Profit Before Depreciation, Interest and Tax	949.46	1,347.91
Interest	0.18	3.53
Depreciation	92.67	96.02
Profit Before Tax	856.61	1,248.36
Provision for Taxation	280.78	432.67
Profit for the year	575.83	815.69

2. Dividend

The Directors could not recommend any dividend for the year 2012-13 taking into account the future funds requirements.

3. Order Book Position

The order status of the company as on 01.04.2013 was ₹ 14,914 lakhs as compared to ₹ 28,780 lakhs as on 01.04.2012.

4. Future Outlook

The facility for In-depth Manufacture (IM) of 8,000 XD-4 Performance I.I. Tubes p.a. is expected to be ready by January 2014 and the company would be meeting the customer requirements of XD-4 Performance I.I. Tubes through In-depth Manufacturing from February 2014 onwards.

The Company is pursuing it's plan for acquisition ToT for manufacturing critical components of I.I. Tubes, viz., 6µm Pore Micro Channel Plates (MCPs) and Alkali Dispensers.

5. Finance

During the financial year 2012-13, your company has met it's fund requirements towards incremental working capital and additional investments on upgradation of infrastructure and capital equipments from internal resources. Borrowing has been avoided through close monitoring of cash flows and efficient cash management.

6. Research & Development (R&D)

The company's R&D Centre is recognised by Department of Scientific and Industrial Research (DSIR). During the year the R & D team has upgraded certain equipments and carried out process improvements. The details of the efforts taken are detailed in the Annexure to the Director's Report.

7. Products under Development

The company has plans for Development of Intensified Camera Unit (ICU) with Image Processor during the year 2013-14. The ICU converts the Intensified Image from an I.I. Tube to an electronic format which enables the Intensified Image to be remotely viewed, processed and transmitted. The ICU can be used for Low Light Level Surveillance Applications.

8. Customer Satisfaction

As a part of it's customer focus initiative, a seminar on the inspection of I.I. Tubes was organised which was attended by the representatives of all the agencies involved in the testing of I.I. tubes.

9. Recognitions

The Directors are pleased to inform you that for the third consecutive year (2011-12) the company has been awarded Excellent rating in respect of the MoU which BELOP enters with it's holding company Bharat Electronics Limited (BEL). The performance parameters and targets for each year are finalised with the approval of the Department of Public Enterprises (DPE).

10. Industrial Relations

Industrial relations during the year were cordial.

11. Environment Management

As part of a Environmental Management system, your company which, is certified for ISO 14001:2004, maintains clean surroundings and green environment at it's premises. The company also undertakes, measures for stringent pollution control, waste water treatment, zero effluent discharge, energy conservation, water conservation, systematic management and disposal of hazardous and other forms of waste.

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

12. 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 regular basis.

During the year the company has taken the following safety measures.

- Installation of safety smoke/fire dampers for all the Air handling units in the production areas.
- Replacement of existing conventional type earthing pits with chemical earthing pits which provide better earthing resistance and have low maintenance cost and higher life.
- Installation of five wire bus bar trunking system to ensure proper earthing for all equipments.

13. Vigilance

A Vigilance Officer for BELOP has been appointed during the year 2012-13 by Chief Vigilance Officer, BEL. Performance of the Vigilance Department during the year has been satisfactory. All the executives of the company have filled their Annual Property Returns. 55 Purchase Orders/Contracts and high value orders/contracts have been reviewed/scrutinized during the year and found to be in order. 57 Regular/Surprise inspections were conducted. There is no case pending under investigation.

14. Integrity Pact

The Central Vigilance Commission has taken an initiative of introduction of the Integrity Pact in large value contracts in all Government Organisations for eradication of corruption in procurement activity. In line with the directives from the Ministry of Defence and the Central Vigilance Commission, BELOP enters into an Integrity Pact with all the vendors/suppliers/contractors/ service providers for all Orders/ Contracts of value ₹ 1000 lakhs and above.

15. Implementation of RTI Act(RTIA)

During the year 2012-13, the company has designated certain executives as Public Information Officer, Asst. Public Information Officer and Appellate Authority as specified under the Right to Information Act, 2005. During the year 2012-13, the company received one request for information under the RTIA in respect of a service related matter which was attended to.

16. Directorate

Dr. Ajit.T. Kalghatgi was appointed as a Director, retiring by rotation at the 22nd Annual General Meeting of the company held on 28th September 2012. In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the company, Dr. Ajit.T. Kalghatgi retires by rotation and being eligible offers himself for re-appointment.

17. 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 2013 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.

18. Auditors

The Comptroller and Auditor General of India has reappointed M/s D.V. Sathe & Co., Chartered Accountants as the statutory auditors for the year 2012-13. The internal audit of the company for the year 2012-13 was conducted by the internal audit team of BEL.

19. Audit Committee

The members of the audit committee are as follows :

1)	Mr. M.L. Shanmukh	Chairman
2)	Dr. Ajit.T. Kalghatgi	Member

20. Auditors' Report

The Auditors' Report on the Annual accounts for the year 2012-13, the Management's replies to the comments by the statutory auditor and the Nil comments report of the Comptroller & Auditor General of India for the year 2012-13 are appended to this report .

21. Management Discussion and Analysis Report

The Management Discussion and Analysis Report is annexed to this report.

22. Corporate Governance

A report on Corporate Governance for Central Public Enterprises is annexed to this Report

23. Sustainability Report

As required under the Guidelines on "Sustainable Development" issued by the Department of Public Enterprises, Govt. of India a separate chapter on the company's efforts on "Sustainable Development" is annexed to this Report.

24. Other Disclosures

Information required to be disclosed in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Companies(Disclosure of Particulars in the Report of Board of Directors) Rules 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is attached to this Report. The particulars of employees to be furnished as per Section 217 (2A) of the Companies Act, read with the Companies (Particulars of Employees) Rules 1975, as amended, are 'NIL' for 2012-13.

25. Acknowledgement

Your Directors place on record their deep appreciation and gratitude for the valuable support received from all the Customers and look forward to their continued support and co-operation in future. Your Directors also acknowledge the co-operation extended by M/s Photonis for implementation of ToT at BELOP. Your Directors express their sincere thanks to the Comptroller and Auditor General of India, Chairman, Members and Employees of the Audit Board, Statutory Auditor, Company's Bankers and Vendors. Your Directors appreciate the sincere efforts put in by all the employees at all levels which enabled your company to achieve the good performance during the year. Your Directors express their appreciation and gratitude 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 and look forward to their continued support and participation in sustaining the growth of the company in the coming years.

For and on behalf of the Board

-sd-

ANIL KUMAR
Chairman

Place : Pune
Date :

ANNEXURE TO DIRECTORS' REPORT

PARTICULARS UNDER THE COMPANIES (DISCLOSURES OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A CONSERVATION OF ENERGY

a. Energy Conservation measures taken during 2012-13

- Installation of Energy Efficient Screw Chillers for Central Air Conditioning system.
- Replacement of existing conventional Street Lighting with LED Lights.
- Installation of Lighting Management System in the company.

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

- Additional investments made during the year for implementing the measures at (a) above, was around ₹ 7.88 lakhs.

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

- Saving of about 7% in Domestic Power consumption can be achieved in future due to 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 driving and executing the product & process related developments.

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

- Development of Automated Test Equipment for Gain-EBI measurement of 18mm I.I. Tube.
- Upgradation of Vacuum Furnace (LT) using SCADA System.
- Process Improvements:
  - Re-design of Exhaust Assembly of 25mm I.I. Tube to improve Vacuum Pumping Speed.
  - The company has increased FTP of 25mm Envelope-I and Cathode faceplate Assembly from 83% to 88%.

2 Benefits derived from above R&D efforts:

- Upgradation of Manufacturing Infrastructure of the Company.
- Increased Productivity & Improved Process Yields.

3 Future plan of action:

- Upgradation of Thin Film Deposition Equipment (Box Coater-1) for Module Assembly Process to improve Process consistency and reduce Downtime.
- Upgradation of Screen Scrubber Equipment for Phosphor Screen Process to improve Process efficacy and Productivity.
- Development of Intensified camera Unit with Image Processor for Low Light Level Surveillance Applications.

4 Expenditure on R&D:

The Company has incurred an expenditure of approx. ₹ 35 lakhs during the year 2012-13.

5 Technology absorption, adaptation and innovation:

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

- The Company has built Clean Rooms, Ultra Pure Water Plant and other High Technology Infrastructure to establish ToT for XD-4 performance I.I. Tubes. The Engineers and Technicians of the Company have also been trained on the new Technology.
- Upgradation / Automation of the manufacturing Equipment to improve Productivity.

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

- Availability of World Class Infrastructure to manufacture High Technology Product indigenously.
- Improved Productivity resulting in enhanced Manufacturing Capacity.

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

During 2007-08 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 would be completed by January 2014.

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 is being enhanced to next generation by assimilation of technology for manufacture of XD-4 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 Industrial and Scientific 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:

a) Technology updation and R & D

The transfer of technology from M/s Photonis, France, BELOP for in-depth manufacturing of XD-4 I.I. Tube is nearing completion and BELOP would be supplying XD-4 I.I. Tubes through in-depth manufacturing to it's customers from February 2014 onwards.

The company is also making efforts for development of new products through inhouse R & D.

b) Manufacturing

The company has upgraded it's existing facilities and clean rooms for meeting the requirements for in-depth manufacture of XD-4 I.I. Tubes.

c) Diversification expansion plans

The Company has plans to expand it's capacity to meet the requirements of the Indian army. BELOP is also pursuing it's plan for acquisition of ToT for manufacturing critical components of I.I. Tubes, viz., 6µm Pore Micro Channel Plates (MCPs) and Alkali Dispensers.

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

a) Risk Management

The company has put in place a comprehensive 'Risk Management Framework' for the continuous identification, updation, evaluation, prioritization and management of risks. Under this framework, at Apex Level there is Risk Management Committee(RMC) headed by the Chief Executive Officer(BELOP) and members drawn from important functional areas like manufacturing, Marketing, Design and Engineering, Finance and HR. The Risk Champion (RC)is at the level of DGM. The RMC reviews the risk management efforts in the company as a whole on a quarterly basis. The RMC reports to the management on a half-yearly basis and the company reports about the status of RM to the Board annually.

b) Cost Reduction

The company has taken various measures in both manufacturing and non-manufacturing areas for cost reduction. During the year due to indigenisation the company has made an estimated savings of approx. ₹ 18.65 lakhs.

B) Internal Control System and it's adequacy

The company has an adequate system of Internal Control commensurate with it's size and nature of it's operations. These have been designed to provide measures with a view to provide reasonable assurance with regard to recording and providing reliable financial and operational information, complying with applicable statues, safeguarding assets from unauthorised use or losses, executing transactions with proper authorization and ensuring compliance of company's policies and procedures issued from time to time.

The internal audit of the company for the year 2012-13 was conducted by the internal audit team of BEL.

Your company has an Audit Committee which reviews the Internal Control Systems and the significant audit observations submitted by the internal audit. 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 meet the expectations of the various stakeholders.

(iv) 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 without resorting to external borrowings.

2. Performance Highlights

(₹ in Lakhs)

Particulars	2012-13	2011-12
Gross Sales	14,704.37	6,275.77
Total Expenditure Before Interest	15,949.20	6,113.74
Profit Before Interest and Tax	856.79	1,251.89
Operating Margin(PBIT/Gross Sales) Ratio%	5.83	19.95
Profit After Tax	575.82	815.69
No. of Days Inventory/Value of Production(DPE Method)	100	202
No. of Days Sundry Debtors	67	199
Current Ratio	1.33	1.92
Debt Equity Ratio	Nil	Nil

3. Analysis of Financial Performance of 2012-13

- Turnover increased by 134.30% from ₹ 6,275.77 lakhs in 2011-12 to ₹ 14,704.37 lakhs in 2012-13.
- Value of Production has increased by ₹ 8,608.93 lakhs from ₹ 8,041.53 lakhs in 2011-12 to ₹ 16,650.46 lakhs in 2012-13.
- PAT has decreased by 29.41% from ₹ 815.69 lakhs in 2011-12 to ₹ 575.83 lakhs in 2012-13.
- PAT to Sales Ratio in 2012-13 is 3.92%.
- Sales per Employee has increased by 139.99% from ₹ 55 lakhs in 2011-12 to ₹ 132 lakhs in 2012-13.
- Earning per share is ₹ 31.43.
- Net worth has increased by 13.15% from ₹ 4,379.15 lakhs in 2011-12 to ₹ 4,954.98 lakhs in 2012-13.

D) Development in Human Resources/Industrial Relations

The company has provided training of average 3.93 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 three Directors including the Chairman. The Chairman of the BEL Board is the Chairman of the Board and BELOP. All the three 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	CMD, BEL
b)	Shri. M.L. Shanmukh, Director	Director (HR), BEL
c)	Dr. Ajit.T. Kalghatgi, Director	Director (R&D), BEL

Meetings and Attendance

During the financial year ended 31.03.2013, six Board Meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 25.04.2012, 21.06.2012, 14.08.2012, 28.09.2012, 26.11.2012, and 29.01.2013. Details of attendance of the Directors at the Board Meetings, Annual General Meeting and the number of other Directorships/Committee memberships held by them during 2012-13 etc. are given below:-

Sr.	Directors	Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 28th Sept 2012	No. of other Director ships held	* Number of Committee Membership across all companies	
	Part time Directors					As Chairman	As Member
1	Mr. Anil Kumar	6	6	Yes	1	Nil	Nil
2	Mr. M. L. Shanmukh	6	6	Yes	1	1	1
3	Dr. Ajit .T. Kalghatgi	3	3	Yes	2	Nil	1
4	Mr. M. G. Raghuveer	1	1	No	2	Nil	2
5	Mr. I. V. Sarma	3	2	No	2	Nil	1

* 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 2012-13. A declaration to this effect signed by the Chairman is attached to this Report.

Audit Committee

The composition of the Company's Audit Committee is three Directors as specified in Section 292A of the Companies Act, 1956. In addition, the Statutory Auditor 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 28th September 2012. The terms of reference of the Audit Committee are as specified in Section 292A of the Act and as per the DPE guidelines.

During the year ended 31.03.2013, the Audit Committee met five times on 25.04.2012, 21.06.2012, 14.08.2012, 26.11.2012 and 29.01.2013.

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
Dr. Ajit T. Kalghatgi	2	2
Mr. I. V. Sarma	3	3
Mr. M. G. Raghuveer	1	1

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 31.03.2013.

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 two 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
2009-10	Registered Office	24th September 2010 at 08.30 AM
2010-11	Registered Office	23rd September 2011 at 03.00 PM
2011-12	Registered Office	28th September 2012 at 12.30 PM

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

Disclosures

(a) Related Party Transactions are disclosed in Note No. 30 of Notes to the Accounts for the year ended 31.03.2013.

(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 0.49 % of the total expenses for the year 2012-13 as against 0.89 % 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 2012-13.

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 2013

Sr.	Category	No. of Shareholders	No. of Shares	% Holding
1	Promoter – M/s. Bharat Electronics Limited	1	17,00,223	92.79
2	Financial Institutions - Specified Undertaking of the Unit Trust of India	1	1,32,000	7.21
3	Individuals	6	70	0.00
	Total	**8**	**18,32,293**	**100.00**

Top 10 Shareholders as on 31 March, 2013

Sr.	Name	No. of Shares	% Holding
1	Promoter – M/s. Bharat Electronics Limited	17,00,223	92.79
2	Financial Institutions - Specified Undertaking of the Unit Trust of India	1,32,000	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 2013.

For BEL Optronic Devices Limited

-sd-

Place : Bangalore
Date :

Anil Kumar
Chairman

ANNEXURE TO DIRECTORS' REPORT

SUSTAINABILITY REPORT

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

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

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

BELOP which, is certified for ISO 14001:2004, is committed to sustain the environment with growth. It maintains a green environment in it's premises and has implemented various environmental management practices.

Specific Sustainable Development Initiatives

BELOP has taken the following specific sustainable development initiatives during 2012-13

a) LED Street Lighting

Conventional street lights were replaced with equivalent low energy LED fittings at a total cost of ₹ 6.49 lakhs leading to reduction in energy consumed.

b) Lighting Control Systems

In order to optimally use the lighting resources lighting management system has been introduced in BELOP at a total cost of ₹ 1.39 lakhs.

c) Ecological Sustainability

The company focuses on planting trees and maintaining a green and clean environment. The company has increased the green cover in the premises of the company from the existing50,000 sq. ft to 53,000 sq. ft at a total cost of ₹ 3.76 lakhs.

d) Energy Conservation

During the year the company has imparted training to employees on energy conservation.

e) Training on Sustainable Development Policies

The company has imparted training on Sustainable Development policies and practices to vendors, suppliers and employees.

The projects at Sr. No. a) to Sr. No. c) have been evaluated by the external agency.

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 Rs 5,000/- and less individually are depreciated at 100% in the year of addition.

iv) Depreciation on addition to the assets is charged when the asset is put to use.

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

vi) Intangible assets are amortised over a period of ten years on straight line method.

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 :

a) Tangible fixed assets

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.

b) Capital work in progress

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

c) Intangible Assets

The cost of License Fee acquired for transfer of technology resulting in significant future economic benefits is recognised as an Intangible Assets in the books of accounts when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as "Intangible Assets under Development".

L. Technical Assistance :

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

M. 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.

N. 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.

O. 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.

P. 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.

Q. 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.

R. 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.

S. 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: PUNE
Date : 2nd August, 2013

-sd-
ANIL KUMAR
Chairman

-sd-
M. L.SHANMUKH
Director

-sd-
AJIT. T. KALGHATGI
Director

-sd-
S.S.KULKARNI
Chief Executive Officer

-sd-
PRIYA S. IYER
Company Secretary

-sd-
AMARNATH KUNDU
Manager (Finance)

Place : BANGALORE
Date : 30th July, 2013

BEL OPTRONIC DEVICES LIMITED

BALANCE SHEET AS AT 31st MARCH 2013

(Amount in ₹)

Sr. No.	Particulars	Note No.	As at 31st March 2013	As at 31st March 2012
I.	**EQUITY AND LIABILITIES:**			
(1)	**Shareholder's Funds:**			
	(a) Share Capital	1	18,32,29,300	18,32,29,300
	(b) Reserves and Surplus	2	31,22,69,150	25,46,86,535
			49,54,98,450	**43,79,15,835**
(2)	**Grants:**	3	**1,40,88,61,969**	**1,02,22,16,226**
(3)	**Non-Current Liabilities:**			
	(a) Long-term borrowings	4	-	44,966
	(b) Other long term liabilities	5	32,45,45,062	39,18,733
	(c) Long-term provisions	6	55,30,759	42,03,826
			33,00,75,821	**81,67,525**
(4)	**Current Liabilities:**			
	(a) Short-term borrowings	30	-	-
	(b) Trade payables	7	41,23,40,835	19,96,82,573
	(c) Other current liabilities	8	39,38,61,500	74,82,68,057
	(d) Short-term provisions	9	2,57,37,800	1,08,66,419
			83,19,40,135	**95,88,17,049**
	Total		**3,06,63,76,375**	**2,42,71,16,635**
II	**ASSETS:**			
(1)	**Non-Current Assets:**			
	(a) Fixed assets			
	(i) Tangible assets	10	7,47,57,000	6,14,78,191
	(ii) Capital work-in-progress	11	73,00,40,404	1,34,81,810
	(iii) Intangible assets under development	12	91,29,10,726	29,07,26,120
			1,71,77,08,130	**36,56,86,121**
	(b) Deferred tax assets (Net)	13	27,26,748	6,52,503
	(c) Long-term loans and advances	14	50,05,471	38,31,943
	(d) Other non-current assets	15	23,69,64,775	21,65,20,693
			24,46,96,994	**22,10,05,139**
(2)	**Current Assets:**			
	(a) Inventories	16	45,85,17,365	44,57,39,469
	(b) Trade receivables	17	26,76,47,101	34,14,80,968
	(c) Cash and Bank balances	18	21,20,12,433	42,96,34,876
	(d) Short-term loans and advances	19	14,86,63,593	59,05,10,335
	(e) Other current assets	20	1,71,30,759	3,30,59,727
			1,10,39,71,251	**1,84,04,25,375**
	Total		**3,06,63,76,375**	**2,42,71,16,635**

SEE ACCOMPANYING NOTES (1 TO 30) 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: PUNE
Date : 2nd August, 2013

-sd-
ANIL KUMAR
Chairman

-sd-
M. L.SHANMUKH
Director

-sd-
AJIT. T. KALGHATGI
Director

-sd-
S.S.KULKARNI
Chief Executive Officer

-sd-
PRIYA S. IYER
Company Secretary

-sd-
AMARNATH KUNDU
Manager (Finance)

Place : BANGALORE
Date : 30th July, 2013

BEL OPTRONIC DEVICES LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2013

(Amount in ₹)

Sr. No.	Particulars	Note No.	For the year ended 31st March 2013	For the year ended 31st March 2012
I.	REVENUE FROM OPERATIONS			
	Turnover			
	(a) Sale of Products		1,46,63,17,336	62,73,92,436
	(b) Sale of Services		37,70,000	-
	(c) Sale of Scrap		3,49,642	1,84,875
	(d) Gross Sales (a+b+c)		1,47,04,36,978	62,75,77,311
	(e) Excise Duty		39,70,582	70,98,390
	(f) Net Turnover (d-e)		1,46,64,66,396	62,04,78,921
II.	Other Income	21	10,71,17,188	6,58,35,125
III.	Transfer of Grant			
	TPDUP		22,15,585	22,15,585
	ToT		7,89,54,093	4,05,11,024
IV.	**Total Revenue (I+II+III)**		**1,65,47,53,262**	**72,90,40,655**
V.	EXPENSES:			
	(a) Cost of Materials Consumed	22	1,58,47,61,668	61,01,06,734
	(b) Cost of Stores & Spares Consumed	22	23,78,746	54,91,495
	(c) Changes in Process Stock & Finished Goods	23	(19,87,29,463)	(17,67,60,795)
	(d) Employee Benefit Expense	24	6,33,39,879	5,23,45,149
	(e) Finance Costs	25	18,194	3,52,918
	(f) Depreciation and Amortization Expense	10	88,86,325	95,87,890
	(g) ToT Expeneses			
	(i) Technical Assistance fee and other Expenses	26	9,27,65,974	7,81,31,236
	(ii) ToT Depreciation	10	3,80,833	-
	Total Tot Expenses (i)+(ii)		9,31,46,807	7,81,31,236
	(h) Other expenses	27	4,11,35,865	3,24,72,501
	Total Expenses (a to h)		1,59,49,38,021	61,17,27,128
VI.	Profit before exceptional, extraordinary items and tax (IV-V)		5,98,15,241	11,73,13,527
VII.	Exceptional Items-(Refer Note No.30 Point No.12)		(2,55,78,855)	-
VIII.	Profit before extraordinary items and tax (VI-VII)		8,53,94,096	11,73,13,527
IX.	Extraordinary Items		-	-
X.	Profit for the year (VIII-IX)		8,53,94,096	11,73,13,527
XI.	Prior Period Items (Net)	28	(2,67,313)	(75,23,142)
XII.	Profit for the period before tax (X-XI)		8,56,61,409	12,48,36,669
XIII.	Tax expense:			
	a - Current tax		3,01,53,039	4,21,17,625
	b - Earlier Years		-	17,23,653
	c - Deferred taxes		(20,74,245)	(5,73,951)
	Total Provision for Taxation (a+b+c)		2,80,78,794	4,32,67,327
XIV.	**Profit for the period (XII-XIII)**		**5,75,82,615**	**8,15,69,342**
XV.	Earning per equity share:	29		
	(1) Basic (In Rupees)		31.43	44.52
	(2) Diluted (In Rupees)		31.43	44.52

SEE ACCOMPANYING NOTES (1 TO 30) 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: PUNE
Date : 2nd August, 2013

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ANIL KUMAR
Chairman

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M. L.SHANMUKH
Director

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AJIT. T. KALGHATGI
Director

-sd-
S.S.KULKARNI
Chief Executive Officer

-sd-
PRIYA S. IYER
Company Secretary

-sd-
AMARNATH KUNDU
Manager (Finance)

Place : BANGALORE
Date : 30th July, 2013

NOTE 1 - SHARE CAPITAL

(Amount in ₹)

Particulars	As at 31st March 2013	As at 31st March 2012
Authorised Capital:		
35,00,000 (Previous period 35,00,000) equity shares of ₹ 100/- each	35,00,00,000	35,00,00,000
Issued Capital:		
19,74,370 (Previous period 19,74,370) equity shares of ₹ 100/- each	19,74,37,000	19,74,37,000
Subscribed and Paid up Capital:		
18,32,293 (Previous period 18,32,293) equity shares of ₹ 100/- each fully paid up	18,32,29,300	18,32,29,300

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year	As at 31st March 2013		As at 31st March 2012	
	No of shares	Amount ₹	No of shares	Amount ₹
No of equity shares outstanding at the beginning of the year	18,32,293	18,32,29,300	18,32,293	18,32,29,300
Add: Additional equity shares issued during the year	-	-	-	-
Less: Equity Shares forfeited/Bought back during the year	-	-	-	-
No of equity shares outstanding at the end of the year	18,32,293	18,32,29,300	18,32,293	18,32,29,300

Notes:

1. Out of the above 17,00,223 (Previous year 17,00,223) 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	2012-13		2011-12	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Equity Shares:				
Bharat Electronics Ltd.	17,00,223	92.79	17,00,223	92.79
Specified Undertaking of Unit Trust of India	1,32,000	7.21	1,32,000	7.21

Note:

The difference in the issued share capital and subscribed and paid-up capital is on account of non-subscription by the promoters and the Specified Undertaking of Unit Trust of India to the shares issued by the company in the years 1990 and 1993 to the extent of ₹ 1,42,07,700/-(previous year ₹ 1,42,07,700/-)

NOTE 2 - RESERVES AND SURPLUS

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Surplus:		
As per last Balance Sheet	25,46,86,535	17,31,17,193
Add: Profit/(Loss) for the period	5,75,82,615	8,15,69,342
Total	**31,22,69,150**	**25,46,86,535**

NOTE 3 - GRANTS

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Grant:		
TPDUP Project:		
As per last Balance Sheet	71,51,713	93,67,298
Add: Received during the year	-	-
Less: Transferred to Statement of Profit & Loss	22,15,585	22,15,585
Sub-Total (1)	**49,36,128**	**71,51,713**
ToT:		
As per last Balance Sheet	1,01,50,64,513	-
Add: Received during the year	49,33,94,276	1,05,55,75,537
Less: Transferred to Statement of Profit & Loss	7,89,54,093	4,05,11,024
Sub-Total (2)	**1,42,95,04,696**	**1,01,50,64,513**
Less: Transferred to Statement of Profit & Loss i.r.o.2011-12 **Sub-Total (3)**	2,55,78,855	-
Total (1 + 2 - 3)	**1,40,88,61,969**	**1,02,22,16,226**

BELOP has entered into an Agreement with M/s Photonis, France for Transfer of Technology (ToT) for manufacture of Higher Specification I.I. Tubes at BELOP. It is submitted that 84.76% of the ToT Cost is funded by way of Grant. Accordingly, 84.76% of the expenses incurred in the year 2012-13 towards ToT has been transferred to income in the Statement of Profit and Loss. As on 31.03.2013, BELOP has received a grant of ₹ 154.90 Cr. and it is yet to receive a grant of ₹ 99.85 Cr.

Due to a change in the percentage of grant in the year 2012-13 an amount of ₹ 2.55 Cr. pertaining to the year 2011-12 is shown as an exceptional item in the Statement of Profit and Loss .

NOTE 4 - LONG TERM BORROWINGS

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Long term maturities of Finance Lease Secured against hypothecation of Vehicles	-	44,966
Total	**-**	**44,966**

PARTICULARS OF ASSETS TAKEN ON FINANCE LEASE ON OR AFTER AUGUST 2008

(i) Total minimum lease payments as at the Balance Sheet date is ₹ NIL (previous year ₹ 1,70,676/-) and the Present value of total minimum lease payments as at the Balance Sheet date is ₹ NIL (previous year - ₹ 88,344/-).

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

Particulars	Total minimum lease payments at the Balance Sheet date		Present value of minimum lease payments	
Payable	As at 31st March 2013 ₹	As at 31st March 2012 ₹	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Not later than one year	Nil	1,24,704	Nil	66,346
Later than one year and not later than five years	Nil	45,972	Nil	21,998
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 .

(iv) The aforesaid finance lease expired during the financial year 2012-13.

NOTE 5 - OTHER LONG TERM LIABILITIES

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Liability for Capital Purchases	32,45,45,062	39,18,733
Total	**32,45,45,062**	**39,18,733**

NOTE 6 - LONG TERM PROVISIONS

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Long-term Compensated Absences	55,30,759	42,03,826
Total	**55,30,759**	**42,03,826**

Details of Long Term Compensated Absences Scheme as required by the Accounting Standard 15 (Revised) Employee Benefits are as under

I) 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 ₹ 61,62,183/- as on 31.03.2013. The actuarial valuation has been done using PUC method.

Particulars	**For the year ended 31st March 2013**
Retirement Age	58 years
Attrition Rate	2%
Future Salary Rise	5%
Rate of Discounting	8.25%
Mortality Table	LIC(1994-96) Ultimate

4) The amount of Liability on long term compensated absences has been bifurcated between current and non-current based on the report of Actuary.

Current Liability:	₹ 6,31,424/-
Non Current Liability:	₹ 55,30,759/-
Total :	**₹ 61,62,183/-**

NOTE 7 - TRADE PAYABLES

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Trade payables	41,23,40,835	19,96,82,573
Total	**41,23,40,835**	**19,96,82,573**

NOTE -

The information regarding amounts due to Micro and Small Enterprises as required under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 as on 31st March 2013 is furnished below:-

1. 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, 2013 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)

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

NOTE 8 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March 2013 ₹		As at 31st March 2012 ₹	
Current maturities of finance lease obligations (Liability on Leased Assets-Vehicle) #	-	-	-	1,09,974
Advances Progress Payments received from Customers		36,89,34,665		70,56,31,287
Statutory Dues Payable				
TDS Payable	4,58,615		2,39,13,449	
Sales Tax payable	57,22,467		1,51,72,070	
Other Statutory Dues Payable *	7,67,290	69,48,372	4,95,314	3,95,80,833
EMD Depostits		1,59,000		40,000
Security Deposits		30,96,683		9,52,440
Other Payables @		1,47,22,780		19,53,523
Total		**39,38,61,500**		**74,82,68,057**

\# Refer Note No. 4

* Other Statutory payables include ₹ 5,10,930/- (Previous year ₹ 4,66,762/-) towards PF, ₹ 37,682/- (Previous year ₹ 5,752/-) towards ESIC, ₹ 22,200/- (Previous year ₹ 22,800/-) towards Profession Tax and ₹ 1,96,478/-(Previous year ₹ Nil) towards TDS VAT .

@ Other payables includes ₹ 1,36,42,251/- (Previous year ₹ 6,52,144/-) towards octroi for the month of March paid in April and ₹ 10,80,529/- (Previous year ₹ 13,01,379/-) towards outstanding liabilities towards various routine expenses incurred in March .

NOTE 9 - SHORT-TERM PROVISIONS

Particulars	As at 31st March 2013 ₹		As at 31st March 2012 ₹	
Provision for Income Tax (Net of Advance Tax) - (Refer Note-14)		5,55,090		22,45,527
Provision for Warranty		84,21,517		23,75,610
Provisions towards Employee Benefits				
Long-Term compensated absences	6,31,424		7,64,063	
Gratuity	15,77,296		20,30,484	
Annual Incentive	22,42,833		34,50,735	
Pay Revision*	1,23,09,640	1,67,61,193	-	62,45,282
Total		**2,57,37,800**		**1,08,66,419**

* The pay revision for executives and non-executives is due w.e.f. April 2012. Hence a provision at 25% of the total salary for the year 2012-13 has been made amounting to ₹ 1.23 Cr.

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)

I) PROVISION FOR WARRANTY

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Carrying Amount at the beginning of the year	23,75,610	24,08,959
Additional Provision made during the year	64,76,773	24,87,125
Amounts Used during the year	4,30,866	25,20,474
Unused amounts reversed during the year	-	-
Carrying Amounts at the end of the year	84,21,517	23,75,610

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.

II) LONG TERM COMPENSATED ABSENCES

Please refer Note No. 6

III) GRATUITY

Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee Benefits are as under:

(A) Defined Contribution Plan

Amount recognized as an expense in the Profit and Loss Account in respect of Defined Contribution Plans is ₹ 15,77,296/- (previous year - ₹ 20,30,484/-).

(B) Defined Benefit Plan

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

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.

(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	1,25,52,128	1,03,31,202
2	Current Service Cost	7,26,971	7,37,691
3	Interest Cost	10,66,931	8,52,324
4	Losses (gains) on Curtailment	-	-
5	Liabilities extinguished on settlements	-	-
6	Plan amendments	-	-
7	Actuarial (gains) / losses on obligations	8,21,854	12,64,341
8	Benefits paid	(10,24,567)	(6,33,430)
9	Present value of Defined Benefit Obligation as on Balance Sheet date	1,41,43,317	1,25,52,128
(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	1,05,21,644	90,71,713
2	Expected return on plan assets	9,04,861	7,25,737
3	Actuarial gains and losses on plan assets	1,33,599	98,135
4	Actual contributions by employers	20,30,484	12,59,489
5	Benefits paid	(10,24,567)	(6,33,430)
6	Plan assets as on 31st March	1,25,66,021	1,05,21,644
(E)	**Analysis of Defined Benefit Obligation :**		
1	Defined Benefit Obligation as on 1st April	1,41,43,317	1,25,52,128
2	Fair Value of Plan assets at the end of the year	1,25,66,021	1,05,21,644
3	Net (Asset)/Liability recognised in the Balance Sheet as at 31st March	15,77,296	20,30,484
(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	1,41,43,317	1,25,52,128
2	Fair value of plan assets	1,25,66,021	1,05,21,644
3	Funded status [Surplus/(Deficit)]	15,77,296	20,30,484
4	Unrecognized Past Service Costs	-	-
5	**Net asset/(Liability) recognized in Balance Sheet**	(15,77,296)	(20,30,484)

III) GRATUITY

Details of Employee Benefits as required by the Accounting Standard 15 (Revised) Employee Benefits are as under:

(Amount in ₹)

Particulars		Gratuity	
(G)	**Components of employer expenses recognised in the statement of profit and loss for the year ended 31st March 2013:**	**Current Year**	**Previous Year**
1	Current Service cost	7,26,971	7,37,691
2	Interest cost	10,66,931	8,52,324
3	Expected return on plan assets	(9,04,861)	(7,25,737)
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Past Service cost	-	-
7	Actuarial Losses/(Gains) to be recognised	6,88,255	11,66,206
8	**Total expense recognised in the Statement of Profit & Loss under Contribution to Provident Fund and other Funds**	**15,77,296**	**20,30,484**

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

(I)	**Principal Actuarial Assumptions :**	**Current Year**	**Previous Year**
1	Discount Rate (%)	8.25	8.50
2	Expected Return on plan assets (%)	8.70	8.60
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.

(J)	**Experience History:**	**Current Year**	**Previous Year**
1	Defined Benefit Obligation at the end of the period	1,41,43,317	1,25,52,128
2	Plan Assets at the end of the period	1,25,66,021	1,05,21,644
3	Funded Status Deficit	15,77,296	20,30,484
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 ₹ 15,77,296/-

NOTE 10 - FIXED ASSETS

Description of Assets	Gross Block (At Cost)				Depreciation / Amortization/ Diminution				Net Block	
	As at 1st April 2012 ₹	Additions during the year ₹	Deductions during the year ₹	As at 31st March 2013 ₹	Upto 1st April 2012 ₹	For the year ₹	On Deductions ₹	Upto 31st March 2013 ₹	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Tangible Assets										
Leasehold Land	23,34,780	-	-	23,34,780	4,98,858	24,660	-	5,23,518	18,11,262	18,35,922
Buildings	6,69,48,776	-	-	6,69,48,776	3,56,45,933	22,36,089	-	3,78,82,022	2,90,66,754	3,13,02,843
Plant & Machinery	41,05,84,584	1,63,06,836	-	42,68,91,420	38,78,21,033	57,68,359	-	39,35,89,392	3,33,02,031	2,27,63,551
Office Equipment	34,65,252	-	-	34,65,252	25,19,529	1,72,231	-	26,91,760	7,73,492	9,45,723
Electrical installation	1,32,87,411	59,20,676	-	1,92,08,087	1,04,44,936	6,02,574	-	1,10,47,510	81,60,577	28,42,475
Furniture & Fixtures	60,47,309	1,96,471	-	62,43,780	46,28,560	2,75,215	-	49,03,775	13,40,005	14,18,749
Computer Systems	35,82,821	1,67,354	-	37,50,175	33,33,117	1,14,179	-	34,47,296	3,02,879	2,49,704
Vehicles:										
Leased vehicle	4,40,451	-	4,40,451	-	3,21,227	73,851	3,95,078	-	-	1,19,224
Total	**50,66,91,384**	**2,25,91,337**	**4,40,451**	**52,88,42,270**	**44,52,13,193**	**92,67,158**	**3,95,078**	**45,40,85,273**	**7,47,57,000**	**6,14,78,191**
Previous year	**50,26,26,229**	**40,65,155**	**-**	**50,66,91,384**	**43,56,10,843**	**95,87,890**	**-**	**44,52,13,193**	**6,14,78,191**	**6,70,15,386**

1. Plant and Machinery (Gross Block) includes Assets to the tune of ₹2,83,63,205/- (Previous Year ₹ 2,83,63,205/-) which is funded out of grant under TPDUP Project
2. Plant and Machinery (Gross Block) includes Assets to the tune of ₹ 99,84,730/- (Previous Year ₹ NIL) which is funded out of grant received for implementation of Transfer of Technology (ToT).
3. Depreciation of ₹ 92,67,158/- included depreciation on ToT equipments of ₹ 3,80, 833/-.

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 11 - CAPITAL WORK IN PROGRESS

Particulars	As at 31st March 2013 ₹		As at 31st March 2012 ₹	
Civil Construction	99,53,763		1,58,627	
Plant, Machinery	71,94,60,259	72,94,14,022	1,17,80,003	1,19,38,630
Add: Capital Goods in Transit		6,26,382		15,43,180
Total		**73,00,40,404**		**1,34,81,810**

NOTE 12 - INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
ToT: Licence Fee	91,29,10,726	29,07,26,120
Total	**91,29,10,726**	**29,07,26,120**

As per the Accounting policy No. K(c), the cost of License Fee acquired for transfer of technology resulting in significant future economic benefits is recognised as an Intangible Assets in the books of accounts when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as “Intangible Assets under Development”.

NOTE 13 - DEFERRED TAX ASSETS

(i) Break up of deferred tax liability as at year end :

Nature of timing difference	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Provision for Depreciation	34,38,306	30,75,278
Total	**34,38,306**	**30,75,278**

(ii) Break up of deferred tax asset as at year end:

Nature of timing difference	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Provision for Leave encashment	19,99,320	16,11,832
Provision for Warranties	27,32,361	7,70,767
Provision for doubtful debts/advances	14,33,373	13,45,182
Total	**61,65,054**	**37,27,781**

(iii) Deferred tax asset/(liability) net:	27,26,748	6,52,503

NOTE 14 - LONG TERM LOANS AND ADVANCES

Particulars	As at 31st March 2013 ₹		As at 31st March 2012 ₹	
Advance Payment of Income Tax (Net of Provision) (Refer Note No.9)		-		-
Prepaid Expenses		24,846		66,718
Deposits:				
Deposit with Excise Authority	1,000		1,000	
Deposit with Court	13,91,490		13,91,490	
Deposits for Octroi	23,57,710		11,91,010	
Deposits with MSEB	9,94,800		9,46,100	
Deposits for water supply	1,18,625		1,18,625	
Other Deposits	1,17,000	49,80,625	1,17,000	37,65,225
Total		**50,05,471**		**38,31,943**

NOTE 15 -OTHER NON CURRENT ASSETS

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Capital Advance	23,16,46,651	21,23,43,853
Interest Accrued on Fixed Deposits	7,86,255	91,930
Other Bank Balances:		
In Fixed Deposit		
- Maturity More than 12 Months	45,31,869	40,84,910
Total	**23,69,64,775**	**21,65,20,693**

NOTE 16 - INVENTORIES

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
Raw Materials	5,09,52,040	23,73,63,156
Stores & Consumables	88,09,207	82,51,723
Process Stock	39,83,50,940	19,99,52,795
Machinery Spares	73,860	1,71,795
Finished Goods in Transit	3,31,318	-
Total	**45,85,17,365**	**44,57,39,469**

Notes:

1) Raw materials includes Goods-in-transit ₹ 48,33,028/- (Previous year ₹ 34,23,796/-)

2) 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 17 -TRADE RECEIVABLES

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
1) Debts due for a period exceeding six months		
Considered Good	19,24,042	2,71,29,282
Considered Doubtful	24,58,516	21,57,478
	43,82,558	2,92,86,760
Less: Provision for Doubtful Debts	24,58,516	21,57,478
Sub-Total (1)	**19,24,042**	**2,71,29,282**
2) Debts due for a period Less than six months		
Considered Good	26,57,23,059	31,43,51,686
Considered Doubtful	-	29,224
	26,57,23,059	31,43,80,910
Less: Provision for Doubtful Debts	-	29,224
Sub-Total (2)	**26,57,23,059**	**31,43,51,686**
Total (1) + (2)	**26,76,47,101**	**34,14,80,968**

NOTE 18 - CASH AND BANK BALANCES

Particulars	As at 31st March 2013 ₹	As at 31st March 2012 ₹
1. Cash and Cash Equivalents:		
Cash and stamps in hand	34,368	1,19,708
Balances with banks		
In Current Accounts	49,52,104	35,83,139
In Cash Credit Account	1,46,94,204	87,49,081
In Fixed Deposits	18,20,00,000	32,77,00,000
Cheques, drafts in hand	-	-
Sub-Total (1)	**20,16,80,676**	**34,02,58,928**
2. Other Bank Balances:		
In Fixed Deposit		
- Maturity within 12 Months	1,03,31,757	8,93,75,948
Sub-Total (2)	**1,03,31,757**	**8,93,75,948**
Total (1) + (2)	**21,20,12,433**	**42,96,34,876**

NOTE 19 - SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March 2013 ₹		As at 31st March 2012 ₹	
Advances to Employees unsecured and Considered Good		810		8,996
Suppliers				
Considered Good	11,83,92,550		53,91,57,131	
Considered Doubtful*	19,59,337		19,59,337	
	12,03,51,887		54,11,16,468	
Less: Provision for Doubtful Advances	19,59,337	11,83,92,550	19,59,337	53,91,57,131
Service Tax Paid on ToT Advance		3,01,87,146		5,11,44,208
Housing Deposit		-		2,00,000
Service Tax Deposit		83,087		-
Total		**14,86,63,593**		**59,05,10,335**

*Advances to Supplier considered as doubtful includes advances which are Pending from the Year 1995-96 to 2004-05.

NOTE 20 - OTHER CURRENT ASSETS

Particulars	As at 31st March 2013 ₹		As at 31st March 2012 ₹	
Interest Accrued on Fixed Deposits		10,79,307		85,92,830
Stipend Receivable (Trainees)		85,224		30,104
Prepaid Expenses		6,77,649		5,36,966
Site Survey fee Receivable		-		53,95,200
Receivable from BEL		4,25,441		-
Sales Tax Receivable from BEL-MC		6,24,800		-
Balance with Revenue Authorities:				
Input Service Tax Balance	29,81,954		1,27,370	
Service tax Receivable *	9,27,713		12,29,320	
VAT Refund Receivable **	1,33,478		2,83,221	
Income Tax Refund Due	76,09,812		1,68,08,714	
FBT Refund Due	45,928		45,928	
VAT Input Tax Credit	12,661		10,074	
CST Refund Receivable	25,26,792	1,42,38,338	-	1,85,04,627
Total		**1,71,30,759**		**3,30,59,727**

*1) During the year 2012-13, company had received ₹ 3,01,607/- as refund of excess service tax paid on account of exchange rate difference from service tax Department.

2) The company had filed an appeal against the Asst. Commisioner of Central Excise, Service Tax Cell, against rejection of excess payment of education and higher education cess amounting to ₹ 9,27,713/-. The appeal has been decided in favour of the company in May 2013.

** During the year 2012-13 Company has received Refund Adjusted Order from Sales tax Department of ₹ 1,49,743/- pertaining to year 2008-09.

NOTE 21 - OTHER INCOME

Particulars	For the year ended 31st March 2013 ₹	For the year ended 31st March 2012 ₹
Interest on Fixed Deposit	3,82,38,610	4,75,65,951
Interest others*	17,95,666	65,853
Sundry provisions and credit balances no longer required, written back	8,10,195	8,40,269
Net gain on foreign currency transaction and translation **	6,60,52,516	1,70,68,808
Profit on sale of Assets	76,189	-
Miscellaneous Income	1,44,012	2,94,244
Total	**10,71,17,188**	**6,58,35,125**

* Interest others includes ₹ 16,96,415/- (Previous year Nil) towards Income Tax refund.

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

NOTE 22 - COST OF MATERIAL CONSUMED

Particulars	For the year ended 31st March 2013 ₹	For the year ended 31st March 2012 ₹
Raw Material and Components consumed:		
Opening Stock	23,39,39,360	2,35,10,601
Add : Purchases	1,39,69,41,321	82,05,35,493
	1,63,08,80,681	84,40,46,094
Less : Closing Stock	4,61,19,013	23,39,39,360
Sub-Total (1)	**1,58,47,61,668**	**61,01,06,734**
Stores and Consumables consumed:		
Opening Stock	82,51,723	37,62,111
Add : Purchases	29,36,230	99,81,107
	1,11,87,952	1,37,43,218
Less : Closing Stock	88,09,207	82,51,723
Sub-Total (2)	**23,78,746**	**54,91,495**
Total (1) + (2)	**1,58,71,40,414**	**61,55,98,229**

NOTE 23 - DECREASE / (INCREASE) IN PROCESS STOCK

Particulars	For the year ended 31st March 2013 ₹		For the year ended 31st March 2012 ₹	
Process Stock				
Opening stock	19,99,52,795		2,31,92,000	
Closing stock	39,83,50,940	(19,83,98,145)	19,99,52,795	(17,67,60,795)
Finished Goods:				
Opening stock	-		-	
Closing stock	3,31,318	(3,31,318)	-	-
Total Decrease / (Increase)		**(19,87,29,463)**		**(17,67,60,795)**

NOTE 24 - EMPLOYEE BENEFIT EXPENSES

Particulars	For the year ended 31st March 2013 ₹		For the year ended 31st March 2012 ₹	
Salaries and Allowances		5,38,92,984		4,27,65,368
Leave Encashment		17,24,973		18,07,279
Contribution to Provident Fund and other funds #				
Provident Fund	31,96,898		30,53,406	
Superannuation Fund	11,52,139		10,92,679	
Labour Welfare Fund	7,524	43,56,561	7,812	41,53,897
Administration Charges on PF		3,10,478		2,95,620
EDLI Charges on PF remittance		46,913		1,10,249
Gratuity		15,77,296		20,30,484
Staff welfare expenses *		14,30,674		11,82,252
Total		**6,33,39,879**		**5,23,45,149**

The company contributes 12% and 13% of Basic + DA respectively to Provident Fund and Superannuation Fund of eligible employees. The company contributes ₹ 72/- per year towards Labour Welfare Fund towards eligible employees.

* Staff welfare expenses includes premium on group mediclaim policy of ₹ 5,44,886/- (Previous year ₹ 4,55,261/-)

NOTE 25 - FINANCE COSTS

Particulars	For the year ended 31st March 2013 ₹	For the year ended 31st March 2012 ₹
Interest on Demand Loan	-	3,21,781
Interest others*	18,194	31,137
Total	**18,194**	**3,52,918**

* Interest others includes ₹ 14,101/-(Previous year ₹ 30,343/-) towards interest on lease rental.

NOTE 26 - ToT EXPENSES

Particulars	For the year ended 31st March 2013 ₹	For the year ended 31st March 2012 ₹
Technical Assistance Fees	8,18,14,591	7,03,78,543
Travelling Expenses-ToT	16,40,250	-
Service Tax	93,11,133	77,52,693
Total	**9,27,65,974**	**7,81,31,236**

NOTE 27 - OTHER EXPENSES

Particulars	For the year ended 31st March 2013 ₹	For the year ended 31st March 2012 ₹
Power and Fuel	70,27,023	1,12,56,047
Gases	1,36,750	12,00,872
Water Charges	2,12,545	2,66,853
Travelling & Conveyance	57,38,863	18,15,713
Communication	5,63,256	8,88,365
Printing and Stationery	3,58,392	3,65,759
Insurance	17,30,937	7,85,371
Rates & Taxes	14,43,776	15,99,433
Advertisement	3,07,614	1,53,341
Bank Charges*	19,68,394	15,31,561
Legal & Professional Charges	10,22,070	5,47,840
Lease Rent	2,10,000	2,29,250
Repairs :		
To Machinery	63,61,820	16,08,246
To Building	7,95,127	2,59,811
General Maintenance Expenses @	51,42,344	39,77,576
Bad Debts written off	-	23,39,416
Provision for Doubtful Debts/Advances	2,71,814	3,99,803
Provision for repairs during Warranty Period	64,76,773	24,87,125
Miscellaneous Expenses #	13,68,368	7,60,119
Total	**4,11,35,865**	**3,24,72,501**

* Bank Charges includes Commitment Charges of ₹ 2,55,158/- (Previous year ₹ 56,718/-)

@ General Maintenance Expenses mainly includes ₹ 31,66,403/- towards Housekeeping Expenses (Previous year ₹ 20,00,004/-) and Security Charges ₹ 13,03,549/- (Previous year ₹ 11,67,786/-)

Miscellaneous Expenses mainly includes ₹ 5,20,598/- (Previous year - ₹ 1,37,963/-) towards freight and transportation, ₹ 3,38,179/- towards Entertainment Expenses (Previous year- ₹ 2,25,499/-) and ₹ 99,671/- towards Sundry Expenses (Previous year ₹ 1,86,778/-)

NOTE 28 - PRIOR PERIOD INCOME AND EXPENSES

Particulars	For the year ended 31st March 2013 ₹	For the year ended 31st March 2012 ₹
PRIOR PERIOD INCOME & EXPENSES		
A. Expenses:		
Salaries and allowances	-	9,846
Legal & Professional	-	3,755
Repairs & Maintenance	76	750
Misc Expenses	1,230	11,31,287
Bank Charges	110	1,409
Rent, Rates and Taxes	-	6,996
Leasehold Land Premium	-	14,460
Total (A)	**1,416**	**11,68,503**
B. Income:		
Credit Balances no longer required written back	-	86,52,168
Staff welfare Expenses	-	39,477
Freight Charges	1,07,109	-
Interest	3,342	-
Service Tax	1,58,278	-
Total (B)	**2,68,729**	**86,91,645**
Net Total [(Income)/Expenses] (A) - (B)	**(2,67,313)**	**(75,23,142)**

NOTE 29 - 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 Statement of Profit and Loss.

(b) The weighted average number of equity shares used as the denominator in calculating both basic and diluted earnings per share is ₹ 18,32,293.

NOTE - 30

GENERAL NOTES TO ACCOUNTS

1 **Changes in Accounting policies**

A) The company has added one accounting policy and modified two accounting policies as outlined below with effect from 2012-13 onwards in order to disclose about the treatment given for components of Transfer of Technology (ToT) in the books of accounts.

Additions to Accounting Policies

a) Technical Assistance

Modifications to Accounting Policies

a) Fixed Assets and Capital Work-in-Progress

b) Depreciation

B) The company has modified a para in the following Accounting Policy in order to comply with the Revised Schedule VI.

a) Fixed Assets and Capital Work-in-Progress

C) The above addition and modifications have no material impact on the Profit for the year nor are they expected to have a material effect in later years.

2 **Short Term Borrowings**

a) The company has been sanctioned working capital limit of ₹ 20.23 Cr. by the Consortium bankers of SBI (Lead bank) and Axis Bank.

b) Utilisation as on 31.03.2013 is ₹ NIL (Previous Year ₹ NIL)

c) The above sanction limit is secured by 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.

3 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 2013 vide Letter No. F.No. 46/4/2013-CL-III dt. 2.5.2013.

4 Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 2,41,29,582/- (Previous Year ₹ 46,00,41,796/-).

5 **Payment To Auditors (Net Of Service Tax)**

(Amount in ₹)

Particulars	2012-13	2011-12
Audit fees	1,00,000	1,00,000
Tax Audit fees	-	-
Out of pocket expenses reimbursed	-	-
Total	**1,00,000**	**1,00,000**

6 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.

7 **Related Party Disclosures**

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

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

B) Related Party Transactions with holding Company Bharat Electronic Limited

Nature of Transactions	Amount of Transactions (₹)	Amount Outstanding at the end of year	
		Debit (₹)	Credit (₹)
Sale of Goods & Services	1,41,90,54,426	-	-
Receipt of Grant	49,33,94,276	-	-
Debtors**	-	23,51,01,155	-
Advance for sales	-	-	35,49,69,850
Sales Tax receivable	-	6,24,800	-
Other dues receivable	-	17,55,231	-

** Debtors includes ₹ 24,21,327/- for which provision for doubtful debts has been made.

i) One official (Manager) is on deputation from, BEL i.e. Holding Company and salaries etc., is paid by BEL Optronic Devices Limited during the year as per the terms and conditions of employment.

ii) Reduction in Selling price of I.I. Tube

The initial price of I.I. Tube which was being supplied to BEL-Mc was fixed at ₹ 1,58,000/-. The price of ₹ 1,58,000/- included ₹ 37,142/- towards ToT cost. After discussions between BELOP and BEL-Mc during February 2013 it was mutually decided to reduce the selling price of I.I. Tube from ₹ 1,58,000/- to ₹ 1,10,000/- on account of the following reasons.

i) Reduction of ₹ 37,142/- in the selling price

The price of ₹ 1,58,000/- included ₹ 37,142/- towards ToT cost. The ToT cost of ₹ 260.40 Cr. is to be funded by MoD and the same has been accounted as Government grant. Since the amount of ₹ 104.16 Cr. is a government grant it should not be part of the selling price of I.I. Tubes. Hence the amount of ₹ 37,142/- has been reduced from the selling price. Previously the amount of funding of ₹ 104.16 Cr. was included in the selling price. However, since the amount was funded as government grant it is not proper to include in the selling price of I.I. tubes. The price reduction has no impact on the profits.

ii) Reduction of ₹ 10,858/- in the selling price

The Price of ₹ 10,858/- was reduced to match the international price of II tubes.

The reduction in the selling price from ₹ 1,58,000/- to ₹ 1,10,000/- was approved by the Board of Directors at the 98th Board meeting of the company held on 29th April 2013 .

8 **Key Management Personnel are as follows**

Name of Key Management Personnel	Designation
a) Shri. Anil Kumar, Chairman	CMD, BEL
b) Shri. M. L. Shanmukh, Director	Director (HR), BEL
c) Dr. Ajit . T. Kalghatgi, Director (w.e.f. 01/09/2012)	Director, (R & D), BEL

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

9 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.

10 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.

11 The Company has acquired 13680 square meter of land on lease from MIDC on lease for 95 years at cost of ₹ 20,52,000/- on 25.11.1991 with a renewable option of further 95 years on new terms and conditions.

12 During the year the company has earned an income of ₹ 37,70,000/- from repairs of I.I. Tubes which is shown as Sale of Services in the Statement of Profit and Loss.

13 **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	8,005	1,27,305	4,38,674	65,60,027
	EURO	1,07,12,787	33,67,860	75,28,94,671	23,25,50,764
Receivables	USD	-	-	-	-
	EURO	-	80,000	-	55,24,000
Contingent Liability	USD	82,795	1,26,000	45,37,166	64,92,780
	EURO	2,097	-	1,47,377	-
Bank Balance	USD	61,786	69,948	33,35,227	36,04,395

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

(Amount in ₹)

Sr. No.	Particulars	2012-13	2011-12
a)	Capital Equipments	16,21,928	20,59,000
b)	Materials	16,86,000	2,77,000
c)	Employees Remuneration & Benefits	1,21,000	15,51,000
d)	**Total (a+b+c)**	**34,28,928**	**38,87,000**

15 The requisite details as required by the Accounting Standard 15 (Revised) Employee Benefits in respect of Superannuation is outlined below :-

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

b) 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.

c) 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 the way of pension.

16 Contingent Liabilities

Sr. No.	Particulars	For the year ended 31st March 2013 ₹	For the year ended 31st March 2012 ₹
a)	Outstanding Letters of Credit	47,72,238	64,92,780
b)	Outstanding Bank Guarantees (Counter Guarantee given against same by Company)	32,000	1,06,50,210
c)	*Octroi Demand disputed by the Company	13,91,490	13,91,490
d)	Claims against the Company not acknowledged as debt (interest, if any, not ascertainable).	NIL	NIL
e)	Service tax disputed by the company	83,087	NIL
f)	Provisional Liquidated damages upto 31st March unexecuted customer orders where the delivery date has expired.	19,09,290	NIL
g)	**Total (a to f)**	**81,88,105**	**1,85,34,480**

* 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.

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

18 The Company has prepared these financial statement as per the format prescribed by Revised Schedule VI to the Companies Act, 1956 issued by Ministry of Corporate Affairs. Previous year's figures have been regrouped/ reclassified where ever considered necessary. Figure in brackets relate to previous year.

19 The Accounts for the year approved by the Board of Directors on 24th May 2013 and certified by the Statutory Auditors on 29th May 2013 were revised in the light of C & AG's observations under Section 619(4) of the Companies Act, 1956.

a) Revision of Accounting Policy No. E. iv - Depreciation

b) Deletion of Accounting Policy No. E.vi -Depreciation

c) Correction in the years mentioned in the title of the Cash Flow Statement for the period 01.04.2012 to 31.03.2013

d) Disclosure of the fact of deputation of one official from BEL in the Notes to accounts pertaining to Related Party Transactions

e) Addition of detailed note on reduction of Selling price of I.I. Tubes under the Notes to Accounts pertaining to Related Party Transactions

f) Deletion of Note No. 15 disclosing the fact of reduction of Selling price as the detailed note was included under the Notes to Accounts on Related Party Transactions

There is no impact on the Statement of Profit and Loss and Balance Sheet due to the above changes.

Cash Flow Statement for the Period 01.04.2012 to 31.03.2013

Sr	Particulars	Amount in ₹ 2012-13	Amount in ₹ 2011-12
A	**Cash Flow from Operating Activities**		
	Net profit before tax and extraordinary items	8,56,61,409	12,48,36,669
	Adjustments for :		
	Depreciation	92,67,158	96,02,350
	Income from investments	(4,00,34,276)	(4,75,65,951)
	Interest	-	3,52,918
	Transfer from grant	(10,67,48,533)	(4,27,26,609)
	Loss/(profit) on sale of asset	(76,198)	-
	Operating Profit before Working Capital Changes	**(5,19,30,440)**	**4,44,99,377**
	Adjustments for :		
	Trade and other receivables	50,99,91,967	(1,01,34,39,270)
	Inventories	(1,27,77,896)	(39,09,69,428)
	Trade payables & advances	19,68,32,033	89,84,48,607
	Cash Generated from Operations	**64,21,15,664**	**(46,14,60,714)**
	Direct taxes paid	(3,19,08,724)	(3,94,05,747)
	Refund of excess tax/short provision of previous year	-	(17,23,653)
	Cash flow before extraordinary items	61,02,06,940	(50,25,90,114)
	Net Cash from Operating Activities	**61,02,06,940**	**(50,25,90,114)**
B	**Cash Flow from Investing Activities**		
	Purchase of fixed assets	(1,36,13,34,537)	(30,82,73,085)
	Sale of fixed assets	1,21,568	-
	Bank deposits	7,90,44,191	(7,97,51,663)
	Interest received	4,00,34,276	4,75,65,951
	Net Cash from/(used) in Investing Activities	**(1,24,21,34,502)**	**(34,04,58,797)**
C	**Cash Flow from Financing Activities**		
	Grant received	49,33,94,276	1,05,55,75,537
	Increase/(decrease) in term loan borrowings	-	-
	Increase/(decrease) in short term borrowings	(44,966)	(1,09,974)
	Interest paid on long term loans	-	(3,52,918)
	Net Cash from/(used) in Financing Activities	**49,33,49,310**	**1,05,51,12,645**
	Abstract		
A.	Net cash from /(used)operating activities	61,02,06,940	(50,25,90,114)
B.	Net cash from/(used) in investing activities	(1,24,21,34,502)	(34,04,58,797)
C.	Net cash from/(used) in financing activities	49,33,49,310	1,05,51,12,645
	Net Increase/(Decrease) in Cash and Cash Equivalents	**(13,85,78,252)**	**21,20,63,734**
	Cash and cash equivalents at the beginning of the year	34,02,58,928	12,81,95,194
	Cash and cash equivalents at the end of the year	20,16,80,676	34,02,58,928
	Net Increase/(Decrease) in Cash and Cash Equivalents	**(13,85,78,252)**	**21,20,63,734**
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: PUNE
Date : 2nd August, 2013

-sd-
ANIL KUMAR
Chairman

-sd-
M. L.SHANMUKH
Director

-sd-
AJIT. T. KALGHATGI
Director

-sd-
S.S.KULKARNI
Chief Executive Officer

-sd-
PRIYA S. IYER
Company Secretary

-sd-
AMARNATH KUNDU
Manager (Finance)

Place : BANGALORE
Date : 30th July, 2013

INDEPENDENT AUDITOR'S REPORT

To the Members of BEL Optronic Devices Limited.

Report on the Financial Statements

We have audited the accompanying financial statements of BEL Optronic Devices Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Pursuant to Comptroller and Auditor General of India's observation under section 619(4) of the Companies Act, 1956, the accounts adopted by the Board of Directors on 24th May 2013, have been revised. The observations were concurred by the Statutory Auditors. The impact of the revision is as stated in Point no 19 of the Note no. 30 of the General Notes to Accounts. Also in the light of observations raised by the CAG, we have revised our audit report dated 29th May 2013 in Point 2(e) of Report on Other Legal and Regulatory Requirements in the INDEPENDENT AUDITORS REPORT and Points i (c), iv, viii & x in ANNEXURE TO THE INDEPENDENT AUDITORS REPORT and Based on the disclosure made by the company in the revised accounts, our opinion in the independent Auditors Report has been suitably modified. This report supercedes our earlier report dated 29th May 2013.

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

Opinion

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

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Profit and Loss Account, of the profit/ loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

We draw attention to:

Point no. 7B(ii) of the note no. 30 of General notes to accounts to the financial statements, regarding pricing of the image intensified tubes delivered to BEL M/c, a unit of the parent company, Bharat Electronics Ltd. The price was in fact reduced from Rs. 158000 per tube to Rs. 110000 in February 2013, as referred in point no. 7B(ii) of the note 30 to General notes to accounts- as revised as per the board resolution in the board meeting held on 30th July 2013. Moreover, the company issued a credit note to BEL Mc of Rs. 42.84 crores giving retrospective effect from April 1, 2012 of reduction in selling price.

Secondly, we learnt the sales turnover reflected in the financial statements is not matching with the sales turnover reported in sales tax returns and excise returns submitted to the department.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   a. 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 purpose of our audit;

   b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

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

   d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;

   e. Disqualification from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the companies Act 1956 is not applicable to BEL Optronic Devices Ltd as it is a subsidiary of the government company.

   f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

For D. V. Sathe & Co.
Chartered Accountants
FRN 109302W

-sd-
(CA Bhagyashree Sathe)
Partner M No. 037396

August 2, 2013
Pune

Annexure to the INDEPENDENT AUDITOR'S REPORT

For the year ended on 31st March 2013

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

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

(b) All the assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) During the year, the company has not disposed of any part of the plant and machinery.

ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.

(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) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.

iii. (a) The company has not granted any loans to companies covered in the register maintained under section 301 of the Companies Act, 1956. Hence sub paras (b) to (g) are not applicable.In our pinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.

iv. a) As per the management representation letter provided to us, we are informed that BEL Optronic Devices is not required to maintain register, under section 301 of the Act.

v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public with the provisions of sections 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

vi. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.

vii. We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained.

viii. (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payables in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31st March 2013, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, sales tax, service tax, customs duty and excise duty which have not been deposited on account of any dispute.

In our opinion, the accumulated losses of the company are NIL. Further, the company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.

ix. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank.

x. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

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

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

xiii. In our opinion, the terms and conditions on which the company has not given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.

xiv. In our opinion, the term loans are not availed during the year.

xv. According to the information and explanations and management representation letter given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.

xvi. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Act. In our opinion, the price at which shares have been issued is not prejudicial to the interest of the company.

xvii. According to the information and explanations given to us during the period covered by our audit report, the company had not issued any debentures.

xviii. We have verified that the company has not raised money by public issue.

xix. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

For D. V. Sathe & Co.
Chartered Accountants
FRN 109302W

-sd-
(CA Bhagyashree Sathe)
Partner M No. 037396

August 2, 2013
Pune

Addendum to the Directors' Report

MANAGEMENT REPLIES TO STATUTORY AUDITORS OBSERVATIONS/COMMENTS FOR THE YEAR 2012-13

Para No. refers to Para No. 2a of Auditors' Report
(See Page No. 54)

PARA NO. OF AUDIT REPORT	COMMENTS/OBSERVATIONS OF STATUTORY AUDITORS	MANAGEMENT REPLIES TO COMMENTS /OBSERVATIONS OF STATUTORY AUDITORS
2a	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 main debtors for BELOP as on 31.03.2013 were BEL-Machilipatnam (BEL-Mc) and Ordnance Factory, Dehradun(OFD) . a) BEL-Mc The Company had obtained the balance confirmation from its major Debtor BEL-Mc and has reconciled the balances and submitted the reconciliation to the auditors. As on date, the company has also received the majority of the outstanding amount from BEL-Mc. b) OFD and other Govt. debtors In respect of OFD and other Govt. Debtors BELOP has sent letters for Balance Confirmation with a clause stating that in case no reply is received within a period of fifteen days then the balance would be treated as confirmed. As on date, BELOP has received 99.92% of the total outstanding dues from OFD and other government debtors which were outstanding as on 31.03.2013.

सं. / No. Reports/2013-14/BELOP/413

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 : 14-08-2013

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 2013.

It may please be ensured that the Comments are:

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

The receipt of this letter may please be acknowledged.

Yours faithfully,

(V.K.Girijavallabhan)
Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
पहला तल, बसवा भवन, श्री बसवेश्वरा रोड, बेंगलूर – 560 001
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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 31 MARCH 2013.

The preparation of financial statements of **BEL Optronic Devices Limited, Pune** for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The statutory 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 Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29.05.2013 and their **Revised report dated 02.08.2013**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3) (b) of the Companies Act, 1956 of the financial statements of **BEL Optronic Devices Limited, Pune** for the year ended 31st March 2013. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and Company personnel and a selective examination of some of the accounting records. In view of the ***revisions made to the Accounts as indicated in Item No.19 of Notes to Accounts (Note-30) and revisions made in Independent Auditors' Report item No.2(e) of the Report and item No. i(c), iv, viii & x of Annexure to Independent 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

(V.K.Girijavallabhan, IA&AS)
Pr. Director of Commercial Audit
and Ex-Officio Member, Audit Board, Bangalore.

Bangalore
Dated: 14 August 2013

BEL OPTRONIC DEVICES LIMITED

(A Subsidiary of BEL, Govt. of India Enterprise)
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