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 7th AUGUST 2017

a)	Mr. M.V. Gowtama (from 8.11.16)	Chairman	CMD,BEL
b)	Mr.Sunil .K. Sharma (upto 30.09.16)	Chairman	CMD,BEL
c)	Dr. Ajit. T. Kalghatgi	Director	Director (R & D), BEL
d)	Mrs. Anandi Ramalingam (from 28.11.16)	Director	Director (Mktg.), BEL
e)	Mr. P.R. Acharya (upto 19.8.2016)	Director	Director (Fin), BEL
f)	Mr. M.L. Shanmukh (upto 31.10.16)	Director	Director (HR), BEL

PRINCIPAL EXECUTIVE

1.	Mr. DCN Srinivasa Rao (w.e.f. 1.12.2016)	Chief Executive Officer
2.	Mr. S.S. Kulkarni (upto 30.11.2016)	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

Ten Year Financial Statistics

(₹. in Millions)

Particulars	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Total Income	451	322	610	534	702	1578	1843	1242	1087	1312
Profit after tax	14	(36)	23	45	82	58	50	37	24	48
Equity capital	183	183	183	183	183	183	183	183	378	592
Reserves & Surplus	142	106	129	173	255	312	362	398	676	1014
Working Capital	222	205	245	299	881	272	(185)	(322)	(86)	62
Capital Employed	357	304	325	366	942	347	37	573	745	919
Net Worth	325	289	312	356	438	495	545	581	1055	1597

CHAIRMAN'S LETTER

Dear Shareholders,

It gives me immense pleasure 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 2016-17

Financial Performance

Your company achieved a turnover of ₹ 12387.73 Lakhs during the year 2016-17. During 2016-17, the profit for the year has increased by 72.90% from ₹ 278.56 lakhs in 2015-16 to ₹ 481.62 lakhs in 2016-17. The higher profits are mainly on account of foreign exchange gain and increase in value addition. The Networth of the Company has increased to ₹ 15970.67 lakhs as on 31.03.2017, registering an increase of 50.93% mainly due to issue of additional equity shares of ₹ 4919.90 lakhs (including premium value).

Dividend

Your Directors have for the first time recommended a dividend of 30% of PAT for the year 2016-17 which amounts to ₹ 144 Lakhs.

Other achievements:

MoU Rating

Your company has been awarded "Very Good" rating for the year 2015-16 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 2016-17, ICRA has assigned the following ratings to the company for the year 2016-17

(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.

Award from Maharashtra Energy Development Corporation(MEDA)

BELOP has participated in the Energy Conservation Contest organized by Maharashtra Energy Development Corporation (MEDA) & won the first prize at State Level Award for Energy Conservation & Management in the Small & Medium Enterprise sector for the year 2015-16. The award was handed over to CEO, BELOP by Minister (Energy, New & Renewable Energy & State Excise) & Chairman, MEDA.

RESEARCH AND DEVELOPMENT

The Company's D&E Department is continuing to drive and execute the developments towards products, process and upgradation of manufacturing and Test Equipments thereby enabling the company to upgrade the manufacturing infrastructure and products to provide better product quality, increased productivity and consistency in processes .

The R & D Team is also making efforts for development of Electro-optical Test Equipment for augmenting the measurement capabilities at BELOP and enabling addition of a new product to it's portfolio.

FUTURE OUTLOOK

The XR-5 project is in the final stages of implementation.

BELOP wants to diversify into related areas to improve business opportunities and to have variety of products in it's portfolio.

PERFORMANCE IN 2017-18

Your company has an order book position of ₹ 28.62 Crores as on 30.06.2017. However, the company expects to receive further orders and execute them during the year and is expected to achieve a sales of around ₹ 115.50 Crores for the year 2017-18.

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 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-

Place: - Bangalore **(M.V. Gowtama)**

Date: - 24th August 2017 **Chairman**

BOARDS' REPORT

To the Members,

I have great pleasure in presenting to you, on behalf of the Board of Directors, the **27th Annual Report** highlighting the Company's performance in various metrics through the period along with the Audited Accounts for the year ended 31st March 2017 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 ₹ 12387.73 Lakhs and has made a Profit for the year of ₹ 481.62 Lakhs and Total Comprehensive Income of ₹ 416.30 Lakhs during the year.

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

Amount ₹ in Lakhs

Particulars	2016-2017	2015-2016
Total Income	13121.27	11149.15
Profit Before Depreciation, Finance Costs and Tax	3594.08	3188.57
Finance Costs	740.50	695.61
Depreciation	1997.02	1969.19
Profit Before Tax	856.56	523.77
Provision for Taxation	374.94	245.21
Profit for the year	481.62	278.56
Total Comprehensive Income	416.30	276.16

2 Dividend

The Directors have for the first time recommended a dividend of 30% of PAT for the year 2016-17 which amounts to ₹ 1.44 Cr.

3 Order Book Position

The order status of the company as on 1.4.2017 was ₹ 51.76 Lakhs as compared to ₹ 2599.63 Lakhs as on 1.4.2016. During the year the company has received orders worth ₹ 73 Cr.

4 Future Outlook

The XR-5 project is in the final stages of implementation.

BELOP wants to diversify into related areas to improve business opportunities and to have variety of products in it's portfolio.

5 Finance

During the financial year 2016-17, 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 2016-17, ICRA has assigned the following ratings to the company for the year 2016-17

(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 6th November 2017. 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 and Integration of I.I. Tube Module's Image Quality Test with Gain Test. The upgradation has enabled higher safety for the Modules, which were likely to suffer damages due to application of overvoltage during Image Quality Test. The equipment also automates measurement of other Module parameters, viz., MCP Resistance and Anode Screen Efficiency. The Process Data can be transferred to QA Department's Database Server for logging and Analysis.
- Re-design of Power Supply Unit, Type PS-52I, with smaller size components to enable higher manufacturing Yield and reliability.

On account of the above R&D efforts the company has upgraded the manufacturing infrastructure and Products to provide better product quality, increased productivity and consistency in processes.

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

- Development of Equipment for measurement of Signal to Noise Ratio of I.I. Tube. The Equipment will augment the measurement capacity at BELOP and will also enable additional Product for the Company in the Field of Electro-optical Test Equipment.
- Design improvements in Power Supply Unit (PSU), to enhance PSU Manufacturing Yields.
- Development of Upgrade for existing 2nd Gen PNVDs to make them compatible with I.I. Tube with AVG Glass Input Window, e.g., Type XD-4.

8 Customer Satisfaction

As a part of it's customer focus initiative, workshops 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 has been signing a Memorandum of Understanding(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 (2015-16) the company's performance has been rated as 'Very Good'. The MoU rating for the year 2016-17 is under review with the Government.

10 Award from Maharashtra Energy Development Corporation (MEDA)

BELOP has participated in the Energy Conservation Contest organised by Maharashtra Energy Development Corporation (MEDA) & won the first prize at State Level Award for Energy Conservation & Management in the Small & Medium Enterprise sector for the year 2015-16. The award was handed over to CEO, BELOP by Minister (Energy, New & Renewable Energy & State Excise) & Chairman, MEDA.

11 Human Resources

Your company employed 127 persons as on 31st March 2017 as against 129 persons as on 31st March 2016. Of these employees, 32 were executives and 6 were women employees. No employees were inducted and two employees left during the year.

12 Industrial Relations

The pay revision for executives and non-executives for the period 1.4.2012 to 31.3.2017 was implemented during 2016-17. The pay revision for executives and non-executives for the period 1.4.2017 onwards is due w.e.f. 1.4.2017. Industrial relations during the year were cordial.

13 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 it's premises. The company also undertakes measures for stringent pollution control, waste water treatment, zero effluent discharge, energy conservation, water conservation, systematic management and disposal of hazardous and other forms of waste.

The Sustainability Report at ***Annexure 4*** to the Board's Report contains further details on Environment Management.

14 Safety

The company has a structured organisation for safety of it's personnel, plant and machinery. The Safety Committee reviews safety requirements and safety performance on a regular basis.

During the year the company has taken the following safety measures :-

- Procurement of High Voltage Power Supply Unit & Accessories for improving the Safety of the Coating units: BELOP has ordered & received items comprising of High voltage Power Supply & other accessories, valued at @ ₹18.00 Lacs for improving the Safety of the Box coaters being used in the plant.
- BELOP is periodically checking all the safety gadgets, PPEs being issued to the employees, & also has conducted health check up for the employees.

15 Quality

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

16 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. 82 Nos Purchase Orders/Contracts and 15 Nos high value orders/contracts have been reviewed/scrutinised during the year and found to be in order. 90 Regular and 39 Surprise inspections were conducted. There is no case pending under investigation.

17 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 2016-17, BELOP has entered into an Integrity Pact with all the vendors/suppliers/contractors/ service providers for all Orders/Contracts of value ₹ 400 lakhs and above.

18 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 2016-17, the company did not receive any request for information under the RTI Act,2005.

19 Directorate

Dr. Ajit.T. Kalghatgi was appointed as a Director, retiring by rotation at the 26th Annual General Meeting of the company held on 16th September 2016. 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.

The Board keeps on record it's appreciation of the valuable support and guidance provided by Mr. Sunil. K. Sharma, CMD, BEL and Chairman, BELOP and Mr. M.L. Shanmukh, Director, HR(BEL) and Director, BELOP, Mr. Prabhat. R. Acharya, Director(Finance), BEL and Director, BELOP who ceased to be Directors on the BELOP's Board during the year.

Mrs. Anandi Ramalingam, Director(Mktg.), BEL has been appointed as Additional Director on BELOP's Board with effect from 28.11.2016.

20 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.

The details of changes with regard to the Directorate and Key Managerial Personnel of the company during the financial year are as follows :-

Sr. No.	Name of Director/KMP	Designation	Date of appointment/ cessation	Remarks
1	Mr. M.V. Gowtama	Chairman	8.11.2016	Appointed as Chairman ,BELOP, Board, subsequent to appointment as CMD of BEL Board
2	Mr. Sunil.K. Sharma	Chairman	1.10.2016	Superannuated as CMD,BEL Board and nomination as Chairman, BELOP Board withdrawn
3	Mr. M.L. Shanmukh	Director	1.11.2016	Superannuated as Director(HR),BEL and nomination as Director, BELOP Board withdrawn
4	Mr. Prabhat.R. Acharya	Director	19.8.2016	Resigned as Director(Finance), BEL and nomination as Director, BELOP Board withdrawn
5	Mrs. Anandi Ramalingam	Director	28.11.2016	Appointed as Additional Director in accordance to the nomination by BEL subsequent to the appointment as Director(Marketing), BEL.
6	Mr.DCN Srinivasa Rao	CEO	1.12.2016	Appointed as CEO,BELOP
7	Mr. S.S. Kulkarni	CEO	1.12.2016	Superannuated as CEO,BELOP

21 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.

22 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.

23 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, 2017 and date of signing this report is NIL.

24 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 2016-17 pursuant to the provisions of Section 139(5) of the Companies Act, 2013. The internal audit of the company for the year 2016-17 was conducted by the internal audit team of BEL.

25 Secretarial Auditors

Pursuant to Section 204 of the Companies Act, 2013 and the Companies(Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company has appointed Mr. Abhijit Dakhawe, practising Company Secretary as the Secretarial Auditor for the year 2016-17. The Secretarial Audit Report submitted by Mr. Abhijit Dakhawe is enclosed at **Annexure 7**.

The Secretarial Auditor in his Report observed the following:

The composition of the Board of Directors of the company during the financial year 2016-17 did not comply with the provisions of Section 149 of the Act with regard to appointment of Independent Directors and the Audit Committee, Nomination and Remuneration Committee and CSR Committee were not properly constituted. Also, for part of the year,(1.10.2016 to 28.11.2016) the company did not have the minimum number of Directors as required under Section 149(1)(a) of the Act.

Explanation by the Board :-

During the year 2016-17, an application has been made to the Government for categorisation of the Company by Bharat Electronics Limited and the same was under consideration by the Government as on 31.3.2017. BELOP would be taking up the matter of appointment of independent Directors with the appointing authority viz. the Government of India. Also, due to superannuation/resignations of BEL nominee Directors, the composition of the Board and Board Committees viz. Audit Committee, Nomination and Remuneration Committee and CSR Committee was not in accordance with the requirements of the Companies Act, 2013 for small part of the year and care would be taken in future

26 Auditors' Report

The Auditors' Report on the Annual accounts for the year 2016-17 and the 'Nil' comments report of the Comptroller & Auditor General of India for the year 2016-17 under Section 143(6)(b) of the Companies Act, 2013 are appended to this report.

27 Composition of the Audit Committee

The composition of the Audit Committee is as follows :

1)	Dr. Ajit.T. Kalghatgi(from 28.11.2016)	Chairman***
2)	Mr. M.L. Shanmukh(upto 31.10.2016)	Chairman
3)	Mr. Prabhat R. Acharya(upto 19.8.2016)	Member
4)	Mrs. Anandi Ramalingam(w.e.f. 28.11.2016)	Member

*** Chairman w.e.f. 28.11.2016

28 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.

29 Loans/Guarantees/Investments

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

30 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**.

31 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 at **Annexure 2.**

32 Internal Financial Controls

The company has in place adequate internal financial controls with reference to financial statements. A detailed note on internal financial controls is provided in the Management Discussion and Analysis Report.

33 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**.

34 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**.

35 Risk Management

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

36 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)	Dr. Ajit.T. Kalghatgi(upto 28.11.2016)	Chairman***
2)	Mr. M.L. Shanmukh(upto 31.10.2016)	Chairman
3)	Mr. Prabhat R. Acharya(upto 19.8.2016)	Member
4)	Mrs. Anandi Ramalingam(w.e.f. 28.11.2016)	Member

*** Chairman w.e.f. 28.11.2016

The CSR Committee had decided to undertake CSR activity for the year 2016-17 under "Skill Development". However, as the company was due to insufficient time, it is proposed to carry out the above activities during 2017-18. A provision for CSR expenditure of ₹ 11.76 lakhs has been made in the books of accounts for the year 2016-17.

Pursuant to Rule 8 of The Companies(Corporate Social Responsibility) Rules, 2014 a report on CSR activities for the financial year 2016-17 is annexed herewith as **Annexure 3**.

37 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**.

38 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.

39 Disclosure under Sexual harrassment of Women at Workplace(Prevention, Prohibition and Redressal) Act, 2013

The company is an equal opportunity employer and consciously strives to build a work culture that promotes dignity of all employees. The company has constituted an internal complaints committee to redress complaints relating to sexual harassment. No complaints on sexual harassment has been received during the year.

40 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**.

41 Exemption from the Government of India

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. 4th September 2015.

42 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 it's continued support and participation in sustaining the growth of the company in the coming years.

For and on behalf of the Board

-sd-

M.V. GOWTAMA

Chairman

Place :- Bangalore

Date :- 7th August 2017

Annexure No. 1 to Boards' 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 Indian economy has continued to show robust, steady and positive pace of growth. The major economic policies like Goods and Service Tax (GST) through constitutional amendment, demonetization of large currency notes was done in the last fiscal year. The economy has shown signs of improvement and is expected to grow at around 7% as projected by the Economic Survey 2016-17 of Government of India. The defence capital expenditure has increased from ₹ 86,340 Crores in 2016-17 to ₹ 86,529 Crores for 2017-18 which is about 0.22% hike over the previous year. Given the large scale procurement plans of the MoD, the Capital Expenditure hike has not increased significantly. The decline in the capital budget should not impact the ongoing projects of the defence forces, but the new procurements may expect some delays.

The Homeland Security market in India is spread across Central, State Governments and Private sectors with major segments being Critical Infrastructure Protection, Paramilitary, Police & Urban Area Security, Ground Transportation, Port & Maritime Security etc. and BELOP plans to expand into this segment in the future.

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
- Rapid changes in night vision technology
- Policy interventions favouring Private sector

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 it's 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 final stages of 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 2016-17 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 minimising the borrowing for working capital from banks. During the year the company has also partially repaid the working capital loan obtained from the holding company.

2. Performance Highlights

Amount ₹ in Lakhs

Particulars	2016-2017	2015-2016
Gross Sales	12387.73	10927.95
Total Expenditure Before Financing Costs	12921.87	11460.34
Profit Before Financing Costs and Tax	1597.06	1219.38
Operating Margin(PBIT/Gross Sales) Ratio%	12.89	11.15
Profit After Tax	481.62	275.56
No.of Days Inventory/Value of Production (DPE Method)	85	88
No. of Days Trade Receivables/Turnover	179	59
Current Ratio	1.06	0.92
Debt Equity Ratio	14.02	Nil

3. Analysis of Financial performance of 2016-17

- Turnover registered a growth of 13.35% from ₹ 10927.95 Lakhs in 2015-16 to ₹ 12387.73 Lakhs in 2016-17.
- Value of Production has increased by ₹ 1945.39 Lakhs from ₹ 10792.10 Lakhs in 2015-16 to ₹ 12737.49 Lakhs in 2016-17.
- PAT has increased by 72.90% from ₹ 278.56 Lakhs in 2015-16 to ₹ 481.62 Lakhs in 2016-17.
- PAT to Turnover Ratio in 2016-17 is 3.89%.
- Turnover per Employee have increased by 15.29% from ₹ 85 Lakhs in 2015-16 to ₹ 98 Lakhs in 2016-17.
- Earnings per share is ₹ 11.53
- Net worth has grown by 50.93% from ₹ 10581.21 Lakhs in 2015-16 to ₹15970.67 Lakhs in 2016-17.

D) Development in Human Resources

The company has provided training on technical and quality related topics of total 279 mandays amounting to an average of 3.36 mandays per employee.

Annexure No. 2 to the Boards' 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 three Directors including the Chairman. The Chairman of the BEL Board is the Chairman of the Board and BELOP. All the three Directors are nominated by BEL (as per the Articles of Association) of BELOP.

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

a) Shri. M.V. Gowtama,Chairman (w.e.f. 8.11.2016) — CMD,BEL & Chairman,BELOP

b) Shri. Sunil Kumar Sharma,Chairman(upto 30.9.2016) — CMD,BEL & Chairman,BELOP

c) Shri M.L. Shanmukh, Director(upto 31.10.2016) — Director(HR),BEL& Director,BELOP

d) Dr. Ajit.T. Kalghatgi, Director — Director (R&D),BEL& Director,BELOP

e) Mr. Prabhat Acharya,Director(upto 19.8.2016) — Director(Fin.),BEL & Director,BELOP

f) Mrs. Anandi Ramalingam(w.e.f. 28.11.2016) — Director(Mktg.),BEL & Director,BELOP

Meetings and Attendance

During the financial year ended 31.03.2017, six Board Meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 19.05.2016, 02.08.2016, 27.10.2016, 28.11.2016, 20.01.2017 and 27.03.2017. 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 2016-17 etc. are given below:-

Sr. No.	Directors	Meetings held during respective tenure of Director	No. of Board Meetings attended	Attendance at the last AGM held on 16th September 2016	No. of other director ships held	*Number of Committee membership across all companies	
	Part time Directors					As Chairman	As Member
1	Mr. M.V.Gowtama	3	3	NA	1	Nil	Nil
2	Mr. Sunil Kumar Sharma	2	2	Yes	1	Nil	Nil
3	Mr. M L Shanmukh	3	3	Yes	1	1	2
4	Dr. Ajit .T. Kalghatgi	6	6	Yes	2	#2	#2
5	Mr.Prabhat R. Acharya	2	2	NA	1	Nil	1
6	Mrs. Anandi Ramalingam	3	3	NA	1	Nil	1

For part of the year

*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 2016-17. 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 16th September 2016. 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 statement 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 31.03.2017, the Audit Committee met five times on 19.05.2016, 02.08.2016, 27.10.2016 , 20.01.2017 and 27.03.2017.

The composition of the Audit Committee is as outlined below:-

1)	Dr. Ajit.T. Kalghatgi	Chairman***
2)	Mr. M.L. Shanmukh(upto 01.11.2016)	Chairman
3)	Mr. Prabhat R. Acharya(upto 19.08.2016)	Member
4)	Mrs. Anandi Ramalingam(w.e.f. 28.11.2016)	Member

***(w.e.f. 28.11.2016)

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	3	3
Dr. Ajit T. Kalghatgi	5	5
Mr.P.R. Acharya	2	2
Mrs. Anandi Ramalingam	2	2

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

The composition of the Nomination and Remuneration Committee is as outlined below:-

1) Dr. Ajit.T. Kalghatgi Chairman***
2) Mr. M.L. Shanmukh(upto 31.10.2016) Chairman
3) Mr. Prabhat R. Acharya(upto 19.08.2016) Member
4) Mrs. Anandi Ramalingam(w.e.f. 28.11.2016) Member

***(w.e.f. 28.11.2016)

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	3	3
Dr. Ajit T. Kalghatgi	5	5
Mr. Prabhat R. Acharya	3	3
Mrs. Anandi Ramalingam	2	2

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) include

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 is as outlined below:-

1)	Dr. Ajit.T. Kalghatgi (w.e.f. 28.11.2016)	Chairman
2)	Mr. M.L. Shanmukh (upto 01.11.2016)	Chairman
3)	Mr. Prabhat R. Acharya (upto 19.08.2016)	Member
4)	Mrs. Anandi Ramalingam (w.e.f. 28.11.2016)	Member

***(w.e.f. 28.11.2016)

The CSR Committee had decided to undertake CSR activity for the year 2016-17 under “Skill Development”. However, due to insufficient time, it is proposed to carry out the above activities during 2017-18. A provision for CSR expenditure of ₹ 11.76 lakhs has been made in the books of accounts for the year 2016-17.

Directors' Shareholding

No Director holds Equity shares in the company as on 31.03.2017.

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
2013-14	Registered Office	23rd September 2014 at 12.30 PM
2014-15	Registered Office	31st August 2015 at 12.30 PM
2015-16	Registered Office	16th September 2016 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. 7 of Note 38 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 1.05 % of the total expenses for the year 2016-17 as against 1.53 % 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 2016-17.

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 2017

Sr. No.	Category	No. of Shareholders	No. of Shares	% Holding
1	Promoter – M/s Bharat Electronics Limited	1	59,22,635	100.00

Top 10 Shareholders as on 31 March 2016

Sr. No.	Name	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 2016-17:

(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 ICRA A one plus) to ₹ 600 lakhs non-fund based bank limits.

The outlook on the long-term rating is 'stable'. These ratings are valid till 6th November 2017.

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 Optronic 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. 14th 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, KMP's & Senior Management of BEL Optronic Devices Limited for the year ended 31st March 2017.

For BEL OPTRONIC DEVICES LIMITED

-sd-

Place:- Bangalore **M.V. Gowtama**

Date :- 7th August 2017 **Chairman**

Annexure No. 3 to Boards' 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)	Dr. Ajit.T. Kalghatgi(w.e.f. 28.11.2016)	Chairman***
2)	Mr. M.L. Shanmukh(upto 31.10.2016)	Chairman
3)	Mr. Prabhat. R. Acharya(upto 19.8.2016)	Member
4)	Mrs. Anandi Ramalingam(w.e.f. 28.11.2016)	Member

***w.e.f. 28.11.2016

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 2016-17 is required to spend ₹ 11.76 lakhs.

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

During the year the CSR Committee had decided to undertake CSR activity under "Skill Development". However, due to insufficient time, it is proposed to carry out the above activities during 2017-18. A provision for CSR expenditure of ₹ 11.76 lakhs has been made in the books of accounts for the year 2016-17.

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:-

A provision for CSR expenditure of ₹ 11.76 lakhs has been made in the books of accounts for the year 2016-17. Due to insufficient time, it is proposed to carry out the "Skill Development" activity during 2017-18.

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-

(Ajit.T. Kalghatgi)
Chairman, CSR –Committee, BELOP

Place: Bangalore
Date: 7th August 2017

Annexure No. 4 to Boards' 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 it's 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 Boards' Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2017

[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:	10th 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 :-

Sr. 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 -

Sr. 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	
A. Promoters									
(1) Indian									
a) Individual / HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corporate		37,83,678	37,83,678	100.00		59,22,635	59,22,635	100.00	56.53
e) Banks / FI									
f) Any other									
Sub Total(A) (1)		**37,83,678**	**37,83,678**	**100.00**		**59,22,635**	**59,22,635**	**100.00**	**56.53**
(2) Foreign									
a) NRI-Individuals									
b) Other-Individuals									
c) Bodies Corporate									
d) Banks/FI									
e) Any other									
Sub Total(A) (2)									
Total Shareholding of Promoter (A) = [(A)(1)+(A)(2)]		**37,83,678**	**37,83,678**	**100.00**		**59,22,635**	**59,22,635**	**100.00**	**21,38,957**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt(s).									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)- Shares held by Trustee									
Sub-Total (B)(1)									
2. Non-Institutions									
a) Bodies Corporate									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
c) Others (specify)									
Sub-Total (B)(2)									
Total Public Shareholding (B) = [(B)(1)+ (B)(2)]									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		**37,83,678**	**37,83,678**	**100**		**59,22,635**	**59,22,635**	**100**	**21,38,957**

(ii) Shareholding of Promoters

Sr. 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	37,83,678	100.00	NA	59,22,635	100.00	NA	Nil
	Total	**37,83,678**	**100.00**	**NA**	**59,22,635**	**100.00**	**NA**	**Nil**

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

Sr. 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
-------------- No Change ---------------					

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

Sr. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2016)		Shareholding during the year (31.03.2017)	
		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:

Sr. 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
	At the beginning of the year	None of the Directors and KMP Holds Shares in the Company			
	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):	None of the Directors and KMP Holds Shares in the Company			
	At the End of the year	None of the Directors and KMP Holds Shares in the Company			

INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness (Rs in Lakhs)
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,838.53	4,917.07	Nil	7,755.60
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	2.48	96.07	Nil	98.55
Total (i+ii+iii)	**2,841.01**	5,013.14	Nil	**7,854.15**
Change in Indebtedness during the financial year				
* Addition	Nil	Nil	Nil	Nil
* Reduction	(1,481.24)	(638.52)	Nil	(2,119.76)
Net Change	**(1,481.24)**	**(638.52)**	**Nil**	**(2,119.76)**
Indebtedness at the end of the financial year				
i) Principal Amount	1,357.99	4,348.88	Nil	5,706.87
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	1.78	25.74	Nil	27.52
Total (i+ii+iii)	**1359.77**	**4374.62**	**Nil**	**5,734.39**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sr. 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
	Total (A)	**Nil**	**Nil**	**Nil**

B. Remuneration to other directors:

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

C. Remuneration To Key Managerial Personnel Other Than MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO up to 30.11.2017	CEO From 01.12.2017	**Company Secretary & CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	16,34,191	5,48,676	9,68,077	31,50,944
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	59,074	-	29,640	88,714
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	3,36,340	2,05,149	3,98,353	9,39,842
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	-as % of profit	-	-	-	-
	-others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
6	Retirement Benefit	1,78,971	3,46,881	2,57,200	7,83,052
7	**Total**	**22,08,576**	**11,00,706**	**16,53,270**	**49,62,552**

** Includes arrears for the period 01.04.2012 to 31.03.2016

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)	Appeal made,if any (give Details)
A. COMPANY						
PENALTY	None					
PUNISHMENT						
COMPOUNDING						
B. DIRECTORS						
PENALTY	None					
PUNISHMENT						
COMPOUNDING						
C. OTHER OFFICER IN DEFAULT						
PENALTY	None					
PUNISHMENT						
COMPOUNDING						

Annexure No. 6 to the Boards' 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 2016-17

Replacement of existing conventional 36 watts PL with 18 watts LED PLL done in Clean Room Area.

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

Installation of 5 H.P. capacity solar power pump for garden irrigation purpose done.

iii) The capital investment on energy conservation equipments.

A capital investment of Rs. 4.50 lakhs has been made for installation of 5 H.P. capacity solar power pump for garden irrigation purpose.

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. The major ToT equipment have been received and installed.
- Installation of Clean Room, Class ISO 6, for the ToT has been completed as on date. An additional Building, including Clean Room, for large scale manufacture of Auto-gated Power Supply Units (PSUs), alongwith conventional (Non Auto-gated) PSUs, is under construction.

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. ₹ 26 Lakhs during the year 2016-17.

C FOREIGN EXCHANGE EARNING AND OUTGO

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

Annexure No. 7 to Boards' Report

FORM NO. MR-3

Secretarial Audit Report

For the Financial Year Ended 31st March 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
BEL Optronic Devices Limited,
EI 30, J Block, MIDC Bhosari, Pune 411026

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **BEL Optronic Devices Limited (CIN: U31909PN1990GOI058096)** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the Financial Year ended on **31st March 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year period ended on **31st March 2017** according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the Rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the Rules made thereunder *(during the year under review not applicable to the Company);*

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder *(during the year under review not applicable to the Company, as the shares of the company are not in dematerialized form);*

(iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings *(during the year under review not applicable to the Company as the Company does not have any foreign direct investment, overseas direct investment and external commercial borrowings);*

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 *(during the year under review not applicable to the Company as the Company is an unlisted company);*

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 *(during the year under review not applicable to the Company as the Company is an unlisted company);*

(c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 *(during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get its securities listed);*

(d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 *(during the year under review not applicable to the Company as the Company is an unlisted company);*

(e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 *(during the year under review not applicable to the Company as the Company is an unlisted company and not proposing to get debt securities listed);*

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with Client *(during the year under review not applicable to the Company as the Company is not availing services of Registrars to an Issue and Share Transfer Agents);*

(g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 *(during the year under review not applicable to the Company as the Company has not done delisting of shares);* and

(h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 *(during the year under review not applicable to the Company as the Company is an unlisted company);*

(vi) As informed to me, no other law is applicable specifically to the company.

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

I have not examined compliance with the applicable clauses of the following *since it is not applicable to the Company during the period under review:*

(i) The Listing Agreements entered into by the Company with Stock Exchange(s);

During the period under review the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards etc. mentioned above, subject to the following observations:

The Companies Act, 2013:

(a) *As per provisions of Section 149(4), the Company has not appointed Independent Directors*

(b) *As per Section 135(1) the CSR Committees is not properly constituted.*

(c) *As per Section 177(2) the Audit Committees is not properly constituted.*

(d) *As per Section 178(1) the Nomination and Remuneration Committee is not properly constituted.*

(e) During the period from October 1, 2016 till November 28, 2016, the company did not have minimum number of directors as required under Section 149(1)(a) of the Act.

I further report that

Subject to the observation given above, *the Board of Directors of the Company is duly constituted, during the period from October 1, 2016 till November 28, 2016, the company did not have minimum number of directors as required under Section 149(1)(a) of the Act. The Company has not appointed any Independent Directors.* The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions of the Board was carried through unanimously. As per the records provided by the Company, none of the member of the Board dissented on any resolution passed at the meeting.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has:

(a) *Allotted shares on Rights basis whereby paid up capital has been increased from Rs. 37,83,67,800/- to Rs. 59,22,63,500/-.*

-sd-
Abhijit Dakhawe
Company Secretary
FCS # 6126
CP No # 4474

Place: Pune
Date:- 7th August 2017

Ind AS FINANCIAL STATEMENTS - 31 MARCH 2017

Ind AS FINANCIAL STATEMENTS

- Balance Sheet
- Statement of Profit and Loss
- Statement of Cash Flows
- Statement of changes in Equity
- Notes on first time Adoption of Ind-AS
- Notes to the Financial Statements

BALANCE SHEET AS AT MARCH 31, 2017

Amount in ₹

Sr. No.	Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	ASSETS				
(1)	Non-Current assets				
	(a) Property, Plant and Equipment	1	85,75,55,941	83,10,08,138	89,53,26,868
	(b) Capital work-in-progress	2	50,29,64,596	7,75,792	17,33,014
	(c) Intangible assets	3	1,59,25,70,007	1,71,75,83,774	1,84,25,97,541
	(d) Intangible assets under development	4	33,41,60,327	-	-
	(e) Financial assets				
	(i) Trade Receivables	5	-	-	-
	(ii) Loans	6	33,69,250	27,61,350	20,32,650
	(iii) Other Financial Assets	7	55,56,603	1,15,91,397	49,90,825
	(f) Inventories	8	-	-	-
	(g) Other Non-Current Assets	9	16,07,57,185	38,06,05,343	8,76,48,713
	Sub Total Non-Current Assets ((a) to (g))		**3,45,69,33,909**	**2,94,43,25,794**	**2,83,43,29,611**
(2)	**Current Assets**				
	(a) Inventories	10	29,51,17,659	26,05,17,204	31,87,75,358
	(b) Financial Assets				
	(i) Trade Receivables	11	60,62,43,987	17,57,41,842	11,52,68,394
	(ii) Cash and Cash equivalents	12	13,46,52,640	31,41,47,899	7,14,16,800
	(iii) Bank Balances (other than (ii) above)	13	2,18,29,605	1,49,09,927	1,90,97,609
	(iv) Other Financial Assets	14	17,09,636	15,94,137	10,07,750
	(c) Other Current Assets	15	8,17,46,942	13,19,99,120	3,61,47,154
	(d) Current Tax Assets (Net)	16	77,90,643	81,24,447	77,69,296
	Sub Total Current Assets ((a) to (d))		**1,14,90,91,112**	**90,70,34,576**	**56,94,82,361**
	TOTAL ASSETS		**4,60,60,25,021**	**3,85,13,60,370**	**3,40,38,11,972**
	EQUITY AND LIABILITIES				
	EQUITY				
	(a) Equity Share Capital	17	59,22,63,500	37,83,67,800	18,32,29,300
	(b) Other Equity		1,01,36,08,534	69,10,15,859	39,82,16,843
	Sub Total Equity ((a) + (b))		**1,60,58,72,034**	**1,06,93,83,659**	**58,14,46,143**
	LIABILITIES				
(1)	**Non-Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	18	22,52,09,012	-	-
	(b) Government Grants-deferred	19	1,64,10,66,009	1,76,56,84,898	1,91,87,42,983
	(c) Provisions	20	1,31,38,460	85,72,032	72,72,933
	(d) Deferred Tax Liabilities (net)	21	3,33,21,666	2,15,71,342	43,74,777
	Sub Total Non-Current Liabilities ((a) to (d))		**1,91,27,35,147**	**1,79,58,28,272**	**1,93,03,90,693**
(2)	**Current Liabilities**				
	(a) Financial Liabilities				
	(i) Borrowings	22	34,54,78,113	77,55,60,113	24,72,86,912
	(ii) Trade Payables	23	14,77,30,085	8,40,87,202	42,09,78,909
	(iii) Other Financial Liabilities	24	48,04,72,162	1,75,20,114	82,35,715
	(b) Other Current Liabilities	25	1,84,90,996	2,33,44,350	12,92,99,891
	(c) Provisions	26	6,84,32,432	7,84,08,679	7,23,05,807
	(d) Current Tax Liability (Net)	27	2,68,14,051	72,27,981	1,38,67,902
	Sub Total Current Liabilities ((a) to (d))		**1,08,74,17,839**	**98,61,48,439**	**89,19,75,136**
	Sub Total Liabilities (1+2)		**3,00,01,52,986**	**2,78,19,76,711**	**2,82,23,65,829**
	TOTAL EQUITY AND LIABILITIES		**4,60,60,25,021**	**3,85,13,60,370**	**3,40,38,11,972**

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

As per our report attached

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

-sd-
DEEPAK SUGANDHI
PARTNER
MEM. NO. 104950

Place: PUNE
Date : 27th May 2017

-sd-
M.V.GOWTAMA
Chairman

-sd-
AJIT. T. KALGHATGI
Director

-sd-
ANANDI RAMALINGAM
Director

-sd-
DCN SRINIVASA RAO
Chief Executive Officer

-sd-
PRIYA S. IYER
Company Secretary & CFO

Place:BANGALORE
Date: 20th May 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2017

Amount in ₹

Sr. No.	Particulars	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
I	Revenue from operations	28	1,23,87,73,015	1,09,27,94,576
II	Other income	29	7,33,53,556	2,21,20,315
III	Transfer of grant			
	(i) TPDUP		8,52,827	8,11,891
	(ii) ToT XD-4		13,89,13,533	15,22,46,194
	Total (i)+(ii)		13,97,66,360	15,30,58,085
IV	**Total Income (I+II+III)**		**1,45,18,92,931**	**1,26,79,72,976**
V	**Expenses**			
	(a) Cost of materials consumed	30	62,90,93,483	61,40,44,936
	(b) Changes in inventories of finished goods, stock-in -trade and work-in-progress	31	(3,49,75,819)	1,35,84,711
	(c) Employee benefit expense	32	9,26,49,530	8,77,16,731
	(d) Excise Duty		23,80,03,680	7,95,84,223
	(e) Finance costs	33	7,40,49,592	6,95,61,532
	(f) Depreciation and amortisation expense	1&3	19,97,01,791	19,69,19,328
	(g) Technical Assistance Fee	34	6,02,96,479	-
	(h) Other expenses	35	10,74,18,008	15,41,84,038
	Total expenses (V) (a) to (h)		**1,36,62,36,744**	**1,21,55,95,499**
VI	**Profit before exceptional items and tax (IV-V)**		**8,56,56,186**	**5,23,77,477**
VII	**Exceptional items**		**-**	**-**
VIII	**Profit before tax (VI-VII)**		**8,56,56,186**	**5,23,77,477**
IX	Tax expense:			
	(i) Current tax (MAT for the Year)		2,57,43,872	73,24,954
	(ii) Deferred tax (Including MAT Credit Entitlement)		1,17,50,322	1,71,96,563
	Total Tax Expenses (i+ii)		**3,74,94,194**	**2,45,21,517**
X	**Profit for the year (VIII-IX)**		**4,81,61,992**	**2,78,55,960**
XI	Other Comprehensive Income			
(A)	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		(65,31,740)	(2,82,098)
	(ii) Income tax effect on the above		-	41,852
(B)	**Items that will be reclassified to profit or loss**		**-**	**-**
	Other comprehensive income for the year, net of taxes (A + B)		**(65,31,740)**	**(2,40,246)**
XII	**Total Comprehensive Income for the period (X + XI) (Comprising Profit / (Loss) and Other Comprehensive Income for the period)**		**4,16,30,252**	**2,76,15,714**
XIII	**Earning per equity share**			
	(1) Basic	**36**	**11.53**	**10.75**
	(2) Diluted		**11.53**	**10.75**

THE ACCOMPANYING NOTES FORM AN INTEGRAL PART OF THE FINANCIAL STATEMENTS

As per our report attached

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

-sd-
M.V.GOWTAMA
Chairman

-sd-
AJIT. T. KALGHATGI
Director

-sd-
DEEPAK SUGANDHI
PARTNER
MEM. NO. 104950

-sd-
ANANDI RAMALINGAM
Director

Place: PUNE
Date : 27th May 2017

-sd-
DCN SRINIVASA RAO
Chief Executive Officer

-sd-
PRIYA S. IYER
Company Secretary & CFO

Place:BANGALORE
Date: 20th May 2017

STATEMENT OF CASH FLOW FOR THE PERIOD 01.04.2016 TO 31.03.2017

Amount in ₹

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Cash Flow From Operating Activities		
Profit before tax	8,56,56,186	5,23,77,477
Adjustments for :		
Depreciation & amortisation expense	19,97,01,791	19,69,19,328
Income from sale of investments	(76,26,038)	(79,35,812)
Finance costs	7,40,49,592	6,95,61,532
Amortisation of government grants	(13,97,66,360)	(15,30,58,085)
Remeasurements of the defined benefit plans	(65,31,740)	(2,82,098)
Change In Operating Assets And Liabilities		
(Increase) /decrease in trade receivables	(43,05,02,142)	(6,04,73,444)
(Increase) /decrease in inventories	(3,46,00,455)	5,82,58,154
Increase /(decrease) in trade payables	6,36,42,882	(33,68,91,707)
Increase /(decrease) in other Financial Liabilities	46,17,76,028	92,84,399
(Increase)/ decrease in other financial assets	53,11,395	(79,15,659)
(Increase) /decrease in other non current assets	21,98,48,158	(29,29,56,630)
(Increase) /decrease in other current assets	5,02,52,178	(9,58,51,967)
Increase /(decrease) in provisions	(54,09,819)	74,01,971
Increase/(decrease) in other current liabilites	(48,53,354)	(10,59,55,541)
Cash flow from/ (used) in operations	**53,09,48,302**	**(66,75,18,082)**
Income taxes paid	(58,23,998)	(1,42,78,174)
Net Cash flow from / (used) in / operating activities: (A)	**52,51,24,304**	**(68,17,96,256)**
Cash Flow From Investing Activities:		
Payment for property, plant and equipment	(10,12,35,827)	(75,86,831)
Increase in CWIP and Intangibles	(83,63,49,132)	9,57,222
Investment from Term Deposits	(69,19,678)	41,87,682
Interest received	76,26,038	79,35,812
Net cash inflow from / (used) in / from investing activities: (B)	**(93,68,78,599)**	**54,93,885**
Cash Flow From Financing Activities		
Grant Received	1,51,47,471	-
Repayment from borrowings	(20,07,98,954)	53,97,76,452
Finance Cost	(7,40,49,592)	(6,95,61,532)
Proceeds from issue of shares	49,19,60,110	44,88,18,550
Net cash inflow from/(used) in financing activities (C)	**23,22,59,035**	**91,90,33,470**
Net Increase/(Decrease) In Cash And Cash Equivalents ((A)+(B)+(C))	**(17,94,95,259)**	**24,27,31,099**
Cash and Cash Equivalents at the beginning of the year	31,41,47,899	7,14,16,800
Cash and cash equivalents at the end of the year	**13,46,52,640**	**31,41,47,899**
Reconciliation of cash and cash equivalents as per Cash flow statement		
Reconciliation of cash and cash equivalents as per above comprise of following:		
Cash and cash equivalents (NOTE 12)	13,46,52,640	31,41,47,899
Less : Bank Balance	-	-
Balance as per statement of cash flows	**13,46,52,640**	**31,41,47,899**

As per our report attached

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

-sd-
M.V.GOWTAMA
Chairman

-sd-
AJIT. T. KALGHATGI
Director

-sd-
DEEPAK SUGANDHI
PARTNER
MEM. NO. 104950

-sd-
ANANDI RAMALINGAM
Director

Place: PUNE
Date : 27th May 2017

-sd-
DCN SRINIVASA RAO
Chief Executive Officer

-sd-
PRIYA S. IYER
Company Secretary & CFO

Place:BANGALORE
Date: 20th May 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

A. EQUITY SHARE CAPITAL

Amount in ₹

Balance as on 01.04.2015		Changes in equity capital during the year		Balance as on 31.03.2016	
No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
18,32,293	18,32,29,300	19,51,385	19,51,38,500	37,83,678	37,83,67,800

Amount in ₹

Balance as on 01.04.2016		Changes in equity capital during the year		Balance as on 31.03.2017	
No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
37,83,678	37,83,67,800	21,38,957	21,38,95,700	59,22,635	59,22,63,500

B. OTHER EQUITY

Amount in ₹

Particulars	Reserves and Surplus		Items of Other Comprehensive Income	Other Reserves	Total Equity
	Securities Premium Reserve	Retained Earnings			
Balance as on 1st April 2015	-	39,82,16,843	-	-	**39,82,16,843**
Issue of Equity Shares during the year	25,36,80,050	-	-	-	**25,36,80,050**
Profit for the year	-	2,78,55,960	-	-	**2,78,55,960**
Other comprehensive income for the year (net of tax)	-	-	(2,40,246)	-	**(2,40,246)**
Capital Contribution on account of below market rate borrowings	-	-	-	1,15,03,252	**1,15,03,252**
Balance as at 31st March 2016	**25,36,80,050**	**42,60,72,803**	**(2,40,246)**	**1,15,03,252**	**69,10,15,859**
Balance as on 1st April 2016	25,36,80,050	42,60,72,803	(2,40,246)	1,15,03,252	**69,10,15,859**
Issue of Equity Shares during the year	27,80,64,410	-	-	-	**27,80,64,410**
Profit for the year	-	4,81,61,993			**4,81,61,993**
Other comprehensive income for the year (net of tax)	-	-	(65,31,740)	-	**(65,31,740)**
Capital Contribution on account of below market rate borrowings	-	-	-	40,74,033	**40,74,033**
Total Comprehensive Income for the year	**53,17,44,460**	**47,42,34,796**	**(67,71,986)**	**1,55,77,285**	**1,01,47,84,555**
Expenditure towards Corporate Social Responsibility (CSR)	-	(11,76,020)	-	-	**(11,76,020)**
Balance as at 31st March 2017	**53,17,44,460**	**47,30,58,776**	**(67,71,986)**	**1,55,77,285**	**1,01,36,08,535**

NOTE ON FIRST TIME ADOPTION OF Ind-AS

TRANSITION TO Ind-AS

These are the Company's first financial statements prepared in accordance with Ind-AS.

The transition to Ind-AS has resulted in changes in the presentation of financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies as enclosed alongwith the financial statements have been applied in preparing the financial statements for the year ended 31st March 2017 and the comparative information. For the purpose of transition to Ind-AS, the Company has followed the guidance prescribed in Ind-AS 101 (first time adoption of Indian Accounting Standards), with 1 April 2015 as the transition date from the previous GAAP. An explanation of how the transition from previous GAAP to Ind-AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

EXEMPTIONS AND EXCEPTIONS AVAILED

Set out below are the applicable Ind-AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind-AS.

Ind-AS OPTIONAL EXEMPTIONS

Propert, Plant and Equipment, Intangible Assets and Investment Property-Deemed cost

Ind-AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the previous financial statements as at the date of transition to Ind-AS, and use that as its deemed cost on the date of transition after making necessary adjustments for de-commissioning liabilities. This exemption can also be used for intangible assets and investment property.

Accordingly, the company has elected to measure all of its property, plant and equipment, intangible assets and investment property at their previous GAAP carrying value. The carrying values of property, plant and equipment, as aforesaid are after making adjustments relating to decommissioning liabilities.

Leases

Appendix C to Ind-AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind-AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind-AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind-AS, except where the effect is expected to be not material.

The company has elected to apply this exemption.

A. RECONCILIATION OF EQUITY AS AT DATE OF TRANSITION (1st APRIL 2015)

Amount in ₹

Sr. No.	Particulars	Note	Opening Balance Sheet as at 1st April, 2015			Balance Sheet as at 31st March, 2016		
			IGAAP	Effect on transition to Ind AS	Ind AS	IGAAP	Effect on transition to Ind AS	Ind AS
	ASSETS							
(1)	**Non-Current Assets**							
(a)	Property, Plant and Equipment	1	89,53,26,868	-	89,53,26,868	83,10,08,138	-	83,10,08,138
(b)	Capital work-in-progress	2	17,33,014	-	17,33,014	7,75,792	-	7,75,792
(c)	Intangible assets	3	1,84,25,97,541	-	1,84,25,97,541	1,65,34,12,692	6,41,71,082	1,71,75,83,774
(d)	Intangible assets under development	4	-	-	-	-	-	-
(e)	Financial Assets			-	-			
	(i) Trade Receivables	5	-	-	-	-	-	-
	(ii) Loans	6	20,32,650	-	20,32,650	27,61,350	-	27,61,350
	(iii) Other Financial Assets	7	49,90,825	-	49,90,825	1,15,91,397	-	1,15,91,397
(f)	Inventories	8	-	-	-	-	-	-
(g)	Other Non Current Assets	9	8,76,48,713	-	8,76,48,713	38,06,05,343	-	38,06,05,343
	Sub total Non-Current Assets (a to g)		**2,83,43,29,611**	**-**	**2,83,43,29,611**	**2,88,01,54,712**	**6,41,71,082**	**2,94,43,25,794**
(2)	**Current Assets**							
(a)	Inventories	10	31,87,75,358	-	31,87,75,358	26,05,17,204	-	26,05,17,204
(b)	Financial Assets							
	(i) Trade Receivables	11	11,52,68,394	-	11,52,68,394	17,57,41,842	-	17,57,41,842
	(ii) Cash & Cash Equivalents	12	7,14,16,800	-	7,14,16,800	31,41,47,899	-	31,41,47,899
	(iii) Bank Balances [Other than (ii) above]	13	1,90,97,609	-	1,90,97,609	1,49,09,927	-	1,49,09,927
	(iv) Other Financial Assets	14	10,07,750	-	10,07,750	15,94,137	-	15,94,137
(c)	Other Current Assets	15	3,61,47,154	-	3,61,47,154	13,19,99,120	-	13,19,99,120
(d)	Current Tax Assets (Net)	16	77,69,296	-	77,69,296	81,24,447	-	81,24,447
	Sub total Current Assets (a to d)		**56,94,82,361**	**-**	**56,94,82,361**	**90,70,34,576**	**-**	**90,70,34,576**
	TOTAL ASSETS		**3,40,38,11,972**	**-**	**3,40,38,11,972**	**3,78,71,89,288**	**6,41,71,082**	**3,85,13,60,370**
	EQUITY AND LIABILITIES							
	Equity							
(a)	Equity Share Capital	17	18,32,29,300	-	18,32,29,300	37,83,67,800	-	37,83,67,800
(b)	Other Equity		39,82,16,843	-	39,82,16,843	67,61,74,328	1,48,41,531	69,10,15,859
	Sub total Equity (a+b)		**58,14,46,143**	**-**	**58,14,46,143**	**1,05,45,42,128**	**1,48,41,531**	**1,06,93,83,659**
	Liabilities							
(1)	Non-Current Liabilities							
(a)	Financial Liabilities							
	(i) Borrowings	18	-	-	-	-	-	-
(b)	Grants	19	1,91,87,42,983	-	1,91,87,42,983	1,71,12,95,458	5,43,89,440	1,76,56,84,898
(c)	Provisions	20	72,72,933	-	72,72,933	85,72,032	-	85,72,032
(d)	Deferred Tax Liabilities (Net)	21	43,74,777	-	43,74,777	1,83,38,005	32,33,337	2,15,71,342
	Sub total Non-Current Assets (a to d)		**1,93,03,90,693**	**-**	**1,93,03,90,693**	**1,73,82,05,495**	**5,76,22,777**	**1,79,58,28,272**
(2)	**Current Liabilities**							
(a)	Financial Liabilities							
	(i) Borrowings	22	24,72,86,912	-	24,72,86,912	78,38,53,339	(82,93,226)	77,55,60,113
	(ii) Trade Payables	23	42,09,78,909	-	42,09,78,909	8,40,87,202	-	8,40,87,202
	(iii) Other Financial Liabilities	24	82,35,715	-	82,35,715	1,75,20,114	-	1,75,20,114
(b)	Other Current Liabilities	25	12,92,99,891	-	12,92,99,891	2,33,44,350	-	2,33,44,350
(c)	Provisions	26	7,23,05,807	-	7,23,05,807	7,84,08,679	-	7,84,08,679
(d)	Other Current Liabilities (Net)	27	1,38,67,902	-	1,38,67,902	72,27,981		72,27,981
	Sub total Current Liabilities (a to d)		**89,19,75,136**	**-**	**89,19,75,136**	**99,44,41,665**	**(82,93,226)**	**98,61,48,439**
	TOTAL EQUITY AND LIABILITIES		**3,40,38,11,972**	**-**	**3,40,38,11,972**	**3,78,71,89,288**	**6,41,71,082**	**3,85,13,60,370**

B. RECONCILIATION OF TOTAL COMPREHENSIVE INCOME

Amount in ₹

Sr. No.	Particulars	Note No.	For the year ended 31st March 2016		
			IGAAP	Ind AS Adjustment	Ind AS
I	Revenue from Operations	28	1,06,63,55,057	2,64,39,519	1,09,27,94,576
II	Other Income	29	2,21,20,315	-	2,21,20,315
III	Transfer of Grant				
	(a) TPDUP		8,11,891	-	8,11,891
	(b) TOT XD-4		20,66,35,634	(5,43,89,440)	15,22,46,194
	Total (a+b)		**20,74,47,525**	**(5,43,89,440)**	**15,30,58,085**
IV	**Total Income (I+II+III)**		**1,29,59,22,897**	**(2,79,49,921)**	**1,26,79,72,976**
V	EXPENSES				
a	Cost of Material Consumed	30	61,17,34,195	-	61,17,34,195
b	Changes in inventories of finished goods, stock-in -trade and work-in-progress	31	1,35,84,711	-	1,35,84,711
c	Employee Benefits Expense	32	8,79,98,829	(2,82,098)	8,77,16,731
d	Excise Duty		7,95,84,223	-	7,95,84,223
e	Finance Costs	33	3,99,11,987	2,96,49,545	6,95,61,532
f	Depreciation and Amortisation Expense	1&3	26,10,90,410	(6,41,71,082)	19,69,19,328
g	Technical Assistance Fee	34	-	-	-
h	Other Expenses	35	15,64,94,779	-	15,64,94,779
	TOTAL EXPENSES (a to h)		**1,25,03,99,134**	**(3,48,03,635)**	**1,21,55,95,499**
VI	Profit before exceptional items & tax (IV-V)		4,55,23,763	68,53,714	5,23,77,477
VII	Exceptional Items		-	-	-
VIII	Profit before tax (VI-VII)		4,55,23,763	68,53,714	5,23,77,477
IX	Tax Expense				
(i)	Current Tax (MAT for the Year)		72,83,102	41,852	73,24,954
(ii)	Deferred Tax (including MAT Credit Entitlement)		1,39,63,226	32,33,337	1,71,96,563
	Total Tax Expenses (i+ii)		**2,12,46,328**	**32,75,189**	**2,45,21,517**
X	Profit for the period (VIII - IX)		2,42,77,435	35,78,525	2,78,55,960
XI	**Other Comprehensive Income / (Loss)**				
	Items that will not be reclassified subsequently to profit or loss				
A	Remeasurement of the net defined benefit liability/asset		-	(2,82,098)	(2,82,098)
B	Income tax relating to these items		-	41,852	41,852
	Other Comprehensive Income / (Loss) for the year , net of taxes (A+B)		-	(2,40,246)	(2,40,246)
XII	**Total Comprehensive Income for the period (X+XI) [comprising Profit and Other Comprehensive Income / Loss for the period]**		**2,42,77,435**	**33,38,279**	**2,76,15,714**

C. IMPACT OF Ind AS ADOPTION ON CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2016

Amount in ₹

Particulars	For the year ended 31st March 2016 (IGAAP)	Ind AS Adjustment	For the year ended 31st March 2016 (Ind AS)
Net Cash flow from / (Used) in Operating activities	(70,82,46,217)	2,64,49,961	(68,17,96,256)
Net Cash flow from/(Used) in Investing activities	54,93,885	-	54,93,885
Net Cash flow from/(Used) in Financing activities	94,54,83,431	(2,64,49,961)	91,90,33,470
Net Increase / (Decrease) in cash and cash equivalents	24,27,31,099	-	24,27,31,099
Cash and cash equivalents as at 1st April 2015	7,14,16,800	-	7,14,16,800
Cash and cash equivalents as at 31st March 2016	31,41,47,899	-	31,41,47,899

Note : Reclassification of Price Discount on Temporary Funding by BEL and prior period items to Financing Activity from Operating Activity.

RECONCILIATION OF OTHER EQUITY AS AT 31ST MARCH 2016 AND 1st APRIL 2015

Amount in ₹

Particulars	31st March 2016	1st April 2015
Other Equity (Shareholders funds) as per Previous GAAP	67,61,74,328	39,82,16,843
Reversal of grant amortised on account of change in useful life of the related intangibles	(5,43,89,440)	-
Reduction in amortisation cost of intangible license Fee (XD-4) on account of change in useful life	6,41,71,082	-
Additional finance cost on fair valuation of borrowings from parent company	(32,10,026)	
Capital contribution on account of below maket rate borrowings	1,15,03,252	
Tax adjustment on these changes	(32,33,337)	-
Other Equity (Shareholders funds) as per Ind AS	**69,10,15,859**	**39,82,16,843**

RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31st MARCH 2016

Amount in ₹

Particulars	31st March 2016
Profit After Tax as per previous GAAP	2,42,77,435
Reversal of grant amortised on account of change in useful life of the related intangibles	(5,43,89,440)
Reduction in amortisation cost of intangible license Fee (XD-4) on account of change in useful life	6,41,71,082
Additional finance cost on fair valuation of borrowings from parent company	(32,10,026)
Tax adjustment on these changes	(32,33,337)
Total Comprehensive Income as per Ind AS	**69,10,15,859**

NOTES ON FIRST TIME ADOPTION OF Ind-AS

i) DEFERRED TAX

Deferred tax adjustment has been made in respect of temporary timing differences arising on account of adjustments made consequent to transition to Ind-AS. This has resulted in increase/decrease in value of Deferred tax Asset /liability by ₹ 32,33,337/-

ii) EXCISE DUTY

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind-AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty is presented on the face of Statement of Profit and Loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March 2016 by INR 7,95,84,223. There is no impact on total equity and profit.

iii) POST EMPLOYMENT BENEFIT OBLIGATIONS

Under Ind-AS, re-measurement gains/losses on Defined Benefit Plans are recognised in Other Comprehensive Income (OCI). Under previous GAAP these were recognised in Statement of Profit or Loss Account. However, this has no impact on the total comprehensive income and equity as on 1st April 2015 or as on 31st March 2016.

iv) LICENSE FEES

The company has changed the period of amortisation of license fees (XD-4 Project) from ten years to fifteen years as per the period of licensing agreement as per IND-AS requirements. On account of the above change there is an increase in the gross carrying value of intangible asset to the extent of ₹ 6,41,71,082 and a corresponding decrease in amortisation of license fees. Also as the XD-4 project is funded by way of Grant, the amount of grant value has been adjusted to the extent of ₹ 5,43,89,440. Consequently the balance amount of grant has increased from ₹ 1,71,12,95,458 to ₹ 1,76,56,84,898.

v) OTHER COMPREHENSIVE INCOME

Under Ind-AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'Other Comprehensive Income' includes re-measurements of defined benefit plans. The impact (net of tax) of the same is ₹ 2,47,648. The concept of other comprehensive income did not exist under previous GAAP.

vi) INTEREST ON TEMPORARY FINANCIAL ASSISTANCE

Interest charged by Holding Company on temporary financial assistance which was earlier adjusted against turnover, has now been treated as Finance Cost. This has resulted in increase in Turnover by ₹ 2,64,39,519/- and increase in Interest expenses by ₹ 2,64,39,519/-

This has no impact on profit.

vii) BORROWINGS

The holding company M/s Bharat Electronics Limited has provided a loan at discounted rate than the market interest rate, consequent to which the loan has been adjusted in accordance with Ind AS 109. Consequently, the borrowings of ₹ 50 crores have been discounted and measured at fair value of ₹ 48.85 crores. The corresponding impact of ₹ 1.15 crores has been shown under other equity as capital contribution on account of below market rate borrowings.

viii) FINANCE COSTS

In accordance with Ind AS 109, interest on borrowing from the holding Company, has been charged at market interest rate instead of discounted rate at which the loan has been borrowed. As a consequence, the finance costs for the year ended 31 March 2016 has been increased by ₹ 32,10,026/- and profit before tax has reduced to the same extent.

ix) PRIOR PERIOD ERRORS/OMISSIONS

As required under Ind AS, if errors and omissions relating to prior period are material they have to be adjusted by restating the Opening balances of Assets, Liabilities and equity for the earliest prior period presented. Accordingly prior period expenses (net) of ₹ 1,53,552/- reported for the year 2015-16 has been adjusted with corresponding increase in respective expenses.

This has no impact on profit.

SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

The accompanying financial statements comprise the financial statements of BEL Optronic Devices Ltd., Pune (BELOP) (the Company). The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Pune, Maharashtra. The Company is a wholly owned subsidiary of Bharat Electronics Limited (BEL). The Company is engaged in manufacture of Image Intensifier Tubes and associated high voltage Power Supply Units for use in defence system.

1. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

(i) The financial statements are prepared and presented in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting. GAAP comprises the mandatory Indian Accounting Standards (Ind-AS) [as notified under Section 133 of the Companies Act, 2013 read Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015], to the extent applicable, the provisions of the Companies Act, 2013 and these have been consistently applied.

(ii) These are the Company's first annual financial statements prepared in accordance with Ind-AS. The company has adopted all applicable Ind-AS and adoptions were carried out in accordance with Ind-AS 101 – First time adoption of Indian Accounting Standards. An explanation of how the transition to Ind-AS has affected the reported financial position, financial performance and cash flows of the Company is provided alongwith the financial statements.

2. 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.

3. BASIS OF MEASUREMENT

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

1. Derivative financial instruments, if any
2. Financial assets and liabilities those are qualified to be measured at fair value.
3. The defined benefit asset/liability is recognised as the present value of defined benefit obligation less fair value of plan assets.

4. FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company.

5. REVENUE RECOGNITION

(i) SALE OF GOODS

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the customer as per the terms of sale agreement, neither continuing management involvement nor effective control over the goods is retained, recovery of the consideration is probable, and the amount of cost incurred and the revenue can be measured reliably. The timing of the transfer of risks and rewards is evaluated based on inco-terms of the sales agreement.

(ii) EX- WORKS CONTRACT

In case of Ex-works contract, revenue is recognised when the specified goods are unconditionally appropriated to the contract after prior inspection and acceptance, if required.

(iii) FOR CONTRACTS

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

(iv) REVENUE FROM SERVICES

Revenue and costs relating to Service contracts are recognised as the related services are rendered. For fixed-price contracts, revenue is recognised in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed by reference to work performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due or if the costs incurred or to be incurred cannot be measured reliably.

(v) Sales exclude sales tax / value added tax (VAT) and include excise duty.

(vi) PRICE ESCALATIONS AND EXCHANGE RATE VARIATION CLAIMS

In case of contracts where additional consideration is to be determined and approved by the customers, such additional revenue is recognised on receipt of confirmation from the customer(s).

(vii) INTEREST INCOME

Interest income is recognised using the effective interest rate method.

(viii) OTHER INCOME

Other income not specifically stated above is recognised on accrual basis.

6. INVENTORIES

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

(ii) Work-in-Progress has been valued at the lower of cost and net realisable value. Cost includes materials, direct labour and appropriate overheads.

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

(iv) Finished Goods lying at factory includes applicable Excise duty.

7. DEPRECIATION /AMORTISATION

DEPRECIATION

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets.The Company, based on technical assessments made by technical experts and Management, estimates the useful life of the assets in the manner prescribed in Schedule II to the Companies Act, 2013. The Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Where cost of a part of the asset is significant to total cost of the asset and estimated useful life of that part is different from the estimated useful life of the remaining asset, estimated useful life of that significant part is determined separately and the significant part is depreciated on straight-line method over its estimated useful life. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on certain items of Plant & Machinery is charged over the estimated useful life which are different from the useful life prescribed in Schedule II to the Companies Act, 2013.

AMORTISATION

Amortisation is calculated to write off the cost of intangible assets using the straight line method over their estimated useful lives and is generally recognised in Statement of Profit & Loss. Amortisation methods, useful lives are reviewed at each reporting date and adjusted if appropriate.

8. DISPOSAL OF PROPERTY, PLANT AND EQUIPMENT

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit & Loss when the asset is derecognised.

9. EMPLOYEE BENEFITS

(i) All employee benefits payable wholly within twelve months of rendering the related services are classified as short term employee benefits and they mainly include (a) Wages & Salaries; (b) Short-term compensated absences; (c) Incentives and bonuses which are valued on undiscounted basis and recognised during the period in which the related services are rendered.

(ii) 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.

(iii) 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.

(iv) 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 for which lumpsum contribution are made.

(v) Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in Other Comprehensive Income (OCI). Net interest expense (income) on the net defined liability (assets) is computed by applying the discount rate, used to measure the net defined liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit & Loss.

10. INCOME TAXES

Income tax comprises of current and deferred tax.

(i) CURRENT INCOME TAX

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Current tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Profit & Loss.

Deferred tax relating to items recognised outside Statement of Profit & Loss is recognised outside Statement of Profit & Loss.

(ii) DEFERRED TAX

Deferred tax is provided using the Balance sheet method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

11. FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognised in Statement of Profit & Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the functional currency exchange rate at the dates of the initial transactions.

12. FORWARD CONTRACTS

Derivative financial instruments such as forward currency contracts, use for hedging foreign currency risk are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

13. BORROWING COSTS

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. General borrowing costs are capitalised to qualifying assets by applying a capitalisation rate to the expenditure on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to general borrowings outstanding, other than specific borrowings. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

14. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK IN-PROGRESS

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is initially measured at cost and subsequently at cost less accumulated depreciation and impairment losses, if any.

Cost for this purpose includes all attributable costs for bringing the asset to its location and condition. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision are met.

CAPITAL WORK-IN-PROGRESS

The cost of fixed assets not ready for their intended use as at each balance sheet date is disclosed as 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 Property, Plant and equipment that are not yet ready for their intended use as at the balance sheet date.

15. INTANGIBLE ASSETS , INTANGIBLE ASSETS UNDER DEVELOPMENT

The cost of license fee, technical know how etc. acquired for transfer of technology resulting in significant future economic benefits is recognised as an Intangible Asset in the books of accounts when the same is ready for use. Intangible Assets that are not yet ready for their intended use as at the Balance Sheet date are classified as “Intangible Assets under Development”.

Cost of Developmental work which is completed, wherever eligible, is recognised as an Intangible Asset.

Cost of Developmental work under progress, wherever eligible, is classified as “Intangible Assets under Development”.

16. EXPENDITURE ON TECHNICAL KNOW HOW

Expenditure incurred on technical know-how is charged off to Statement of Profit and Loss on incurrence unless it qualifies for recognition as an Intangible Asset /Part of Tangible Assets either separately on its own or in combination with other assets / expenses.

17. RESEARCH & DEVELOPMENT EXPENDITURE

(i) Expenditure on Research activity is recognized as an expense in the period when it is incurred.

(ii) Development expenditure (other than on specific development- cum sales contracts and Developmental, projects initiated at customer's request), is charged off as expenditure when incurred. Developmental expenditure on development – cum – sale contracts and on Developmental projects initiated at customer's request are treated at par with other sales contracts.

Where such developmental projects do not fructify into a customer order, the total expenditure booked in respect of such projects is charged off in the year the project is closed.

(iii) Expenditure incurred towards other developmental activity (including joint developmental activity in collaboration with external agencies) where the research results or other knowledge is applied for developing new or improved products or processes, are recognised as an Intangible Asset if the recognition criteria specified in IND-AS 38 are met and when the product or process developed is expected to be technically and commercially usable, the company has sufficient resources to complete development and subsequently use or sell the intangible asset, and the product or process is likely to generate future economic benefits.

(iv) R&D expenditure on Fixed Assets is capitalised.

18. GOVERNMENT GRANTS

Grants from Government are measured at fair value and initially recognised as Deferred Income.

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

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

19. FINANCIAL ASSETS

INITIAL RECOGNITION AND MEASUREMENT

All financial assets are recognised initially at fair value. In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are included in the cost of the asset.

SUBSEQUENT MEASUREMENT

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost,
- Debt instruments at fair value through other comprehensive income (FVTOCI),
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL),
- Equity instruments measured at fair value through other comprehensive income (FVTOCI).

DERECOGNITION

A financial asset or part of a financial asset is derecognised. When the rights to receive cash flows from the asset have expired.

TRADE RECEIVABLES AND OTHER RECEIVABLES

Receivables are initially recognised at fair value, which in most cases approximates the nominal value. If there is any subsequent indication that those assets may be impaired, they are reviewed for impairment.

20. CASH AND CASH EQUIVALENTS

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.Bank overdrafts, if any, are classified as borrowings under current liabilities in the Balance Sheet.

21. IMPAIRMENT OF FINANCIAL ASSETS

In accordance with Ind-AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets with credit risk exposure.

a. Time barred dues from the government / government departments / government companies are generally not considered as increase in credit risk of such financial asset.

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

c. Dues outstanding for significant period of time are reviewed and provision is made on a case to case basis.

Impairment loss allowance (or reversal) is recognised as expense/(income) in the Statement of Profit or Loss.

22. FINANCIAL LIABILITIES

(i) INITIAL RECOGNITION AND MEASUREMENT

Financial liabilities are classified, at initial recognition, at fair value through profit or loss as loans, borrowings, payables, or derivatives, as appropriate.

Loans, borrowings and payables, are stated net of transaction costs that are directly attributable

(ii) SUBSEQUENT MEASUREMENT

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss.

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined in Ind-AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the Statement of Profit & Loss.

(iii) LOANS AND BORROWINGS

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iv) TRADE AND OTHER PAYABLES

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the supplier or not.

23. RECLASSIFICATION OF FINANCIAL INSTRUMENTS

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. If the Company reclassifies financial assets, it applies the reclassification prospectively.

24. OFFSETTING OF FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

25. LEASES

A lease is classified at the inception date as a finance lease or an operating lease.

Company as a Lessee

Finance leases are capitalised at lower of fair value and the present value of the minimum lease payments on commencement of the lease. Finance charges are recognised in finance costs in the Statement of Profit & Loss. A leased asset is depreciated over the estimated useful life of the asset or lease term whichever is lower.

26. CASH DIVIDEND AND NON-CASH DISTRIBUTION TO EQUITY SHAREHOLDERS

The Company recognises a liability to make cash or non-cash distributions to equity holders when the distribution is authorised and the distribution is no longer at the discretion of the Company.

27. 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.

28. PROVISIONS AND CONTINGENT LIABILITIES

(i) Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the Statement of Profit & Loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. Contingent liabilities and contingent assets are not recognised in the financial statements but are disclosed in the notes.

(ii) A provision for onerous contracts other than construction contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

29. CASH FLOW STATEMENT

Cash flow statement has been prepared in accordance with the indirect method prescribed in Ind AS-7 on Statement of Cash Flows.

30. EVENTS AFTER THE REPORTING PERIOD

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorisation for issue. Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

31. EARNINGS PER SHARE

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares.

32. 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.

33. ERRORS AND ESTIMATES

The Company revises its accounting policies if the change is required due to a change in Ind-AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively.

A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to Statement of Profit & Loss is applied prospectively in the period(s) of change.

Discovery of material errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

As per our report attached

	-sd-	-sd-
MSDN & ASSOCIATES Chartered Accountants Firm Reg. No. 112479W	M.V.GOWTAMA Chairman	AJIT.T.KALGHATGI Director
-sd- DEEPAK SUGANDHI PARTNER MEM.NO:104950	-sd- ANANDI RAMALINGAM Director	
	-sd-	-sd-
PLACE: PUNE DATE: 27th May 2017	DCN SRINIVASA RAO Chief Executive Officer	PRIYA. S. IYER Company Secretary & CFO
	Place: - BANGALORE Date:- 20th May 2017	

NOTE 1: PROPERTY, PLANT AND EQUIPMENT YEAR ENDED 31st MARCH 2016

Amount in ₹

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Value
	As at 1st April 2015 (Deemed Cost)	Additions/ Adjustments during the Year	Deduction / Re-classification & Adjustments	As at 31st March, 2016	Accumulated Depreciation/Amortisation as at 1st March 2015	Charge for the year	Deduction / Re-classification & Adjustments	As at 31st March, 2016	As at 31st March, 2016
TANGIBLE ASSETS									
Leasehold Land	17,61,942	-	-	17,61,942	-	24,660	-	24,660	17,37,282
Buildings	3,75,80,470	-	-	3,75,80,470	-	26,89,619	-	26,89,619	3,48,90,851
Plant & Machinery	84,52,24,590	64,15,860	30,570	85,16,09,880	-	6,71,66,996	-	6,71,66,996	78,44,42,884
Office Equipment	4,30,867	9,13,390	-	13,44,257	-	1,76,516	-	1,76,516	11,67,741
Electrical installation	65,38,418	-	-	65,38,418	-	11,11,519	-	11,11,519	54,26,899
Furniture & Fixtures	26,94,489	3,56,986	1,543	30,49,932	-	4,58,006	-	4,58,006	25,91,926
Computer Systems	10,96,092	-	67,292	10,28,800	-	2,78,245	-	2,78,245	7,50,555
Total	**89,53,26,868**	**76,86,236**	**99,405**	**90,29,13,699**	**-**	**7,19,05,561**	**-**	**7,19,05,561**	**83,10,08,138**

1. Plant and Machinery (Gross Carrying amount) includes Assets to the tune of ₹ 33,24,689/- (Previous Year ₹ 33,24,689/-) which is funded out of grant under TPDUP Project.
2. Plant and Machinery (Gross Carrying amount) includes Assets to the tune of ₹ 64,01,43,179/- (Previous Year ₹ 64,01,43,179/-) which is funded out of grant received for implementation of Transfer of Technology for XD-4 I.I.Tubes.

NOTE 3 - INTANGIBLE ASSETS YEAR ENDED 31st MARCH 2016

Amount in ₹

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Value
	As at 1st April 2015 (Deemed Cost)	Additions During the year	Deduction / Re-classification & Adjustments	As at 31st March, 2016	Accumulated Depreciation/Amortisation as at 01.04.2015	Charge for the year	Deduction / Re-classification & Adjustments	As at 31st March, 2016	As at 31st March, 2016
License Fee	1,84,24,24,879	-	-	1,84,24,24,879	-	12,49,94,904	-	12,49,94,904	1,71,74,29,975
Computer Operating System	1,72,662	-		1,72,662	-	18,863	-	18,863	1,53,799
Total	**1,84,25,97,541**	**-**	**-**	**1,84,25,97,541**	**-**	**12,50,13,767**	**-**	**12,50,13,767**	**1,71,75,83,774**

Note :-The company has changed the period of amortisation of license fees from ten years to fifteen years as per the period of licensing agreement.

NOTE 1: PROPERTY, PLANT AND EQUIPMENT YEAR ENDED 31st MARCH 2017 (CONTINUED)

Amount in ₹

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Value	
	As at 1st April 2016	Additions	Deduction / Re-classification & Adjustments	As at 31st March, 2017	As at 1st April 2016	Charge for the year	Deduction / Re-classification & Adjustments	As at 31st March, 2017	As at 31st March, 2017	As at 1st April 2016
TANGIBLE ASSETS										
Leasehold Land	17,61,942	-	-	17,61,942	24,660	24,660	-	49,320	17,12,622	17,37,282
Buildings	3,75,80,470	3,85,531	-	3,79,66,001	26,89,619	27,01,085	-	53,90,704	3,25,75,297	3,48,90,851
Plant & Machinery	85,16,09,880	9,91,66,893	7,04,771	95,00,72,002	6,71,66,996	7,02,19,906	6,99,226	13,66,87,676	81,33,84,326	78,44,42,884
Office Equipment	13,44,257	3,04,448	1,29,137	15,19,568	1,76,516	57,251	1,29,137	1,04,630	14,14,938	11,67,741
Electrical installation	65,38,418	-	-	65,38,418	11,11,519	8,15,125	-	19,26,644	46,11,774	54,26,899
Furniture & Fixtures	30,49,932	5,22,842	5,88,609	29,84,165	4,58,006	4,59,278	5,88,456	3,28,828	26,55,337	25,91,926
Computer Systems	10,28,800	8,61,811	1,49,958	17,40,653	2,78,245	4,10,719	1,49,958	5,39,006	12,01,647	7,50,555
Total	**90,29,13,699**	**10,12,41,525**	**15,72,475**	**1,00,25,82,749**	**7,19,05,561**	**7,46,88,024**	**15,66,777**	**14,50,26,808**	**85,75,55,941**	**83,10,08,138**

1. Plant and Machinery (Gross Carrying Value) includes Assets to the tune of ₹ 33,24,689/- (Previous Year ₹ 33,24,689/-) which is funded out of grant under TPDUP Project.
2. Plant and Machinery (Gross Carrying Value) includes Assets to the tune of ₹ 56,11,44,859/- (Previous Year ₹ 64,01,43,179/-) which is funded out of grant received for implementation of Transfer of Technology for XD-4 I.I.Tubes.
3. Depreciation on Plant & Machinery of ₹ 7,02,19,906/- includes depreciation on ToT equipments of ₹ 5,47,56,798/-.
4. Gross Block and Accumulated Depreciation include ₹ 15,66,777/- (Previous Year ₹ Nil) pertaining to assets not in active use for which approval of management for write off is obtained.
5. In addition to above Net Block of ₹ 5,698/- (Previous Year ₹ Nil) pertaining to assets not in active use, has been charged off to Statement of Profit & Loss.
6. Depreciation is provided on Straight Line Method (SLM) in accordance with Schedule II of Companies Act 2013.
7. The useful life of assets for calculation of depreciation other than those under Schedule II of the Companies Act, 2013 are as under:
   i) 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.
   It is ascertained on the basis of Technical Assessment by the Management that the Linear Transfer Lines would be used for a period of 15 Years.
8. Additional Depreciation of 50 % and 100% has been charged on Plant & Machinery items in respect of double shift working and triple shift working respectively.
9. 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 2 - CAPITAL WORK IN PROGRESS

Amount in ₹

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April, 2015	
Civil Construction	48,07,419					
Plant and machinery	49,81,57,177	50,29,64,596	7,75,792	7,75,792	17,33,014	17,33,014
TOTAL		**50,29,64,596**		**7,75,792**		**17,33,014**

NOTE 3 - INTANGIBLE ASSETS FOR THE YEAR ENDED 31st MARCH 2017 (CONTINUED)

Amount in ₹

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Value	
	As at 1st April 2016	Additions During the year	Deduction / Re-classification & Adjustments	As at 31st March, 2017	As at 1st April 2016	For the year	Deduction / Re-classification & Adjustments	As at 31st March, 2017	As at 31st March, 2017	As at 31st March 2016
License Fee	1,84,24,24,879	-	-	1,84,24,24,879	12,49,94,904	12,49,94,904	-	24,99,89,808	1,59,24,35,071	1,71,74,29,975
Computer Operating System	1,72,662	-	-	1,72,662	18,863	18,863	-	37,726	1,34,936	1,53,799
Total	**1,84,25,97,541**	**-**	**-**	**1,84,25,97,541**	**12,50,13,767**	**12,50,13,767**	**-**	**25,00,27,534**	**1,59,25,70,007**	**1,71,75,83,774**

1. Intangible Assets (Gross Carrying amount) includes ₹ 1,36.89,21,685/- (Previous Year ₹ 1,56,16,39,327/-) which is funded out of grant received for implementation of Transfer of Technology (ToT).

NOTE 4 - INTANGIBLE ASSETS UNDER DEVELOPMENT

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
TOT			
Opening balance	-	-	-
Add: Addition during the year	33,41,60,327	-	-
Less: Amount capitalised during the year	-	-	-
Total	**33,41,60,327**	**-**	**-**

The additons to intangible assets under development are on account of the license fees paid under the XR-5 Agreement.

NOTE 5 - TRADE RECEIVABLES- NON CURRENT

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Trade Receivable, Unsecured Considered Doubtful			
1. From Related Party	1,40,32,266	1,17,05,329	44,72,234
Less: Provision for doubtful debts	1,40,32,266	1,17,05,329	44,72,234
Sub Total (1)	-	-	-
2. From Others	2,16,75,425	2,16,75,425	1,28,004
Less: Provision for doubtful debts	2,16,75,425	2,16,75,425	1,28,004
Sub Total (2)	-	-	-
Total (1+2)	**-**	**-**	**-**

The movement in the allowance for doubtful receivables is presented as follows:

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Balance at the beginning of the year	3,33,80,754	46,00,238	24,05,885
Impairment losses during the year	23,26,937	2,87,80,516	21,94,353
Written off during the year	-	-	-
Credited to Profit or Loss	-	-	-
Balance at the end of the year	**3,57,07,691**	**3,33,80,754**	**46,00,238**

NOTE 6 - LOANS- NON CURRENT

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Security Deposits, Unsecured Considered Good			
Deposits with MSEB	31,16,000	25,08,100	17,87,400
Deposits for water supply	1,28,250	1,28,250	1,28,250
Other deposits	1,25,000	1,25,000	1,17,000
Total	**33,69,250**	**27,61,350**	**20,32,650**

Please refer Note No. 37 for fair value measurements

NOTE 7 - OTHER FINANCIAL ASSETS- NON CURRENT

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Term deposits with more than 12 months maturity	54,68,838	1,13,33,169	46,03,789
Interest Accured on term Deposits	87,765	2,58,228	3,87,036
Total	**55,56,603**	**1,15,91,397**	**49,90,825**

Please refer Note No. 37 for fair value measurements
1.The above Cash and Equivalents do not have any repatriation restrictions

NOTE 8 - INVENTORIES- NON CURRENT

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Inventories			
Raw materials	1,56,61,161	1,60,00,891	1,62,29,320
Less: Provision for obsolescence	1,56,61,161	1,60,00,891	1,62,29,320
Total	-	-	-

NOTE 9 - OTHER NON CURRENT ASSETS

Amount in ₹

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April, 2015	
Capital Advances		15,67,27,398		37,27,35,483		8,37,98,472
Prepaid Expenses		24,619		40,24,985		5,366
Advances to suppliers						
Unsecured considered doubtful	19,59,337		19,59,337		19,59,337	
Less: Provision for doubtful advances	19,59,337	-	19,59,337	-	19,59,337	-
Deposits						
Deposit with Excise Authorities	1,000		1,000		1,000	
Deposit with Court	13,91,490		13,91,490		13,91,490	
Deposit for Octroi	23,57,710		23,57,710		23,57,710	
Deposit with Service Tax authorities	2,54,968	40,05,168	94,675	38,44,875	94,675	38,44,875
Total		**16,07,57,185**		**38,06,05,343**		**8,76,48,713**

NOTE 10 - INVENTORIES

Amount in ₹

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April, 2015	
Raw materials	3,96,45,317		3,99,96,152		10,36,85,539	
Stores & consumables	1,11,66,701		96,74,308		1,44,60,544	
Work- in- Progress	22,10,51,101	27,18,63,119	18,60,75,282	23,57,45,742	19,96,59,993	31,78,06,076
Machinery spares		2,32,54,540		2,47,71,462		9,69,282
Total		**29,51,17,659**		**26,05,17,204**		**31,87,75,358**

Notes
1) Raw materials includes goods-in-transit ₹ 16,67,657/- (Previous year ₹ 1,27,86,086/-)
2) Raw material and components with sub-contractors as on 31.03.2017 is ₹ Nil (Previous year ₹ Nil)

NOTE 11 - TRADE RECEIVABLES- CURRENT

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Trade Receivable, Considered Good			
From related party	53,38,36,363	7,98,03,242	2,92,65,458
From others	7,24,07,624	9,59,38,600	8,60,02,936
Total	**60,62,43,987**	**17,57,41,842**	**11,52,68,394**

Please refer Note No. 37 for fair value measurements

NOTE 12- CASH AND CASH EQUIVALENTS

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
1. Cash and cash equivalents			
a. Balances with banks			
In current accounts	13,21,117	12,56,275	1,08,57,196
In cash credit account	33,13,503	3,56,55,367	2,51,39,195
In term deposits (Original Maturity of less than 3 Months)	12,98,43,190	27,71,10,025	3,53,52,387
b. Cash and stamps on hand	1,74,830	1,26,232	68,022
Total	**13,46,52,640**	**31,41,47,899**	**7,14,16,800**

1. The cash and cash equivalents includes term deposits with original maturity period up to three months. Term deposits with original maturity period beyond three months but up to maturity period of 12 months have been included in Bank Balances in Note No. 13

   Please refer Note No. 37 for fair value measurements

2. The above Cash and Cash Equivalents do not have any repatriation restrictions.

   For the purpose of the cash flow statement, cash and cash equivalents comprise the following:

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Balances with Banks	13,44,77,810	31,40,21,667	7,13,48,778
Cash and stamp on hand	1,74,830	1,26,232	68,022
Total	**13,46,52,640**	**31,41,47,899**	**7,14,16,800**

NOTE 13- BANK BALANCES

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
In Term deposit (Original Maturity of more than 3 months and less than 12 months)	2,18,29,605	1,49,09,927	1,90,97,609
Total	**2,18,29,605**	**1,49,09,927**	**1,90,97,609**

1. Term Deposit with Original Matuirty period of more than 12 months is shown under Note No.7
2. As at the year end, the Company held the following balances on which there were restrictions placed on use by the Bank.:
   Charge by SBI on the above Term Deposits of Rs. 11,65,141/- towards Letter of Credit issued.
3. The above Cash and Equivalents do not have any repatriation Restrictions
4. For an understanding of the Company's cash management policies, refer liquidity risk note No. 35 (vi)
5. Please refer Note No. 37 for fair value measurements

NOTE 14 - OTHER FINANCIAL ASSETS

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Interest accured on fixed deposit	17,09,636	15,94,137	10,07,750
Total	**17,09,636**	**15,94,137**	**10,07,750**

Please refer Note No. 37 for fair value measurements

NOTE 15 - OTHER CURRENT ASSETS

Amount in ₹

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
Prepaid expenses		11,48,280		3,40,969		9,30,582
Other Receivable		50,000		-		24,892
Stipend receivable (trainees)		43,351		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		6,24,800
Advance to suppliers		4,41,16,854		5,95,62,835		1,63,13,918
Advance TDS (XR-5)		1,91,98,451		2,87,56,313		62,33,303
Advance service tax paid on (XR-5)		1,26,11,019		3,95,86,655		76,30,442
Balance with revenue authorities						
Input Service Tax		11,90,303		-		-
Service Tax Receivable		1,47,865		-		-
VAT refund receivable	10,494		10,494		1,33,478	
FBT refund due	45,928		45,928		45,928	
VAT input tax credit	32,809		15,510		12,828	
CST refund receivable	25,26,788		25,26,788		28,86,327	
Stamp duty receivable	-	26,16,019	-	25,98,720	10,00,000	40,78,561
Total		**8,17,46,942**		**13,19,99,120**		**3,61,47,154**

NOTE 16 - CURRENT TAX ASSETS (NET)

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Income Tax Refund (Due)	77,90,643	81,24,447	77,69,296
Total	**77,90,643**	**81,24,447**	**77,69,296**

NOTE 17 - EQUITY SHARE CAPITAL

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Authorised Capital: 1,00,00,000/- (Previous period 1,00,00,000/-) equity shares of ₹ 100/- each	1,00,00,00,000	1,00,00,00,000	35,00,00,000
Issued Capital: 59,22,635 (Previous period 37,83,678) equity shares of ₹ 100/- each	59,22,63,500	37,83,67,800	19,74,37,000
Subscribed and Paid - up Capital: 59,22,635 (Previous period 37,83,678) equity shares of ₹ 100/- each fully paid up	59,22,63,500	37,83,67,800	18,32,29,300

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	As at 31st March 2017		As at 31st March 2016		As at 1st April, 2015	
	No of shares	Amount in ₹	No of shares	Amount in ₹	No of shares	Amount in ₹
No of equity shares outstanding at the beginning of the year	37,83,678	37,83,67,800	18,32,293	18,32,29,300	18,32,293	18,32,29,300
Add: Additional equity shares issued during the year	21,38,957	21,38,95,700	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	59,22,635	59,22,63,500	37,83,678	37,83,67,800	18,32,293	18,32,29,300

Notes:

1. Out of the above 59,22,635/- Equity Shares of ₹ 100 each (Previous Year 37,83,678) are held by Bharat Electronics Ltd (BEL) the Holding Company, and it's 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	2016-17		2015-16		2014-15	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Equity Shares:						
Bharat Electronics Limited	59,22,635	100	37,83,678	100	17,00,223	92.79
Specified Undertaking of Unit Trust of India	-	-	-	-	1,32,000	7.21

Terms, Rights, preferences and restrictions attaching to each class of shares

a) The Company has only one class of shares viz, Equity Shares.
b) Each holder of Equity Shares is entitled to one vote on show of hands and in poll in proportion to the Number of shares held.
c) Each Shareholder has a right to receive the dividend declared by the Company.
d) On winding up of the Company, the equity shareholders will be entitled to get the realised value of the remaining assets of the Company, if any, after distribution of all preferential amounts as per law. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTE 18 - BORROWINGS

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Loan from Related Party Bharat Electronics Limited (Holding Company)			
Term Loan	10,01,09,012	-	-
Working Capital Loan	12,51,00,000	-	-
Total	**22,52,09,012**	**-**	**-**

Refer Note No 38 for details.
Please refer Note No. 37 for fair value measurements

NOTE 19 - GOVERNMENTS GRANTS

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
1) **TPDUP PROJECT at the beginning of the year**	10,55,825	18,67,716	27,20,543
Add: Received during the year	-	-	-
Less: Transferred to Statement of Profit & Loss during the year	8,52,827	8,11,891	8,52,827
Balance at the end of the year - Sub-total (1)	2,02,998	10,55,825	18,67,716
2) **TOT (XD-4) PROJECT at the beginning of the year**	1,76,46,29,073	1,91,68,75,267	2,07,95,47,196
Add: Received during the year	1,51,47,471	-	9,52,24,960
Less: Transferred to Statement of Profit & Loss during the year	13,89,13,533	15,22,46,194	25,78,96,889
Balance at the end of the year - Sub-total (2)	1,64,08,63,011	1,76,46,29,073	1,91,68,75,267
Total (1+2)	**1,64,10,66,009**	**1,76,56,84,898**	**1,91,87,42,983**

1. 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 which is funded by way of Grant. During the year 2016-17, the percentage of grant to ToT Cost has been reworked from 84.76% considered earlier to 74.30%. Accordingly, 74.30% of the expenses incurred in the year 2016-17 towards ToT has been transferred to income in the Statement of Profit and Loss. As on 31.03.2017, BELOP has received a grant of ₹ 251.26 Cr and yet to receive a grant of ₹ 3.49 Crores.
2. TPDUP Project is funded by way of Grant.

NOTE 20 - PROVISIONS

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Long-term compensated absences	1,31,38,460	85,72,032	72,72,933
Total	**1,31,38,460**	**85,72,032**	**72,72,933**

The movement in the provisions during the year is as follows

Amount in ₹

Particulars	As at 1st March 2016	Additions	Utilisation	As at 31st March 2017	
				Long-term	Short-term
Long-term compensated absences	1,05,25,513	48,95,934	9,88,085	1,31,38,460	12,94,902
Total	**1,05,25,513**	**48,95,934**	**9,88,085**	**1,31,38,460**	**12,94,902**

NOTE 21 -

i) Deferred tax liabilities (net)

Amount in ₹

Nature of timing difference	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Deferred Tax Liabilities Deferred Tax Assets	9,52,58,823 6,19,37,157	4,65,10,433 2,49,39,091	2,58,22,919 2,14,48,142
Total	**3,33,21,666**	**2,15,71,342**	**43,74,777**

ii) Amount Recognised in Statement of Profit & Loss

Amount in ₹

Particulars	31st March 2017	31st March 2016
Current Tax Expenses	-	67,53,945
Minimum Alternate Tax (MAT)	2,57,43,872	72,83,102
Less MAT Credit Entitlement	2,57,43,872	5,29,157
Current Tax Expenses	-	67,53,945

iii) Income Tax recognised in other comprehensive income

Amount in ₹

Particulars	31st March 2017			31st March 2016		
	Before Tax	Tax (expense) benefit	Net of Tax	Before Tax	Tax (expense) benefit	Net of Tax
Remeasurement (losses) / gains on post employment defined benefit plans	(65,31,740)	-	(65,31,740)	(2,82,098)	41,852	(2,40,246)
Total	**(65,31,740)**	**-**	**(65,31,740)**	**(2,82,098)**	**41,852**	**(2,40,246)**

NOTE NO. 21 - DEFERRED TAX LIABILITY (NET)

iv) Deferred Tax Assets and Liabilities are attributable to the following:

Amount in ₹

Particulars	Deferred Tax (Assets)			Deferred Tax Liability			Net Deferred Tax (Assets)/Liability		
	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015	31.03.2017	31.03.2016	01.04.2015
Trade Receivables	(1,18,06,034)	(1,10,36,679)	(14,92,547)	-	-	-	(1,18,06,034)	(1,10,36,679)	(14,92,547)
Inventory	-	-	(52,65,603)	-	-	-	-	-	(52,65,603)
Provision others	(1,57,69,916)	(52,28,905)	(84,96,704)	-	-	-	(1,57,69,916)	(52,28,905)	(84,96,704)
Employee Benefits	(47,72,102)	(34,80,050)	(28,89,320)	-	-	-	(47,72,102)	(34,80,050)	(28,89,320)
Intangible Assets	-	-	-	3,93,77,368	2,40,07,046	92,67,556	3,93,77,368	2,40,07,046	92,67,556
Trade Payables	(6,47,815)	(6,47,815)	(6,35,707)		-	-	(6,47,815)	(6,47,815)	(6,35,707)
Other Liabilities	-	(13,48,224)	-		-	-	-	(13,48,224)	-
Plant Property and Equipment	-	-	-	5,58,81,455	2,25,03,386	1,65,55,363	5,58,81,455	2,25,03,386	1,65,55,363
MAT Credit	(2,89,41,290)	(31,97,418)	(26,68,261)		-	-	(2,89,41,290)	(31,97,418)	(26,68,261)
Total	**(6,19,37,157)**	**(2,49,39,091)**	**(2,14,48,142)**	**9,52,58,823**	**4,65,10,432**	**2,58,22,919**	**3,33,21,666**	**2,15,71,342**	**43,74,777**

v) Movement of Deferred Tax Assets & Liabilities

Amount in ₹

Particulars	Balance as on 01.04.2015	Recognised in P&L during 2015-16	Recognised in OCI during 2015-16	Balance as on 31.03.2016	Recognised in P&L during 2016-17	Recognised in OCI during 2016-17	Balance as on 31.03.2017
Trade Receivables	(14,92,547)	(95,44,132)	-	(1,10,36,679)	(7,69,355)	-	(1,18,06,034)
Inventory	(52,65,603)	52,65,603	-	-	-	-	-
Provision others	(84,96,704)	32,67,799	-	(52,28,905)	(1,05,41,011)	-	(1,57,69,916)
Employee Benefits	(28,89,320)	(5,90,730)	-	(34,80,050)	(12,92,052)	-	(47,72,102)
Intangible Assets	92,67,556	1,47,39,490	-	2,40,07,046	1,53,70,322	-	3,93,77,368
Trade Payables	(6,35,707)	(12,108)	-	(6,47,815)	-	-	(6,47,815)
Other Liabilities	-	(13,48,224)	-	(13,48,224)	13,48,224	-	-
Plant Property and Equipment	1,65,55,363	59,48,023	-	2,25,03,386	3,33,78,069	-	5,58,81,455
MAT Credit	(26,68,261)	(5,29,157)	-	(31,97,418)	(2,57,43,872)	-	(2,89,41,290)
Total	**43,74,777**	**1,71,96,564**	**-**	**2,15,71,341**	**1,17,50,322**	**-**	**3,33,21,666**

2016-17				
vi)	**Reconciliation of Effective Tax rate**			
Sr. No.	**Particulars**	**Amount in (₹)**	**Tax Effect (₹)**	**Tax Rate%**
i	Tax at Normal Rate			
1	Book profit	8,56,56,187		
2	Tax rate @34.608%		2,96,43,893	34.61
	Tax Provision expenses as per Books			
3	Tax Provision for Current Year		2,57,43,872	
4	Less: Deferred Tax (including MAT credit)		1,17,50,322	
5	Net Provision for Taxes		3,74,94,194	43.77
	Difference (2-5)		**(78,50,301)**	**(9.16)**
	On account of temporary difference		(78,50,301)	(9.16)

2015-16				
vi)	**Reconciliation of Effective Tax rate**			
Sr. No.	**Particulars**	**Amount in (₹)**	**Tax Effect (₹)**	**Tax Rate%**
i	Tax at Normal Rate			
1	Book profit	5,23,77,477		
2	Tax rate @34.608%		1,81,26,797	34.61
	Tax Provision expenses as per Books			
3	Tax Provision for Current Year		73,24,954	
4	Less: Deferred Tax (including MAT credit)		1,71,96,563	
5	Net Provision for Taxes		2,45,21,517	46.82
	Difference (2-5)		**(63,94,720)**	**(7.47)**
	On account of temporary difference		(63,94,720)	(7.47)

vii) Tax Losses Carry forward

Amount in ₹

Sr No	Particulars	31st March 2017	31st March 2016	1st April 2015
1	Tax Losses Carry forward	7,45,38,547	Nil	Nil

The tax Losses expire on Assessment year 2025-26

viii) There are no items on which deferred Tax has not been created.

NOTE 22 - BORROWINGS

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Loan from bank			
SBI Buyers Credit	2,09,47,623	11,36,56,120	11,82,09,079
Axis Buyers Credit	11,48,51,372	17,01,97,219	12,90,77,833
Sub -Total (1)	**13,57,98,995**	**28,38,53,339**	**24,72,86,912**
Loan from related party			
Bharat Electronics Limited (Holding Company)	20,96,79,118	49,17,06,774	-
Sub -Total (2)	**20,96,79,118**	**49,17,06,774**	**-**
Total (1+2)	**34,54,78,113**	**77,55,60,113**	**24,72,86,912**

Refer Note No. 38 for details.
Please refer Note No. 37 for fair value measurements

NOTE 23 - TRADE PAYABLES

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
(1) Dues to micro enterprises and small enterprises; and	-	-	-
(2) Dues to creditors other than micro enterprises and small enterprises	14,77,30,085	8,40,87,202	42,09,78,909
Total (1+2)	**14,77,30,085**	**8,40,87,202**	**42,09,78,909**

i) **Micro and Small Enterprises (MSE)**

The information under MSMED Act, 2006 has been disclosed to the extent such vendors have been identified by the company during the year. The details of amounts outstanding to them based on available information with the Company is as under :

Particulars	2016-17	2015-16	2014-15
Amount due and Payable at the year end			
- Principal	-	-	-
- Interest on above Principal	-	-	-
Payments made during the year after the due date			
- Principal	-	-	-
- Interest	-	-	-
Interest due and payable for principals already paid	-	-	-
Total Interest accrued and remained unpaid at year end	-	-	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under Section 23 of MSMED Act, 2006.	-	-	-

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.

iii) Please refer Note No. 37 for fair value measurements

NOTE 24 - OTHER FINANCIAL LIABILITIES

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Capital Creditors	46,80,53,892	11,51,270	2,26,972
Accured interest on buyers credit	1,78,379	2,48,552	4,81,836
Accured Interest on Loan from BEL	25,74,152	96,07,056	-
EMD Deposits	4,94,840	2,78,840	2,78,840
Security Deposits	38,42,808	28,40,329	29,32,257
Outstanding Liabilities	53,28,091	33,94,067	43,15,810
Total	**48,04,72,162**	**1,75,20,114**	**82,35,715**

Please refer Note No. 37 for fair value measurements

NOTE 25 - OTHER CURRENT LIABILITIES

Amount in ₹

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April, 2015	
Advances from Customers		25,44,567		32,51,401		10,93,97,130
Statutory Dues Payable						
TDS Payable	39,63,216		7,20,518		3,79,727	
Sales Tax payable	1,10,20,885		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	9,62,328	1,59,46,429	7,36,249	1,67,06,474	6,94,437	1,93,21,286
Interest Payable to Revenue Authorities						
Excise Duty	-	-	33,86,475	33,86,475	5,81,475	5,81,475
Total		**1,84,90,996**		**2,33,44,350**		**12,92,99,891**

NOTE 26 - PROVISIONS

Amount in ₹

Particulars	As at 31st March 2017		As at 31st March 2016		As at 1st April, 2015	
Provision for Performance Warranty		4,76,96,567		1,58,14,974		2,61,88,023
Provisions towards employee benefits						
Long-term compensated absences	12,94,902		19,53,481		16,32,352	
Gratuity	78,15,902		15,63,701		27,57,279	
Annual incentive	1,03,73,549		53,32,045		39,54,558	
Pay revision	12,51,512	2,07,35,865	5,37,44,478	6,25,93,705	3,77,73,595	4,61,17,784
Total		**6,84,32,432**		**7,84,08,679**		**7,23,05,807**

Movement of provisions for the year 2016-17

I) Provision for Performance Warranty

Amount in ₹

Particulars	As at 31st March,2017	As at 31st March, 2016
Carrying Amount at the beginning of the year	1,58,14,974	2,61,88,023
Add: Additional Provision made during the year	3,22,23,271	-
Less : Amounts Used during the year	3,41,678	47,042
Less : Unused amounts reversed during the year	-	1,03,26,007
Carrying Amounts at the end of the year	**4,76,96,567**	**1,58,14,974**

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

1) Warranty Provision:

Costs are accrued at the time of sale of products. Provisions towards warranty is based on the past experience. The provision is discharged over the warranty period of 24/48 months from the date of sale. During the year additional warranty provision has been made in accordance with sales contracts.

EMPLOYEE BENEFITS
Ind AS-19

GRATUITY
Details of Employee Benefits as required by the Ind AS 19 Employee Benefits are as under:

Defined Benefit Plan

i) Actuarial gains and losses in respect of defined benefit plans recognised in the statement of Profit & Loss is ₹ 12,84,162/- (Previous Year ₹ 12,81,603/-)

ii) Actuarial gains and losses in respect of defined benefit plans recognised in the statement Other Compressive Income is ₹ 65,31,740/- (Previous Year ₹ 2,82,098/-)

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

iv) Gratuity plan is funded.

Amount in ₹

Particulars		Gratuity	
(A)	**Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :**	**Current Year**	**Previous Year**
1	Present Value of Defined Benefit Obligation at the Beginning of the period	2,20,83,964	1,89,80,132
2	Interest Cost	17,57,884	10,61,296
3	Current Service Cost	11,59,691	15,16,513
4	Losses (gains) on Curtailment	-	-
5	Liabilities extinguished on settlements	-	-
6	Plan amendments	-	-
7	Actuarial (gains) / losses on obligations	19,93,434	65,986
8	Actuarial (gains) / losses on obligations- Due to Experience	46,35,049	4,60,037
9	Benefits paid	-	-
10	Present value of Defined Benefit Obligation as on Balance Sheet date	3,16,30,022	2,20,83,964

(B)	**Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :**	**Current Year**	**Previous Year**
1	Fair value of Plan assets at the Beginning of the period	2,05,20,263	1,62,22,853
2	Interest Income	16,33,413	12,96,206
3	Actual contributions by employers	15,63,701	27,57,279
4	Return on Plan Assets, Excluding Interest Income	96,743	2,43,925
5	Fair value of Plan assets at the End of the Period	2,38,14,120	2,05,20,263

(C)	**Amount Recognised in the Balance Sheet**	**Current Year**	**Previous Year**
1	Present value of Plan assets at the end of the period	(3,16,30,022)	(2,20,83,964)
2	Fair Value of Plan assets at the end of the year	2,38,14,120	2,05,20,263
3	Funded Status (Surplus/(Deficit)	(78,15,902)	(15,63,701)
4	Net Asset/(Liability) recognised in the Balance Sheet	(78,15,902)	(15,63,701)

(D)	**Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :**	**Current Year**	**Previous Year**
1	Present Value of Defined Benefit Obligation at the end of the period	(3,16,30,022)	(2,20,83,964)
2	Fair value of plan assets at the end of the period	2,38,14,120	2,05,20,263
3	Funded status [Surplus/(Deficit)]	(78,15,902)	(15,63,701)
4	Unrecognised Past Service Costs	-	-
5	**Net asset/(Liability) recognised in Balance Sheet**	**(78,15,902)**	**(15,63,701)**

(E)	**Expenses Recognised in the Statement of Profit or Loss for current Period**	**Current Year**	**Previous Year**
1	Current Service cost	11,59,691	10,61,296
2	Interest cost	1,24,471	2,20,307
3	Past Service cost	-	-
4	**Total expense recognised in the Statement of Profit & Loss under Contribution to Gratuity Fund**	**12,84,162**	**12,81,603**

(F)	**Expenses Recognised in the Other Comprehensive Income (OCI) for Current Period**	**Current Year**	**Previous Year**
1	Actuarial Gains/Losses on the Obligation for the period	66,28,483	5,26,023
2	Return Plan Assets, Excluding Interest Income	(96,743)	(2,43,925)
3	Change in Asset Ceiling	-	-
4	Net (Income)/Expenses for the Period Recognised in OCI	65,31,740	2,82,098

(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 :**	**Current Year**	**Previous Year**
1	Discount Rate (%)	7.27%	7.96%
2	Expected Return on plan assets (%)	7.27%	7.96%
3	Salary Escalation (%)	5.00%	5.00%
4	Rate of Employee Turnover	2.00%	2.00%

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)	Sensitivity Analysis	Current Period	Previous Period
	Projected Benefit Obligation on Current Assumptions	3,16,30,022	2,20,83,964
1	Delta Effect +1% Change in Rate of Discounting	(28,34,213)	(20,648)
2	Delta Effect -1% Change in Rate of Discounting	32,195	23,58,149
3	Delta Effect +1% Change in Rate of salary increase	32,60,681	24,04,810
4	Delta Effect -1% Change in Rate of salary increase	(29,17,683)	(21,38,236)
5	Delta Effect +1% Change in Rate of Employee Turnover	5,05,660	5,27,264
6	Delta Effect -1% Change in Rate of Employee Turnover	(5,52,928)	(5,78,182)

(J) Investment of Gratuity Fund is with Insurance Company

EMPLOYEE BENEFITS
Ind AS-19

LEAVE ENCASHMENT
Ind AS-19

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 ₹ 1,44,33,362/- as on 31.03.2017. The actuarial valuation has been done using PUC method.

Particulars	31st March 2017	31st March 2016
Retirement Age	58 years	58 years
Attrition Rate	2%	2%
Future Salary Rise	5%	5%
Rate of Discounting	7.27%	7.96%
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:	₹ 12,94,902/-
Non Current Liability	₹ 1,31,38,460/-
Total	**₹ 1,44,33,362/-**

NOTE 27 - CURRENT TAX LIABILITIES

Amount in ₹

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April, 2015
Provision for income tax (Net of advance tax)	2,48,16,336	67,04,735	1,28,61,850
Interest on Income Tax	19,97,715	5,23,246	10,06,052
Total	**2,68,14,051**	**72,27,981**	**1,38,67,902**

NOTE 28 - REVENUE FROM OPERATIONS

Amount in ₹

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
(a) Sale of products (Including Excise Duty)	1,23,40,91,515	1,08,74,86,506
(b) Sale of services	46,81,500	53,08,070
(c) Total Revenue (a+b)	**1,23,87,73,015**	**1,09,27,94,576**

NOTE 29 - OTHER INCOME

Amount in ₹

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest on term deposit	73,73,935	77,80,464
Interest others	2,52,103	1,55,348
Sundry provisions and credit balances no longer required, written back	2,02,05,133	1,20,70,221
Net gain on foreign currency transaction and translation (net) @	4,51,18,965	-
Liquidated damages recovered from supplier	-	8,20,662
Salary written back	-	2,18,198
Material, labor and depreciation cost written back	-	10,11,527
Miscellaneous income	4,03,420	63,895
Total	**7,33,53,556**	**2,21,20,315**

@ The foreign exchange Gain /(loss) is on account of rate variations arising on transactions in foreign currency between the date of recording of such transactions and the settlement/ the reporting date.

NOTE 30 - COST OF MATERIAL CONSUMED

Amount in ₹

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
1) Raw material and components consumed		
Opening stock	4,32,10,957	10,40,49,855
Add: Purchases	62,82,53,681	53,82,43,138
	67,14,64,638	64,22,92,993
Less : Closing stock	5,36,38,821	4,32,10,957
Sub - Total (1)	**61,78,25,817**	**59,90,82,036**
2) Stores and consumables consumed		
Opening stock	96,74,308	1,44,60,544
Add: Purchases	1,27,60,059	1,01,76,664
	2,24,34,367	2,46,37,208
Less : Closing stock	1,11,66,701	96,74,308
Sub -Total (2)	**1,12,67,666**	**1,49,62,900**
Total (1+2)	**62,90,93,483**	**61,40,44,936**

NOTE 31 - CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN -TRADE AND WORK-IN-PROGRESS

Amount in ₹

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
Work-in Progress				
Opening stock	18,60,75,282		19,96,59,993	
Closing stock	22,10,51,101	(3,49,75,819)	18,60,75,282	1,35,84,711
Finished Goods				
Opening stock	-		-	
Closing stock	-	-	-	-
Total Decrease / (Increase)		**(3,49,75,819)**		**1,35,84,711**

NOTE 32 - EMPLOYEE BENEFIT EXPENSES

Amount in ₹

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
Salaries and allowances		7,62,43,495		7,62,00,979
Leave encashment		48,95,934		24,10,695
Contribution to provident fund and other funds				
Provident fund	60,90,838		43,54,052	
Superannuation fund	12,92,968		12,17,343	
Gratuity	12,84,162		12,81,603	
Other funds	2,23,619	88,91,587	1,56,590	70,09,588
Administration and EDLI charges on PF		5,92,626		4,15,252
Staff welfare expenses		20,25,888		16,80,217
Total		**9,26,49,530**		**8,77,16,731**

NOTE 33 - FINANCE COSTS

Amount in ₹

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Interest others	40,946	73,983
Interest on Short Term funding by BEL	2,72,89,204	2,64,39,519
Interest on Loans from BEL	3,58,56,056	2,80,32,814
Interest on Cash Credit	21,62,759	57,98,990
Interest on Buyers Credit	12,01,828	14,33,533
Interest on Income Tax	19,97,715	5,23,246
Interest on Excise Duty	-	28,05,000
Sub-Total (1)	**6,85,48,508**	**6,51,07,085**
Other borrowing cost		
Loan processing charges	55,01,084	44,54,447
Sub-Total (2)	**55,01,084**	**44,54,447**
Total (1+2)	**7,40,49,592**	**6,95,61,532**

The amount of interest capitalised during the year is ₹ 17,45,706/- (Previous year - ₹ NIL).

NOTE 34 - TECHNICAL ASSISTANCE FEE

Amount in ₹

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Technical assistance fees	6,02,96,479	-
Total	**6,02,96,479**	**-**

NOTE 35 - OTHER EXPENSES

Amount in ₹

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Other Expenses		
Power and fuel	2,67,04,161	3,22,85,597
Water charges	3,27,629	2,77,704
Royalty	19,19,375	18,50,000
Travelling & conveyance	25,36,808	24,79,894
Communication	7,23,012	8,73,102
Printing and stationery	2,65,458	1,63,863
Insurance	19,11,546	20,95,884
Rates & taxes	27,74,145	97,60,610
Bank charges	65,93,359	21,54,705
Legal & professional charges	10,10,961	23,08,022
Loss on foreign exchange (net)**	-	5,39,25,068
Write-off of fixed assets	5,698	22,573
Repairs		
Machinery	1,57,98,653	55,11,069
Building	4,00,406	-
General maintenance expenses	94,48,297	98,42,479
Provision for Doubtful Debts and Liquidated Damages	23,26,937	2,87,80,516
Provision for repairs during warranty period	3,22,23,271	-
Miscellaneous expenses	24,48,292	18,52,952
Total	**10,74,18,008**	**15,41,84,038**

** 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 36 - 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 41,75,846 Shares.

Amount in ₹

Earning Per Share	2016-17	2015-16
Profit for the year	4,81,61,992	2,78,55,960
Number of Shares used in Computing Earning Per Share	41,75,846	25,90,296
Earning Per Share (Basic & Diluted) from continuing Operation	**11.53**	**10.75**
Earning Per Share (Basic & Diluted) from discontinuing Operation	**-**	**-**

NOTE 37 - FINANCIAL RISK MANAGEMENT

(i) RISK MANAGEMENT FRAMEWORK AND POLICIES

The Company is broadly exposed to credit risk, liquidity risk and market risk (fluctuations in exchange rates, interest rates and price risk) as a result of financial instruments.

The Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. For this purpose, the Board has set up a Risk Management Committee which is responsible for developing and monitoring the risk management policies. The Company has an established Risk Management Policy that outlines risk management structure and provides a comprehensive frame work for identification, evaluation, prioritization and treatment of various risks associated with different areas of finance and operations.

(ii) MARKET RISK

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk).

(iii) CURRENCY RISK

BELOP is exposed to foreign exchange risk arising from foreign currency transactions primarily relating to purchases and sales made in foreign currencies such as US Dollar (USD), Euro, SGD, CHF. Foreign exchange risk arises from existing and future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR).

The Company's Risk Management Committee reviews the Company's exposure to this risk on a regular basis.

The Company's export proceeds which are realized in USD are received in an Export Earners Foreign Currency account (EEFC) which is then utilised for payments in USD foreign currency, thereby mitigating the currency risk on exports.

In case of short duration customer orders the currency risk is considered in the quoted price to customer. However, in case of long duration customer orders, the ERV clause is built-in the contract which eliminates the foreign currency fluctuation risk.

The company has not entered into any derivative contracts during the financial year 2016-17. As on 31 March 2017, there are no outstanding derivative contracts.

Company's exposure to currency risk is as follows: -

Particulars	31st March 2017		31st March 2016		31st March 2015	
	Euro	USD	Euro	USD	Euro	USD
Bank Balance	-	11,892/-	-	240/-	-	4,589/-
₹	-	7,80,115/-	-	15,859/-	-	2,85,508/-
Bank Loans - Secured	16,64,154/-	2,85,200/-	33,37,441/-	4,63,412/-	25,83,412/-	11,18,456/-
₹	11,70,89,875/-	1,87,09,120/-	25,29,11,287/-	3,09,42,052/-	17,67,57,049/-	7,05,29,863/-
Trade Payables	85,70,520/-	11,060/-	8,93,580/-	-	58,67,773/-	5,418/-
₹	60,30,21,787/-	7,25,536/-	6,49,40,437/-	-	45,37,39,623/-	3,39,077/-
Net Exposure i.r.o recognised assets and liabilities	1,02,34,674/-	2,84,368/-	42,31,021/-	4,63,172/-	84,51,185/-	11,19,285/-
₹	**72,01,11,662/-**	**1,86,54,541/-**	**31,78,51,724/-**	**3,09,26,193/-**	**63,04,96,672/-**	**7,05,83,432/-**

(iv) FOREIGN CURRENCY SENSITIVITY

A reasonably possible strengthening/(weakening) of the Indian Rupee against major currency Euro as at 31 March 2017 would have affected the measurement of financial instruments denominated in a foreign currency and affected Profit or Loss and Equity by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchase

Amount in ₹

Particulars	Impact on Profit and Equity	
	31st March 2017	31st March 2016
Currency Wise – Euro Rate Increase by 5%	-3,60,05,583	-1,60,31,339
Currency Wise – Euro Rate Decrease by 5%	3,60,05,583	1,60,31,339

(v) INTEREST RATE RISK

Interest rate risk can either be fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing instruments will fluctuate because of fluctuations in market interest rate.

a) The company has been sanctioned working capital loan for ₹ 50,00,00,000 by BEL. The interest is charged monthly at the rate of yield earned by BEL on the deposits made with banks upto previous month.

b) The company has been sanctioned Term loan for ₹ 46,00,00,000 by BEL for execution of the XR-5 project. The interest is charged monthly at the rate of yield earned by BEL on the deposits made with banks upto previous month or the interest rate of yield on a Government of India bond of five year tenure whichever is higher.

c) BELOP has also been sanctioned fund based and non-fund based working capital limits of ₹ 46,00,00,000 by the consortium bankers of SBI (Lead bank) and Axis Bank . The rate of interest is 8.45% p.a. (Axis Bank) and 8.35% p.a.(SBI). The rate of interest charged by SBI and Axis Bank are linked to their base rate which is subject to fluctuations. Outstanding as on 31st March 2017 is NIL in respect of which interest payable is based on SBI and Axis Bank's base rate (as per the terms and conditions, both SBI and Axis Bank are eligible to reset the interest charged on periodic basis).

(vi) LIQUIDITY RISK

Liquidity Risk is the risk that a Company could encounter if it faces difficulty in meeting the obligations associated with financial liabilities by delivering cash and other financial asset or the risk that the Company will face difficulty in raising financial resources required to fulfill its commitments. The Company's exposure to liquidity risk is very minimal as it has a prudent liquidity risk management process in place which ensures maintaining adequate cash to pay its liabilities when they are due. To ensure continuity of funding, the Company has access to short-term bank facilities in the nature of cash credit facility to fund its ongoing working capital requirements.

The Company mainly meets its liquidity requirement mainly through internally generated cash flows which is monitored by mapping expected cash inflows, to meet the liabilities.

The amounts disclosed are contractual undisclosed cash flows. The tables below analyse the company's financial liabilities based on their contractual maturities.

NOTE NO. 37 – FINANCIAL RISK MANAGEMENT – LIQUIDITY RISK (POINT NO. vi)

(i) MATURITIES OF FINANCIAL LIABILITIES: -

The table below reflects all financial liabilities into relevant maturity groupings based on their contractual maturities. The amounts disclosed are gross and undiscounted cash flows.

As at 31st March 2017

Amount in ₹

Sr No	Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
I	Trade Payables	14,77,30,085	-	-	-	-	14,77,30,085
II	Borrowing	16,19,98,995	6,23,00,000	12,44,66,666	22,19,21,464	-	57,06,87,125
III	**Other Financial Liabilities:-**						
A	Other Payables	46,80,53,892	-	-	-	-	46,80,53,892
B	Security Deposits	43,37,648	-	-	-	-	43,37,648
C	Outstanding Expenses	53,28,091	-	-	-	-	53,28,091
D	Interest On Borrowing	27,52,531	-	-	-	-	27,52,531

As at 31st March 2016

Amount in ₹

Sr No	Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
I	Trade Payables	8,40,87,202	-	-	-	-	8,40,87,202
II	Borrowing	77,55,60,113	-	-	-	-	77,55,60,113
III	**Other Financial Liabilities:-**						
A	Other Payables	11,51,270	-	-	-	-	11,51,270
B	Security Deposits	31,19,169	-	-	-	-	31,19,169
C	Outstanding Expenses	33,94,061	-	-	-	-	33,94,067
D	Interest On Borrowing	98,55,608	-	-	-	-	98,55,608

As at 1st April 2015

Amount in ₹

Sr No	Contractual maturities of financial liabilities	Less than 3 months	3 months to 6 months	6 months to 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
I	Trade Payables	42,09,78,909	-	-	-	-	42,09,78,909
II	Borrowing	24,72,86,912	-	-	-	-	24,72,86,912
III	**Other Financial Liabilities:-**						
A	Other Payables	2,26,972	-	-	-	-	2,26,972
B	Security Deposits	32,11,097	-	-	-	-	32,11,097
C	Outstanding Expenses	43,15,810	-	-	-	-	43,15,810
D	Interest On Borrowing	4,81,836	-	-	-	-	4,81,836

(vii) CREDIT RISK

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalent with banks, security deposits and loans.

The credit risk of the Company is managed at a corporate level with directives of the risk management committee.

Significant amount of trade receivables are due from Government / Government Departments, Public Sector Companies (PSUs) consequent to which the Company does not have a credit risk associated with such receivables. In case of non Government trade receivables, sales are generally carried out based on Letter of Credit established by the customer thereby reducing the credit risk.

Advance payments are made in very special cases without bank guarantee after obtaining permission of the Board but the amount of advance payments is very minimal as compared to the total payments. Impairment losses on financial assets (representing mainly liquidated damages leviable for delayed deliveries and other disallowances) have been made after factoring contractual terms, etc. and other indicators to reflect expected credit loss.

The cash and cash equivalent with banks are in the form of short term deposits with maturity period of upto 1 year. The Company maintains it's short-term deposits with nationalised /scheduled commercial banks and it's consortium bankers only. The Company has not incurred any losses on account of default from banks on deposits.

The credit risk in respect of other financial assets is negligible as they comprise of term deposits held with banks.

(viii) CAPITAL MANAGEMENT

The Company's Capital Management objective is to maintain a strong capital base and optimal capital structure to provide adequate returns to the shareholders and ensure the ability of the company to continue as a going concern. The company has a conservative approach for raising capital through debt. In order to meet the requirements of XR-5 project, the company has raised funds by way of rights issue during 2015-16 and 2016-17 and by way of loan during 2016-17.

The Company plans to follow a Dividend Distribution Policy which proposes payments of dividend and retention of surplus for future growth and enhancing shareholders wealth.

The company's borrowing as on 31st March 2017 is outlined below:-

Sr. No.	Particulars	Amount Outstanding as on 31st March 2017 ₹	Remarks
1	Working Capital Loan from BEL	33,47,79,118	Refer Note No.18 and 22 of Balance Sheet
2	Term Loan from BEL (XR-5 Project)	10,01,09,012	Refer Note No.18.
3	Working Capital from Banks (Buyers Credit)	13,57,98,995	Payment toward buyers credit availed not due on 31st March 2017. Refer Note No. 22.

The Gearing Ratio is given below:-

Particulars	As at 31st March 2017	As at 31st March 2016	As at 1st April 2015
Net debt	57,06,87,125	77,55,60,113	24,72,86,912
Total equity	1,59,88,49,176	1,06,93,83,659	58,14,46,143
Net debt to equity ratio	0.36	0.73	0.42

NOTE NO. 37 – FINANCIAL RISK MANAGEMENT (ix)

FINANCIAL INSTRUMENTS - FAIR VALUE MEASUREMENTS

1. ACCOUNTING CLASSIFICATION AND FAIR VALUES

The following table shows the carrying amount and fair values of financial assets and liabilities:

A. FINANCIAL ASSETS

Amount in ₹

Sr No	Particulars	31st March 2017			31st March 2016			1st April 2015		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
	Financial Assets measured at fair value	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-
	Financial Assets not measured at fair value									
I	Trade Receivables	-	-	60,62,43,987	-	-	17,57,41,842	-	-	11,52,68,394
II	**Loans**									
A	Security Deposits	-	-	33,69,250	-	-	27,61,350	-	-	20,32,650
III	Cash and Cash Equivalents	-	-	13,46,52,640	-	-	31,41,47,899	-	-	7,14,16,800
IV	Other Bank Balances	-	-	2,18,29,605	-	-	1,49,09,927	-	-	1,90,97,609
V	**Other Financial Assets**									
A	Term Deposit			54,68,838			1,13,33,169			46,03,789
B	Interest On Term Deposit	-	-	17,97,401	-	-	18,52,365	-	-	13,94,786
	Total			**77,33,61,721**			**52,07,46,552**			**21,38,14,028**

B. FINANCIAL LIABILITIES

Amount in ₹

Sr No	Particulars	31st March 2017			31st March 2016			1st April 2015		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
	Financial Liabilities measured at fair value	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-
	Financial Liabilities not measured at fair value									
I	Borrowings	-	-	57,06,87,125	-	-	77,55,60,113	-	-	24,72,86,912
II	Trade Payables	-	-	14,77,30,085	-	-	8,40,87,202	-	-	42,09,78,909
III	**Other Financial Liabilities**									
A	Other Payable			46,80,53,892			11,51,270			2,26,972
B	Security Deposits	-	-	43,37,648	-	-	31,19,169	-	-	32,11,097
C	Outstanding Expenses	-	-	53,28,091	-	-	33,94,067	-	-	43,15,810
D	Interest on Borrowing	-	-	27,52,531	-	-	98,55,608	-	-	4,81,836
	Total			**1,20,59,45,833**			**88,54,60,655**			**67,65,01,536**

General Notes to Accounts

NOTE NO. 38

1. BORROWINGS

i) 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 8.45% p.a. (Axis Bank) and 8.35% p.a.(SBI).

b) Utilisation of Buyers Credit as on 31.3.2017 is ₹ 13,57,98,995/-
(Previous Year ₹ 28,38,53,339/-)

c) The above sanctioned limits are also 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 as outlined below. The sanctioned limits are also secured by first pari passu charge by way of equitable mortgage on Land & Building.

Amount in ₹

Sr. No	Particulars	31.3.2017	31.3.2016	31.3.2015
1	Inventories	29,51,17,659	26,05,17,204	31,87,75,358
2	Trade Receivables	60,62,43,987	17,57,41,842	11,52,68,394
3	Cash & Cash Equivalent	13,46,52,640	31,41,47,899	7,14,16,800
4	Bank Balance	2,18,29,605	1,49,09,927	1,90,97,609
5	Other Financial Assets	17,09,636	15,94,137	10,07,750
6	Other Current Assets	8,17,46,942	13,19,99,120	3,61,47,154
	Total Current Assets	**1,14,13,00,469**	**89,89,10,129**	**56,17,13,065**

ii) WORKING CAPITAL LOAN FROM BEL

BELOP has availed a working capital Loan of ₹ 50,00,00,000 from BEL. After reschedulement the principal payments are payable from July 2016 to June 2018. The outstanding loan amount as on 31.3.2017 is ₹ 33,80,66,666/-. The interest is charged monthly at the rate of yield earned by BEL on the deposits made with banks upto previous month.

iii) TERM LOAN FOR XR-5 PROJECT FROM BEL

BELOP has availed a Term Loan of ₹ 46,00,00,000 from BEL. The principal payments are payable in 36 equal instalments from June 2018.The outstanding loan amount as on 31.3.2017 is ₹ 10,38,77,925/-.The interest is charged monthly at the rate of yield earned by BEL on the deposits made with banks upto previous month or the interest rate of yield on a Government of India bond of five year tenure whichever is higher.

2. DETAILS OF THE XR-5 PROJECT

The XR-5 project was under implementation during the year. Majority of the tangible assets under the XR-5 project have been installed. The License Fees paid is shown as intangible assets under development. The technical assistance rendered under the project during the year has been charged to the Statement of Profit and Loss.

FUNDING OF THE 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 approx. ₹ 46,00,00,000 towards related taxes and duties and towards infrastructure upgradation at BELOP would be met by way of loan.

RIGHTS ISSUE

During the year as part of the funding for the XR-5 project, BELOP has made rights issue for 21,38,957 equity shares at a premium and the same has been subscribed and shares have been allotted.

AVAILMENT OF LOAN

During the year as part of the funding for the XR-5 project, BELOP has availed loan of ₹ 10,38,77,925 (against sanctioned term loan of ₹ 46,00,00,000) from BEL towards funding of the XR-5 project.

3. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,58,83,000/- (Previous Year ₹ 2,19,42,513/-).

4. DETAILS OF GRANT TRANSFER IN RESPECT OF TOT (XD-4)

S.No	Particulars	Amount in ₹	
		2016-17	**2015-16**
1	Depreciation	5,47,56,798	5,45,54,852
2	Amortisation of License Fee	12,49,94,904	12,49,94,904
3	Repairs & Maintenance	72,07,113	68,253
4	**Total**	**18,69,58,815**	**17,96,18,009**
5	% of Grant Transfer	**74.30%**	**84.76%**
6	**Grant Transfer (4*5)**	**13,89,13,533**	**15,22,46,194**

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 which is funded by way of Grant. As on 31.03.2017, BELOP has received a grant of ₹ 251.26 Cr and yet to receive a grant of ₹ 3.49 Cr. During the year 2016-17, the percentage of grant to ToT Cost has been reworked to reflect correct funding status and the percentage has been revised from 84.76% considered earlier to 74.30%. Accordingly, 74.30% of the expenses incurred in the year 2016-17 towards ToT (XD-4) have been transferred to income in the Statement of Profit and Loss. It is ascertained that Transfer of Grant to the statement of Profit and Loss would be higher by ₹ 1,95,52,758/- if it had been calculated as per the previous year estimates and consequently there is decrease in the current year pre-tax profit by ₹ 1,95,52,758/-.

5. 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.

6. PAYMENT TO AUDITORS (NET OF SERVICE TAX)

Amount in ₹

Particulars	2016-17	2015-16
Audit fees	1,00,000	1,00,000
Total	**1,00,000**	**1,00,000**

7. RELATED PARTY DISCLOSURES:

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

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

B) Related Party Transactions with holding Company Bharat Electronics Limited

Amount in ₹

Nature of Transactions	Amount of Transactions	Amount of Transactions	Amount Outstanding at the end of year 31.03.2017		Amount Outstanding at the end of year 31.03.2016	
	2016-17	2015-16	Debit	Credit	Debit	Credit
Sales	76,14,41,712	78,76,78,105	-	-	-	-
Interest Paid	3,05,45,258	5,12,62,307	-	-	-	-
Trade Receivables**			54,78,68,629	-	9,11,55,778	
Advance for sales			-	-	-	20,79,941
Leave Encashment Receivable			-	-	4,93,898	-
Working Capital Loan from BEL			-	33,80,66,666	-	50,00,00,000
Term Loan From BEL			-	10,38,77,925	-	-
Interest on BEL Loan (Working Capital)			-	19,69,104	-	96,07,056
Interest on Term Loan from BEL			-	6,05,047	-	-
Sales Tax receivable		-	6,24,800	-	6,24,800	-

**Debtors includes ₹ 1,40,32,266 (Previous Year ₹ 1,17,05,329/-) for which provision for doubtful debts has been made.

i. BELOP has entered in to an agreement with BEL on 30th 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. Two Officials are 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.

Transaction with Government and Government Related Entities :-

As BELOP is a government entity under the control of Ministry of Defence (MoD) and has availed exemption from detailed disclosures required under IND-AS 24 with respect to related party transactions with government and government related entities.

An amount of ₹ 7,05,86,693 (previous year ₹ 11,97,89,116) is outstanding as Trade Receivables as on 31.03.2017.

C) Key Management Personnel are as follows:

Sr.No.	Name of Key Management Personnel	Designation
1	Mr. M.V. Gowtama (from 8.11.16)	CMD,BEL and Chairman,BELOP
2	Mr.Sunil .K. Sharma(upto 30.09.16)	CMD,BEL and Chairman, BELOP
3	Dr. Ajit. T. Kalghatgi	Director (R & D), BEL and Director, BELOP
4	Mrs. Anandi Ramalingam(from 28.11.16)	Director (Mktg.), BEL and Director, BELOP
5	Mr. P.R. Acharya(upto 13.8.2016)	Director (Fin), BEL and Director, BELOP
6	Mr. M.L. Shanmukh(upto 31.10.16)	Director (HR), BEL and Director, BELOP
7	Mr. DCN Srinivasa Rao (from 1.12.16)	Chief Executive Officer, BELOP
8	Mr. S.S. Kulkarni(upto 30.11.16)	Chief Executive Officer, BELOP
9	Ms. Priya. S. Iyer	Company Secretary & CFO, BELOP

The above three Directors are Part time directors and no remuneration has been paid by the company to them during this year. The remuneration paid to CEO, BELOP and to the Company Secretary & CFO, BELOP is given below:-

Amount in ₹

Sr. No.	Particulars	Short-term benefits		Retirement Benefits		Total	
		2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
1	Mr. DCN Srinivasa Rao	Nil	7,53,825	Nil	3,46,881	Nil	11,00,706
2	Mr. S.S. Kulkarni	16,30,696	20,29,605	4,89,531	1,78,971	21,20,227	22,08,576
3	Ms. Priya .S. Iyer	4,52,539	13,96,070**	1,68,053	2,57,200	6,20,592	16,53,270

** Includes arrears for the period 1.4.2012 to 31.3.2016

8. As per the IND-AS Accounting Standard – 108 on “Operating Segments” the company's product falls in one segment only viz., Image Intensifier Tubes, hence separate segment wise results are not disclosed.

9. 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.

10. The company has incurred an expenditure of ₹ 26,92,188/- (Gross)(Previous year ₹ 28,88,612/-) in respect of capital equipments related to Research and Development during the year 2016-17.

11. The details of the company's superannuation Scheme 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.

12. CONTINGENT LIABILITIES

Amount in ₹

Sr. No.	Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
a)	Outstanding Letters of Credit	1,15,91,736	5,00,610
b)	Outstanding Bank Guarantees (Counter Guarantee given against same by Company)	10,32,000	34,26,703
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	28,45,450
e)	Provisional Liquidated damages upto 31st March i.r.o. unexecuted customer orders where the delivery date has expired.	Nil	Nil
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	3,86,57,286
g)	**Total (a to f)**	**5,55,17,962**	**4,68,21,539**

13. As mandated by Notification No. F. No.17/62/2015-CL-V(Vol.I) dt. 30.3.2017, the details of Specified Bank Notes (SBN) transacted during the period from 8th November 2016 to 30th December 2016 is furnished below:-

Amount in ₹

Sr. No.	Particulars	SBN	Other Denomination Notes	Total
1	Closing Cash as on 8.11.2016	1,03,000	25,113	1,28,113
2	(+) Permitted receipt	23,500	-	23,500
3	(+) Withdrawn from bank	-	13,84,502	13,84,502
4	(-) Permitted payment	3,000	12,53,993	12,56,993
5	(-) Amount deposited in Bank	1,23,500	-	1,23,500
6	**Closing balance in hand as on 30.12.16**	**-**	**1,55,622**	**1,55,622**

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

15. Previous year's figures have been regrouped/ reclassified where ever considered necessary. Figure in brackets relate to previous year.

Independent Auditor's Report

To the Members of BEL Optronic Devices Limited,

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of BEL Optronic Devices Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and the statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements 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 standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March 2017 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matters

Comparative information for adjustments to transition to Ind AS:

The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2014 audited by the predecessor auditor whose report for the year ended 31st March 2016 and 31st March 2015 dated 14th July 2016 and 19th May 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

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, the cash flow statement and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid standalone Ind AS 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 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 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 standalone Ind AS financial position in its financial statements – Refer Note 38(12) 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.

iv. The Company has provided requisite disclosures in the standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 38(13).

For MSDN & Associates
Chartered Accountants
Firm's registration number: 112479W
-sd-
CA. Deepak Sugandhi
Partner
Membership number: 104950
Pune

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of BEL Optronic Devices Limited on the standalone Ind AS financial statements for the year ended 31st March 2017, 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 31st March 2017 for a period of more than six months from the date they became payable.

   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. 38(12)).

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. In our opinion and according to the information and explanations given to us, the Company has utilized the money raised by way of term loans during the year for the purposes for which they were raised. The company has not raised any funds from initial public offer/ further public offer (including debt instruments).

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-
CA. Deepak Sugandhi
Partner
Membership number: 104950
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 Optronic Devices Limited ("the Company") as of 31st March 2017 in conjunction with our audit of the standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 standalone Ind AS 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 31st March 2017, 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-
CA. Deepak Sugandhi
Partner
Membership number: 104950
Pune

Annexure - C to the Auditors' Report

Response to the directions issued by the Comptroller and Auditor-General of India under Section 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 1 to the standalone Ind AS 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-
CA. Deepak Sugandhi
Partner
Membership number: 104950
Pune

Insp/BELOP A/cs(2016-17)/2017-18/182

सं./No.

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य
लेखापरीक्षा बोर्ड का कार्यालय, बेंगलूर – 560 001.
OFFICE OF THE PRINCIPAL DIRECTOR OF COMMERCIAL AUDIT and Ex-Officio MEMBER, AUDIT BOARD, BANGALORE - 560 001.

दिनांक / DATE.

24th July 2017

To

Shri M V Gowtama,
Chairman,
M/s.BEL Optronic Devices Limited,
EL 30, J Block, Bhosari Industrial Area,
Pune – 411 026

Sir,

Sub: Comments of the Comptroller and Auditor General of India under section 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 2017.

I forward herewith **Nil Comments 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 Optronic Devices Limited, Pune** for the year ended 31 March 2017.

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,

24/7/2017

(N. Subramanian)
Director (Admin)

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT
पहला तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर – 560 001
1st Floor, Basava Bhavan, Sri Basavesware Road, Bangalore - 560 001

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 2017

The preparation of financial statements of **M/s.BEL Optronic Devices Limited, Pune** for the year ended 31 March 2017 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 Auditors 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 27 May 2017.

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 Optronic Devices Limited, Pune** for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report.

For and on behalf of the
Comptroller & Auditor General of India
Prachi Pandey
24/7/17
(Prachi Pandey)
Pr. Director of Commercial Audit

Place: Bengaluru

Date: 24th July 2017