

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 13th AUGUST 2018

a) Mr. M.V. Gowtama	Chairman	CMD, BEL
b) Dr. Ajit. T. Kalghatgi (upto 31.05.2018)	Director	Director (R & D), BEL
c) Mrs. Anandi Ramalingam	Director	Director (Mktg.), BEL
d) Mr. Koshy Alexander(w.e.f. 24.10.2017)	Director	Director (Fin.), BEL
e) Mr. R.N. Bagdalkar(w.e.f. 05.07.2018)	Director	Director (HR), BEL

PRINCIPAL EXECUTIVE

1. Mr. DCN Srinivasa Rao	Chief Executive Officer
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COMPANY SECRETARY

1. Ms. Priya Iyer	Company Secretary & CFO
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BANKERS

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

AUDITORS

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

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TEN YEAR FINANCIAL STATISTICS

(₹. in Millions)

Particulars	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Total Income	322	610	534	702	1578	1843	1242	1087	1312	1246
Profit after tax	(36)	23	45	82	58	50	37	24	48	116
Equity capital	183	183	183	183	183	183	183	378	592	663
Reserves & Surplus	106	129	173	255	312	362	398	676	1014	1219
Working Capital	205	245	299	881	272	(185)	(322)	(86)	35	221
Capital Employed	304	325	366	942	347	37	573	745	892	1024
Net Worth	289	312	356	438	495	545	581	1055	1597	1868

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 2017-18

Financial Performance

Your company achieved a turnover of ₹ 12,164 Lakhs during the year 2017-18. During 2017-18, the company has posted the highest ever net profit of ₹ 1,155 lakhs which is an increase of 139% over that of the previous year. The higher profits are mainly on account of increase in net sales by 15% and increase in value addition. The Networth of the Company has increased to ₹ 16,059 lakhs as on 31.03.2018, registering an increase of 17.19% mainly due to increase in profits and issue of additional equity shares of ₹ 1,745 lakhs (including premium value).

Dividend

Your Directors have recommended a dividend of 30% of PAT for the year 2017-18 which amounts to ₹ 3.46 Crores.

Other achievements :

MoU Rating

Your company has been awarded "Very Good" rating for the year 2016-17 in respect of the MoU which BELOP enters with its 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 2017-18, ICRA has assigned the following ratings to the company for the year 2017-18

- (i) Long-term rating of [ICRA]AA+(pronounced ICRA double A+) to ₹ 4,000 lakhs fund based bank limits.
- (ii) Short-term rating of [ICRA]A1+ (pronounced ICRA A one plus) to ₹ 600 lakhs non-fund based bank limits.

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

RESEARCH AND DEVELOPMENT

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

The R & D team has also carried out the following activities in the areas of development of intensified C-MOS camera, re-design of power supply unit, design of upgrade for existing 2nd gen PNVD's

On account of the above R&D efforts, the company has progressed in identification of additional products / improving market potential of the existing products of the Company. The Company is also in the process of upgrading the existing Products, to provide better product quality and increased productivity in the manufacture and supply.

FUTURE OUTLOOK

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

BELOP is planning to diversify into related areas to improve business opportunities and to have variety of products in its portfolio.

PERFORMANCE IN 2018-19

Your company has an order book position of ₹ 9.10 Crores as on 30.06.2018. However, the company expects to receive further orders and execute them during the year and is expected to achieve a sales of around ₹ 125 Crores for the year 2018-19.

GOVERNANCE AND SUSTAINABILITY

Your company endeavours to uphold the best practices in corporate governance. A report on compliance of the guidelines on Corporate Governance as per the guidelines issued by the Department of Public Enterprises for CPSEs forms part of the Board's Report.

ACKNOWLEDGEMENTS

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

Best Wishes,

Sincerely,

**-sd-
(M.V. Gowtama)
Chairman**

Place: - Bengaluru

Date: - 6th August 2018

BOARDS' REPORT

To the Members,

I have great pleasure in presenting to you, on behalf of the Board of Directors, the **28th Annual Report** highlighting the Company's performance in various metrics through the period along with the Audited Accounts for the year ended 31st March 2018 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 ₹ 12,164 Lakhs and has made a Profit for the year of ₹ 1,155 Lakhs and Total Comprehensive Income of ₹ 1,170 Lakhs during the year.

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

₹ In Lakhs

Particulars	2017-2018	2016-2017
Total Income	12,455	13,122
Profit Before Depreciation, Finance Costs and Tax	3,804	3,597
Finance Costs	482	741
Depreciation	2,054	1,997
Profit Before Tax	1,268	859
Provision for Taxation	113	375
Profit for the year	1,155	484
Total Comprehensive Income	1,170	419

2. Dividend

The Directors have recommended a dividend of 30% of PAT for the year 2017-18 which amounts to ₹ 3.46 Cr.

3. Order Book Position

The order status of the company as on 1st April, 2018 was ₹ 31.42 Crores as compared to ₹ 0.52 Crores as on 1st April, 2017. During the year the company has received orders worth ₹ 146.85 Cr.

4. Future Outlook

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

BELOP is planning 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 2017-18, 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. 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 2017-18, ICRA has assigned the following ratings to the company for the year 2017-18

- (i) Long-term rating of [ICRA] AA+ (pronounced ICRA double A+) to ₹ 4,000 lakhs fund based bank limits.
- (ii) Short-term rating of [ICRA] A1+ (pronounced ICRA 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 31st October 2018. 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:-

- Development of Intensified C-MOS Camera. The product is under evaluation.
- Re-design of Power Supply Unit (PSUs), Type PS-12I, with encapsulated Voltage Multipliers. Prototypes are under manufacture. Use of encapsulated Voltage Multipliers enable improvement in Yield and productivity in the manufacture of the PSUs, especially with Epoxy based potting compounds for higher Humidity sustenance.
- Design 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, has been prepared. The upgraded design has been evaluated. Few minor corrections / additions are required to the upgraded design to make the PNVD fit for supply / use. This is planned to be carried out based on Customer requirement for such upgraded PNVDs.

On account of the above R&D efforts, the company has progressed in identification of additional products / improving market potential of the existing products of the Company. The Company is also in the process of upgrading the existing Products, to provide better product quality and increased productivity in the manufacture and supply.

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 Productivity.
- Development of C-MOS Camera Board for the Intensified C-MOS Camera. This development will improve indigenous content in the developed Product.

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 (2016-17) the company's performance has been rated as 'Very Good'. The MoU rating for the year 2017-18 would be taken up for evaluation by the Government in the third quarter of the year.

10. Human Resources

Your company employed 137 persons as on 31st March 2018 as against 129 persons as on 31st March 2017. Of these employees, 37 were executives and 5 were women employees. Twelve employees were inducted and 4 employees left during the year.

11. Industrial Relations

The pay revision for non-executives is due with effect from 1st April 2017. The negotiations based on the government guidelines in respect of pay revision of non-executives in CPSE's is expected to commence between the Pay Revision Negotiation Committee and the Workers Union.

The pay revision proposal for Executives below Board level in the company from 1st January, 2017 onwards for a period of ten years is put up for approval to the Ministry of Defence in accordance with the revised guidelines (based on the recommendations of 3rd PRC) for revision of pay issued by the Department of Public Enterprises (DPE) vide Office Memorandum No.W-02/0028/2017-DPE (WC)-GL-XIII/17 dated 3rd August, 2017

Industrial relations during the year were cordial.

12. Environment Management

BELOP maintains clean surroundings and green environment at its premises. The company also undertakes, measures for stringent pollution control, waste water treatment, zero effluent discharge, energy conservation, water conservation, systematic management and disposal of hazardous and other forms of waste.

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

13. Safety

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

- During the year factory Safety Audit done by M/s National Safety Council, Maharashtra Chapter, Mumbai and BELOP has taken steps to implement the safety measures recommended during the above safety audit.
- BELOP is periodically checking all the Safety Gadgets, PPEs being issued to the employees, & also has conducted health check up for the employees.

14. Quality

The company continues to use 8D and SPC tools for process control quality enhancements during the year.

15. Vigilance

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

Performance of the Vigilance Department during the year has been satisfactory. All the executives of the company have filed their Annual Property Returns (APR's) till the date mandated and 20% of the APR's have been scrutinised and found in order. 79 Nos Purchase Orders/Contracts and all high value orders/contracts have been reviewed/scrutinised during the year and found to be in order. 60 Regular and 52 Surprise inspections were conducted. There is no case pending under investigation.

16. Integrity Pact

The Central Vigilance Commission has taken an initiative of introduction of the Integrity Pact for large value contracts in all Government Organisations for eradication of corruption in procurement activity. In line with the directives from the Ministry of Defence and the Central Vigilance Commission, during the year 2017-18, BELOP has entered into an Integrity Pact with all the vendors/suppliers/contractors/ service providers for all Orders / Contracts of value ₹ 300 lakhs and above.

17. Implementation of RTI Act(RTIA)

The company has designated certain executives as Public Information Officer, Asst. Public Information Officer and Appellate Authority as specified under the Right to Information Act, 2005. During the year 2017-18, the company received three requests for information under the RTI Act, 2005 and the requisite information was furnished within the stipulated time.

18. Directorate

Dr. Ajit. T. Kalghatgi, Director has superannuated on 31st May 2018. The Board places on record its sincere appreciation of the support and guidance provided by Dr. Ajit T. Kalghatgi during his tenure in the company.

Mrs. Anandi Ramalingam was appointed as a Director, retiring by rotation at the 27th Annual General Meeting of the company held on 9th September 2017. In accordance with the requirements of the Companies Act, 2013 and Articles of Association of the company, Mrs. Anandi Ramalingam retires by rotation and being eligible offers herself for re-appointment.

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

During the year 5 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. Koshy Alexander	Director	24.10.2017	Appointed as Additional Director in accordance to the nomination by BEL subsequent to the appointment as Director (Finance), BEL.
2	Dr. Ajit T. Kalghatgi	Director	31.05.2018	Ceased to be Director due to withdrawal of nomination, subsequent to his superannuation as Director (R & D), BEL

20. Directors' responsibility statement

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

- that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- 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;
- 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;
- that the directors have prepared the annual accounts on a going concern basis;

- e) that proper internal financial controls were in place and such financial controls were adequate and were operating effectively;
- f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

21. Significant and material orders

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

22. Events Subsequent to the Date of Financial Statements

Material changes and commitments affecting the financial position of the company which have occurred between 31st March, 2018 and date of signing this report is NIL.

23. Statutory Auditors

The Comptroller and Auditor General of India has appointed M/s M.S.D.N & Associates, Chartered Accountants, Pune as the statutory auditors for the year 2017-18 pursuant to the provisions of Section 139(5) of the Companies Act, 2013. The internal audit of the company for the year 2017-18 was conducted by the internal audit team of BEL.

24. 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 2017-18. The Secretarial Audit Report submitted by Mr. Abhijit Dakhawe is enclosed at **Annexure 7**.

The Secretarial Auditor has observed that the company did not appoint independent directors as mandated in the Companies Act, 2013 for the period 1st April 2017 to 4th July 2017 and as a result 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. Subsequently, the government has issued notification that with effect from 5th July 2017 wholly owned subsidiaries are not required to appoint independent directors.

BELOP would also be initiating steps to ensure compliance with DPE guidelines on Corporate Governance.

25. Auditors' Report

The Auditors' Report on the Annual accounts for the year 2017-18 and the 'Nil' comments report of the Comptroller & Auditor General of India for the year 2017-18 under Section 143(6)(b) of the Companies Act, 2013 are appended to this report.

26. 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. Koshy Alexander (from 24.10.2017) | Chairman*** |
| 3) Mrs. Anandi Ramalingam | Member |
| 4) Mr. R.N. Bagdalkar (w.e.f. 05.07.2018) | Member |

** Chairman upto 31.05.2018 *** Chairman w.e.f. 05.07.2018

27. Related Party Transactions

There were no materially significant related party transactions with the company's promoters, Directors, Management or their relatives, which could have had a potential conflict with the interests of the company. Transactions with related parties that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. All related party transactions are placed before the Audit Committee as also the Board for approval, if required. Members may refer to the notes to the accounts for details of related party transactions. Information pursuant to Section 134(3)(h) of the Companies Act, 2013 read with Rule 8(2) of the Companies (Accounts) Rules, 2014 is enclosed at **Annexure 8**.

28. Loans / Guarantees / Investments

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

29. Extract of Annual Return

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

30. Remuneration Policy

The Board has on the recommendation of the Nomination & Remuneration Committee framed a Draft Policy relating to the remuneration for the directors, key managerial personnel and other employees. The details are set out in the Corporate Governance Report at **Annexure 2**.

31. 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.

32. Management Discussion and Analysis Report

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

33. Corporate Governance Report

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

34. Risk Management

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

35. Corporate Social Responsibility

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

BELOP has developed Electronics Laboratory at ITI, Khed, Pune and handed it over during May 2018. The said Laboratory was built at a total cost of Rs. 14.16 lakhs utilising funds from the CSR 2016-17 and CSR 2017-18 budget. BELOP is also in the process of carrying out other CSR activities approved by the CSR Committee.

Pursuant to Rule 8 of The Companies (Corporate Social Responsibility) Rules, 2014 a report on CSR activities for the financial year 2017-18 is annexed herewith at **Annexure 3**.

36. Sustainability Report

As required under the Guidelines on “Sustainable Development” issued by the Department of Public Enterprises, Govt. of India a separate chapter on the company’s efforts on “Sustainable Development” is annexed to this Report at **Annexure 4**.

37. Particulars of Employees

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

38. Disclosure under Sexual harassment 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.

39. 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**.

40. 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, Secretarial 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 : Bengaluru

Date : 13th August 2018

Annexure No. 1 to Board's 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:**

As per first Advance Estimates released by Central Statistics Office (CSO), the Indian economy's growth is estimated to be 6.5 % in 2017-18, after registering GDP growth of over 7% for the third year in succession in 2016-17. Even with this growth for 2017-18, GDP growth has averaged 7.3 % for the period from 2014-15 to 2017-18, which is the highest among the major economies of the world. In addition to the introduction of GST, the year also witnessed significant steps being undertaken towards resolution of problems associated with non-performing assets of the banks, further liberalization of FDI, etc., thus strengthening the momentum of reforms. The growth of exports rebounded into positive one during 2016-17 and strengthened further in 2017-18, after remaining in negative territory for a couple of years.

Though, concerns have been expressed about growing protectionist tendencies in some countries, it remains to be seen as to how the situation unfolds. With world growth likely to witness moderate improvement in 2018, expectation of greater stability in GST, likely recovery in investment levels, and ongoing structural reforms, among others, should be supporting higher growth and on balance, country's economic performance should witness an improvement in 2018-19.

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 9001:2015

♣ Weaknesses:

- Lack of diversified product portfolio, dependence on single product
- 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
- Low Prices of NVD's quoted by competition using refurbished I.I. Tube or using I.I. Tubes with low image quality on account of image quality requirements not being specified by user department
- 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 its customers from December 2014 onwards. The company is also making efforts for upgradation of its manufacturing & Test Infrastructure through in-house 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 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.

The Company is also making systematic efforts to diversify into associated / new products to increase the Sales / reduce the risk of incurring fixed expenditure during the period of non-receipt / delayed receipt of Customer Orders.

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 Sr. DGM. The RMC reviews the risk management efforts in the company as a whole on 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 statutes, safeguarding assets from unauthorised use or losses, executing transactions with proper authorisation and ensuring compliance of company's policies and procedures issued from time to time.

The internal audit of the company for the year 2017-18 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

a. 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.

b. Performance Highlights

₹ In Lakhs

Particulars	2017-2018	2016-2017
Gross Sales	12,164	12,388
Total Expenditure Before Financing Costs	12,162	12,920
Profit Before Financing Costs and Tax	1,750	1,600
Operating Margin(PBIT/Gross Sales) Ratio%	14.38	12.92
Profit After Tax	1,155	484
No.of Days Inventory/Value of Production (DPE Method)	96	85
No. of Days Trade Receivables/Turnover	42	179
Current Ratio	1.23	1.03
Debt Equity Ratio	11.23	14.02

c. Analysis of Financial performance of 2017-18

- Turnover (Net) registered a growth of 15.47% from ₹ 10,008 Lakhs in 2016-17 to ₹11,556 Lakhs in 2017-18.
- Value of Production has decreased by ₹ 528 Lakhs from ₹ 12,738 Lakhs in 2016-17 to ₹ 12,210 Lakhs in 2017-18.
- PAT has increased by 138.64% from ₹ 484 Lakhs in 2016-17 to ₹ 1,155 Lakhs in 2017-18.
- PAT to Turnover(net) Ratio in 2017-18 is 9.99%.
- Turnover (Net) per Employee have increased by 6.33% from ₹ 79 Lakhs in 2016-17 to ₹ 84 Lakhs in 2017-18.
- Earnings per share is ₹ 19.20.
- Net worth has grown by 17.19% from ₹ 16,059 Lakhs in 2016-17 to ₹ 18,820 Lakhs in 2017-18.

D) Development in Human Resources

The company has provided training on technical and quality related topics of total 430 mandays amounting to an average of 3.14 mandays per employee.

Annexure No. 2 to the Board's Report

CORPORATE GOVERNANCE REPORT**Philosophy and Code of Governance**

BELOP's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures, legal compliances, transparency in decision-making and avoiding conflicts of interest. BELOP believes in customer satisfaction, financial prudence and commitment to values. Our corporate structure, business and disclosure practices have been aligned to our Corporate Governance philosophy.

Board of Directors**Composition**

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

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

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

- | | |
|---|---|
| a) Shri. M.V. Gowtama, Chairman | CMD, BEL & Chairman, BELOP |
| b) Dr. Ajit. T. Kalghatgi, Director (upto 31.05.2018) | Director (R&D), BEL & Director, BELOP |
| c) Mrs. Anandi Ramalingam | Director (Mktg.), BEL & Director, BELOP |
| d) Mr. Koshy Alexander (w.e.f. 24.10.2017) | Director (Fin.), BEL & Director, BELOP |
| e) Mr. R.N. Bagdalkar (w.e.f. 05.07.2018) | Director (HR), BEL & Director, BELOP |

Meetings and Attendance

During the financial year ended 31.03.2018, five Board Meetings were held and the maximum interval between any two meetings was 92 days. The Board Meetings were held on 20.05.2017, 07.08.2017, 24.10.2017, 25.01.2018, and 22.03.2018. 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 2017-18 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 9 th September 2017	No. of other directorships held	*Number of Committee membership across all companies	
	Part time Directors					As Chairman	As Member
1	Mr. M.V. Gowtama	5	4	Yes	1	Nil	Nil
2	Dr. Ajit .T. Kalghatgi	5	5	Yes	2	2	0
3	Mrs. Anandi Ramalingam	5	4	Yes	2	Nil	1
4	Mr. Koshy Alexander	3	2	NA	3	Nil	2

• 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 2017-18. 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 9th September 2017. 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
- Recommendation for appointment, remuneration and terms of appointment of auditors of the company
- 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 31.03.2018, the Audit Committee met five times on 20.05.2017, 07.08.2017, 24.10.2017, 25.01.2018 and 22.03.2018.

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

- 1) Dr. Ajit.T. Kalghatgi (upto 31.05.2018) Chairman**
 - 2) Mr. Koshy Alexander (w.e.f. 24.10.2017) Chairman***
 - 3) Mrs. Anandi Ramalingam Member
 - 4) Mr. R.N. Bagdalkar (w.e.f. 05.07.2018) Member
- Chairman**(w.e.f. 28.11.2016) Chairman***(w.e.f. 05.07.2018)

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
Dr. Ajit T. Kalghatgi	5	5
Mrs. Anandi Ramalingam	5	4
Mr. Koshy Alexander	3	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 Sr.DGM. The RMC reviews the risk management efforts in the company as a whole on 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(upto 31.05.2018) | Chairman** |
| 2) Mr. R.N. Bagdalkar(w.e.f. 05.07.2018) | Chairman*** |
| 3) Mrs. Anandi Ramalingam | Member |
| 4) Mr. Koshy Alexander(w.e.f. 24.10.2017) | Member |

Chairman**(w.e.f. 28.11.2016 and upto 31.05.2018) Chairman *** (w.e.f. 05.07.2018)

During the year ended 31.03.2018, the NRC Committee met five times on 20.05.2017, 07.08.2017, 24.10.2017, 25.01.2018 and 22.03.2018.

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
Dr. Ajit T. Kalghatgi	5	5
Mrs. Anandi Ramalingam	5	4
Mr. Koshy Alexander	3	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

- The company shall abide by any directives issued by the Government of India in this regard.
- 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.
- The level of remuneration would meet the appropriate benchmarks and there would exist a clear relationship between performance and remuneration.
- 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

- 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.
- To recommend the amount of expenditure to be incurred on the activities referred to in clause 'a'
- 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 (upto 31.05.2018) Chairman**
- 2) Mrs. Anandi Ramalingam Chairman***
- 3) Mr. R.N. Bagdalkar (w.e.f. 05.07.2018) Member
- 4) Mr. Koshy Alexander (w.e.f. 24.10.2017) Member

** Chairman w.e.f. 28.11.2016 and upto 31.05.2018 *** Chairman w.e.f. 05.07.2018

During the year ended 31.03.2018, the CSR Committee met five times on 20.05.2017, 07.08.2017, 24.10.2017, 25.01.2018 and 22.03.2018.

The attendance of the Chairman and members of the Corporate Social Responsibility Committee in the above meetings was as follows:-

Name	Meetings held during respective tenure of Director	No. of meetings attended
Dr. Ajit T. Kalghatgi	5	5
Mrs. Anandi Ramalingam	5	4
Mr. Koshy Alexander	3	2

The details of the various CSR activities is furnished at **Annexure 3**.

Directors' Shareholding

No Director holds Equity shares in the company as on 31.03.2018.

Other Board Subcommittees

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

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

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
2014-15	Registered Office	31 st August 2015 at 12.30 PM
2015-16	Registered Office	16 th September 2016 at 12.30 PM
2016-17	Registered Office	9 th September 2017 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

- 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 39 of Notes to Accounts in the Annual Report.
- No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management.
- 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.
- Administrative and office expenses as a percentage of total expenses and reasons for increase, if any:

Administrative and office expenses were 0.89 % of the total expenses for the year 2017-18 as against 1.05 % 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 2017-18.

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. The company has implemented the above presidential directives and guidelines except appointment of Liaison Officer which is proposed to be undertaken during 2018-19.

Shareholding Pattern as on 31st March 2018

Sr.	Category	No. of Shareholders	No. of Shares	% Holding
1	Promoter – M/s Bharat Electronics Limited	1	66,31,367	100.00

Top 10 Shareholders as on 31st March 2018

Sr.	Category	No. of Shares	% Holding
1	Promoter – M/s Bharat Electronics Limited	66,31,367	100.00

Credit Rating

ICRA has assigned the following credit ratings of the Company for 2017-18:

- (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 31st October 2018.

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.

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

Registered Office/Address for Correspondence

BEL Optronics Devices Ltd.

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

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

Declaration

Pursuant to the Department of Public Enterprises(DPE) Guidelines on Corporate Governance for Central Public Sector Enterprises as contained in the DPE OM No. 18(8)/2005-GM dt. 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 2018.

For BEL OPTRONIC DEVICES LIMITED

-sd-

**M.V. Gowtama
Chairman**

Place:- Bengaluru

Date :- 13th August 2018

Annexure No. 3 to Board's Report

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

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

2. The Composition of the CSR Committee :-

- | | |
|--|--------------|
| 1) Dr. Ajit.T. Kalghatgi (upto 31.05.2018) | Chairman** |
| 2) Mrs. Anandi Ramalingam | Chairman *** |
| 3) Dr. Koshy Alexander (w.e.f. 24.10.2017) | Member |
| 4) Mr. R.N. Bagdalkar (w.e.f. 05.07.2018) | Member |

** Chairman w.e.f 28.11.2016 and upto 31.05.2018 *** Chairman w.e.f 05.07.2018

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

Average net profit is ₹ 635.54 lakhs

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

The company during the financial year 2017-18 is required to spend ₹ 12.71 lakhs.

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

BELOP has undertaken CSR activities from the year 2016-17 onwards and the total amount provided in the books of accounts towards CSR activities for the years 2016-17 and 2017-18 is ₹ 24.47 lakhs. The actual expenditure incurred during the financial year 2017-18 is ₹ 6.15 lakhs.

The following projects have been undertaken and planned with utilisation of CSR funds from 2016-17 to 2018-19 as outlined below:-

i) Skill Development Activities**a) Development of Electronics Laboratory at ITI, Khed, Pune (Estimated Cost ₹ 14.16 lakhs)**

This laboratory was completed during May 2018. (Funding from CSR-2016-17 budget ₹ 11.76 lakhs and from 2017-18 budget ₹ 2.40 lakhs). The actual expenditure incurred during the financial year 2017-18 is ₹ 6.15 lakhs.

Development of Smart Classroom at ITI, Khed, Pune -Total Cost - ₹ 11.50 lakhs.

This project is expected to be completed by December 2018 (Funding from CSR-2017-18 budget ₹ 6.07 lakhs and from 2018-19 budget ₹ 5.43 lakhs).

ii) Swach Bharat Activities**a) Building of Compost Pit in Municipal Garden – Total Cost ₹ 2.15 lakhs**

This project is expected to be completed by December 2018 (Funding from CSR-2017-18 budget). The NoC from the PCMC is awaited.

b) Development of Garden around BELOP premises – Total Cost ₹ 8.61 lakhs

This project is expected to be completed by December 2018. (Funding from CSR-2017-18 budget ₹ 2.09 lakhs and from 2018-19 budget ₹ 6.52 lakhs). The NoC from the PCMC is awaited.

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:-

BELOP has undertaken CSR activities from the year 2016-17 onwards and the total amount provided in the books of accounts towards CSR activities for the years 2016-17 and 2017-18 is ₹ 24.47 lakhs. The actual expenditure incurred during the financial year 2017-18 is ₹ 6.15 lakhs. BELOP has been unable to spend the entire amount during 2017-18 due to insufficient time, however it is expected that it would complete the activities planned with CSR budget 2017-18 in the year 2018-19.

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-

(Anandi Ramalingam)
Chairman, CSR –Committee, BELOP

Place:- Bengaluru

Date :- 13th August 2018

Annexure No.4 to Board's Report**SUSTAINABILITY REPORT**

Government of India, Department of Public Enterprises (DPE) vide Office Memorandum No. 3(9)-2010-DPE (MoU) dated 23rd 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 is committed to sustain the environment with growth. It maintains a green environment in its premises and has implemented various environmental management practices.

Sustainable Development Activities**Emissions to Air**

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

Water Management

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

Noise Pollution

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

Water Pollution

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

Hazardous Waste Management System

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

On Site Emergency Plan and Systems

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

Ecological Sustainability

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

Annexure No.5 to Board's Report

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31/03/2018

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

i. REGISTRATION AND OTHER DETAILS:

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

ii. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

iii. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sl. 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	-	59,22,635	59,22,635	100.00	-	66,31,367	66,31,367	100.00	
e) Banks / FI		-	-	-	-	-	-	-	
f) Any other	-		-				-		-
Sub Total(A) (1)	-	59,22,635	59,22,635	100.00		66,31,367	66,31,367	100.00	11.97
(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)]	-	59,22,635	59,22,635	100.00	-	66,31,367	66,31,367	100.00	7,08,732
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) FIs									
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)	-	59,22,635	59,22,635	100	-	66,31,367	66,31,367	100	7,08,732

(ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	Share holding 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	59,22,635	100.00	-	66,31,367	100.00	-	-
	Total	59,22,635	100.00	-	66,31,367	100.00	-	-

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

Sl. No.	For Each of the Top 10 Shareholders	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
1	Bharat Electronics Ltd	59,22,635	100.00	66,31,367	100.00

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year (01.04.2017)		Shareholding during the year (31.03.2018)	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
		NIL			

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	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	1,358.00	4,349.00	-	5,707.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	2.00	26.00	-	28.00
Total (i+ii+iii)	1,360.00	4,375.00	-	5,735.00
Change in Indebtedness during the financial year				
* Addition	13.00	-	-	13.00
* Reduction	-	(1,018.00)	-	(1,018.00)
Net Change	13.00	1,018.00	-	1,031.00
Indebtedness at the end of the financial year				
i) Principal Amount	1,370.00	3,339.00	-	4,709.00
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	3.00	18.00	-	21.00
Total (i+ii+iii)	1,373.00	3,357.00	-	4,730.00

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

Sl. 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:

Sl. 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

Sl. No.	Particulars of Remuneration	*CEO	Company Secretary & CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	24	7	31
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	1	-	1
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	8	4	12
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	-as % of profit	-	-	-
	-others, specify	-	-	-
5	Others, please specify	-	-	-
6	Retirement Benefit	7	2	9
7	Total	40	13	53

* Includes arrears for the period 01.01.2017 to 31.03.2017

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 Board's Report

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

A) CONSERVATION OF ENERGY**i) Energy conservation measures taken during the year 2017-18.**

Installation of Energy Efficient Air Compressor

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

During the year the company has not taken any steps for utilising alternate sources of energy.

iii) The capital investment on energy conservation equipments.

A capital investment of ₹ 7.00 lakhs has been made for installation of Energy Efficient Air Compressor.

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

- The ToT Project on manufacture of XR-5 Tubes is in progress. The major ToT equipment have been received, installed and commissioned in the Plant. Implementation of the XR-5 manufacturing processes have been carried out in the Plant, due to which the Performance of I.I Tubes have improved.
- Installation of Clean Room, Class ISO 6, for the ToT has been completed as on date. An additional Building, for large scale manufacture of Auto-gated Power Supply Units (PSUs), alongwith conventional (Non Auto-gated) PSUs, has been constructed. Clean Room installation activity for this new Building, would be completed during the Year 2019-20.

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 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 ₹ 14 Lakhs during the year 2017-18.

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 the Board's Report

FORM NO. MR-3

Secretarial Audit Report

For the Financial Year Ended 31st March 2018

[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 Optronics Limited,
EL 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 Optronics 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 2018 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 2018 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 for a period from April 1st, 2017 till July 5th, 2017.
- (b) As per Section 135(1) the Corporate Social Responsibility Committees is not properly constituted for a period from April 1st, 2017 till July 5th, 2017.
- (c) As per Section 177(2) the Audit Committees is not properly constituted for a period from April 1st, 2017 till July 5th, 2017.
- (d) As per Section 178(1) the Nomination and Remuneration Committee is not properly constituted for a period from April 1st, 2017 till July 5th, 2017.

I further report that

Subject to the observations given above, the Board of Directors of the Company is duly constituted. 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 were 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 708732 equity shares of Rs. 100/- each on Rights basis, whereby paid up capital has been increased from Rs. 59,22,63,500/- to Rs. 66,31,36,700/-.

-sd-

Abhijit Dakhawe
Company Secretary
FCS #6126
CPNo #4474

Place: Pune

Date : 17th July 2018

Annexure No. 8 to the Board's Report

Form No. AOC-II

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/agreements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Justification for entering into such contracts or arrangements or transactions: Not Applicable
- (f) Date(s) of approval by the Board: Not Applicable
- (g) Amount paid as advances, if any: Not Applicable
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: Not Applicable

2. Details of material contracts or arrangements or transactions at arm's length basis

- (a) Name(s) of the related party and nature of relationship: Not Applicable
- (b) Nature of contracts/arrangements/transactions: Not Applicable
- (c) Duration of the contracts/arrangements/transactions: Not Applicable
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Not Applicable
- (e) Date(s) of approval by the Board: Not Applicable
- (f) Amount paid as advances, if any: None

For and on behalf of the Board
-sd-

M V Gowtama
Chairman

Place : Bengaluru
Date : 13th August 2018

Ind AS Financial Statements – 31 March 2018

Ind AS Financial statements

- Balance Sheet
- Statement of Profit and Loss
- Statement of Cash Flows
- Statement of Changes in Equity
- Notes to the Financial Statements

BALANCE SHEET AS AT MARCH 31, 2018

₹ In Lakhs

Sr. No.	Particulars	Note No.	As at 31 st March, 2018	As at 31 st March, 2017
	ASSETS			
(1)	Non-Current assets			
	(a) Property, Plant and Equipment	1	8,028	8,575
	(b) Capital work-in-progress	2	4,936	5,030
	(c) Intangible assets	3	14,676	15,926
	(d) Intangible assets under development	4	5,132	3,342
	(e) Financial assets			
	(i) Trade Receivables	5	-	-
	(ii) Loans	6	33	33
	(iii) Other Financial Assets	7	23	56
	(f) Inventories	8	-	-
	(g) Other Non-Current Assets	9	1,441	1,875
	Sub Total Non-Current Assets ((a) to (g))		34,269	34,837
(2)	Current Assets			
	(a) Inventories	10	3,196	2,951
	(b) Financial Assets			
	(i) Trade Receivables	11	1,387	6,062
	(ii) Cash and Cash equivalents	12	6,100	1,346
	(iii) Bank Balances (other than (ii) above)	13	268	219
	(iv) Other Financial Assets	14	23	17
	(c) Current Tax Assets (Net)	15	80	78
	(d) Other Current Assets	16	586	550
	Sub Total Current Assets ((a) to (d))		11,640	11,223
	TOTAL ASSETS		45,909	46,060
	EQUITY AND LIABILITIES			
	EQUITY			
	(a) Equity Share Capital	17	6,631	5,923
	(b) Other Equity		12,189	10,136
	Sub Total Equity ((a) + (b))		18,820	16,059
	LIABILITIES			
(1)	Non-Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	18	2,114	2,252
	(b) Government Grants-deferred	19	15,301	16,410
	(c) Provisions	20	144	131
	(d) Deferred Tax Liabilities (net)	21	99	333
	Sub Total Non-Current Liabilities ((a) to (d))		17,658	19,126
(2)	Current Liabilities			
	(a) Financial Liabilities			
	(i) Borrowings	22	2,595	3,455
	(ii) Trade Payables	23	1,742	1,477
	(iii) Other Financial Liabilities	24	2,964	4,805
	(b) Other Current Liabilities	25	863	185
	(c) Provisions	26	1,076	685
	(d) Current Tax Liability (Net)	27	191	268
	Sub Total Current Liabilities ((a) to (d))		9,431	10,875
	Sub Total Liabilities (1+2)		27,089	30,001
	TOTAL EQUITY AND LIABILITIES		45,909	46,060

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 : 26th July 2018

-sd-

M. V. GOWTAMA
Chairman

-sd-

KOSHY ALEXANDER
Director

-sd-

DCN SRINIVASA RAO
Chief Executive Officer
Place : Bangalore
Date : 26th July 2018

-sd-

ANANDI RAMALINGAM
Director

-sd-

R. N. BAGDALKAR
Director

-sd-

PRIYA. S. IYER
Company Secretary & CFO

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2018

₹ In Lakhs

Sr. No.	Particulars	Note No.	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
I	Revenue from operations	28	12,164	12,388
II	Other income	29	291	734
III	Transfer of grant			
	(i) TPDUP		2	9
	(ii) ToT XD-4		1,455	1,389
	Total (i)+(ii)		1,457	1,398
IV	Total Income (I+II+III)		13,912	14,520
V	Expenses			
	(a) Cost of materials consumed	30	6,346	6,291
	(b) Changes in inventories of finished goods, stock-in -trade and work-in-progress	31	(46)	(350)
	(c) Employee benefit expense	32	1,265	926
	(d) Excise Duty		608	2,380
	(e) Finance costs	33	482	741
	(f) Depreciation and amortisation expense	34	2,054	1,997
	(g) Technical Assistance Fee And Travel Expenses	35	397	603
	(h) Other expenses	36	1,538	1,073
	Total expenses (V) ((a) to (h))		12,644	13,661
VI	Profit before exceptional items and tax (IV-V)		1,268	859
VII	Exceptional items		-	-
VIII	Profit before tax (VI-VII)		1,268	859
IX	Tax expense:			
	(i) Current tax (MAT for the Year)		345	257
	(ii) Deferred tax (Including MAT Credit Entitlement)		(232)	118
	Total Tax Expenses (i+ii)		113	375
X	Profit for the year (VIII-IX)		1,155	484
XI	Other Comprehensive Income			
(A)	Items that will not be reclassified to profit or loss			
	(i) Remeasurements of the defined benefit plans		17	(65)
	(ii) Income tax effect on the above		(2)	-
(B)	Items that will be reclassified to profit or loss		-	-
	Other comprehensive income for the year, net of taxes (A + B)		15	(65)
XII	Total Comprehensive Income for the period (X + XI) (Comprising Profit (Loss) and Other Comprehensive Income for the period)		1,170	419
XIII	Earning per equity share			
	(1) Basic	37(1)	19.20	11.57
	(2) Diluted		19.20	11.57

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 : 26th July 2018

-sd-

M. V. GOWTAMA
Chairman

-sd-

KOSHY ALEXANDER
Director

-sd-

DCN SRINIVASA RAO
Chief Executive Officer
Place : Bangalore
Date : 26th July 2018

-sd-

ANANDI RAMALINGAM
Director

-sd-

R. N. BAGDALKAR
Director

-sd-

PRIYA. S. IYER
Company Secretary & CFO

STATEMENT OF CASH FLOW FOR THE PERIOD 01.04.2017 TO 31.03.2018

₹ In Lakhs

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Cash Flow From Operating Activities		
Profit before tax	1,268	859
Adjustments for :		
Depreciation & amortisation expense	2,054	1,997
Interest Income	(111)	(76)
Finance costs	482	740
Amortisation of government grants-deferred	(1,457)	(1,398)
Remeasurements of the defined benefit plans	17	(65)
Change In Operating Assets And Liabilities		
(Increase) /decrease in trade receivables	4,675	(4,305)
(Increase) /decrease in inventories	(244)	(346)
Increase /(decrease) in trade payables	265	636
Increase /(decrease) in other financial liabilities	(1,853)	4,618
(Increase)/ decrease in other financial assets	27	53
(Increase) /decrease in other non current assets	434	2,503
(Increase) /decrease in other current assets	(36)	197
Increase /(decrease) in provisions	403	(54)
Increase/(decrease) in other current liabilities	678	(49)
Cash flow from/ (used) in operations	6,602	5,310
Income taxes paid	(428)	(58)
Cash Flow Before Extraordinary Items	-	-
Net Cash flow from /(used) in operating activities: (A)	6,174	5,252
Cash Flow From Investing Activities:		
Payment for property, plant and equipment	(257)	(1,013)
Increase in CWIP and Intangibles	(1,697)	(8,363)
Investment from Term Deposits	(48)	(69)
Interest received	111	76
Net cash inflow from/ (used) in from investing activities (B)	(1,891)	(9,369)
Cash Flow From Financing Activities		
Grant Received	348	151
Increase/(Decrease) In Term Loan Borrowings	509	1,042
Repayment from borrowings- Working Capital	(1,473)	(3,051)
Finance Costs	(482)	(740)
Dividend Paid (including tax on dividend)	(174)	-
Proceeds from issue of shares	1,743	4,920
Net cash inflow from/(used) in financing activities (C)	471	2,322
Net Increase/(Decrease) In Cash And Cash Equivalents ((A)+(B)+(C))	4,754	(1,795)
Cash and Cash Equivalents at the beginning of the year	1,346	3,141
Cash and cash equivalents at the end of the year	6,100	1,346
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)	6,100	1,346
Balance as per statement of cash flows	6,100	1,346
As per our report attached	-sd-	-sd-
MSDN & ASSOCIATES Chartered Accountants Firm Reg. No. 112479W	M. V. GOWTAMA Chairman	ANANDI RAMALINGAM Director
-sd-	-sd-	-sd-
DEEPAK SUGANDHI Partner MEM. NO. 104950	KOSHY ALEXANDER Director	R. N. BAGDALKAR Director
Place: Pune Date : 26 th July 2018	-sd- DCN SRINIVASA RAO Chief Executive Officer Place : Bangalore Date : 26 th July 2018	-sd- PRIYA. S. IYER Company Secretary & CFO

**RECONCILIATION BETWEEN THE OPENING AND CLOSING BALANCES IN BALANCE SHEET FOR
FINANCIAL LIABILITIES ARISING FROM FINANCING ACTIVITIES**

₹ In Lakhs

Particulars	Balance as on 01.04.2017	Cash Flows during the Year	Non- Cash Changes during the year		Balance as on 31.03.2018
			Foreign Exchange Movement	Fair Value Changes	
*Term Loan Borrowing (BEL)	1,001	509	-	(20)	1,490
**Working Capital Loan Borrowing (BEL)	3,348	(1,485)	-	(14)	1,849
Short Term Borrowing (Buyers Credit)	1,358	(68)	80	-	1,370

*The Fair Valuation of ₹ 17/- is included in the above amount of cash flow of ₹ 509/-.

**The Fair Valuation of (₹ 24)/- is included in the above amount of cash flow of (₹ 1,485)/-.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31st MARCH, 2018**A. EQUITY SHARE CAPITAL**

₹ In Lakhs

Balance as on 01.04.2017		Note No	Changes in equity capital during the year		Balance as on 31.03.2018	
No. of Shares	Amount	17	No. of Shares	Amount	No. of Shares	Amount
59,22,635	5,923		7,08,732	709	66,31,367	6,631

B. OTHER EQUITY

₹ In Lakhs

Particulars	Note No	Reserves and Surplus		Items of Other Comprehensive Income	Other Reserves	Total Equity
		Securities Premium Reserve	Retained Earnings			
Balance as on 01 st April 2017		5,317	4,731	(68)	156	10,136
Issue of Equity Shares during the year		1,035	-	-	-	1,035
Profit for the year		-	1,155	-	-	1,155
Other comprehensive income for the year (net of tax)		-	-	15	-	15
Capital Contribution on account of below market rate borrowings		-	-	-	34	34
Balance as at 31 st March 2018		6,352	5,886	(53)	190	12,375
Expenditure towards Corporate Social Responsibility (CSR)	37(2)	-	(13)	-	-	(13)
Dividends	17	-	(144)	-	-	(144)
Dividend Distribution Tax	17	-	(29)	-	-	(29)
Balance as at 31st March 2018		6,352	5,700	(53)	190	12,189

As per our report attached

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

-sd-
M. V. GOWTAMA
Chairman

-sd-
ANANDI RAMALINGAM
Director

-sd-
DEEPAK SUGANDHI
Partner
MEM. NO. 104950
Place: Pune
Date : 26th July 2018

-sd-
KOSHY ALEXANDER
Director

-sd-
R. N. BAGDALKAR
Director

-sd-
DCN SRINIVASA RAO
Chief Executive Officer

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

Place : Bangalore
Date : 26th July 2018

SIGNIFICANT ACCOUNTING POLICIES

CORPORATE INFORMATION

The accompanying financial statements comprise the financial statements of BEL Optronics 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

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.

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 till 30.06.2017. From 01.07.2017 onwards, Sales exclude Goods and Service Tax (GST).

(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 recognized 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 realizable value. Cost includes materials, direct labour and appropriate overheads.
- (iii) Finished Goods have been valued at the lower of cost and net realisable value.

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 borrowing. 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 recognized as Deferred Income.

The amount lying in Deferred Income on account of acquisition of Fixed Assets is transferred to the credit of Statement of Profit & 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 recognized 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 amortized 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. 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 derecognized 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 recognized 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

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

-sd-
DEEPAK SUGANDHI
Partner
MEM. NO. 104950

Place: Pune
Date : 26th July 2018

-sd-
M. V. GOWTAMA
Chairman

-sd-
KOSHY ALEXANDER
Director

-sd-
DCN SRINIVASA RAO
Chief Executive Officer
Place : Bangalore
Date : 26th July 2018

-sd-
ANANDI RAMALINGAM
Director

-sd-
R. N. BAGDALKAR
Director

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

NOTE 1: PROPERTY, PLANT AND EQUIPMENT YEAR ENDED 31ST MARCH 2018

₹ In Lakhs

Particulars	Gross Carrying Amount			Accumulated Depreciation			Net Carrying Value		
	As at 1 st April, 2017	Additions /Adjustments	Deduction / Re-classification & Adjustments	As at 31 st March, 2018	As at 1 st April, 2017	Charge for the year	Deduction / Re-classification & Adjustments	As at 31 st March, 2018	As at 1 st April, 2017
TANGIBLE ASSETS									
Leasehold Land	18	-	-	18	-	-	-	1	17
Buildings	380	94	-	474	54	29	-	83	326
Plant & Machinery	9,501	153	-	9,654	1,367	753	7	2,127	8,134
Office Equipment	15	3	-	18	1	3	1	5	14
Electrical installation	65	1	-	66	19	8	-	27	46
Furniture & Fixtures	30	13	-	43	3	5	6	14	26
Computer Systems	17	7	-	24	5	6	-	12	12
Total	10,026	271	-	10,297	1,449	804	14	2,269	8,575
Previous Year	9,029	1,012	16	10,026	719	747	16	1,450	8,310

1. Plant and Machinery (Gross Carrying Value) includes Assets to the tune of ₹ 33/- (Previous Year ₹ 33/-) which is funded out of grant under TPDUP Project.

2. Plant and Machinery (Gross Carrying Value) includes Assets to the tune of ₹ 5,611/- (Previous Year ₹ 5,611/-) which is funded out of grant received for implementation of Transfer of Technology for XD- 4 I.I.Tubes.

3. Depreciation on Plant and Machinery of ₹ 753/- includes depreciation on ToT equipments (XD-4) of ₹ 540/-.

4. Depreciation is provided on Straight Line Method (SLM) in accordance with Schedule II of Companies Act 2013.

5. The useful life of assets for calculation of depreciation other than those under Schedule II of the Companies Act, 2013 are as under:

1) 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.

6. Additional Depreciation of 50 % and 100% has been charged on Plant & Machinery items in respect of double shift working and triple shift working respectively.

7. The Company has acquired 13680 square meter of land on lease from MIDC for 95 years at a cost of ₹ 21/- on 25.11.1991 with renewable option of further 95 years on new terms and conditions.

Cost of leasehold land capitalised is ₹ 23/- & Gross Carrying Amount is ₹ 18/-

₹ In Lakhs

NOTE 2 - CAPITAL WORK IN PROGRESS

Particulars	As at 31 st March, 2018		As at 31 st March, 2017	
Civil Construction Plant and machinery	4,936	-	48 4,982	5,030
TOTAL				5,030

NOTE 3 - INTANGIBLE ASSETS FOR THE YEAR ENDED 31ST MARCH 2018.

Particulars	Gross Carrying Amount				Accumulated Amortisation			Net Carrying Value	
	As at 1st April, 2017	Additions During the year	Deduction / Re-classification & Adjustments	As at 31 st March, 2018	As at 1 st April, 2017	Charge for the year	Deduction / Re-classification & Adjustments	As at 31 st March, 2018	As at 31 st March, 2017
License Fee	18,424	-	-	18,424	2,500	1,250	-	3,750	15,924
Computer									
Operating	2	-	-	2	-	-	-	2	2
System									
Total	18,426	-	-	18,426	2,500	1,250	-	3,750	15,926
Previous Year	18,426	-	-	18,426	1,250	1,250	-	2,500	17,176

1. Intangible Assets (Gross Carrying amount) includes ₹ 13,689/- (Previous Year ₹ 13,689/-) which is funded out of grant received for implementation of Transfer of Technology (ToT) XD-4.
2. Amortisation is calculated on straight -line basis over the estimated useful lives of asset.
3. Amortisation of Computer Operating System is ₹ 18,863/- wrt current year which is rounded off.

NOTE 4 - INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
TOT (XR-5)		
Opening balance	3,342	-
Add: Addition during the year	1,790	3,342
Less: Amount capitalised during the year	-	-
Total	5,132	3,342

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

NOTE 5 - TRADE RECEIVABLES- NON CURRENT

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Trade Receivable, Unsecured Considered Doubtful		
1. From Related Party	140	140
Less: Provision for doubtful debts	140	140
Sub Total (1)	-	-
2. From Others	217	217
Less: Provision for doubtful debts	217	217
Sub Total (2)	-	-
Total (1 + 2)	-	-

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

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Balance at the beginning of the year	357	334
Impairment losses during the year	-	23
Written off during the year	-	-
Credited to Profit or Loss	-	-
Balance at the end of the year	357	357

NOTE 6 - LOANS - NON CURRENT

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Security Deposits Unsecured Considered Good		
Deposits with MSEB	31	31
Deposits for water supply	1	1
Other deposits	1	1
Total	33	33

Please refer Note No. 38 for fair value measurements

NOTE 7 - OTHER FINANCIAL ASSETS- NON CURRENT

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Term deposits with more than 12 months maturity	23	55
Interest Accrued on term Deposits	-	1
Total	23	56

Please refer Note No. 38 for fair value measurements

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

NOTE 8 - INVENTORIES- NON CURRENT

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Inventories		
Raw materials	20	157
Less: Provision for obsolescence	20	157
Total	-	-

NOTE 9 - OTHER NON CURRENT ASSETS

₹ In Lakhs

Particulars	As at 31 st March 2018		As at 31 st March 2017	
Capital Advances		1,178		1,567
Prepaid Expenses		6		-
Advance service tax paid on (XR-5)		79		106
Advance TDS (XR-5)		121		161
Advances to suppliers				
Unsecured considered doubtful	20		20	
Less: Provision for doubtful advances	20	-	20	-
Deposits				
Deposit with Excise Authorities	-		-	
Deposit with Court	14		14	
Deposit for Octroi	24		24	
Deposit with Service tax authorities	20	58	3	41
Total		1,441		1,875

Deposit with Excise Authorities of ₹ 1,000/- wrt current and previous year is rounded off.

NOTE 10 - INVENTORIES

₹ In Lakhs

Particulars	As at 31 st March 2018		As at 31 st March 2017	
Raw materials	587		380	
Goods In Transit (RMC)	169		15	
Stores & consumables	121		110	
Goods In Transit (Stores And Consumables)	3		2	
Work- in- Progress	2,257	3,137	2,211	2,718
Machinery spares		59		233
Total		3,196		2,951

Notes

- 1) Raw material and components include ₹ 5/- (Previous year ₹ Nil) being material with sub-contractors which is subject to confirmation and reconciliation.

NOTE 11 - TRADE RECEIVABLES- CURRENT

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Trade Receivables, Considered Good		
From related party	248	5,338
From others	1,139	724
Total	1,387	6,062

Please refer Note No. 38 for fair value measurements

NOTE 12- CASH AND CASH EQUIVALENTS

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
1. Cash and cash equivalents		
a. Balances with banks		
In current accounts	27	13
In cash credit account	36	33
In term deposits (Original Maturity of upto 3 months)	6,036	1,298
b. Cash and Stamps On Hand	1	2
Total	6,100	1,346

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. 38 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:

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Balances with Banks	6,099	1,344
Cash and stamp on hand	1	2
Total	6,100	1,346

NOTE 13- BANK BALANCES

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
In Term deposit (Original Maturity of more than 3 months and less than 12 months)	158	207
Margin Money Held With Bank	110	12
Total	268	219

1. Term Deposit with Original Maturity period of more than 12 months is shown under Note No.7
2. The above Bank Balance do not have any repatriation Restrictions except to the extent of Margin Money held with bank.
3. For an understanding of the Company's cash management policies, refer liquidity risk note No.38 (vi)
4. Please refer Note No. 38 for fair value measurements.

NOTE 14 - OTHER FINANCIAL ASSETS

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Interest accrued on Term deposit	23	17
Total	23	17

Please refer Note No. 38 for fair value measurements

NOTE 15 - CURRENT TAX ASSETS (NET)

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Income Tax Refund (Due)	80	78
Total	80	78

NOTE 16 - OTHER CURRENT ASSETS

₹ In Lakhs

Particulars	As at 31 st March 2018		As at 31 st March 2017	
Prepaid expenses		20		11
Other Receivables		-		1
Stipend receivables (trainees)		2		-
Sales tax receivable from BEL-MC		-		6
Advance to suppliers		287		441
Advance TDS (XR-5)		23		31
Advance service tax paid on (XR-5)		14		21
Balance with revenue authorities				
Input Service Tax	-		12	
Service Tax Receivable	-		1	
VAT refund receivable	-		-	
FBT refund due	-		-	
VAT input tax credit	-		-	
CST refund receivable	-		25	
GST input tax credit	240	240	-	39
Total		586		550

1. Stipend receivables (trainees) of ₹ 43,351/- wrt previous year is rounded off.
2. VAT refund receivable of ₹ 10,494/- wrt previous year is rounded off.
3. FBT refund due of ₹ 45,928/- wrt current year & previous year is rounded off.
4. VAT input tax credit of ₹ 32,809/- wrt previous year is rounded off.

NOTE 17 - EQUITY SHARE CAPITAL

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Authorised Capital: 1,00,00,000/- (Previous period 1,00,00,000/-) equity shares of ₹ 100/- each	10,000	10,000
Issued Capital: 66,31,367 (Previous period 59,22,635) equity shares of ₹ 100/- each	6,631	5,923
Subscribed and Paid - up Capital: 66,31,367 (Previous period 59,22,635) equity shares of ₹ 100/- each fully paid up	6,631	5,923

Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:	As at 31 st March 2018		As at 31 st March 2017	
	No. of shares	Amount	No. of shares	Amount
No. of equity shares outstanding at the beginning of the year	59,22,635	5,923	37,83,678	3,784
Add: Additional equity shares issued during the year	7,08,732	709	21,38,957	2,139
Less: Equity Shares forfeited/Bought back during the year	-	-	-	-
No. of equity shares outstanding at the end of the year	66,31,367	6,631	59,22,635	5,923

Notes:

- Out of the above, 66,31,367/- Equity Shares of ₹ 100 each (Previous Year 59,22,635) 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.
- Details of the Number of shares held by each shareholder holding more than 5% shares in the company are as follows:

Particulars	2017 - 18		2016 - 17	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
Equity Shares: Bharat Electronics Limited	66,31,367	100	59,22,635	100

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

- The Company has only one class of shares viz, Equity Shares.
- 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.
- Each Shareholder has a right to receive the dividend declared by the Company.
- 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.

FINAL DIVIDEND

₹ In Lakhs

Particulars	For the Year Ended 31 st March 2018	For the Year Ended 31 st March 2017
Final Dividend for FY 2016-17	144	-
Dividend Distribution Tax For FY 2016-17	29	-

NOTE 18- BORROWINGS

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Loan from Related Party Bharat Electronics Limited (Holding Company)		
Term Loan	1,490	1,001
Working Capital Loan	624	1,251
Total	2,114	2,252

Refer Note No 39 for details.

Please refer Note No. 38 for fair value measurements

NOTE 19 - GOVERNMENT GRANTS

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
1) TPDUP PROJECT at the beginning of the year	2	11
Add: Received during the year	-	-
Less: Transferred to Statement of Profit & Loss during the year	2	9
Balance at the end of the year -Sub-total (1)	-	2
2) TOT (XD-4) PROJECT at the beginning of the year	16,408	17,646
Add: Received during the year	348	151
Less: Transferred to Statement of Profit & Loss during the year	1,455	1,389
Balance at the end of the year Sub-total (2)	15,301	16,408
Total (1 + 2)	15,301	16,410

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 .The percentage of grant to ToT Cost is 74.30% calculated on cumulative basis. Accordingly, 74.30% of the expenses incurred in the year 2017-18 towards ToT has been transferred to income in the Statement of Profit and Loss.

2. TPDUP Project is funded by way of Grant.

NOTE 20 - PROVISIONS

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Long-term compensated absences	144	131
Total	144	131

The movement in the provisions during the year is as follows.

₹ In Lakhs

Particulars	As at 01.04.2017	Additions	Utilisation	As at 31.03.2018	
				Long-term	Short-term
Long-term compensated absences	144	24	10	144	15
Total	144	24	10	144	15

NOTE 21 -**I) DEFERRED TAX LIABILITIES (NET)**

₹ In Lakhs

Nature of timing difference	As at 31 st March, 2018	As at 31 st March, 2017
Deferred Tax Liabilities	1,014	953
Deferred Tax Assets	915	620
Total	99	333

II) AMOUNT RECOGNISED IN STATEMENT OF PROFIT & LOSS

₹ In Lakhs

Particulars	31 st March, 2018	31 st March, 2017
Income Tax Expenses		
Minimum Alternate Tax (MAT)	345	257
Less Deferred Tax	16	(375)
Less MAT Credit Entitlement	216	257
Income Tax Expenses	113	375

III) INCOME TAX RECOGNISED IN OTHER COMPREHENSIVE INCOME

₹ In Lakhs

Particulars	31 st March, 2018			31 st March, 2017		
	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	17	(2)	15	(65)	-	(65)
Total	17	(2)	15	(65)	-	(65)

DEFERRED TAX LIABILITY (NET)**IV) DEFERRED TAX ASSETS AND LIABILITIES ARE ATTRIBUTABLE TO THE FOLLOWING:**

₹ In Lakhs

Particulars	Deferred Tax (Assets)		Deferred Tax Liability		Net Deferred Tax (Assets)/Liability	
	₹	₹	₹	₹	₹	₹
	31.03.2018	31.03.2017	31.03.2018	31.03.2017	31.03.2018	31.03.2017
Trade Receivables-Provision	(118)	(118)	-	-	(118)	(118)
Provision others	(231)	(158)	-	-	(231)	(158)
Employee Benefits	(52)	(48)	-	-	(52)	(48)
Intangible Assets	-	-	623	394	623	394
Trade Payables	(6)	(7)	-	-	(6)	(7)
Plant Property and Equipment	-	-	391	559	391	559
MAT Credit	(508)	(289)	-	-	(508)	(289)
Total	(915)	(620)	1,014	953	99	333

V) MOVEMENT OF DEFERRED TAX ASSETS & LIABILITIES

₹ In Lakhs

Particulars	Balance as on 01.04.2017	Recognised in P&L during 2017-18	Recognised in OCI during 2017-18	Balance as on 31.03.2018
	₹	₹	₹	₹
Trade Receivables -Provision	(118)	-	-	(118)
Provision others	(158)	(73)	-	(231)
Employee Benefits	(48)	(5)	-	(52)
Intangible Assets	394	230	-	623
Trade Payables	(7)	(0)	-	(7)
Plant Property and Equipment	559	(168)	-	391
MAT Credit	(289)	(216)	-	(508)
Total	333	(232)	-	99

₹ In Lakhs

2016-17					
Reconciliation of Effective Tax rate					
VI)	SI no	Particulars	Amount (₹)	Tax Effect (₹)	Tax Rate
	I	Tax at Normal Rate			
	1	Book profit	857		
	2	Tax rate @34.608%		296	34.61
		Tax Provision expenses as per Books			
	3	Tax Provision for Current Year		257	
	4	Less: Deferred Tax (including MAT credit)		118	
	5	Net Provision for Taxes		375	43.77
		Difference (2-5)		(79)	-9.16%
		Effect of			
		Non deductible Expenses		(79)	-9.16%
		Total		(79)	-9.16%

₹ In Lakhs

2017-18					
Reconciliation of Effective Tax rate					
VI)	SI no	Particulars	Amount (₹)	Tax Effect (₹)	Tax Rate
	I	Tax at Normal Rate			
	1	Book profit	1,268		
	2	Tax rate @33.06%		419	33.06
		Tax Provision expenses as per Books			
	3	Tax Provision for Current Year		345	
	4	Less: Deferred Tax (including MAT credit)		(232)	
	5	Net Provision for Taxes		113	8.88
		Difference (2-5)		306	24.13%
		Effect of			
		Non deductible Expenses		46	3.63
		Set off Losses		(352)	(27.78)
		Total		(306)	-24.13%

VII) TAX LOSSES CARRY FORWARD

₹ In Lakhs

Sr No	Particulars	31.03.2018	31.03.2017
1	Tax Losses Carry forward	NIL	745

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

NOTE 22 - BORROWINGS

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Loan from bank		
SBI Buyers Credit	348	209
Axis Buyers Credit	1,022	1,149
Sub -Total (1)	1,370	1,358
Loan from related party		
Bharat Electronics Limited (Holding Company)	1,225	2,097
Sub -Total (2)	1,225	2,097
Total (1+2)	2,595	3,455

Refer Note No. 39 for details.

Please refer Note No. 38 for fair value measurements

NOTE 23- TRADE PAYABLES

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
(1) Dues to micro enterprises and small enterprises; and	145	-
(2) Dues to creditors other than micro enterprises and small enterprises	1,597	1,477
Total (1+2)	1,742	1,477

(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	2017-18	2016-17
Amount due and Payable at the year end		
- Principal	-	-
- Interest on above Principal	-	-
Payments made during the year after the due date		
- Principal	84	-
- Interest	-	-
Interest due and payable for principals already paid	1	-
Total Interest accrued and remained unpaid at year end	1	-
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 identified as a Micro & Small Enterprises on the basis of information available with the Company.

(iii) Please refer Note No. 38 for fair value measurements

NOTE 24 - OTHER FINANCIAL LIABILITIES

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Capital Creditors	2,835	4,681
Accrued interest on buyers credit	3	2
Accrued Interest on Loan from BEL	18	26
EMD Deposits	6	5
Security Deposits	41	38
Outstanding Liabilities	61	53
Total	2,964	4,805

Please refer Note No. 38 for fair value measurements

NOTE 25 - OTHER CURRENT LIABILITIES

₹ In Lakhs

Particulars	As at 31 st March 2018		As at 31 st March 2017	
Advances from Customers		236		25
Statutory Dues Payable	33		40	
TDS Payable	-		110	
Sales Tax payable				
GST Payable	583		-	
Interest Payable to MSME	1		-	
Other Statutory Dues Payable	10	627	10	160
Total		863		185

NOTE 26 - PROVISIONS

₹ In Lakhs

Particulars	As at 31 st March 2018		As at 31 st March 2017	
Provision for Performance Warranty		698		477
Provisions towards employee benefits				
Long-term compensated absences	15		13	
Gratuity	4		78	
Annual incentive	87		104	
Provision for Bonus	2		-	
Pay revision	270	378	13	208
Total		1,076		685

MOVEMENT OF PROVISIONS FOR THE YEAR 2017-18**I) PROVISION FOR PERFORMANCE WARRANTY**

₹ In Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Carrying Amount at the beginning of the year	477	158
Add: Additional Provision made during the year	239	322
Less : Amounts Used during the year	17	3
Less : Unused amounts reversed during the year	-	-
Carrying Amounts at the end of the year	699	477

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

₹ In Lakhs

IndAS-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 ₹ 21/- (Previous Year ₹ 13/-)
- ii) Actuarial gains and losses in respect of defined benefit plans recognized in the statement Other Comprehensive Income is ₹ (17)/- (Previous Year ₹ 65/-)
- 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.

₹ In Lakhs

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	316	221
2	Interest Cost	23	18
3	Current Service Cost	16	12
4	Losses (gains) on Curtailment	-	-
5	Liabilities extinguished on settlements	-	-
6	Plan amendments	-	-
7	Actuarial (gains) / losses on obligations	(16)	20
8	Actuarial (gains) / losses on obligations- Due to Experience	3	46
9	Benefits paid	-	-
10	Present value of Defined Benefit Obligation as on Balance Sheet date	343	316

₹ In Lakhs

(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	238	205
2	Interest Income	17	16
3	Actual contributions by employers	78	16
4	Return on Plan Assets, Excluding Interest Income	5	1
5	Fair value of Plan assets at the End of the Period	339	238

₹ In Lakhs

(C)	Amount Recognised in the Balance Sheet	Current year	Previous Year
1	Present value of Plan assets at the end of the period	(343)	(316)
2	Fair Value of Plan assets at the end of the year	339	238
3	Funded Status [Surplus/(Defecit)]	(4)	(78)
4	Net Asset/(Liability) recognized in the Balance Sheet	(4)	(78)

₹ In Lakhs

(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	(343)	(316)
2	Fair value of plan assets at the end of the period	339	238
3	Funded status [Surplus/(Deficit)]	(4)	(78)
4	Unrecognized Past Service Costs	-	-
5	Net asset/(Liability) recognized in Balance Sheet	(4)	(78)

₹ In Lakhs

(E)	Expenses Recognised in the Statement of Profit or Loss for current Period	Current year	Previous Year
1	Current Service cost	16	12
2	Interest cost	6	1
3	Past Service cost	-	-
4	Total expense recognised in the Statement of Profit & Loss under Contribution to Gratuity Fund	21	13

₹ In Lakhs

(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	(12)	66
2	Return Plan Assets, Excluding Interest Income	(5)	(1)
3	Change in Asset Ceiling	-	-
4	Net (Income)/Expenses for the Period Recognised in OCI	(17)	65

(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"

₹ In Lakhs

(H)	Principal Actuarial Assumptions :	Current year	Previous Year
1	Discount Rate (%)	7.78%	7.27%
2	Expected Return on plan assets (%)	7.78%	7.27%
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.

₹ In Lakhs

(I)	Sensitivity Analysis	Current year	Previous Year
	Projected Benefit Obligation on Current Assumptions	343	316
1	Delta Effect +1% Change in Rate of Discounting	(28)	(28)
2	Delta Effect -1% Change in Rate of Discounting	32	-
3	Delta Effect +1% Change in Rate of salary increase	33	33
4	Delta Effect -1% Change in Rate of salary increase	(29)	(29)
5	Delta Effect +1% Change in Rate of Employee Turnover	6	5
6	Delta Effect -1% Change in Rate of Employee Turnover	(7)	(6)

(J) Investment of Gratuity Fund is with Insurance Company

EMPLOYEE BENEFITS

₹ In Lakhs

**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 ₹ 144/- as on 31.03.2018. The actuarial valuation has been done using PUC method.

Particulars	31.03.2018	31.03.2017
Retirement Age	58 years	58 years
Attrition Rate	2%	2%
Future Salary Rise	5%	5%
Rate of Discounting	7.78%	7.27%
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:	₹ 15/-
Non Current Liability	₹ 144/-
Total	₹ 159/-

NOTE 27 - CURRENT TAX LIABILITIES

₹ In Lakhs

Particulars	As at 31 st March, 2018	As at 31 st March, 2017
Provision for income tax (Net of advance tax)	176	248
Interest on Income Tax	15	20
Total	191	268

NOTE 28 - REVENUE FROM OPERATION

₹ In Lakhs

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
(a) Sale of products (Including Excise Duty)	12,146	12,341
(b) Sale of services	18	47
(c) Total Revenue (a+b)	12,164	12,388

NOTE 29 - OTHER INCOME

₹ In Lakhs

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
Interest on term deposits	105	74
Interest others	6	3
Sundry provisions and credit balances no longer required, written back	172	202
Net gain on foreign currency transaction and translation (net) @	-	451
Miscellaneous income	8	4
Total	291	734

@ 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

₹ In Lakhs

Particulars	For the year ended 31 st March 2018	For the year ended 31 st March 2017
1) Raw material and components consumed		
Opening stock	536	432
Add: Purchases	6,092	6,283
	6,628	6,715
Less : Closing stock	607	536
Sub - Total (1)	6,021	6,179
2) Stores and consumables consumed		
Opening stock	112	97
Add: Purchases	334	128
	446	224
Less : Closing stock	121	112
Sub -Total (2)	325	112
Total (1+2)	6,346	6,291

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

₹ In Lakhs

Particulars	For the year ended 31 st March, 2018		For the year ended 31 st March, 2017	
Work-in Progress				
Opening stock	2,211		1,861	
Closing stock	2,257	(46)	2,211	(350)
Finished Goods				
Opening stock	-		-	
Closing stock	-	-	-	-
Total Decrease/ (Increase)		(46)		(350)

NOTE 32 - EMPLOYEE BENEFIT EXPENSES

₹ In Lakhs

Particulars	For the year ended 31 st March, 2018		For the year ended 31 st March, 2017	
Salaries and allowances		1,111		762
Leave encashment		28		49
Contribution to provident fund and other funds				
Provident fund	59		61	
Superannuation fund	11		13	
Gratuity	21		13	
Other funds	3	94	2	89
Administration and EDLI charges on PF		4		6
Staff welfare expenses		28		20
Total		1,265		926

NOTE 33 - FINANCE COSTS

₹ In Lakhs

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Interest others	1	-
Interest on Short Term funding by BEL	221	273
Interest on Loans from BEL	211	359
Interest on Cash Credit	-	22
Interest on Buyers Credit	9	12
Interest on Income Tax	15	20
Interest levied on Delayed Payment of IGST & BCD	-	-
Interest Levied on Delayed Payment to MSME	1	-
Interest on GST	-	-
Sub-Total (1)	458	686
Other borrowing cost		
Loan processing charges	24	55
Sub-Total (2)	24	55
Total (1+2)	482	741

1. Interest Others of ₹ 40,946/- wrt previous year is rounded off.
2. Interest On Cash Credit of ₹ 41,929/- wrt current year is rounded off.
3. Interest levied on Delayed Payment of IGST & BCD ₹ 9,281/-wrt current year is rounded off.
4. Interest on GST ₹ 5,611/-wrt current year is rounded off.
5. The amount of interest capitalised on loan from BEL during the Year is ₹ 84/- (Previous year - ₹17/-) which is not included above. Capitalisation Rate 6.99% p.a.

NOTE 34 - DEPRECIATION / AMORTIZATION

₹ In Lakhs

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Depreciation / Amortization on Property, Plant & Equipments	804	747
Amortization on Intangible Assets	1,250	1,250
Total	2,054	1,997

NOTE 35 - TECHNICAL ASSISTANCE FEE AND TRAVEL EXPENSES

₹ In Lakhs

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Technical assistance fees	311	603
Travelling Expenses	86	-
Total	397	603

NOTE 36 - OTHER EXPENSES

₹ In Lakhs

Particulars	For the year ended 31 st March, 2018	For the year ended 31 st March, 2017
Power and fuel	285	267
Water charges	4	3
Royalty	19	19
Travelling & conveyance	28	25
Communication	9	7
Printing and stationery	5	3
Insurance	18	19
Rates & taxes	22	28
Bank charges	76	66
Legal & professional charges	14	10
Loss on foreign exchange (net)**	456	-
Write-off of fixed assets	-	-
Repairs		
Machinery	211	158
Building	4	4
General maintenance expenses	130	94
Provision for Doubtful Debts and Liquidated Damages	-	23
Provision for Doubtful Advances	1	-
Provision for repairs during warranty period	239	322
Miscellaneous expenses	17	25
Total	1,538	1,073

- 1.** 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.
2. Write off of fixed Assets of ₹ 5,698/- wrt previous year is rounded off.

NOTE 37(1) - 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 60,15,838 Shares.

Earning Per Share	2017-18	2016-17
Earning Per Share (Basic & Diluted) from continuing Operation	19.20	11.57
Earning Per Share (Basic & Diluted) from discontinuing Operation	-	-
Amount used as the numerators in calculating basic & diluted earnings per share	1,155	483
Weighted average number of equity shares used in computing basic and diluted earnings per share	60,15,838	41,75,846

NOTE 37(2)- DISCLOSURE RELATING TO CSR EXPENDITURE

₹ In Lakhs

Particulars	In Cash	Yet To be Paid In Cash	Total	Appropriation For Unspent Amount	CSR Grant Total
i.Construction / Acquisition on any asset					
ii.Purpose other than (i) above	-	-	-	13	13
	-	-	-	(12)	(12)

NOTE NO. 38**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 financial and operations.

(ii) MARKET RISK

Market risk is the risk due to changes in market prices – such as foreign exchange rates, interest rates that 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 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 2017-18. As on 31st March 2018, there are no outstanding derivative contracts

Company's exposure to currency risk is as follows: -**₹ In Lakhs**

Particulars	31 st March, 2018		31 st March, 2017	
	Euro	USD	Euro	USD
Bank Balance	-	-	-	-
₹	-	-	-	8/-
Bank Loans - Secured	12/-	5/-	17/-	3/-
₹	1,022/-	347/-	1,171/-	187/-
Trade Payables	51/-	-	86/-	-
₹	4,154/-	8/-	6,030/-	7/-
Net Exposure i.r.o recognised assets and liabilities	63/-	13/-	102/-	3/-
₹	5,176 /-	355 /-	7,201/-	186 /-

iv) FOREIGN CURRENCY SENSITIVITY

₹ In Lakhs

A reasonably possible strengthening / (weakening) of the Indian Rupee against major currency Euro as at 31 March 2018 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 purchases.

Particulars	Impact on Profit and Equity	
	31 st March, 2018	31 st March, 2017
Currency Wise – Euro Rate Increase by 5%	-208	-360
Currency Wise – Euro Rate Decrease by 5%	208	360

(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.

- The company has been sanctioned working capital loan for ₹ 5,000 by BEL. The interest is charged monthly at the rate of yield earned by BEL on the deposits made with banks upto previous month.
- The company has been sanctioned Term loan for ₹ 4,600/- 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.
- BELOP has also been sanctioned fund based and non-fund based working capital limits of ₹ 4,600/- 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 2018 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 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 undiscovered cash flows. The tables below analyse the company's financial liabilities based on their contractual maturities.

NOTE NO. 38 –FINANCIAL RISK MANAGEMENT – LIQUIDITY RISK (POINT NO. VI)**(I) MATURITIES OF FINANCIAL LIABILITIES: -**

The table below reflects the 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 2018

₹ In Lakhs

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	1,742	-	-	-	-	1,742
II	Borrowing	1,682	312	624	1594	496	4,708
III	Other Financial Liabilities:-						
A	Other Payable	2,835	-	-	-	-	2,835
B	Security Deposits	46	-	-	-	-	46
C	Outstanding Expenses	61	-	-	-	-	61
D	Interest On Borrowing	20	-	-	-	-	20

AS AT 31st MARCH 2017

₹ In Lakhs

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	1,477	-	-	-	-	1,477
II	Borrowing	1,620	623	1,245	2,219	-	5,707
III	Other Financial Liabilities:-						
A	Other Payable	4,681	-	-	-	-	4,681
B	Security Deposits	43	-	-	-	-	43
C	Outstanding Expenses	53	-	-	-	-	53
D	Interest On Borrowing	28	-	-	-	-	28

(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 its short-term deposits with nationalised /scheduled commercial banks and its 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 2016-17 and 2017-18 and by way of loan during 2016-17 and 2017-18.

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 2018 is outlined below:-

₹ In Lakhs

Sr. No.	Particulars	Amount Outstanding as on 31 st March 2018	Remarks
1	Working Capital Loan from BEL	1,849	Refer Note No.18 and 22 of Balance Sheet
2	Term Loan from BEL(XR-5 Project)	1,490	Refer Note No.18 .
3	Working Capital from Banks (Buyers Credit)	1,370	Payment toward buyers credit availed not due on 31 st March 2018. Refer Note No. 22

THE GEARING RATIO IS GIVEN BELOW:-

₹ In Lakhs

Particulars	As at 31 st March 2018	As at 31 st March 2017
Net debt	4,708	5,707
Total equity	18,819	16,059
Net debt to equity ratio	0.25	0.36

Note No. 38 –Financial Risk Management (ix)**Financial Instruments - Fair Value Measurements****1. Accounting classification and fair values**

The following tables show the carrying amount and fair values of financial assets and liabilities:

a) Financial Assets

₹ In Lakhs

Sr. No.	Particulars	31 st March 2018			31 st March 2017		
		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	-	-	1,387	-	-	6,062
II	Loans						
A	Security deposits	-	-	33	-	-	33
III	Cash and cash equivalents	-	-	6,100	-	-	1,346
IV	Other Bank Balances	-	-	268	-	-	219
V	Other Financial Assets						
A	Term Deposit			23			55
B	Interest On Term Deposits	-	-	23	-	-	18
	Total			7,834			7,733

b) Financial Liabilities

₹ In Lakhs

Sr. No.	Particulars	31 st March 2018			31 st March 2017		
		FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
	Financial Liabilities measured at fair value	-	-	-	-	-	-
	Total	-	-	-	-	-	-
	Financial Liabilities not measured at fair value	-	-	-	-	-	-
I	Borrowings	-	-	4,708	-	-	5,707
II	Trade Payables	-	-	1,742	-	-	1,477
III	Other Financial Liabilities						
A	Other Payable			2,835			4,681
B	Security Deposits	-	-	46	-	-	43
C	Outstanding Expenses	-	-	61	-	-	53
D	Interest On Borrowing	-	-	20	-	-	28
	Total			9,412			11,989

GENERAL NOTES TO ACCOUNTS

₹ In Lakhs

NOTE NO. 39**1. BORROWINGS****i) WORKING CAPITAL LOAN FROM BANKS**

- a) The company has been sanctioned working capital limit of ₹ 4,600/- 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 31st March, 2018 is ₹ 1,370/- (Previous Year ₹ 1,358/-)
- 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.

Sr. No.	Particulars	31.03.2018	31.03.2017
1	Inventories	3,196	2,951
2	Trade Receivables	1,387	6,062
3	Cash & Cash Equivalent	6,100	1,346
4	Bank Balance	268	219
5	Other Financial Assets	23	17
6	Other Current Assets	586	550
	Total Current Assets	11,560	11,145

ii) WORKING CAPITAL LOAN FROM BEL

BELOP has availed a working capital Loan of ₹ 5,000/- from BEL. After reschedulement the principal payments are payable from October 2017 to July 2019. The outstanding loan amount as on 31.03.2018 is ₹ 1,849/- (₹ 3,348/-). 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 ₹ 4,600/- from BEL. After reshedulement, the principal payments are payable in 36 equal instalments from August 2019. The outstanding loan amount as on 31.03.2018 is ₹ 1,490/- (₹ 1,001/-) 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 the balance amount of the project cost amounting to apprx. ₹ 4,600/- towards related taxes and duties and towards infrastructure upgradation at BELOP 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 7,08,732 (21,38,957) equity shares at a premium and the same has been subscribed and shares have been allotted.

AVAILMENT OF LOAN

₹ In Lakhs

During the year as part of the funding for the XR-5 project, BELOP has availed loan of ₹ 492/- (₹1,039/-) (against sanctioned term loan of ₹ 4,600/-) 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 ₹169/- (Previous Year ₹159/-).

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

Sr.No	Particulars	₹ in lakhs	
		2017-18	2016-17
1	Depreciation	540	548
2	Amortisation of License Fee	1,250	1,250
3	Repairs & Maintenance	169	72
4	Total	1,959	1,870
5	% of Grant Transfer	74.30%	74.30%
6	Grant Transfer (4*5)	1,455	1,389

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 GST/SERVICETAX)

₹ In Lakhs

Particulars	2017-18	2016-17
Audit fees	1	1
Total	1	1

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 ELECTRONIC LIMITED :

₹ In Lakhs

Nature of Transactions	Amount of Transactions	Amount of Transactions	Amount Outstanding at the end of year 31.03.2018		Amount Outstanding at the end of year 31.03.2017	
	2017-18	2016-17	Debit (₹)	Credit (₹)	Debit (₹)	Credit (₹)
	(₹)	(₹)				
Sales	5,057	7,614	-	-	-	-
Purchases	4	-	-	-	-	-
Interest Paid	516	649	-	-	-	-
Trade Receivables**	-	-	388	-	5,479	-
Working Capital Loan from BEL	-	-	-	1,849	-	3,348
Term Loan From BEL	-	-	-	1,490	-	1,001
Interest on BEL Loan (Working Capital)	-	-	-	9	-	20
Interest on Term Loan from BEL	-	-	-	9	-	6
Sales Tax receivable	-	-	-	-	6	-

₹ In Lakhs

** Debtors includes ₹ 140/- (previous year ₹ 117/-) 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/- 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 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 ₹ 1,260/- (previous year ₹ 706/-) is outstanding as Trade Receivables as on 31.03.2018.

C) KEY MANAGEMENT PERSONNEL ARE AS FOLLOWS:

Sr.No.	Name of Key Management Personnel	Designation
1	Mr. M.V. Gowtama	CMD,BEL and Chairman, BELOP
2	Dr. Ajit. T. Kalghatgi	Director (R & D), BEL and Director, BELOP
3	Mrs. Anandi Ramalingam	Director (Mktg.), BEL and Director, BELOP
4	Mr. Koshy Alexander (From 24.10.2017)	Director (Finance),BEL & Director BELOP
5	Mr. DCN Srinivasa Rao	Chief Executive Officer, BELOP
6	Ms. Priya .S. Iyer	Company Secretary & CFO, BELOP

The above four 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:-

₹ In Lakhs

Sr.No.	Particulars	Short-term benefits		Retirement Benefit		Total	
		2017-18	2016-17	2017-18	2016-17	2017-18	2016-17
1	Mr. DCN Srinivasa Rao	33*	8	7	3	40	11
2	Ms. Priya .S. Iyer	11	14**	2	3	13	17

* Includes arrears for the period 01.01.2017 to 31.03.2017

** Includes arrears for the period 01.04.2012 to 31.03.2016

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 ₹ 14/- (Gross –Revenue) (Previous year ₹ 27/- in respect of capital equipments) related to Research and Development during the year 2017-18.

11. The details of the company's superannuation Scheme is outlined below:-

- a) As per the terms of the pay revision for executives for the period 01.04.2012 to 31.03.2017 a revised superannuation scheme was to be formulated covering all the executives with effect from 01.04.2017.
- b) Accordingly, Management approval is being obtained for opting for enrolling all the executives in the National Pension Scheme (NPS).
- c) As per the terms of the Scheme, the company would contribute a maximum of 7% of the applicable(Basic+ DA) (2012) scales per year. The remittance in the fund would be made in the month of June of the subsequent financial year based on the profitability earned by the company.
- d) The executives would also be required to contribute 1% of the applicable (Basic + DA) (2012) scales per year on a quarterly basis.

12. CONTINGENT LIABILITIES

₹ In Lakhs

Sr.No.	Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
a)	Outstanding Letters of Credit	260	116
b)	Outstanding Bank Guarantees (Counter Guarantee given against same by Company)	294	10
c)	Octroi Demand disputed by the Company and deposited with Sr. Divisional Bench of Pune Court in the financial year 2005-06. Presently the case is pending with Small Causes Court, Pune.	14	14
d)	Service tax disputed by the company	198	28
e)	Provisional Liquidated damages upto 31 st March 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.	387	387
g)	Total (a to f)	1,120	555

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

14. Consequent to introduction of Goods and Service Tax (GST) with effect from 01.07.2017, Excise Duty is no longer leviable on manufacture of goods and hence is not part of Gross Turnover w.e.f 1st July 2017.

15. Ind AS 115- Revenue from Contract with Customers: On March 28th, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. This standard shall apply for accounting periods beginning on or after 1st April, 2018. The standard permits two methods of transition.

1. Retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors.
2. Retrospectively with the cumulative effect of initially applying the Standard recognized at the date of initial application.

The Company will adopt this standard on April 1st, 2018 retrospectively with the cumulative effect of initially applying the Standard as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) of the accounting period. The effect on adoption of Ind AS 115 is not expected to be material.

- 16. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:** On March 28th, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 to Ind AS 21 (The Effects of Changes in Foreign Exchange Rates) with effect from April 1st, 2018. This amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it) is the date when an entity has received or paid advance consideration in a foreign currency. The Company is evaluating the effect of this amendment on the financial statements. However, the impact is expected not to be material.
- 17.** Previous year's figures have been regrouped/ reclassified where ever considered necessary. Figure in brackets relate to previous year.
- 18.** The Accounts for the year approved by the Board of Directors on 23rd May 2018 and certified by the Statutory Auditors on 23rd May 2018 were revised in the light of C & AG's observations under Section 143(6)(b) of the Companies Act, 2013.
- a) Correction in Note 12- Cash and Cash Equivalents in additional disclosure "Original maturity up to three months" instead of "Original Maturity more than three months."
 - b) Correction in Note 39- General Notes to Accounts – Sub Point 7 (b) Related Party Transactions with holding Company Bharat Electronics Limited.

Trade Receivables was "Rs. 388 Lakhs" instead of "Rs. 394 Lakhs."

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

Independent Auditor's Report

To the Members of BEL Optronik Devices Limited,

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of BEL Optronik Devices Limited ('the Company'), which comprise the Balance Sheet as at 31st March 2018, 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.

In light of the observations arising out of audit by the office of the Comptroller and Auditor General (CAG) on certain disclosures in standalone financial statements, the relevant disclosures are updated, refer note 39(18). These updates don't lead to any change in our opinion on the standalone financials statements.

This report supersedes our earlier report dated 23rd May 2018.

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 31 March 2018 and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) the balance sheet, the statement of profit and loss, 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 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 39(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.

For MSDN & Associates
Chartered Accountants
Firm's registration number: 112479W

-sd-

CA. Deepak Sugandhi
Partner
Membership number: 104950
Pune

July 26th, 2018

Annexure - A to the Auditors' Report

The Annexure referred to in Independent Auditors' Report to the members of BEL Optronik Devices Limited on the standalone Ind AS financial statements for the year ended 31 March 2018, we report that:

1. The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed asset
 - a. The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years.
 - b. In accordance with this programme certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the company and the nature of its assets.
 - c. According to the information and explanations given to us and on the basis of our examination of the records of the company, the title deeds of immovable properties are held in the name of the company.
2. The physical verification of inventory has been conducted at the year-end by the management and no material discrepancies were noticed between books of accounts and physical verification.
3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Hence sub paras (a), (b) and (c) are not applicable.
4. In our opinion and according to the information and explanations given to us, the Company has not given any loans or made any investments and hence the said clause regarding the compliance with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made is not applicable.
5. The Company has not accepted any deposits from the public.
6. The Company is required to maintain cost records as prescribed in section 148 (1) of the Companies Act. As informed, the company is in the process of compilation of relevant cost statements and records. We have relied on the certificate given by an independent professional appointed by the company in this behalf.
7. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, employees' state insurance and duty of excise, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.
 - a. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2018 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. 39(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

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CA. Deepak Sugandhi
Partner
Membership number: 104950
Pune

July 26th, 2018

Annexure - B to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of BEL Optronics Limited ("the Company") as of 31 March 2018 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 2018, 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

July 26th, 2018

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

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

Sr.No.	Directions	Response
1	Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not please state the area of freehold and leasehold land for which title/lease deeds are not available.	The company has taken a land (situated at EL 30, J block, Bhosari Industrial Area admeasuring 13,680 sq meters) on lease for a period of 95 years with renewable option of further 95 years from Maharashtra Industrial Development Corporation on 25.11.1991. This fact is disclosed in Note 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.	<p>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.</p> <p>Based on our review of books of accounts and management confirmation the company has not received any assets as gifts.</p>

For MSDN & Associates
Chartered Accountants
Firm's registration number: 112479W

-sd-
CA. Deepak Sugandhi
Partner
Membership number: 104950
Pune

July 26th, 2018



To

Shri M V Gowtama,
Chairman,
M/s.BEL Optronics 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 Optronics Devices Limited, Pune for the year ended 31 March 2018.

I forward **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 Optronics Devices Limited, Pune** for the year ended 31 March 2018.

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,

(Avinash K. Nilankar)
Dy. Director (Admin)

Encl: As above.

भारतीय लेखापरीक्षा तथा लेखा विभाग
INDIAN AUDIT & ACCOUNTS DEPARTMENT

प्रथम तल, बसव भवन, श्री बसवेश्वर रोड, बेंगलूर - 560 001
1st Floor, Basava Bhavan, Sri Basaveswara 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 2018**

The preparation of financial statements of **M/s. BEL Optronics Limited, Pune** for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated 23 May 2018 and their revised Report dated 26 July 2018.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **M/s. BEL Optronics Limited, Pune** for the year ended 31 March 2018. This supplementary audit has been carried out independently without access to the working papers of the statutory auditor and is limited primarily to inquiries of the statutory auditor, company personnel and a selective examination of some of the accounting records. In view of the revision made in the Financial Statements by the management, as a result of my audit observations highlighted during supplementary audit as indicated in the Note no. 39(18) of the General Notes to Accounts of the financial statements, I have no further comments to offer upon or supplement to the statutory auditors' report under section 143(6) (b) of the Act.

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


(Santosh Kumar)

Principal Director of Commercial Audit

Place: Bengaluru

Date: 13 August 2018

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