

**MISSION**

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

**BOARD OF DIRECTORS OF BEL OPTRONIC DEVICES LIMITED  
AS ON 2<sup>ND</sup> AUGUST 2016**

a) Shri. Sunil Kumar Sharma	Chairman	CMD, BEL
b) Shri. M.L. Shanmukh	Director	Director (HR), BEL
c) Dr. Ajit.T. Kalghatgi	Director	Director (R & D), BEL
d) Shri. Prabhat R. Acharya	Director	Director (Finance), BEL

**PRINCIPAL EXECUTIVE**

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

**COMPANY SECRETARY**

1. Ms. Priya Iyer	Company Secretary & CFO
-------------------	-------------------------

**BANKERS**

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

**AUDITORS**

M/s M.S.D.N. & Associates,  
Chartered Accountants,  
Pune

**CONTENTS****PAGE NO.**

1. Board of Directors, Principal Executives, Bankers & Auditors	01
2. Past Financial Statistics	02
3. Chairman's Letter	03
4. Board's Report	05
a) Management Discussion and Analysis Report (Annexure 1)	14
b) Corporate Governance Report (Annexure 2)	19
c) Report on CSR Activities (Annexure 3)	28
d) Sustainability Report (Annexure 4)	29
e) Extract of Annual Return- Form No. MGT-9 (Annexure 5)	30
f) Report on Conservation of Energy etc. (Annexure 6)	36
5. Financial Statements	
a) Significant Accounting Policies	38
b) Balance Sheet	44
c) Statement of Profit & Loss	45
d) Notes to Accounts(Note No. 1 to Note No. 31)	46
e) Cash Flow Statement	70
6. Independents Auditor's Report	72
7. Comments of the C & AG	82

## Ten Year Financial Statistics

(₹. in Millions)

Particulars	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>Total Income</b>	624	451	322	610	534	702	1578	1843	1242	1087
<b>Profit after tax</b>	82	14	(36)	23	45	82	58	50	37	24
<b>Equity capital</b>	183	183	183	183	183	183	183	183	183	378
<b>Reserves &amp; Surplus</b>	126	142	106	129	173	255	312	362	398	676
<b>Gross Block</b>	485	489	493	501	503	507	529	694	1407	1393
<b>Working Capital</b>	182	222	205	245	299	881	272	(185)	(322)	(86)
<b>Capital Employed</b>	355	357	304	325	366	942	347	37	573	745
<b>Net Worth</b>	310	325	289	312	356	438	495	545	581	1055

## CHAIRMAN'S LETTER

### *Dear Shareholders,*

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

### **HIGHLIGHTS OF THE YEAR 2015-16**

Your company achieved a turnover of ₹ 10663.55 lakhs during the year 2015-16 as against ₹ 10264.93 lakhs in 2014-15, registering a marginal growth of 3.88% .

- During 2015-16, the Profit after Tax (PAT) has decreased by 33.79%, from ₹ 366.69 lakhs in 2014-15 to ₹ 242.77 lakhs in 2015-16. The reason for lower profits is on mainly on account of foreign exchange loss which is partially offset by increased contribution. The Networth of the Company has increased to ₹ 10545.42 lakhs as on 31.3.2016, registering an increase of 81.37% mainly due to to issue of additional equity shares of ₹ 4488.18 lakhs (including premium value)
- **Other achievements:**

### MoU Rating

Your company has been awarded "Good" rating for the year(2014-15) in respect of the MoU which BELOP enters with it's holding company Bharat Electronics Limited (BEL) for establishing the performance parameters and targets for each year with the approval of the Department of Public Enterprises (DPE).

### Credit Rating

During the year 2015-16, ICRA has assigned the following ratings to the company for the year 2015-16

- (i) Long-term rating of [ICRA]AA+ (pronounced ICRA double A) to ₹ 4000 lakhs fund based bank limits.
- (ii) Short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) to ₹ 600 lakhs non fund based bank limits.

The long term rating of [ICRA]AA is with a stable outlook. These ratings indicate the high credit quality in the long- and short-term.

### **Research and Development**

The Company's D&E Department is driving and executing the developments towards products, process and upgradation of manufacturing and Test Equipment. On account of the above R&D efforts the company has upgraded the manufacturing infrastructure and processes enabling it to provide better product quality and increased productivity and consistency in processes. Also, due to the R&D Efforts, the life of the existing Capital Equipment has been enhanced.

## FUTURE OUTLOOK

- The implementation of the XR-5 project is under progress.
- The plan for acquisition of ToT for manufacturing Micro Channel Plates (MCPs) and Alkali Dispensers is under review considering the overall business and requirements of these components.
- **Performance in 2016-17**

Your company has an order book position of ₹ 2799 lakhs as on 30.6.2016 and is expected to achieve a sales of around ₹ 11500 lakhs for the year 2016-17.

## 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 Board's Report.

## ACKNOWLEDGEMENTS

I am grateful to the Board of Directors for their support and guidance. I deeply appreciate the support provided by the holding company, our customers and our business associates. The dedication and commitment of our employees and officers at all levels continues to be the major strength of our company. We shall make continuous efforts to build on these strengths to face future challenges and sustain the momentum for profitable growth.

Best Wishes,

Sincerely,

-sd-  
(Sunil Kumar Sharma)  
Chairman

Place :- Bangalore  
Date :- 26<sup>th</sup> August 2016

## BOARDS' REPORT

### To the Members,

I have great pleasure in presenting to you on behalf of the Board of Directors, the **26<sup>th</sup> Annual Report** highlighting the Company's performance in operational and financial metrics through the period. along with the Audited Accounts for the year ended 31<sup>st</sup> March 2016 together with the reports of the Statutory Auditors and the Comptroller and Auditor General of India thereon.

### 1 Financial Highlights

The company has achieved turnover (Gross) of ₹ 10663.55 Lakhs and has made a profit after tax of ₹ 242.77 Lakhs during the year.

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

PARTICULARS	₹ in Lakhs	
	2015-2016	2014-2015
Total Income	10872.45	12415.30
Profit Before Depreciation, Finance Costs and Tax	3465.15	1539.00
Finance Costs	399.01	121.75
Depreciation	2610.90	875.53
Profit Before Tax	455.24	541.72
Provision for Taxation	212.47	175.03
Profit for the year	242.77	366.69

### 2 Dividend

The Directors could not recommend any dividend for the year 2015-16 as BELOP was facing shortage of working capital presently for which it is required to resort to borrowing and it would also require the funds for implementation of the XR-5 project.

### 3 Order Book Position

The order status of the company as on 1.4.2016 was ₹ 2599.63 Lakhs as compared to ₹ 4227.63 Lakhs as on 1.4.2015. During the year the company has received orders worth ₹ 72 Cr.

## 4 Future Outlook

The implementation of the XR-5 project is under progress. The plan for acquisition of ToT for manufacturing Micro Channel Plates (MCPs) and Alkali Dispensers is under review considering the overall business and requirements of these components.

## 5 Finance

During the financial year 2015-16, your company has met it's fund requirements towards incremental working capital and additional investments on upgradation of infrastructure and capital equipments mainly from internal resources and the balance by borrowing working capital from it's consortium bankers and holding company. Borrowing has been minimised through close monitoring of cash flows and efficient cash management. BEL has also committed to fund the XR-5 project cost by way of infusion of equity and by way of loan.

## 6 Credit Rating

During the year 2015-16, ICRA has assigned the following ratings to the company for the year 2015-16

- (i) Long-term rating of [ICRA] AA+(pronounced ICRA double A+) to ₹ 4000 lakhs fund based bank limits.
- (ii) Short-term rating of [ICRA] A1+ (pronounced ICRA A one plus) to ₹ 600 lakhs non fund based bank limits.

The long term rating of [ICRA] AA+ is with a stable outlook. These ratings indicate the high credit quality in the long- and short-term. Both the ratings are valid till 6<sup>th</sup> November 2016. These ratings will help the company in obtaining the better terms for the various working capital facilities being availed from the Consortium Banks.

## 7 Research & Development (R&D)

The Company's D&E Department is driving and executing the developments towards products, process and upgradation of manufacturing and Test Equipment.

During the year, the R&D team has also carried out the following activities in specific areas as outlined below:-

- ❖ Automation of Screen Scrubber for High Vacuum Electron Degassing of Anode Screens. The upgradation has enabled better process consistency, traceability of process data and enhancement of Specifications and life of the Capital Asset.
- ❖ Inhouse fabrication of Digital Paperless Photocathode Process Monitoring and Recording System for I.I. Tubes has been completed on 30.1.16.
- ❖ Automation of Ultra High Vacuum Electron Degassing (Scrubbing) Process in Cathode Process Area for one Processing Station for manufacture of I.I. Tubes has been completed by 25.2.2016.

On account of the above R&D efforts the company has upgraded the manufacturing infrastructure and processes enabling it to provide better product quality and increased productivity and consistency in processes. Also, due to the R&D Efforts, the life of the existing Capital Equipment has been enhanced.

#### **The R & D team is planning the following activities in future:-**

- ❖ Automation and integration of Image Quality Testing with Module Gain Test. The Project will enable automated measurements with facility of data logging. The Scheme is also expected to reduce failure of Modules during the Image Quality testing.
- ❖ Design improvements in Power Supply Unit(PSU), to provide compatibility with Encapsulation Process established for XD-4 I.I. Tubes.
- ❖ Design improvements in Power Supply Unit (PSU), to enhance First Time pass (FTP) Yield of the PSUs.

### **8 Customer Satisfaction**

As a part of it's customer focus initiative, a workshop on I.I. Tubes was conducted for the maintenance technicians in Indian Army to increase the awareness on handling of I.I. Tubes.

### **9 MoU with Government**

BELOP entered into an Mou with it's holding company Bharat Electronics Limited (BEL) and the performance parameters and targets for each year are finalised with the approval of the Department of Public Enterprises (DPE). The Directors are pleased to inform you that for the year (2014-15) the company has been awarded 'Good' rating in respect of the MoU. The MoU rating for the year 2015-16 is under review with the Government.

### **10 Human Resources**

Your company employed 129 persons as on 31 March 2016 as against 133 persons as on 31 March 2015. Of these employees, 32 were executives and 6 were women employees. No employees were inducted and four employees left during the year.

### **11 Industrial Relations**

The wage negotiation meetings were concluded with the unions in respect of pay revision due from 1.4.2012 till 31.3.2017. The revision of salary and perquisites of executives from 1.4.2012 is under progress. Industrial relations during the year were cordial.

## 12 Environment Management

As part of an Environmental Management system, your company which is certified for ISO 14001:2004, maintains clean surroundings and green environment at its 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 at **Annexure 4** to the Board's Report contains further details on Environment Management.

## 13 Safety

The company has a structured organisation for safety of its 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 improved hydrogen sensors for hydrogen brazing area and gas plant
- ❖ Procurement and installation of new clean agent type Fire Extinguishers compatible for clean room applications
- ❖ Improvement in the exhaust system in manufacturing areas to extract solder fumes

## 14 Quality

BELOP's Quality Management System(QMS) is certified to ISO 9001:2008. The company continued to use 8D tools for process control quality enhancements during the year.

## 15 Vigilance

A Vigilance Officer for BELOP has been appointed from the year 2012-13 by Chief Vigilance Officer, BEL. The Vigilance Department examines procurements, contracts and processes on continual basis, conducts regular and surprise inspections and investigates instances of any suspected transactions referred to it. Any employee or third parties can refer any suspected transaction to the notice of Vigilance Officer for investigation.

Performance of the Vigilance Department during the year has been satisfactory. All the executives of the company have filed their Annual Property Returns till the date mandated. 61 Nos Purchase Orders/Contracts and 11 Nos high value orders/contracts have been reviewed/scrutinized during the year and found to be in order. 86 Regular and 56 Surprise inspections were conducted. There is no case pending under investigation.



## 16 Integrity Pact

The Central Vigilance Commission has taken an initiative of introduction of the Integrity Pact for 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, during the year 2015-16, BELOP has entered into an Integrity Pact with all the vendors/suppliers/contractors/ service providers for all Orders/Contracts of value ₹ 500 lakhs and above.

## 17 Implementation of RTI Act (RTIA)

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 2015-16, the company did not receive any request for information under the RTI Act, 2005.

## 18 Directorate

Dr. Ajit.T. Kalghatgi was appointed as a Director, retiring by rotation at the 23<sup>rd</sup> Annual General Meeting of the company held on 27<sup>th</sup> September 2013. In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the company, Dr. Ajit.T. Kalghatgi retires by rotation and being eligible offers himself for re-appointment.

## 19 Board Meetings/ Change in Directors and Key Managerial Personnel

During the year 6 Board meetings were held, the details of which form part of the Corporate Governance Report.

No changes took place in the Key Managerial Personnel of your Company during the financial year.

## 20 Directors' responsibility statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for the year ended on that date;
- c) that the directors have taken proper and sufficient care for the maintenance of

adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) that the directors have prepared the annual accounts on a going concern basis;
- e) that proper internal financial controls were in place and such financial controls were adequate and were operating effectively;
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **21 Significant and material orders**

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operations in future.

## **22 Events Subsequent to the Date of Financial Statements:**

Material changes and commitments affecting the financial position of the company which have occurred between 31st March, 2016 and date of signing this report is NIL.

## **23 Statutory Auditors**

The Comptroller and Auditor General of India has appointed M/s M.S.D.N & Associates, Chartered Accountants, Pune as the statutory auditors for the year 2015-16 pursuant to the provisions of Section 139(5) of the Companies Act, 2013. The internal audit of the company for the year 2015-16 was conducted by the internal audit team of BEL.

## **24 Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended), the cost records maintained by the Company in respect of its manufacturing activities are required to be audited by the Cost Auditor. Your Directors had, on the recommendation of the Audit Committee, appointed M/s Joshi Apte & Associates, as Cost Auditors of the company for the financial year 2015-16 for conducting the audit of the cost records of the company.

## **25 Auditors' Report**

The Auditors' Report on the Annual accounts for the year 2015-16 and the 'Nil' comments report of the Comptroller & Auditor General of India for the year 2015-16 under Section 143(6)(b) of the Companies Act, 2013 are appended to this report.

## 26 Composition of the Audit Committee

The members of the Audit Committee are as follows :

- 1) Mr. M.L. Shanmukh Chairman
- 2) Dr. Ajit T. Kalghatgi Member
- 3) Mr. Prabhat Acharya Member

All the recommendations made by the Audit Committee were accepted by the Board.

## 27 Related Party Transactions

There were no materially significant related party transactions with the company's promoters, Directors, Management or their relatives , which could have had a potential conflict with the interests of the company. Transactions with related parties that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All related party transactions are placed before the Audit Committee as also the Board for approval, if required. Members may refer to the notes to the accounts for details of related party transactions.

## 28 Loans/Guarantees/Investments

The particulars of loans, guarantees and investments under Section 186 of the Companies Act, 2013 are 'NIL'.

## 29 Extract of Annual Return

In accordance with Section 134(3)(a) of the Companies Act, 2013 an extract of the Annual Return in form MGT 9 is annexed herewith as **Annexure 5**.

## 30 Remuneration Policy

The Board has on the recommendation of the Nomination & Remuneration Committee framed a Draft Policy relating to the remuneration for the directors, key managerial personnel and other employees. The details are set out in the Corporate Governance Report.

## 31 Internal Financial Controls

The company has in place adequate internal financial controls with reference to financial statements. A detailed note on Internal Financial control is provided in the management discussion & analysis report.

## 32 Management Discussion and Analysis Report

The Management Discussion and Analysis Report as per the Government(DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises(CPSEs), is attached to this Report at **Annexure 1**.

### 33 Corporate Governance Report

A report on Corporate Governance as per the DPE guidelines for Central Public Enterprises is attached to this Report at **Annexure 2**.

### 34 Risk Management

The measures taken for managing risks is set out in the Corporate Governance Report.

### 35 Corporate Social Responsibility

As per the provisions of Section 135 of the Companies Act, 2013 and The Companies(Corporate Social Responsibility) Rules,2014 it is recommended that the company should undertake CSR activities and spend at least two percent of the average net profits of the three preceding financial years on CSR activities.

Pursuant to the above referred provisions the company has formed a CSR Committee of the Board comprising of the following members:-

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

However, considering the paucity of funds with the company during the year, the Board of Directors decided not to spend any amount on CSR activities during the year 2015-16.

Pursuant to Rule 8 of The Companies(Corporate Social Responsibility) Rules, 2014 a report on CSR activities for the financial year 2015-16 is annexed herewith as **Annexure 3**.

### 36 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 at **Annexure 4**.

### 37 Particulars of Employees

During the financial year there were no employees in the company who were employed throughout the financial year and in receipt of the remuneration, in aggregate more than ₹ 60 lakhs per annum or who were employed for part of the financial year and in receipt of the remuneration, in aggregate more than ₹ 5 lakhs per month.

### 38 Other Disclosures

Information required to be disclosed in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Companies(Accounts) Rules,2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given at **Annexure 6**.

### 39 Acknowledgement

Your Directors place on record their appreciation for the valuable support received from all the Customers particularly the Defence Services and the para military forces and also the Ministry of Defence, Department of Defence Production and look forward to their continued support and co-operation in future. Your Directors also appreciate the co-operation extended by M/s Photonis for implementation of ToT at BELOP and look forward to a continued fruitful association in future. Your Directors express their sincere thanks to the Comptroller and Auditor General of India, Chairman, Members and Employees of the Audit Board, Statutory Auditors, Cost Auditors, 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 look forward to its continued support and participation in sustaining the growth of the company in the coming years.

**For and on behalf of the Board**

**-sd-**

**Place :- Bangalore**

**SUNIL KUMAR SHARMA**

**Date :- 2<sup>nd</sup> August 2016**

**Chairman**

**Annexure No. 1 to Directors' Report****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****A) Industry Structure and Developments, Strengths, Weaknesses, Opportunities and Threats and Major Initiatives undertaken and planned to ensure sustained performance and growth****a) General outlook of economy, industry in which the Company operates, market conditions and how these impact the Company, measures taken / action plan to protect the interest of the Company;**

The global economy is witnessing weak economic growth with declining prices of a number of commodities, reduction in crude oil prices, turbulent financial markets and volatile exchange rates. However, the Indian economy has shown a robust growth of in 2015-16 and other macroeconomic parameters like inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement during the period.

The government's continuing thrust on "Make in India" initiative along with increase in FDI in defence is resulting in more focus on the Indian defence market and bringing in more competition from Indian and Global Players. BELOP is prepared to face the competition and meet the growth targets.

**b) SWOT Analysis****❖ Strengths:**

- Availability of State of the Art Technology, Infrastructure and trained Manpower to manufacture high performance I.I Tubes indigenously
- Over two decades of experience resulting in excellent domain knowledge and core competencies in the area of Image Intensifier Tubes
- Established Vendor base for supply of Raw Materials and Components for sustained manufacture of I.I. Tubes.
- Strong D&E and Project Team for continual upgradation of Processes, Manufacturing and Test Infrastructure to provide better Product to the Customers.
- Strong customer support due to long term commitment to customers
- Good work ethics
- Quality Management System (QMS) certified to ISO 9001:2008 and Environmental Management System (EMS) certified to ISO 14001:2004.

❖ **Weaknesses:**

- Single Product and exclusively dependent on a Single Customer i.e., Indian MoD.
- Major Raw Materials & Components (RM&Cs) are not available in the Country. Needs increased technical efforts to develop indigenous sources for supply of import substitutes for RM&Cs.

❖ **Opportunities :**

- Growing Defence and Security needs
- Potential Market for High Performance I.I. Tubes for minimum 8-10 Years considering enhanced Defence and internal Security needs of the Country.
- Government's emphasis on Make in India manufacture of defence equipments
- Increased impetus on modernization of central paramilitary forces

❖ **Threats:**

- Increasing competition from Private players

**c) Major initiatives undertaken and planned to ensure sustained performance and growth:**

**a) Technology updation and R & D**

BELOP has commenced supply of XD-4 I.I. Tubes through in-depth manufacturing to its customers from December 2014 onwards. The company is also making efforts for upgradation of its manufacturing & Test Infrastructure through inhouse R & D. In order to meet the requirements of further enhanced performance Tubes by the Indian Army, the Company has entered, into a ToT Agreement with M/s Photonis France SAS, France and their Sister Company, M/s Imaging Sensors International, France for the manufacture XR-5 I.I. Tubes during May 2014. The XR-5 project is under implementation.

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

**a) Risk Management**

The Company has an established Risk Management Policy, which outlines a framework for risk identification, evaluation, prioritization and treatment of various risks associated with different areas of operation such as technology, product, market, human resources, finance and other operations. 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 in a quarterly basis. The RMC submits quarterly report to the management and the Audit Committee. The company reports about the status of RM to the Board annually.

Certain risks which have been identified are being addressed by introducing suitable Risk mitigation processes. Similarly, in case of any key managerial decisions the risk factors are highlighted for the decision making authority to take informed decision.

**b) Cost Reduction and Indigenisation**

The company's Cost Reduction activities focus both on manufacturing and non manufacturing areas and encompass all facets of business like production, administration, finance, services etc. The company has carried out various activities in manufacturing and sub contract area which has resulted in increase in the quality and productivity and in consequent cost reduction.

**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 2015-16 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 Audit Committee meets the company's Statutory Auditors to ascertain, inter alia, their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal control systems followed by the company. 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 audit by the Comptroller and Auditor General of India.



## 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 with a view to have least borrowing and consequently least interest cost;
- (ii) To maintain the highest credit rating in the short term to be able to raise funds at most economical rates as and when required;
- (iii) To effectively execute tax planning thereby improving the post tax yield;
- (iv) To meet the expectations of the various stakeholders;
- (v) To maintain highest standards of financial reporting by following the mandatory accounting standards;

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

### 2. Performance Highlights

₹ in Lakhs

PARTICULARS	2015-2016	2014-2015
Gross Sales	10663.55	10264.93
Total Expenditure Before Financing Costs	111307.60	14305.61
Profit Before Financing Costs and Tax	854.26	663.47
Operating Margin(PBIT/Gross Sales) Ratio%	8.01	6.46
Profit After Tax	242.77	366.69
No.of Days Inventory/Value of Production (DPE Method)	91	109
No. of Days Trade Receivables/Turnover	60	41
Current Ratio	0.91	0.64
Debt Equity Ratio	Nil	Nil

### 3. Analysis of Financial performance of 2015-16

- Turnover registered a growth of 3.88% from ₹ 10264.93 Lakhs in 2014-15 to ₹ 10663.55 Lakhs in 2015-16.
- Value of Production has decreased by ₹ 230.93 Lakhs from ₹ 10705.55 Lakhs in 2014-15 to ₹ 10474.62 Lakhs in 2015-16.
- PAT has decreased by 33.79% from ₹ 366.69 Lakhs in 2014-15 to ₹ 242.77 Lakhs in 2015-16.
- PAT to Turnover Ratio in 2015-16 is 2.46%.
- Turnover per Employee have increased by 6.41% from ₹ 78 Lakhs in 2014-15 to ₹ 83 Lakhs in 2015-16.
- Earning per share is ₹ 9.37
- Net worth has grown by 81.37% from ₹ 5814.46 Lakhs in 2014-15 to ₹ 10545.42 Lakhs in 2015-16.

### D) **Development in Human Resources**

The company has provided training on technical and quality related topics of total 449 mandays amounting to an average of 3.36 mandays per employee.

## Annexure No. 2 to the Board's 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

Pursuant to the Companies Act, 2013, BELOP being a wholly owned subsidiary of Bharat Electronics Limited is a 'Government Company'.

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

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

- a) Shri. Sunil Kumar Sharma, Chairman CMD, BEL
- b) Shri M. L. Shanmukh, Director Director (HR), BEL
- c) Dr. Ajit. T. Kalghatgi, Director Director (R & D), BEL
- d) Mr. Prabhat Acharya, Director Director (Finance), BEL

## Meetings and Attendance

During the financial year ended 31.3.2016, six Board Meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 19.05.2015, 22.07.2015, 30.7.2015, 28.10.2015, 20.1.2016 and 21.3.2016. 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 2015-16 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 31st August 2015	No. of other directorships held	* Number of Committee membership across all companies	
						As Chairman	As Member
1	Mr. Sunil Kumar Sharma	6	6	Yes	1	Nil	Nil
2	Mr. M L Shanmukh	6	6	Yes	1	1	1
3	Dr. Ajit T. Kalghatgi	6	6	Yes	2	Nil	1
4	Mr. Prabhat R. Acharya	6	6	Yes	2	Nil	1

\* Membership of Audit Committee and Stakeholders' Relationship Committee alone are 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 2015-16. 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 177 of the Companies Act, 2013. 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 31st August 2015. The terms of reference of the Audit Committee are as specified in Section 177 of the Companies Act, 2013 and as per the DPE guidelines.

### Some of the important functions performed by the Audit Committee are as follows:

- Oversight of the Company's financial reporting process and the disclosure of financial information to ensure that the financial is correct, sufficient and credible
- Reviewing the quarterly unaudited financial statements
- Approval of remuneration to statutory auditors
- Reviewing the Management Discussion & Analysis Report on financial and operational performance
- Reviewing the adequacy and effectiveness of the Company's system and internal controls and Governance and audit processes and risk management systems
- Reviewing and discussing with the Management the company's major financial risk exposures and steps taken by the Management to monitor and control such exposure
- Review the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- To grant approval for transactions with related parties including any subsequent modifications thereto.
- Scrutiny of inter-corporate loans and investments
- Valuation of undertakings or assets of the company, wherever it is necessary

During the year ended 31.3.2016, the Audit Committee met five times on 19.05.2015, 22.7.2015, 30.7.2015, 28.10.2015 and 20.1.2016..

The attendance of the Chairman and members of the Audit Committee in the above meetings 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	5	5
Mr. P. R. Acharya	5	5

### 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 in a quarterly basis. The RMC submits quarterly report to the management and the Audit Committee. The company reports about the status of RM to the Board annually.

### Nomination and Remuneration Committee

In compliance with the provisions of Section 178 of the Companies Act, 2013, the Board has renamed the existing "Remuneration Committee" as the "Nomination and Remuneration Committee" with the composition as outlined below:-

- 1) Mr. M. L. Shanmukh                      Chairman
- 2) Dr. Ajit. T. Kalghatgi                      Member
- 3) Mr. Prabhat Acharya                      Member

The attendance of the Chairman and members of the Nomination and Remuneration Committee in the above meetings 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	5	5
Mr. P. R. Acharya	5	5

Some of the functions of the Nomination and Remuneration Committee is as follows :-

- Recommending policy to the Board in line with the provisions of the Companies Act. 2013, DPE guidelines and Presidential directives/guidelines issued by the Government of India.
- Recommendation to the Board of all pay related matters

## Remuneration Policy

### a) Remuneration to Directors

BELOP would fix the remuneration of Directors whenever required, in a manner that is compliant with the prescriptions laid down by Government of India communicated from the Ministry of Defence, from time to time.

### b) Remuneration to Key Managerial Personnel(KMP) and other Employees

BELOP would ensure the following while fixing the remuneration of the Key Managerial Personnel(KMP) and other Employees

- i) The company shall abide by any directives issued by the Government of India in this regard.
- ii) The level and composition of remuneration fixed would be reasonable and sufficient to attract, retain and motivate the employees required to run the company successfully.
- iii) The level of remuneration would meet the appropriate benchmarks and there would exist a clear relationship between performance and remuneration.
- iv) The remuneration would comprise of a fixed pay and incentive pay in a judicious proportion appropriate to the working of the company and enabling the company to achieve it's short-term and long term performance objectives and goals.

## Remuneration to Directors

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

## Corporate Social Responsibility Committee

In pursuant to the provisions of Section 135 of the Companies Act, 2013 the Corporate Social Responsibility Committee has been constituted.

The salient terms of reference of the Corporate Social Responsibility Committee (CSR) is outlined below.

- a) To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII.
- b) To recommend the amount of expenditure to be incurred on the activities referred to in clause 'a'
- c) To monitor the Corporate Social Responsibility Policy of the company from time to time.

The composition of the Corporate Social Responsibility Committee as at 31st March, 2016 is as follows:-

- |                          |          |
|--------------------------|----------|
| 1) Mr. M.L. Shanmukh     | Chairman |
| 2) Dr. Ajit T. Kalghatgi | Member   |
| 3) Mr. Prabhat Acharya   | Member   |

The Company has adopted a Corporate Social Responsibility Policy indicating the activities to be undertaken by the Company. However, considering the paucity of funds with the company, the Board of Directors decided not to spend any amount on CSR activities during the year 2015-16.

### Directors' Shareholding

No Director holds Equity shares in the company as on 31.3.2016.

### Other Board Subcommittees

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

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

### Related Party Transactions

All transactions with related parties were in the ordinary course of business and on an arms length pricing basis.

### General Body Meetings

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

Year	Location	Date & Time
2012-13	Registered Office	27 <sup>th</sup> September 2013 at 12.00 PM
2013-14	Registered Office	23 <sup>rd</sup> September 2014 at 12.30 PM
2014-15	Registered Office	31 <sup>st</sup> August 2015 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) The Company has not entered into any materially significant related party transactions that may have potential conflict with the interests of the Company at large. Nonetheless, transactions with related parties have been disclosed in point No. 9 of Note 31 of Notes to Accounts in the Annual Report.

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

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

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

Administrative and office expenses were 1.47 % of the total expenses for the year 2015-16 as against 0.63 % 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 2015-16.

## 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 2016

Sr.	Category	No. of Shareholders	No. of Shares	% Holding
1	Promoter – M/s Bharat Electronics Limited	1	37,83,678	100.00

### Top 10 Shareholders as on 31 March 2016

Sr.	Category	No. of Shares	% Holding
1	Promoter – M/s Bharat Electronics Limited	37,83,678	100.00

### Credit Rating

ICRA has assigned the following credit ratings of the Company for 2015-16:

- (i) Long-term rating of [ICRA]AA+ (pronounced ICRA double A plus) to ₹ 4000 lakhs fund based bank limits.
- (ii) Short-term rating of [ICRA]A1+ (pronounced ICRAA one plus) to ₹ 600 lakhs non fund based bank limits.

The outlook on the long-term rating is 'stable'. These ratings are valid till 6<sup>th</sup> November 2016.

### 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 and is provided in this Annual Report.

### Compliance

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

### DPE Grading

The DPE guidelines on Corporate Governance for CPSEs provide that the CPSEs would be graded on the basis of their compliance with the guidelines.

## Registered Office/Address for Correspondence

BEL Optronics Devices Ltd.

Registered Office, EL-30, 'J', Block, MIDC, Bhosari Industrial Area, Pune- 411026

Phone: (020) 27130981/2/3/4; Fax: (020) 27130589; e-mail: info@belop.co.in

---

## 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. 14<sup>th</sup> May 2010, 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 Optronics Devices Limited for the year ended 31<sup>st</sup> March 2016.

**For BEL OPTRONIC DEVICES LIMITED**

**Place:- Bangalore**

**Date :- 2<sup>nd</sup> August 2016**

**-sd-**

**SUNIL KUMAR SHARMA**  
**Chairman**

**CERTIFICATION BY CEO & CFO AS REQUIRED UNDER DPE GUIDELINES ON  
CORPORATE GOVERNANCE**

We hereby certify that :

(a) We have reviewed the financial statements and the Cash Flow Statement for the year ended 31.03.2016 and that to the best of our knowledge and belief.

(i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.

(ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee :

(i) that there are no significant changes in internal control over financial reporting during the year;

(ii) the significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements ; and

(iii) that there are no instances of significant fraud of which we have become aware and the involvement therein of the management or an employee having a significant role in the Company's internal control system over financial reporting.

-sd-

**(PRIYA IYER)**  
**CS &CFO**  
**Dt. 19/5/2016**

-sd-

**(S.S. KULKARNI)**  
**Chief Executive Officer**  
**Dt. 19/5/2016**

## Annexure No. 3 to Board's Report

**REPORT ON CSR ACTIVITIES****1. A brief outline of the company's CSR policy:-**

- a) BELOP recognises and accepts the Corporate Social Responsibility it shoulders whereby it resolves to serve the environment that has sustained the activities and endeavours of BELOP over the years.
- b) BELOP is committed to its stakeholders to conduct CSR activities in an economically, socially and environmentally sustainable manner that is transparent and ethical.

**2. The Composition of the CSR Committee :-**

- 1) Mr. M.L. Shanmukh                      Chairman
- 2) Dr. Ajit.T. Kalghatgi                      Member
- 3) Mr. P.R. Acharya                      Member

**3. Average net profit of the company for last three financial years:-**

Average net profit is ₹ 588.01 lakhs

**4. Prescribed CSR Expenditure (two percent of the average net profit of the last three financial years) :-**

The company during the financial year 2015-16 is required to spend ₹ 11.76 lakhs

**5. Details of CSR spent during the financial year:-:-**

The company has not spent any amount on CSR activities during the year 2015-16.

**6. Reasons for not spending the two percent of the average net profit of the last three financial years or any part thereof on CSR activities during the year:-**

During the year, BELOP has borrowed appr. ₹ 78 Cr from it's holding company and banks to meet the deficit in working Capital. Therefore, considering the paucity of funds with the company and requirement of additional funds to meet the XR-5 Project, the Board of Directors decided not to spend any amount on CSR activities during the year 2015-16.

**7. Responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company is furnished below:-****Responsibility Statement**

The CSR Committee of BELOP hereby confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

- sd -

- sd -

(S. S. KULKARNI)  
Chief Executive Officer, BELOP

(M. L. SHANMUKH)  
Chairman, CSR –Committee, BELOP

## **Annexure No. 4 to Board's 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.

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

#### **Sustainable Development Activities**

##### **Emissions to Air**

Air emissions from process are controlled through appropriate air pollution control Equipment. Air emission stacks are monitored as per Air (Prevention & Control of Pollution) Act 1981 on quarterly basis.

##### **Water Management**

As per MPCB Consent, Company has installed water meters at appropriate locations and is monitoring consumption of water on daily basis.

##### **Noise Pollution**

The noise levels in the factory premises are measured periodically, as per MPCB Consent & Act on quarterly basis.

##### **Water Pollution**

The industrial effluents are treated in ETP Plant & disposed off as per MPCB norms. The company has also installed Sewage Treatment Plant (STP) for treatment of effluents & recycled water is used for garden purpose.

##### **Hazardous Waste Management System**

The company is disposing its Hazardous Waste as per Hazardous Waste Rules 2008, to MPCB authorised recycler. Regular returns of the same are being submitted in Form IV every year. During the year the company has made efforts to re-use certain hazardous items used in manufacturing processes in order to reduce their consumption and potential impact on the environment.

##### **On Site Emergency Plan and Systems**

Local & Company wide Mock Drill are conducted periodically & On Site Emergency Plan has been displayed in factory premises at prominent locations

##### **Ecological Sustainability**

The company focuses on planting trees and maintaining a green and clean environment.

## Annexure No. 5 to the Board's Report

## Form No. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

i)	CIN:	U31909PN1990GOI058096
ii)	Registration Date:	10 <sup>th</sup> September 1990
iii)	Name of the Company	BEL Optronic Devices Limited
iv)	Category/Sub-Category of the Company	Company having Share Capital
v)	Address of the Registered office and contact details	EL 30, J Block, Bhosari Industrial Area, Pune 411026 Tel No.020-27130981/2/3
vi)	Whether Listed Company	No
vii)	Name, Address and contact details of Registrar and Share Transfer Agent, if any	Not Applicable

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Image Intensifier Tube	3320	100.00%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

S. No	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section
1	Bharat Electronics Limited	L32309KA1954GOI000787	Holding	100%	2(46)

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)****(i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual / HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corporate	-	17,00,223	17,00,223	92.79	-	37,83,678	37,83,678	100.00	7.21
e) Banks / FI		13,2,000	1,32,000	7.21	-	-	-	-	
f) Any other	-								-
Sub Total(A) (1)	-	18,32,223	18,32,223	100.00	-	37,83,678	37,83,678	100.00	7.21
<b>(2) Foreign</b>									
a) NRI-Individuals									
b) Other-Individuals									
c) Bodies Corporate									
d) Banks/FI									
e) Any other									
Sub Total(A) (2)									
<b>Total Shareholding of Promoter</b>	-	18,32,223	18,32,223	100.00	-	37,83,678	37,83,678	100.00	19,51,455
<b>(A) = [(A)(1)+(A)(2)]</b>									
<b>B. Public Shareholding</b>									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt(s).									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs									
h) Foreign Venture Capital									
i) Others (specify)-									
<b>Sub-total (B)(1):-</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corporate									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh		70	70	-		-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
<b>Sub-total (B)(2):-</b>	-	70	70	-	-	-	-	-	-
<b>Total Public Shareholding (B) = [(B)(1)+ (B)(2)]</b>	-	70	70	-	-	-	-	-	-
C. Shares held by Custodian for GDRs &									
<b>Grand Total (A+B+C)</b>	-	18,32,293	18,32,293	100	-	37,83,678	37,83,678	100	19,51,455

## (ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Bharat Electronics Ltd	17,00,223	92.79	-	37,83,678	100.00	-	7.21
2	Specified Undertaking of Unit Trust of India	1,32,000	7.21	-	-	-	-	-7.21
	<b>Total</b>	<b>18,32,223</b>	<b>100.00</b>	<b>-</b>	<b>37,83,678</b>	<b>100.00</b>	<b>-</b>	<b>-</b>

## (iii) Change in Promoters' Shareholding ( please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	1,700,223	92.79	1,700,223	92.79
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-		
	21/07/2015	Transfer	-	70	
	30/07/2015	Transfer	-	1,32,000	
	13/10/2015	Right Issue	-	16,67,707	
	16/11/2015	Right Issue	-	2,11,139	
	18/02/2016	Right Issue	-	72,539	
	At the End of the year	<b>17,00,223</b>	<b>92.79</b>	<b>37,83,678</b>	<b>100</b>

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2015)		Shareholding during the year (31.03.2016)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		-----NIL-----			



## (v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1</b>	<b>Name: Dr. Ajit. T. Kalghatgi Director</b>				
	At the beginning of the year	10	0.0005	10	0.0005
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	21/07/2015                      Transfer			(10)	-0.0005
	At the End of the year	10	0.0005	-	-

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>2</b>	<b>Name: Mr. S.S.Kulkarni Chief Executive Officer</b>				
	At the beginning of the year	10	0.0005	10	0.0005
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	21/07/2015                      Transfer			(10)	-0.0005
	At the End of the year	10	0.0005	-	-

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>3</b>	<b>Name: Ms.Priya Iyer CFO &amp; Company Secretary</b>				
	At the beginning of the year	10	0.0005	10	0.0005
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	-	-
	21/07/2015                      Transfer			(10)	-0.0005
	At the End of the year	10	0.0005	-	-

**INDEBTEDNESS****v. Indebtedness of the Company including interest outstanding/accrued but not due for payment**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs in Lakhs)
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	2,472.87	-	-	2,473
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	4.81	-	-	5
<b>Total (i+ii+iii)</b>	<b>2,477.68</b>	<b>-</b>	<b>-</b>	<b>2,478</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	7,838.53	-	-	7,838.53
* Reduction	2,472.87	-	-	2,472.87
<b>Net Change</b>	<b>5,365.66</b>	<b>-</b>	<b>-</b>	<b>5,365.66</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	7,838.53	-	-	7,838.53
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	98.55	-	-	98.55
<b>Total (i+ii+iii)</b>	<b>7,937.08</b>	<b>-</b>	<b>-</b>	<b>7,937.08</b>

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors and/or Manager:**

SI. No.	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount
1	Gross salary	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	-as % of profit	Nil	Nil	Nil
	-others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	<b>Total (A)</b>	Nil	Nil	Nil

**B. Remuneration to other directors:**

Sl. No.	Particulars of Remuneration	Name of Directors		Total
				Amount
<b>1</b>	<b>Independent Directors</b>	Nil	Nil	Nil
	Fee for attending Board/ committee meetings	Nil	Nil	Nil
	Commission	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil
	<b>Total (B) (1)</b>	Nil	Nil	Nil
<b>2</b>	<b>Other Non-Executive Directors</b>	Nil	Nil	Nil
	Fee for attending board / committee meetings	Nil	Nil	Nil
	Commission	Nil	Nil	Nil
	Others, please specify	Nil	Nil	Nil
	<b>Total (B) (2)</b>	Nil	Nil	Nil
<b>Total (B)= (B)(1)+(B)(2)</b>		Nil		

**C. Remuneration to key managerial personnel other than MD/MANAGER/WTD**

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		CEO	Company Secretary & CFO
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax 1961	14,90,247	4,41,199
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1,40,449	11,340
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	-	-
2	Stock option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	-as % of profit	-	-
	-others, specify	-	-
5	Others, please specify		
	Retirement Benefit	4,89,531	1,68,053
	<b>Total</b>	<b>26,41,572</b>	<b>8,37,756</b>

**VII. Penalties / Punishment / Compounding of Offences :**

Type	Section of the companies act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made if any (give Details) sfsfsf
<b>A. COMPANY</b>					
Penalty				None	
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty				None	
Punishment					
Compounding					
<b>C. OTHER OFFICER IN DEFAULT</b>					
Penalty				None	
Punishment					
Compounding					

**Annexure No. 6 to the Board's Report**

**Information required to be disclosed in accordance with Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo.**

**A CONSERVATION OF ENERGY****i) Energy conservation measures taken during the year 2015-16.**

Modified the Air conditioning system for automatic cut off of the heaters installed in the AHU's of the Air Conditioning system without affecting the temperature and humidity inside the clean rooms.

**ii) The steps taken by the company for utilising alternate sources of energy**

Feasibility Study for implementation of Grid connected t roof top solar PV plant is under consideration.

**iii) The capital investment on energy conservation equipments.**

During the year the company has not made capital investment on energy conservation equipment.

**B TECHNOLOGY ABSORPTION****i) Efforts, in brief, made towards Technology absorption, adaptation and innovation**

- ❖ The ToT Project on manufacture of XR-5 Tubes has commenced during the Year. Detailed Plan for installation of additional Clean Rooms and Infrastructure of XR 5 Tubes have been finalized with the ToT provider and actions initiated for implementation
- ❖ Upgradation of the existing manufacturing and Test Equipment to improve Productivity, Process consistency and Process Data Traceability
- ❖ Design of Database Software for logging and analysis of manufacturing and Test Data of XD 4 performance I.I. Tubes.

**ii) Benefits derived as a result of the above efforts**

- ❖ Commencement of implementation of indigenous manufacturing technology for delivery of high performance I.I. Tubes, Type XR-5, to the Customers.
- ❖ Upgradation of Infrastructure for better productivity, process consistency, and process data traceability, resulting in overall Customer satisfaction and extending the life of the existing Assets

**iii) Information regarding technology imported during the last three years**

In order to meet the requirements of further enhanced performance Tubes by the Indian Army, the Company has entered during May 2014, into incremental ToT Agreement with M/s. Photonis France SAS, France and their Sister Company, M/s Imaging Sensors International, France for the manufacture XR-5 I.I. Tubes. The XR-5 project is under implementation.

**iv) Expenditure on R&D**

The Company has incurred an expenditure of approx. ₹ 28 Lakhs during the year 2015-16.

**C FOREIGN EXCHANGE EARNING AND OUTGO**

No disclosure of the foreign exchange earning and outgo is furnished on account of the application submitted to the Government of India, Ministry of Company Affairs.

## **SIGNIFICANT ACCOUNTING POLICIES:**

### **A. Basis of Accounting :**

The financial statements are prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting, except as stated herein. GAAP comprises the mandatory Accounting Standards (AS) [as notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014], to the extent applicable, the provisions of the Companies Act, 2013 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 realizable 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/Amortisation :

- i) Tangible depreciable Fixed Assets are generally depreciated on straight-line method over the useful life of the assets estimated by the Management and in the manner prescribed in Schedule II to the Companies Act, 2013.
- ii) Cost of Leasehold land is amortised over the lease period.
- iii) Intangible assets are amortised over a period of ten years on straight line method.
- iv) Prorata depreciation/amortisation is charged from/upto the date on which the assets are put to use/are deleted or discarded.

## F. Employee Benefits :

- 1) 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 Statement of Profit and Loss 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 Statement of Profit and Loss for the period in accordance with AS 22 "Accounting for Taxes on Income".

#### **H. Prior Period Adjustments Extra-Ordinary Items and Exceptional Items:**

Prior Period Adjustments, Extra-Ordinary items and Exceptional 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 Statement of Profit and Loss. Exchange differences relating to the acquisition of fixed assets were adjusted in the carrying cost of the fixed assets till 31.03.2007.

Premium or discount arising at the inception of the forward exchange contract is 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 Statement of Profit and Loss.

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, Capital Work In Progress and Intangible Assets under development:**

### **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 Statement of Profit and Loss 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 Statement of Profit and Loss to the extent of expenditure incurred in the ratio of the funding to the total sanctioned cost, limited to the grant received.

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

**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.

**T. Research & Development Expenditure:**

1) Research and Development expenditure (Other than on specific development cum-sale contracts) is charged off as expenditure when incurred. R&D expenditure on development-cum-sale contracts are treated at par with other sale contracts.

2) R&D expenditure on Fixed Assets is capitalized .

**As per our report attached**

	-sd-	-sd-
MSDN & ASSOCIATES Chartered Accountants Firm Reg. No. 112479W	SUNIL KUMAR SHARMA Chairman	M.L. SHANMUKH Director
-sd-	-sd-	-sd-
M.K. GAVASKAR PARTNER MEM. NO. 037573	AJIT T. KALGHATGI Director	PRABHAT R. ACHARYA Director
	-sd-	-sd-
Place: PUNE Date : 19 <sup>th</sup> May 2016	S.S. KULKARNI Chief Executive Officer	PRIYA. S. IYER Company Secretary & CFO
	Place: BANGALORE Date : 19 <sup>th</sup> May 2016	

## BEL OPTRONIC DEVICES LIMITED

## BALANCE - SHEET AS AT 31ST MARCH, 2016

AMOUNT ₹

Sr. No.	Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
(1)	<b>Shareholder's Funds</b>			
	(a) Share Capital	1	37,83,67,800	18,32,29,300
	(b) Reserves and Surplus	2	67,61,74,328	39,82,16,843
			<b>1,05,45,42,128</b>	<b>58,14,46,143</b>
(2)	<b>Grants</b>	3	<b>1,71,12,95,458</b>	<b>1,91,87,42,983</b>
(3)	<b>Non-Current Liabilities</b>			
	(a) Deferred Tax Liabilities (net)	4	2,15,35,423	70,43,038
	(b) Other Long term liabilities	5	11,51,270	2,26,972
	(c) Long term provisions	6	85,72,032	72,72,933
			<b>3,12,58,725</b>	<b>1,45,42,943</b>
(4)	<b>Current Liabilities</b>			
	(a) Short-Term Borrowings	7	78,38,53,339	24,72,86,912
	(b) Trade payables	8	8,40,87,202	42,09,78,909
	(c) Other current liabilities	9	4,02,36,440	13,83,14,686
	(d) Short-term provisions	10	8,51,13,414	8,51,67,657
			<b>99,32,90,395</b>	<b>89,17,48,164</b>
	<b>Total</b>		<b>3,79,03,86,706</b>	<b>3,40,64,80,233</b>
<b>II</b>	<b>ASSETS</b>			
(1)	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	11	83,10,08,138	89,53,26,868
	(ii) Intangible assets	12	1,65,34,12,692	1,84,25,97,541
	(iii) Capital work-in-progress	13	7,75,792	17,33,014
	(iv) Intangible Assets under development	14	-	-
			<b>2,48,51,96,622</b>	<b>2,73,96,57,423</b>
	(b) Long term loans and advances	15	1,37,33,953	84,56,477
	(c) Other non-current assets	16	38,43,26,880	8,87,89,297
			<b>39,80,60,833</b>	<b>9,72,45,774</b>
(2)	<b>Current assets</b>			
	(a) Inventories	17	26,05,17,204	31,87,75,358
	(b) Trade receivables	18	17,57,41,842	11,52,68,394
	(c) Cash and Bank Balances	19	32,90,57,826	9,05,14,409
	(d) Short-term loan and advances	20	12,80,00,478	3,02,94,635
	(e) Other current assets	21	1,38,11,901	1,47,24,240
			<b>90,71,29,251</b>	<b>56,95,77,036</b>
	<b>Total</b>		<b>3,79,03,86,706</b>	<b>3,40,64,80,233</b>

SEE ACCOMPANYING NOTES (1 TO 31) TO THE FINANCIAL STATEMENTS

## As per our report attached

MSDN & ASSOCIATES  
Chartered Accountants  
Firm Reg. No. 112479W

-sd-  
M.K. GAVASKAR  
PARTNER  
MEM. NO. 037573

Place: PUNE  
Date : 19<sup>th</sup> May 2016

-sd-  
SUNIL KUMAR SHARMA  
Chairman

-sd-  
AJIT T. KALGHATGI  
Director

-sd-  
S.S. KULKARNI  
Chief Executive Officer  
Place: BANGALORE  
Date : 19<sup>th</sup> May 2016

-sd-  
M.L. SHANMUKH  
Director

-sd-  
PRABHAT R. ACHARYA  
Director

-sd-  
PRIYA. S. IYER  
Company Secretary & CFO

## BEL OPTRONIC DEVICES LIMITED

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

AMOUNT ₹

Sr. No.	Particulars	Note No.	For the year ended 31st March, 2016	For the year ended 31st March, 2015
<b>I</b>	<b>REVENUE FROM OPERATIONS</b>			
	<b>Turnover</b>			
	(a) Sale of Products		1,06,10,46,987	1,02,19,05,609
	(b) Sale of Services		53,08,070	45,87,527
	(c) Gross Sales (a+b)		1,06,63,55,057	1,02,64,93,136
	(d) Excise Duty		7,95,84,223	32,18,358
	(e) Net Turnover (c-d)		98,67,70,834	1,02,32,74,778
<b>II</b>	<b>OTHER INCOME</b>	22	2,08,90,590	21,50,36,858
<b>III</b>	<b>TRANSFER OF GRANT</b>			
	(a) TPDUP		8,11,891	8,52,827
	(b) ToT XD-4	31	20,66,35,634	25,78,96,889
	Total (a) + (b)		20,74,47,525	25,87,49,716
<b>IV</b>	<b>TOTAL REVENUE (I+II+III)</b>		<b>1,21,51,08,949</b>	<b>1,49,70,61,352</b>
<b>V</b>	<b>EXPENSES :</b>			
	(a) Cost of Materials Consumed	23	59,90,82,036	98,76,58,738
	(b) Cost of Stores & Spares Consumed	23	1,26,52,159	93,06,899
	(c) Changes in Process Stock & Finished Goods	24	1,35,84,711	(4,86,49,433)
	(d) Employee Benefit Expense	25	8,79,98,829	7,46,45,550
	(e) Finance Costs	26	3,99,01,546	1,21,75,378
	(f) Depreciation and Amortisation Expense	11&12	26,10,90,410	8,75,52,708
	(g) Technical Assistance Fees and Travel Expenses	27	-	19,48,52,360
	(h) Other Expenses	28	15,63,52,590	12,51,93,828
	<b>TOTAL EXPENSES (a to h)</b>		<b>1,17,06,62,281</b>	<b>1,44,27,36,028</b>
<b>VI</b>	Profit before exceptional, extraordinary items and tax (IV-V)		4,44,46,668	5,43,25,324
<b>VII</b>	Exceptional Items		-	-
<b>VIII</b>	Profit before extraordinary items and tax (VI-VII)		4,44,46,668	5,43,25,324
<b>IX</b>	Extraordinary items		-	-
<b>X</b>	Profit for the year (VIII-IX)		4,44,46,668	5,43,25,324
<b>XI</b>	Prior Period items (Net)	29	(10,77,095)	1,53,552
<b>XII</b>	Profit for the period before tax (X-XI)		4,55,23,763	5,41,71,772
<b>XIII</b>	<b>Tax Expense :</b>			
	(a) Current tax (MAT)		72,83,102	1,36,18,942
	(b) MAT Credit entitlement		(5,29,157)	(26,68,261)
	(c) Net Current Year Tax (a-b)		67,53,945	1,09,50,681
	(d) Deferred Taxes		1,44,92,383	65,51,879
	<b>Total Provision for Taxation (c+d)</b>		<b>2,12,46,328</b>	<b>1,75,02,560</b>
<b>XIV</b>	<b>Profit For the period (XII-XIII)</b>		<b>2,42,77,435</b>	<b>3,66,69,212</b>
<b>XV</b>	Earning per equity share :			
	(1) Basic (In Rupees)	30	9.37	20.01
	(2) Diluted (In Rupees)		9.37	20.01

## SEE ACCOMPANYING NOTES (1 TO 31) TO THE FINANCIAL STATEMENTS

## As per our report attached

MSDN & ASSOCIATES  
Chartered Accountants  
Firm Reg. No. 112479W

-sd-  
SUNIL KUMAR SHARMA  
Chairman

-sd-  
M.L. SHANMUKH  
Director

-sd-  
M.K. GAVASKAR  
PARTNER  
MEM. NO. 037573

-sd-  
AJIT T. KALGHATGI  
Director

-sd-  
PRABHAT R. ACHARYA  
Director

Place: PUNE  
Date : 19<sup>th</sup> May 2016

-sd-  
S.S. KULKARNI  
Chief Executive Officer  
Place: BANGALORE  
Date : 19<sup>th</sup> May 2016

-sd-  
PRIYA. S. IYER  
Company Secretary & CFO

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	No of shares	Amount ₹	No of shares	Amount ₹
<b>Authorised Capital:</b> 1,00,00,000/- (Previous period 35,00,000) equity shares of ₹ 100/- each		1,00,00,00,000		35,00,00,000
<b>Issued Capital:</b> 37,83,678 (Previous period 19,74,370 ) equity shares of ₹ 100/- each		37,83,67,800		19,74,37,000
<b>Subscribed and Paid - up Capital:</b> 37,83,678 (Previous period 18,32,293 ) equity shares of ₹100/- each fully paid up		37,83,67,800		18,32,29,300
<b>Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:</b>	As at 31st March, 2016		As at 31st March, 2015	
	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	19,51,385	19,51,38,500	-	-
Less: Equity Shares forfeited/Bought back during the year	-	-	-	-
No of equity shares outstanding at the end of the year	37,83,678	37,83,67,800	18,32,293	18,32,29,300
<b>Notes:</b>				
1. Out of the above, 37,83,678/- Equity Shares of ₹ 100 each (Previous Year 17,00,223) are held by Bharat Electronics Ltd (BEL), the Holding Company, and its nominees. BELOP is a wholly owned subsidiary of BEL with effect from 30th July 2015.				
2. Details of the Number of shares held by each shareholder holding more than 5% shares in the company are as follows:				
Particulars	2015-16		2014-15	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
<b>Equity Shares:</b>				
Bharat Electronics Limited	37,83,678	100.00	17,00,223	92.79
Specified Undertaking of Unit Trust of India	-	-	1,32,000	7.21

**NOTE 2 - RESERVES AND SURPLUS**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>(a) Securities Premium Reserve</b>	25,36,80,050	-
<b>(b) Surplus:</b>		
As per last Balance Sheet	39,82,16,843	36,18,88,422
*Less : Depreciation Adjustment	-	(3,40,791)
Add: Profit/(Loss) for the period	2,42,77,435	3,66,69,212
<b>Total (a)+(b)</b>	<b>67,61,74,328</b>	<b>39,82,16,843</b>

**NOTE 3 - GRANTS**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>GRANT</b>		
<b>TPDUP PROJECT</b>		
As per last Balance Sheet	18,67,716	27,20,543
Less: Transferred Statement of Profit & Loss	8,11,891	8,52,827
<b>Sub-Total (1)</b>	<b>10,55,825</b>	<b>18,67,716</b>
<b>TOT</b>		
As per last Balance Sheet	1,91,68,75,267	2,07,95,47,196
Add: Received during the year	-	9,52,24,960
Less: Transferred Statement of Profit & Loss during the year	20,66,35,634	25,78,96,889
<b>Sub-Total (2)</b>	<b>1,71,02,39,633</b>	<b>1,91,68,75,267</b>
<b>Total (1+2)</b>	<b>1,71,12,95,458</b>	<b>1,91,87,42,983</b>

BELOP has entered into an Agreement with M/s Photonis, France for transfer of technology for manufacture of Higher Specification I.I. Tubes at BELOP and 84.76% of the ToT Cost is funded by way of Grant. Accordingly, 84.76% of the expenses incurred in the year 2015-16 towards ToT has been transferred to income in the Statement of Profit and Loss. As on 31.03.2016, BELOP has received a grant of Rs. 249.75 Cr and yet to receive a grant of ₹5.00 Cr

**NOTE 4 - (i) BREAK UP OF DEFERRED TAX LIABILITY AS AT YEAR END :**

Nature of timing difference	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
Provision for Depreciation & Amortisation	4,32,77,096	2,58,22,919
<b>Total</b>	<b>4,32,77,096</b>	<b>2,58,22,919</b>

**(ii) BREAK UP OF DEFERRED TAX ASSET AS AT YEAR END :**

Nature of timing difference	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
Provision for Leave encashment	34,80,050	28,89,320
Provision for Warranties	52,28,905	84,96,704
Provision for doubtful debts/advances	1,16,84,494	21,28,254
Provision for obsolete Stores	-	52,65,603
Provision for Excise duty	13,48,224	-
<b>Total</b>	<b>2,17,41,673</b>	<b>1,87,79,881</b>

**(iii) DEFERRED TAX (ASSET)/LIABILITY NET : (i-ii)** **2,15,35,423** **70,43,038**

**NOTE 5 - OTHER LONG TERM LIABILITIES**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
Liability for Capital Purchases	11,51,270	2,26,972
<b>Total</b>	<b>11,51,270</b>	<b>2,26,972</b>

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

**NOTE 6 - LONG- TERM PROVISIONS**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
Long-term Compensated Absences	85,72,032	72,72,933
<b>Total</b>	<b>85,72,032</b>	<b>72,72,933</b>



**NOTE 7 - SHORT-TERM BORROWING**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>Loan from Bank</b>		
SBI Buyers Credit	11,36,56,120	11,82,09,079
Axis Buyers Credit	17,01,97,219	12,90,77,833
<b>Loan from related Party</b>		
Bharat Electronics Limited	50,00,00,000	-
<b>Total</b>	<b>78,38,53,339</b>	<b>24,72,86,912</b>

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

**I) Leave Encashment**

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

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.

The liability for payment of long term compensated absence such as annual leave valued on actuarial basis is ₹ 1,05,25,513/- as on 31.03.2016. The actuarial valuation has been done using PUC method

Particulars	31.03.2016	31.03.2015
Retirement Age	58 years	58 years
Attrition Rate	2%	2%
Future Salary Rise	5%	5%
Rate of Discounting	7.96%	7.99%
Mortality Table	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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:	₹	<b>19,53,481/-</b>
Non Current Liability	₹	<b>85,72,032/-</b>
Total	₹	<b>1,05,25,513/-</b>

**NOTE 8 - TRADE PAYABLES**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
<b>Trade Payable</b>		
(A) Total outstanding dues of Micro enterprises and small enterprises; and	-	-
(B) Total outstanding dues of creditors other than Micro enterprises and small enterprises	8,40,87,202	42,09,78,909
<b>Total (A+B)</b>	<b>8,40,87,202</b>	<b>42,09,78,909</b>

**Note :**

- i) 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 2016 is furnished below.

Sr No.	Particulars	2015-16	2014-15
a	The Principal and the interest due thereon remaining unpaid as at 31 March : Principal Amount Interest	- -	- -
b	The Interest paid by the Company along with the amount of the payment made beyond the appointed day during the year ending 31 March Principal Amount Interest	- -	- -
c	Interest due and payable for the period of dealy (which have been paid but beyond the appointed day during the year ) but without adding the interest specified under the act.	-	-
d	Interest accrued and remaining unpaid at the end of the year ending 31 March	-	-
e	Interest remaining due and payable even in the succeding year,until such date when the interest dues above are actually paid to the small enterprises,for the purpose of disallowance as a deduction expenditure under Section 23 of MSMED Act	-	-

- ii) The information is given in respect of such suppliers to the extent they could be indentified as a Micro & Small Enterprises on the basis of information available with the Company.

**NOTE 9 - OTHER CURRENT LIABILITIES**

Particulars	As at 31st March, 2016 ₹		As at 31st March, 2015 ₹	
	Advances Progress Payments received from Customers		32,51,401	
<b>Statutory Dues Payable</b>				
TDS Payable	7,20,518		3,79,727	
Sales Tax payable	1,11,14,051		1,35,58,001	
Service Tax Payable	57,914		-	
Excise Duty Payable	40,77,742		46,89,121	
Other Statutory Dues Payable	7,36,249	1,67,06,474	6,94,437	1,93,21,286
<b>Interest Payable to Revenue Authorities</b>				
Income Tax	5,23,246		10,06,052	
Excise Duty	33,86,475	39,09,721	5,81,475	15,87,527
Accrued Interest on Buyers Credit		2,48,552		4,81,836
Accrued Interest on BEL Loan		96,07,056		-
<b>Deposits payable</b>				
EMD Deposits	2,78,840		2,78,840	
Security Deposits	28,40,329	31,19,169	29,32,257	32,11,097
Other Payables		33,94,067		43,15,810
<b>Total</b>		<b>4,02,36,440</b>		<b>13,83,14,686</b>

**NOTE 10 - SHORT-TERM PROVISIONS**

Particulars	As at 31st March, 2016 ₹		As at 31st March, 2015 ₹	
	Provision for Income Tax (Net of Advance Tax)- (Refer Note-15)		67,04,735	
Provision for Warranty		1,58,14,974		2,61,88,023
<b>Provisions towards Employee Benefits</b>				
Long-Term compensated absences	19,53,481		16,32,352	
Gratuity	15,63,701		27,57,279	
Annual Incentive	53,32,045		39,54,558	
Pay Revision	5,37,44,478	6,25,93,705	3,77,73,595	4,61,17,784
<b>Total</b>		<b>8,51,13,414</b>		<b>8,51,67,657</b>

**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**

<b>Particulars</b>	<b>As at 31st March, 2016 ₹</b>	<b>As at 31st March, 2015 ₹</b>
Carrying Amount at the beginning of the year	2,61,88,023	1,34,52,488
Additional Provision made during the year	-	1,28,90,510
Amounts Used during the year	47,042	1,54,975
Unused amounts reversed during the year	1,03,26,007	-
Carrying Amounts at the end of the year	1,58,14,974	2,61,88,023

**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 24/48 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 Benefit Plan**

- i) Actuarial gains and losses in respect of defined benefit plans recognised in the statement of Profit & Loss is ₹ 15,63,701/- (Previous Year ₹ 27,57,279/-)
- ii) Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.
- iii) Gratuity plan is funded.

Amount in ₹

Particulars		Gratuity	
		Current year	Previous Year
<b>(B)</b>	<b>Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :</b>		
1	Present Value of Defined Benefit Obligation as on 1st April	1,89,80,132	1,45,47,451
2	Current Service cost	10,61,296	8,03,726
3	Interest Cost	15,16,513	13,57,277
4	Losses (gains) on Curtailment	-	-
5	Liabilities extinguished on settlements	-	-
6	Plan amendments	-	-
7	Actuarial (gains) / losses on obligations	65,986	24,40,081
8	Actuarial (gains) / losses on obligations- Due to Experience	4,60,037	(1,68,403)
9	Benefits paid	-	-
10	Present value of Defined Benefit Obligation as on Balance Sheet date.	2,20,83,964	1,89,80,132

<b>(C)</b>	<b>Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :</b>		
1	Fair value of Plan assets as on 1st April	1,62,22,853	1,48,83,351
2	Expected return on plan assets	12,96,206	12,94,852
3	Actuarial gains and losses on plan assets	2,43,925	44,650
4	Actual contributions by employers	27,57,279	-
5	Benefits paid	-	-
6	Plan assets as on 31st March	2,05,20,263	1,62,22,853

<b>(D)</b>	<b>Analysis of Defined Benefit Obligation :</b>		
1	Defined Benefit Obligation as at 1st April	(2,20,83,964)	(1,89,80,132)
2	Fair Value of Plan assets at the end of the year	2,05,20,263	1,62,22,853
3	Net (Asset)/Liability recognized in the Balance Sheet as at 31st March	15,63,701	27,57,279

### III) GRATUITY

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

(E)	Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :	Amount in ₹	
1	Present value of Defined Benefit Obligation	(2,20,83,964)	(1,89,80,132)
2	Fair value of plan assets	2,05,20,263	1,62,22,853
3	Funded status [Surplus/(Deficit)]	(15,63,701)	(27,57,279)
4	Unrecognized Past Service Costs	-	-
5	<b>Net asset/(Liability) recognized in Balance Sheet</b>	<b>(15,63,701)</b>	<b>(27,57,279)</b>

(F)	Components of employer expenses recognized in the statement of profit and loss for the year ended 31st March 2016		
1	Current Service cost	10,61,296	8,03,726
2	Interest cost	15,16,513	10,21,377
3	Expected return on plan assets	(12,96,206)	(12,94,852)
4	Curtailment cost/(credit)	-	-
5	Settlement cost/(credit)	-	-
6	Past Service cost	-	-
7	Actuarial Losses/(Gains) to be recognised	2,82,098	22,27,028
8	<b>Total expense recognised in the Statement of Profit &amp; Loss under Contribution to Gratuity Fund</b>	<b>15,63,701</b>	<b>27,57,279</b>

(G) 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"

(H)	Principal Actuarial Assumptions :		
1	Discount Rate (%)	7.96%	7.99%
2	Expected Return on plan assets (%)	7.96%	7.99%
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.

(I)	Experience History		
1	Defined Benefit Obligation at the end of the period	(2,20,83,964)	(1,89,80,132)
2	Plan Assets at the end of the period	2,05,20,263	1,62,22,853
3	Funded Status Deficit	(15,63,701)	(27,57,279)
4	Experience adjustments on plan liabilities	4,60,037	(1,68,403)
5	Experience adjustments on plan assets	2,43,925	44,650

(J) Contributions expected to be paid to the plan during the next financial year ₹ 15,63,701/-

Description of Assets	Cost				Depreciation / Amortization/ Diminution				Net Block	
	As at 1st April 2015 ₹	Additions/ Adjustments during the year ₹	Deductions/ Adjustments during the year ₹	As at 31st March, 2016 ₹	Upto 1st April 2015 ₹	For the year ₹	Deductions/ Adjustments during the year ₹	Upto 31st March, 2016 ₹	As at 31st March 2016 ₹	As at 31st March 2015 ₹
<b>TANGIBLE ASSETS</b>										
Land										
Leasehold Land	23,34,780	-	-	23,34,780	5,72,838	24,660	-	5,97,498	17,37,282	17,61,942
Buildings	8,05,27,508	-	-	8,05,27,508	4,29,47,038	26,89,619	-	4,56,36,657	3,48,90,851	3,75,80,470
Plant & Machinery	1,28,67,43,303	64,15,860	1,97,36,358	1,27,34,22,805	44,15,18,713	6,71,66,996	1,97,05,788	48,89,79,921	78,44,42,884	84,52,24,590
Office Equipment	38,00,436	9,13,390	4,60,192	42,53,634	33,69,569	1,76,516	4,60,192	30,85,893	11,67,741	4,30,867
Electrical installation	1,98,10,470	-	-	1,98,10,470	1,32,72,052	11,11,519	-	1,43,83,571	54,26,899	65,38,418
Furniture & Fixtures	84,14,719	3,56,986	3,04,681	84,67,024	57,20,230	4,58,006	3,03,138	58,75,098	25,91,926	26,94,489
Computer Systems	53,37,960	-	11,75,031	41,62,929	42,41,868	2,78,245	11,07,739	34,12,374	7,50,555	10,96,092
<b>Total *</b>	<b>1,40,69,69,176</b>	<b>76,86,236</b>	<b>2,16,76,262</b>	<b>1,39,29,79,150</b>	<b>51,16,42,308</b>	<b>7,19,05,561</b>	<b>2,15,76,857</b>	<b>56,19,71,012</b>	<b>83,10,08,138</b>	<b>89,53,26,868</b>
Previous year	69,44,71,620	71,24,97,556	-	1,40,69,69,176	47,33,40,552	3,83,01,756	-	51,16,42,308	69,53,26,868	22,14,71,859

- 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.
- Plant and Machinery (Gross Block) includes Assets to the tune of ₹ 66,23,22,771/- (Previous Year ₹ 66,23,22,771/-) which is funded out of grant received for implementation of Transfer of Technology for XD-4 I.I. Tubes.
- Depreciation of ₹ 7,19,05,561/- includes depreciation on ToT equipments of ₹ 5,45,54,852/-.
- Gross Block and Accumulated Depreciation include ₹ 2,15,52,412/- (Previous Year ₹ Nil) pertaining to assets not in active use, disposal of which is pending. In addition Net Block of ₹ 22,573/- (Previous Year ₹ Nil) pertaining to assets not in active use (disposal of which is pending) has been charged off to Statement of Profit & Loss.
- Depreciation is provided on Straight Line Method (SLM) in accordance with Schedule II of Companies Act 2013.
- The Useful life of Assets for calculation of depreciation other than those under Schedule II of the Companies Act, 2013 are as under:
  - Plant and Machinery (Continuous Process plant) 15 Years.
 As per the terms of the Technology License Agreement, the Linear Transfer Lines (continuous process plant) are supported by the ToT provider for a period of 15 years.
- Additional Depreciation of 50% and 100% has been charged on Plant & Machinery items in respect of double shift working and triple shift working respectively.
- The Company has acquired 13680 square meter of land on lease from MIDC for 95 years at a cost of ₹ 20,52,000/- on 25.11.1991 with renewable option of further 95 years on new terms and conditions. Cost of leasehold land capitalised is ₹ 23,34,780/-

## NOTE 12 - FIXED ASSETS-INTANGIBLE

Description of Assets	Cost				Depreciation / Amortization/ Diminution			Net Block		
	As at 1st April 2015 ₹	Additions during the year ₹	Deductions during the year ₹	As at 31st March, 2016 ₹	Upto 1st April 2015 ₹	For the year ₹	On Deductions ₹	Upto 31st March, 2016 ₹	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
License Fee	1,89,16,59,862	-	-	1,89,16,59,862	4,92,34,983	18,91,85,986	-	23,84,00,969	1,65,32,58,893	1,84,24,24,879
Computer Operating System	1,88,631	-	-	1,88,631	15,969	18,863	-	34,832	1,53,799	1,72,662
<b>Total</b>	<b>1,89,18,48,493</b>	<b>-</b>	<b>-</b>	<b>1,89,18,48,493</b>	<b>4,92,50,952</b>	<b>18,91,84,849</b>	<b>-</b>	<b>23,84,35,801</b>	<b>1,65,34,12,692</b>	<b>1,84,25,97,541</b>
Previous year	-	1,89,18,48,493	-	1,89,18,48,493	-	4,92,50,952	-	4,92,50,952	1,84,25,97,541	-

- Intangible Assets (Gross Block) includes ₹ 1,60,33,70,899/- which is funded out of grant received for implementation of Transfer of Technology (ToT).
- Amortisation of ₹ 18,91,84,849/- includes Amortisation on ToT License Fee of ₹ 18,91,65,986/-.

**NOTE 13 - CAPITAL WORK IN PROGRESS**

Particulars	As at 31st March, 2016 ₹		As at 31st March, 2015 ₹	
	Plant, Machinery	7,75,792	7,75,792	17,33,014
<b>TOTAL</b>		<b>7,75,792</b>		<b>17,33,014</b>

**NOTE 14 - INTANGIBLE ASSETS UNDER DEVELOPMENT**

Particulars	As at 31st March, 2016 ₹		As at 31st March, 2015 ₹	
	<b>TOT</b>			
Opening Balance	-	-	1,89,16,59,862	1,89,16,59,862
Add: Addition during the year	-	-	-	-
Less: Amount Capitalised During the Year		-		1,89,16,59,862
<b>Total</b>		<b>-</b>		<b>-</b>

**NOTE 15 - LONG TERM LOANS AND ADVANCES**

Particulars	As at 31st March, 2016 ₹		As at 31st March, 2015 ₹	
	Advance Payment of Income Tax (Net of Provision) (Refer Note No.10)		-	
Prepaid Expenses		40,24,985		5,366
MAT Credit entitlement		31,97,418		26,68,261
<b>Deposits:</b>				
Deposit with Excise Authority	1,000		1,000	
Deposit with Court	13,91,490		13,91,490	
Deposit for Octroi	23,57,710		23,57,710	
Deposits with MSEB	25,08,100		17,87,400	
Deposits for water supply	1,28,250		1,28,250	
Other Deposits	1,25,000	65,11,550	1,17,000	57,82,850
<b>Total</b>		<b>1,37,33,953</b>		<b>84,56,477</b>



**NOTE 16 - OTHER NON CURRENT ASSETS**

Particulars	As at 31st March, 2016		As at 31st March, 2015	
	₹		₹	
Capital Advance		37,27,35,483		8,37,98,472
Interest Accrued on Fixed Deposits		2,58,228		3,87,036
<b>Other Bank Balances</b> In Fixed Deposit (Maturity More than 12 months)		1,13,33,169		46,03,789
<b>Inventories</b>				
Raw Material	1,60,00,891		1,62,29,320	
Less: Provision for Obsolescence	1,60,00,891	-	1,62,29,320	-
<b>Trade Receivables</b>				
Considered Doubtful	3,33,80,754		46,00,238	
Less: Provision for Doubtful Debts	3,33,80,754	-	46,00,238	-
<b>Advances to Suppliers</b>				
Considered Doubtful	19,59,337		19,59,337	
Less: Provision for Doubtful advances	19,59,337	-	19,59,337	-
<b>Total</b>		<b>38,43,26,880</b>		<b>8,87,89,297</b>

**NOTE 17 - INVENTORIES**

Particulars	As at 31st March 2016		As at 31st March 2015	
	₹		₹	
Raw materials	3,99,96,152		10,36,85,539	
Stores & Consumables	96,74,308		1,44,60,544	
Process Stock	18,60,75,282	23,57,45,742	19,96,59,993	31,78,06,076
Machinery Spares		2,47,71,462		9,69,282
<b>Total</b>		<b>26,05,17,204</b>		<b>31,87,75,358</b>

**Notes :**

- 1) Raw materials includes Goods-in-transit ₹ 1,27,86,086/- (Previous year ₹ 1,58,65,004/-)
- 2) Raw material and Components with Sub-contractors as on 31.03.2016 is ₹ Nil (Previous Year ₹ Nil)

**NOTE 18 -TRADE RECEIVABLES**

Particulars	As at 31st March, 2016 ₹	As at 31st March, 2015 ₹
Considered Good		
Exceeding Six months	35,38,156	14,71,244
Not Exceeding Six months	17,22,03,686	11,37,97,150
<b>Total</b>	<b>17,57,41,842</b>	<b>11,52,68,394</b>

**NOTE 19 - CASH AND BANK BALANCES**

Particulars	As at 31st March ,2016 ₹	As at 31st March, 2015 ₹
<b>1. CASH AND CASH EQUIVALENTS</b>		
<b>Cash and stamps in hand</b>	1,26,232	68,022
Balances with banks		
In Current Accounts	12,56,275	1,08,57,196
In Cash Credit Account	3,56,55,367	2,51,39,195
In Fixed Deposits	27,71,10,025	3,53,52,387
<b>Sub -Total(1)</b>	<b>31,41,47,899</b>	<b>7,14,16,800</b>
<b>2. OTHER BANK BALANCES</b>		
In Fixed Deposit (Maturity with in 12 Months)	1,49,09,927	1,90,97,609
<b>Sub -Total(2)</b>	<b>1,49,09,927</b>	<b>1,90,97,609</b>
<b>Total (1+ 2)</b>	<b>32,90,57,826</b>	<b>9,05,14,409</b>

The Cash and Cash equivalents includes Fixed Deposits with original maturity period up to three months. Fixed Deposits with original maturity period beyond three months have been included in Other Bank balances.

**NOTE 20 - SHORT TERM LOANS AND ADVANCES**

Particulars	As at 31st March, 2016 ₹		As at 31st March, 2015 ₹	
	<b>Unsecured Advances Considered Good</b>			
Employees	-		24,892	
Suppliers	5,95,62,835	5,95,62,835	1,63,13,918	1,63,38,810
<b>ToT</b>				
Advance TDS (XR-5)	2,87,56,313		62,33,303	
Advance Service Tax Paid on (XR-5)	3,95,86,655	6,83,42,968	76,27,847	1,38,61,150
<b>Service Tax Deposit</b>		94,675		94,675
<b>Total</b>		<b>12,80,00,478</b>		<b>3,02,94,635</b>

**NOTE 21 - OTHER CURRENT ASSETS**

Particulars	As at 31st March, 2016 ₹		As at 31st March, 2015 ₹	
	Interest Accrued on Fixed Deposits		15,94,137	
Prepaid Expenses		3,40,969		9,30,582
Stipend Receivable (Trainees)		34,930		34,956
Leave Encashment Receivable from BEL		4,93,898		2,75,700
Sales Tax Receivable from BEL-MC		6,24,800		6,24,800
<b>Balance with Revenue Authorities</b>				
Service tax Receivable	-		2,595	
VAT Refund Receivable	10,494		1,33,478	
Income Tax Refund Due	81,24,447		77,69,296	
FBT Refund Due	45,928		45,928	
VAT Input Tax Credit	15,510		12,828	
CST Refund Receivable	25,26,788		28,86,327	
Stamp Duty Receivable	-	1,07,23,167	10,00,000	1,18,50,452
<b>Total</b>		<b>1,38,11,901</b>		<b>1,47,24,240</b>

## NOTE 22 - OTHER INCOME

Particulars	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
Interest on Fixed Deposit	77,80,464	1,11,21,055
Interest others	1,55,348	94,242
Sundry provisions and credit balances no longer required, written back	1,20,70,221	3,76,320
Net gain on foreign currency transaction and translation(net)@	-	16,53,90,003
Liquidated Damages recovered from Supplier*	8,20,662	3,69,55,993
Miscellaneous Income	63,895	10,99,245
<b>Total</b>	<b>2,08,90,590</b>	<b>21,50,36,858</b>

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

## NOTE 23-COST OF MATERIAL CONSUMED

Particulars	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
<b>Raw Material and Components consumed</b>		
Opening Stock	10,40,49,855	8,45,61,356
Add: Purchases	53,82,43,138	1,00,71,47,237
	64,22,92,993	1,09,17,08,593
Less : Closing Stock	4,32,10,957	10,40,49,855
<b>Sub - Total(1)</b>	<b>59,90,82,036</b>	<b>98,76,58,738</b>
<b>Stores and Consumables consumed</b>		
Opening Stock	1,44,60,544	1,01,20,571
Add: Purchases	78,65,923	1,36,46,872
	2,23,26,467	2,37,67,443
Less : Closing Stock	96,74,308	1,44,60,544
<b>Sub -Total(2)</b>	<b>1,26,52,159</b>	<b>93,06,899</b>
<b>Total (1+2)</b>	<b>61,17,34,195</b>	<b>99,69,65,637</b>

**NOTE 24 - DECREASE / (INCREASE) STOCKS IN PROCESS STOCK**

Particulars	For the year ended 31st March, 2016 ₹		For the year ended 31st March, 2015 ₹	
	<b>Process Stock</b>			
Opening stock	19,96,59,993		15,10,10,560	
Closing stock	18,60,75,282	1,35,84,711	19,96,59,993	(4,86,49,433)
<b>Total Decrease / (Increase)</b>		<b>1,35,84,711</b>		<b>(4,86,49,433)</b>

**NOTE 25 - EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended 31st March, 2016 ₹		For the year ended 31st March, 2015 ₹	
	Salaries and Allowances		7,62,00,979	
Leave Encashment		24,10,695		23,59,717
<b>Contribution to Provident Fund and other funds</b>				
Provident Fund	43,54,052		39,59,710	
Superannuation Fund	12,17,343		10,56,020	
Gratuity	15,63,701		27,57,279	
Other Funds	1,56,590	72,91,686	1,30,283	79,03,292
Administration and EDLI Charges on PF		4,15,252		4,33,785
Staff welfare expenses		16,80,217		19,58,873
<b>Total</b>		<b>8,79,98,829</b>		<b>7,46,45,550</b>

**NOTE 26- FINANCE COSTS**

Particulars	For the year ended 31st March, 2016 ₹		For the year ended 31st March, 2015 ₹	
	Interest others		63,542	
Interest on BEL Loan		2,48,22,788		-
Interest on Cash Credit		57,98,990		29,309
Interest on Buyers Credit		14,33,533		9,99,530
Interest on Income Tax		5,23,246		10,06,052
Interest on Excise Duty		28,05,000		4,46,558
<b>Sub-Total(1)</b>		<b>3,54,47,099</b>		<b>24,91,153</b>
<b>Other Borrowing Cost</b>				
Loan Processing Charges		44,54,447		96,84,225
<b>Sub-Total(2)</b>		<b>44,54,447</b>		<b>96,84,225</b>
<b>Total (1+2)</b>		<b>3,99,01,546</b>		<b>1,21,75,378</b>

**NOTE 27 - Technical Assistance Fees and Travel expenses**

Particulars	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
<b>ToT - XD-4</b>		
Technical Assistance Fees	-	17,65,04,202
Travelling Expenses-TOT	-	-
<b>Service Tax</b>	-	1,83,48,158
<b>Total</b>	-	<b>19,48,52,360</b>

**NOTE 28- OTHER EXPENSES**

Particulars	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
Power and Fuel	3,22,85,597	2,82,79,578
Gases	23,10,741	21,52,498
Water charges	2,77,704	5,38,501
Royalty	18,50,000	-
Travelling & Conveyance	24,79,894	20,39,515
Communication	8,73,102	9,12,697
Printing and Stationery	1,63,863	3,94,561
Insurance	20,95,884	15,40,497
Rates & Taxes	96,18,421	27,00,882
Bank Charges	21,54,705	18,25,959
Legal & Professional Charges	23,08,022	21,62,002
Loss on Foreign Exchange (net)**	5,39,25,068	-
Excise Duty others	-	44,39,275
Write off of Fixed Assets	22,573	-
Repairs to Machinery	55,11,069	40,17,054
General Maintenance Expenses	98,42,479	1,06,67,921
Liquidated Damages	-	3,09,62,682
Provision for Doubtful Debts/Advances	2,87,80,516	21,94,353
Provision for repairs during Warranty Period	-	1,28,90,510
Provision for obsolete Stores	-	1,53,60,292
Miscellaneous Expenses	18,52,952	21,15,051
<b>Total</b>	<b>15,63,52,590</b>	<b>12,51,93,828</b>

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

**NOTE 29- PRIOR PERIOD INCOME AND EXPENSES**

Particulars	For the year ended 31st March, 2016 ₹	For the year ended 31st March, 2015 ₹
<b>PRIOR PERIOD INCOME &amp; EXPENSES</b>		
<b>A. Expenses</b>		
Interest	10,441	-
Repairs & Maintenance	-	4,390
Misc Expenses	-	12,726
Power and Fuel	-	1,21,330
Rent, Rates and Taxes	1,42,189	16,749
<b>Total (A)</b>	<b>1,52,630</b>	<b>1,55,195</b>
<b>B. Income and Write Backs</b>		
Salary	2,18,198	-
Material ,Labour and Depreciation	10,11,527	1,643
<b>Total (B)</b>	<b>12,29,725</b>	<b>1,643</b>
<b>NET TOTAL (A-B)</b>	<b>(10,77,095)</b>	<b>1,53,552</b>

**NOTE 30 - EARNING PER SHARE**

(a) The amount used as the numerator in calculating basic and diluted earning 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 25,90,296



**Note-31****1 Short Term Borrowings****A) Working Capital Loan from Banks**

- a) The company has been sanctioned working capital limit of ₹ 46.00 Cr. by the consortium bankers of SBI (Lead bank) and Axis Bank. The rate of interest is 9.85% p.a. (Axis Bank) and 10.05% p.a.(SBI).
- b) Utilisation of Buyers Credit as on 31.3.2016 is ₹ 28,38,53,339/- (Previous Year ₹ 24,72,86,912)
- c) The above sanction limit is being 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 and first pari passu charge by way of equitable mortgage on Land & Building.

**B) Working Capital Loan from BEL**

BELOP has availed a working capital Loan of Rs. 50 Cr from BEL with repayment terms for principal being equal installments during the financial year 2016-17 beginning April 2016 and interest on monthly basis with a moratorium for interest due up to December 2015.

**2 Funding for XR-5 project**

In order to enhance the specifications of the I.I. Tubes to meet the customer requirements, BELOP has entered into an Agreement with M/s Photonis, France for ToT for XR-5 I.I. Tubes during May 2014. BEL has committed to fund the basic project cost of Euro 22.95 Million by way of infusion of equity and it is proposed that the balance amount of the project cost amounting to apprx. Rs. 46 Cr towards related taxes and duties and towards infrastructure upgradation at BELOP would be met by way of loan.

During the year as part of the funding for the XR-5 project, BELOP has made rights issue for 19,51,385 equity shares at a premium and the same has been subscribed and shares have been allotted.

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 Schedule III of the Companies Act,2013 in respect of the Financial year ended on 31st March 2016 vide Notification No. F.No. 1/19/2013-CL-V-Part dt. 4<sup>th</sup> September 2015.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 2,19,42,513/- (Previous Year ₹ 13,34,756/-).

## 5. Details of Grant Transfer in respect of ToT

Sr.No	Particulars	Amount ₹
1	Depreciation	5,45,54,852
2	Amortisation of License Fee	18,91,65,986
3	Repairs & Maintenance	68,253
4	<b>Total</b>	<b>24,37,89,091</b>
5	<b>Grant Transfer (84.76% of 4 )</b>	<b>20,66,35,634</b>

6. In case of TPDUP project the excess Net Block of fixed assets procured represents the amount of expenses incurred by the company for which no grant was received.

## 7. Payment To Auditors (Net of Service Tax)

Amount in ₹

Particulars	2015-16	2014-15
Audit fees	1,00,000	1,00,000
<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>

8. 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. During 2015-16, the company has taken into the books the above assets at a nominal value of Re-1/- for each asset (Total ₹ 23/-) by way of addition to the gross block.

## 9. 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 ( ₹ )
Sales	78,76,78,105	-	-
Debtors**		9,11,55,778	
Advance for sales		-	20,79,941
Leave encashment Receivable		4,93,898	
Loan from BEL			50,00,00,000
Interest on BEL Loan			96,07,056
Sales Tax receivable	-	6,24,800	-

\*\* Debtors includes ₹ 1,17,05,329/- for which provision for doubtful debts has been made.

- i BELOP has entered in to an agreement with BEL on 30<sup>th</sup> April 2013 for temporary funding of TOT cost by BEL for ₹ 104.16 Cr and as per the terms of the agreement BELOP will compensate BEL for the cost of funds in the form of price discount against supplies of Image Intensifier II Tubes.
- ii One Official is on deputation from, BEL i.e Holding Company and salaries etc is paid by the BEL Optronic Devices Limited during the year as per the terms and conditions of employment.
- iii BEL Optronic Devices Limited has also borne the proportionate salary paid to a vigilance officer appointed by BEL.

10. **Key Management Personnel are as follows:**

Sr.	Name of Key Management Personnel	Designation
1	Mr. Sunil Kumar Sharma	CMD,BEL and Chairman, BELOP
2	Mr. M.L. Shanmukh	Director (HR), BEL and Director, BELOP
3	Dr. Ajit T. Kalghatgi	Director (R & D), BEL and Director, BELOP
4	Mr. Prabhat R. Acharya	Director (Finance), BEL and Director, BELOP
5	Mr. S. S. Kulkarni	Chief Executive Officer, BELOP
6	Ms. Priya S. Iyer	Company Secretary & CFO, BELOP

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

- 11. 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.
- 12. 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.

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
<b>Payables</b>					
Creditors	USD	-	5,418.30	-	3,39,077.46
	EURO	8,93,579.99	58,67,772.61	6,49,40,437.47	45,37,39,622.71
<b>Buyers Credit</b>	USD	4,63,412.50	11,18,456.44	3,09,42,052.63	7,05,29,863.00
	EURO	33,37,441.10	25,83,412.00	25,29,11,286.56	17,67,57,049.00
<b>Contingent Liability</b>	USD	7,585.00	2,50,500.00	5,00,610.00	1,57,96,530.00
<b>Bank Balance</b>	USD	240.38	4,588.68	15,859.03	2,85,507.67

14. The company has incurred an expenditure of ₹ 28,88,612/- (Gross) (Previous year ₹ 50,38,506/-) in respect of capital equipments related to Research and Development during the year 2015-16. Out of the above expenditure of ₹ 28,88,612/- an amount of ₹ 10,11,527/- is related to prior period.

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**

<b>Sr. No.</b>	<b>Particulars</b>	<b>For the year ended 31.3.2016 (₹)</b>	<b>For the year ended 31.3.2015 (₹)</b>
a)	Outstanding Letters of Credit	5,00,610	1,57,96,530
b)	Outstanding Bank Guarantees (Counter Guarantee given against same by Company)	34,26,703	10,32,000
c)	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.	13,91,490	13,91,490
d)	Service tax disputed by the company	28,45,450	12,62,327
e)	Provisional Liquidated damages upto 31 <sup>st</sup> March unexecuted customer orders where the delivery date has expired.	Nil	1,90,83,600
f)	Appeal filed by the Income Tax Department in Mumbai, High Court against order by ITAT in favour of the company in respect benefits availed under Section 10B of the Income Tax Act, 1961.	3,86,57,286	Nil
g)	<b>Total ( a to f )</b>	<b>4,68,21,539</b>	<b>3,85,65,947</b>

17. Liability, if any, in respect of labour matters under dispute before various judicial authorities is not ascertainable
18. Previous year's figures have been regrouped/ reclassified where ever considered necessary. Figure in brackets relate to previous year.

## CASH FLOW STATEMENT FOR THE PERIOD 01.04.2015 TO 31.03.2016

Sr. No.	Particulars	Amount ₹	Amount ₹
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>2015-16</b>	<b>2014-15</b>
	Net profit before tax and extraordinary items	4,55,23,763	5,41,71,772
	Adjustment for : Depreciation & amortisation	26,10,90,410	8,75,52,708
	Income from investments	(79,35,812)	(1,12,15,297)
	Finance Cost	3,99,01,546	1,21,75,378
	Transfer from grant	(20,74,47,525)	(25,87,49,716)
	<b>Operating profit before working capital changes</b>	<b>13,11,32,382</b>	<b>(11,60,65,155)</b>
	Adjustment for :		
	Trade and other receivables	(45,75,52,854)	(1,80,55,808)
	Inventories	5,82,58,154	(7,07,40,276)
	Trade payables & advances	(42,68,01,850)	(25,64,00,811)
	<b>Cash generated from operations</b>	<b>(69,49,64,168)</b>	<b>(46,12,62,050)</b>
	Direct taxes paid (net)	(1,32,82,049)	(2,19,16,396)
	<b>Net cash from operating activities :</b>	<b>(70,82,46,217)</b>	<b>(48,31,78,446)</b>
<b>B</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of fixed assets	(66,29,609)	(1,29,03,515)
	Bank deposits	41,87,682	(54,70,814)
	Interest received	79,35,812	1,12,15,297
	<b>Net cash from (used) in investing activities :</b>	<b>54,93,885</b>	<b>(71,59,032)</b>
<b>C</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Grand received	-	9,52,24,960
	Increase/(decrease) in short term borrowings	53,65,66,427	24,72,86,912
	Finance cost	(3,99,01,546)	(1,21,75,378)
	Receipt from issue of shares	44,88,18,550	-
	<b>Net cash from (used) in financing activities :</b>	<b>94,54,83,431</b>	<b>33,03,36,494</b>

## CASH FLOW STATEMENT FOR THE PERIOD 01.04.2015 TO 31.03.2016

Sr. No.	Particulars	Amount ₹	Amount ₹
	<b>ABSTRACT</b>	<b>2015-16</b>	<b>2014-15</b>
A	NET CASH FROM/(USED) OPERATING ACTIVITIES	(70,82,46,217)	(48,31,78,446)
B	NET CASH FROM/(USED) INVESTING ACTIVITIES	54,93,885	(71,59,032)
C	NET CASH FROM/(USED) FINANCING ACTIVITIES	94,54,83,431	33,03,36,494
	<b>Net increase/(decrease) in cash and cash equivalents :</b>	<b>24,27,31,099</b>	<b>(16,00,00,984)</b>
	<b>Net increase/(decrease) in cash and cash equivalents :</b>		
	Cash and cash equivalents at the beginning of the year	7,14,16,800	23,14,17,784
	Cash and cash equivalents at the end of the year	31,41,47,899	7,14,16,800
	<b>Net increase/(decrease) in cash and cash equivalents :</b>	<b>24,27,31,099</b>	<b>(16,00,00,984)</b>
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.		
<b>As per our report attached</b>			
	-sd-	-sd-	
MSDN & ASSOCIATES	SUNIL KUMAR SHARMA	M.L. SHANMUKH	
Chartered Accountants	Chairman	Director	
Firm Reg. No. 112479W			
	-sd-	-sd-	
M.K. GAVASKAR	AJIT T. KALGHATGI	PRABHAT R. ACHARYA	
PARTNER	Director	Director	
MEM. NO. 037573			
	-sd-	-sd-	
Place: PUNE	S.S. KULKARNI	PRIYA. S. IYER	
Date : 19 <sup>th</sup> May 2016	Chief Executive Officer	Company Secretary & CFO	
	Place: BANGALORE		
	Date : 19 <sup>th</sup> May 2016		

## **Independent Auditor's Report**

**TO the Members of BEL Optronics Limited,**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of BEL Optronics Limited ('the Company'), which comprise the Balance sheet as at 31 March 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**In the light of the observations arising in our Audit Report from the audit by the Comptroller and Auditor General (CAG) of India our Audit Report dated 19/05/2016 has been revised to include Annexure 'C' which outlines our findings and compliance thereon the directions issued by the CAG of India under Section 143(5) of the Companies Act, 2013 and to revise Para No. 7a of Annexure "A" to our report.**

**This report supersedes our earlier report dated 19/05/2016**

### **Management's Responsibility for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these standalone 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 principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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 standalone financial statements based on our audit.



We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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, of the state of affairs of the Company as at 31 March 2016 and its profit and its cash flows for the year ended on that date.

### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) the balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

- d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and
- (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 to the financial statements;
  - ii. the Company does not require to make provision, as required under the applicable law or accounting standards for material foreseeable losses, if any on long term contracts including derivate contracts, since no such contracts have been entered into.
  - iii. The provisions related to the said clause relating to transfer of amounts, required to be transferred, to the Investor Education and Protection Fund by the Company are not applicable to the company.

**For MSDN & Associates**

**Chartered Accountants**

**Firm's registration number: 112479W**

**-sd-**

**Mahesh Gavaskar**

**Partner**

**Membership number: 037573**

**Date : 14/07/2016**

**Place : Pune**

**Annexure - A to the Auditors' Report**

The Annexure referred to in Independent Auditors' Report to the members of BELOPronic Devices Limited on the standalone financial statements for the year ended 31 March 2016, we report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset
  - a. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years.
  - b. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
  - c. According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
2. The physical verification of inventory has been conducted at the year-end by the management and no material discrepancies were noticed between books of accounts and physical verification.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Hence sub paras (a), (b) and (c) are not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has not given any loans or made any investments and hence the said clause regarding the compliance with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made is not applicable
5. The Company has not accepted any deposits from the public.
6. The Company is required to maintain cost records as prescribed in section 148 (1) of the Companies Act. As informed, the company is in the process of compilation of relevant cost statements and records. We have relied on the certificate given by an independent professional appointed by the company in this behalf.
7. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, employees' state insurance and duty of excise, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

- a. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable, except for customs duty foregone of Rs.40,77,742/- on import of material which was unutilized beyond the time specified under the EOU norms, which was paid during the financial year 2016-17 along with interest up to 31.03.2016 amounting to Rs. 33,86,475/-
- b. According to the information and explanations given to us, there are no material dues of income tax or sales tax or wealth tax or service tax or duty of customs or duty of excise or value added tax or cess which have not been deposited on account of any dispute apart from the amounts as disclosed in Notes to accounts. (Note No. 31)
8. The Company has not defaulted in repayment of loans or borrowings from any financial institution, banks, government or dues to debenture holders during the year. Accordingly, the said clause of the Order is not applicable.
9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, this clause is not applicable.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit
11. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid/provided for any managerial remuneration and hence the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act are not called for.
12. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, this clause of the Order is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For MSDN & Associates**

**Chartered Accountants**

**Firm's registration number: 112479W**

**-sd-**

**Mahesh Gavaskar**

**Partner**

**Membership number: 037573**

**Date : 14/07/2016**

**Place : Pune**

## **Annexure - B to the Auditors' Report**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of BEL Optronics Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For MSDN & Associates****Chartered Accountants****Firm's registration number: 112479W****-sd-****Mahesh Gavaskar****Partner****Membership number: 037573****Date : 14/07/2016****Place : Pune**



**Annexure - C to the Auditors' Report****Response to the directions issued by the Comptroller and Auditor-General of India under Sec 143 (5) of the Companies Act, 2013.**

Based on Management response and our review of accounts, we submit the following:

Sr. No.	Directions	Response
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The company has taken a land (situated at EL 30, J block, Bhosari Industrial Area admeasuring 13,680 sq meters) on lease for a period of 95 years with renewable option of further 95 years from Maharashtra Industrial Development Corporation on 25.11.1991. This fact is disclosed in Note 11 to the financial statements. Further, the company also confirms that it does not hold any land other than the mentioned above. Based on this we state that the company is in possession of the lease deed for leasehold land.
2	Whether there are any cases of waiver/ write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	Based on our review of books of accounts and management confirmation there are no cases of waiver/write off of debts / loans / interest.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities.	The company follows a particular procedure regarding the records to be maintained for inventory lying with the third parties. We have reviewed the procedure and subject to same we are of the opinion that the company has a proper system in place which is meticulously followed.  Based on our review of books of accounts and management confirmation the company has not received any assets as gifts.

**For MSDN & Associates**

**Chartered Accountants**

**Firm's registration number: 112479W**

**-sd-**

**Mahesh Gavaskar**

**Partner**

**Membership number: 037573**

**Date : 14/07/2016**

**Place : Pune**



To

Shri Sunil Kumar Sharma,  
Chairman,  
M/s.BEL Optronics Limited,  
EL 30, J Block, Bhosari Industrial Area,  
Pune - 411 026

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 143(6) (b) of the Companies Act, 2013 on the Financial Statements of M/s.BEL Optronics Limited, Pune for the year ended 31 March 2016.

I forward herewith Nil Comment Certificate of the Comptroller and Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statements of M/s.BEL Optronics Limited, Pune for the year ended 31 March 2016.

It may please be ensured that the comments are:

- (i) Printed in toto without any editing;
- (ii) Placed before the AGM as required under Section 143(6)(b) of the Companies Act, 2013; and
- (iii) Placed next to the Statutory Auditors' Report in the Annual Report of the Company with proper indication in the index.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(E. P. Nivedita)

Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग  
INDIAN AUDIT & ACCOUNTS DEPARTMENT  
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बंगलूर - 580 001  
1st Floor, Basava Bhavan, Sri Basaveshwara Road, Bangalore - 580 001

ट.भा / Phone : 2226 7646 / 2226 1168

Email : mabbangalore@cag.gov.in

फैक्स / Fax : 080-2226 2491

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S. BEL OPTRONIC DEVICES LIMITED, PUNE FOR THE YEAR ENDED 31 MARCH 2016.**

The preparation of financial statements of M/s.BEL Optronics Limited, Pune for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 19 May 2016 and revised report dated 14 July 2016.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of M/s.BEL Optronics Limited, Pune for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. In view of the revisions made in para 7a of Annexure A and inclusion of Annexure C containing the directions issued by the Comptroller & Auditor General of India and compliance thereto under section 143(5) of the Companies Act, 2013 to the Independent Auditor's 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 143(6) (b) of the Act.

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



(E.P. Nivedita)

Pr. Director of Commercial Audit

Place: Bengaluru

Date: 22 July 2016

