

**MISSION**

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

**BOARD OF DIRECTORS OF BEL OPTRONIC DEVICES LIMITED**

a)	Shri. Sunil Kumar Sharma (From 01.01.2014)	Chairman	CMD, BEL
b)	Shri. Anil Kumar (Upto 31.12.2013)	Chairman	CMD, BEL
c)	Shri. M.L. Shanmukh	Director	Director (HR), BEL
d)	Dr. Ajit.T. Kalghatgi	Director	Director (R & D), BEL
e)	Shri. Prabhat Acharya (From 27.09.2013)	Director	Director (Finance), BEL

**PRINCIPAL EXECUTIVE**

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

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

**AUDITORS**

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

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Ten Year Financial Statistics										(₹ in Millions)
Particulars	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Total Income	437	533	624	451	322	610	534	702	1578	1843
Profit after tax	46	60	82	14	(36)	23	45	82	58	50
Equity capital	183	183	183	183	183	183	183	183	183	183
Reserves & Surplus	11	46	126	142	106	129	173	255	312	362
Gross Block	450	474	485	489	493	501	503	507	529	694
Working Capital	119	132	182	222	205	245	299	881	272	(185)
Capital Employed	353	342	355	357	304	325	366	942	347	37
Net Worth	194	229	310	325	289	312	356	438	495	545

## CHAIRMAN'S LETTER

### *Dear Shareholders,*

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

### HIGHLIGHTS OF THE YEAR 2013-14

Your company achieved a turnover of ₹ 17,151.00 Lakhs during the year 2013-14 as against ₹ 14,704.37 Lakhs in 2012-13, an increase of 16.64%.

- During 2013-14, the Profit after Tax(PAT)has decreased by 13.83%, from ₹ 575.83 Lakhs in 2012-13 to ₹ 496.19 Lakhs in 2013-14. The reason for lower profits is on account of lower margins as majority of the sales was executed by procurement of SKD/CKD kits pending implementation of ToT for in-depth manufacturing.
- The networth of the Company has increased to ₹ 5,451.18 Lakhs as on 31.03.2014, registering an increase of 10.01%.

- **Other achievements :**

Your company has been awarded Excellent rating for the fourth consecutive year( 2012-13) in respect of the MoU which BELOP enters with it's holding company Bharat Electronics Limited (BEL) for establishing the performance parameters and targets for each year with the approval of the Department of Public Enterprises (DPE).

- **Products under Development**

The company plans to complete the finishing operations on the developed Product, viz., Intensified Camera Unit with Image Processor, to enable usage in Commercial Applications.

### FUTURE OUTLOOK

- **Transfer of Technology :**

The Project Final Acceptance of XD-4 Project has been initiated and is expected to be completed by end August 2014. The in-depth manufacture (IM) of 8,000 XD-4 Performance I.I. Tubes p.a. would be commenced and the company would be meeting the customer requirements of XD-4 Performance I.I. Tubes through in-depth manufacturing from September 2014 onwards.

Your company is pursuing its plan for acquisition of ToT for manufacturing critical components of I.I.Tubes, viz, 6µm Pore Micro Channel Plates (MCPs) and Alkali Dispensers.

### Performance in 2014-15

Your company has an order book position of ₹ 9,990 Lakhs as on 30.06.2014 and is expected to achieve a sales of around ₹ 12,610 Lakhs for the year 2014-15.

### 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 Director's Report.

**ACKNOWLEDGEMENTS**

I would like to thank my fellow Directors on the Board for their wisdom and guidance. I deeply appreciate our Shareholders, particularly the Specified Undertaking of the Unit Trust of India, our customers and our business associates for their continuing support. I also wish to express my sincere gratitude to all the officers and employees of BELOP for their dedication and commitment which is responsible for driving growth in the company. It shall be our continuous endeavour to build on these strengths to face future challenges to continue the journey of profitable growth.

Best Wishes,

**Sincerely,**

Place :- Bangalore  
Date :- 27<sup>th</sup> August 2014

**-sd-**  
**(Sunil Kumar Sharma)**  
**Chairman**

## DIRECTORS' REPORT

### To the Members,

Your Directors are pleased to present their report on the business and operations of your company for the year ended 31<sup>st</sup> March 2014 together with the Audited Accounts.

### 1 Financial Highlights

The company has achieved turnover (Gross) of ₹17,151.00 Lakhs and has made a profit after tax of ₹496.19 Lakhs during the year. The turnover is the highest ever for the company.

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

Particulars	₹ in Lakhs	
	2013-14	2012-13
Total Income	18,430.49	15,775.54
Profit Before Depreciation, Interest and Tax	962.33	949.46
Interest	6.12	0.18
Depreciation	189.14	92.67
Profit Before Tax	767.07	856.61
Provision for Taxation	270.88	280.78
Profit for the year	496.19	575.83

### 2 Dividend

The Directors could not recommend any dividend for the year 2013-14 taking into account the future funds requirements.

### 3 Order Book Position

The order status of the company as on 01.04.2014 was ₹ 14,240 Lakhs as compared to ₹ 14,914 Lakhs as on 01.04.2013.

### 4 Future Outlook

The Project Final Acceptance of XD-4 Project has been initiated and is expected to be completed by end August 2014. The in-depth manufacture (IM) of 8,000 XD-4 Performance I.I. Tubes p.a. would be commenced and the company would be meeting the customer requirements of XD-4 Performance I.I. Tubes through in-depth manufacturing from September 2014 onwards.

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

### 5 Finance

During the financial year 2013-14, your company has met its fund requirements towards incremental working capital and additional investments on upgradation of infrastructure and capital equipments from internal resources. Borrowing has been avoided through close monitoring of cash flows and efficient cash management.

## 6 Research & Development (R&D)

The company's R&D Centre is recognised by Department of Scientific and Industrial Research (DSIR). During the year, a new associated product, viz., Intensified Camera Unit with Image Processor has been developed. The product is under finishing operations to enable commercial exploitation. The product can be used for Low Light Level Surveillance Applications. During the year the R & D team has upgraded certain equipments and carried out process improvements. The details of the efforts taken are detailed in the Annexure to the Director's Report.

## 7 Products under Development

The company plans to complete the finishing operations on the developed Product, viz., Intensified Camera Unit with Image Processor, to enable usage in Commercial Applications.

## 8 Customer Satisfaction

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

## 9 Recognitions

The Directors are pleased to inform you that for the fourth consecutive year (2012-13) the company has been awarded Excellent rating in respect of the MoU which BELOP enters with it's holding company Bharat Electronics Limited (BEL). The performance parameters and targets for each year are finalised with the approval of the Department of Public Enterprises (DPE).

## 10 Industrial Relations

Industrial relations during the year were cordial. However, there are some protests by the non-executives on the implementation of the revised promotion policy. Efforts are on to resolve the matter at the earliest.

## 11 Environment Management

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

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

## 12 Safety

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

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

To improve the safety in the manufacturing processes the following equipments have been procured and installed.

- a) Installation of chemical working station in chemical process department for efficient exhaust of acid fumes at the cost of approx. ₹ 28 Lakhs.
- b) Installation of glue preparation cabinet in Phosphor Process Department for preparation of adhesive to be used in screen manufacturing process at the cost of approx. ₹ 1.50 Lakhs.

### 13 Vigilance

A Vigilance Officer for BELOP has been appointed from the year 2012-13 by Chief Vigilance Officer, BEL. Performance of the Vigilance Department during the year has been satisfactory. All the executives of the company have filled their Annual Property Returns. 108 Purchase Orders/Contracts and high value orders/contracts have been reviewed/scrutinized during the year and found to be in order. 120 Regular and 116 Surprise inspections were conducted. There is no case pending under investigation.

### 14 Integrity Pact

The Central Vigilance Commission has taken an initiative of introduction of the Integrity Pact in large value contracts in all Government Organisations for eradication of corruption in procurement activity. In line with the directives from the Ministry of Defence and the Central Vigilance Commission, during the year 2013-14, BELOP has entered into an Integrity Pact with all the vendors/suppliers/contractors/service providers for all Orders/Contracts of value ₹ 1000 lakhs and above.

### 15 Implementation of RTI Act(RTIA)

During the year 2012-13, the company has designated certain executives as Public Information Officer, Asst. Public Information Officer and Appellate Authority as specified under the Right to Information Act, 2005. During the year 2013-14, the company received three requests for information under the RTI Act, 2005 in respect of a service related matter which was attended to.

### 16 Directorate

Mr. Anil Kumar, Chairman superannuated on 31<sup>st</sup> December 2013. The Board places on record his valuable contribution, support and guidance which helped the company's sustained growth. Mr. M.L. Shanmukh was appointed as a Director, retiring by rotation at the 22<sup>nd</sup> Annual General Meeting of the company held on 28<sup>th</sup> September 2012. In accordance with the requirements of the Companies Act, 1956 and Articles of Association of the company, Mr.M.L.Shanmukh retires by rotation and being eligible offers himself for re-appointment.

### 17 Directors' responsibility statement

#### Your Directors confirm

- that in preparation of the annual accounts, the applicable accounting standards have been followed;
- that the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on 31<sup>st</sup> March 2014 and of the profit of the company for that period;
- that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- that the Directors have prepared the Annual Accounts on a going concern basis;

### 18 Auditors

The Comptroller and Auditor General of India has reappointed M/s D.V. Sathe & Co., Chartered Accountants as the statutory auditors for the year 2013-14. The internal audit of the company for the year 2013-14 was conducted by the internal audit team of BEL.

## 19 Audit Committee

The members of the Audit Committee are as follows :

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

## 20 Auditors' Report

The Auditors' Report on the Annual accounts for the year 2013-14 alongwith the Management's replies to the comments by the statutory auditor and the 'Nil' comments report of the Comptroller & Auditor General of India for the year 2013-14 are appended to this report.

## 21 Management Discussion and Analysis Report

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

## 22 Corporate Governance

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

## 23 Sustainability Report

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

## 24 Other Disclosures

Information required to be disclosed in accordance with Section 217(1)(e) of the Companies Act, 1956 read with Companies(Disclosure of Particulars in the Report of Board of Directors) Rules 1988 regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is attached to this Report. The particulars of employees to be furnished as per Section 217 (2A) of the Companies Act,1956 read with the Companies (Particulars of Employees) Rules1975, as amended, are 'NIL' for 2013-14.

## 25 Acknowledgement

Your Directors appreciate the valuable support received from all the Customers 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. Your Directors express their sincere thanks to the Comptroller and Auditor General of India, Chairman, Members and Employees of the Audit Board, Statutory Auditor, Company's Bankers and Vendors. Your Directors appreciate the sincere efforts put in by all the employees at all levels which enabled your company to achieve the good performance during the year. Your Directors express their appreciation and gratitude for the support received from the holding Company, M/s Bharat Electronics Limited and Shareholders, particularly the Specified Undertaking of the Unit Trust of India and look forward to their continued support and participation in sustaining the growth of the company in the coming years.

**For and on behalf of the Board**

Place :- Bangalore

Date :- 27<sup>th</sup> August 2014

**-sd-**

**SUNIL KUMAR SHARMA**  
Chairman



## ANNEXURE TO DIRECTORS' REPORT

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

### A. CONSERVATION OF ENERGY

#### a. Energy Conservation measures taken during 2013-14

- Installation of energy efficient Air conditioners.

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

- Additional investments made during the year for implementing the measures at (a) above, was around ₹ 1.33 Lakhs.

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

- Saving in domestic Power consumption in future due to installation of energy efficient Air conditioners.

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

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

### B. TECHNOLOGY ABSORPTION

#### FORM B

#### R & D activities

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

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

- Development of Intensified Camera Unit with Image Processor.
- Development of alternate Vendor for a critical imported item, viz., Metalised Ceramic Ring.
- Design of Special Purpose Chemical Working Station with Scrubber, to enhance effectiveness of Chemical Treatment of parts.

#### 2 Benefits derived from above R&D efforts

- Development of new Product for the Company.
- Vendor development for critical Parts to mitigate risks due to dependency on single Vendor.
- Upgradation of Manufacturing Infrastructure of the Company.
- Increased Productivity & consistency in Processes.

### 3 Future plan of action

- Upgradation of Thin Film Deposition Equipment (Box Coater-2) for Phosphor Process to improve Process consistency.
- Automation of MCP Scrub Equipment to improve productivity and Process consistency.

### 4 Expenditure on R&D

The Company has incurred an expenditure of approx. ₹ 19 Lakhs during the year 2013-14.

### 5 Technology absorption, adaptation and innovation

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

- The Company has installed and commissioned State-of-the-art Infrastructure viz., Clean Rooms, Utilities, Special purpose Automated / Semi-automated / precision Manufacturing and Test Eqpt., etc., for manufacture of XD-4 performance I.I. Tubes. The processes for in-depth manufacture of XD-4 performance Tubes are under final stage of establishment.
- Upgradation of the existing manufacturing Equipment to improve Productivity.

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

- Availability of World Class Infrastructure to manufacture High Technology Product indigenously.
- Improved Productivity, Quality and Reliability of the Products.

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

During 2007-08 to 2010-11, the company has not imported any technology. The Product Development and Process improvements have been made through in-house R&D efforts. In May 2011, the Company has signed a Transfer of Technology (ToT) Agreement with M/s Photonis, France for the manufacture of XD-4 Type I.I. Tubes required for Indian Army and the ToT would be completed by September 2014.

### C FOREIGN EXCHANGE EARNING AND OUTGO

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

## ANNEXURE TO DIRECTOR'S REPORT

MANAGEMENT DISCUSSION AND ANALYSIS REPORT**A) Strengths, Weaknesses, Opportunities and Threats and Major Initiatives undertaken and planned to ensure sustained performance and growth****1. SWOT Analysis****► Strengths:**

- Availability of latest technology for manufacture of high performance I.I Tubes.
- Assured supply of critical components for the manufacture of I.I. Tubes from ToT partner.
- Availability of World Class Infrastructure to manufacture High Technology Product indigenously.
- Availability of technically trained manpower.
- Long term commitment to customers.
- Quality Management System (QMS) certified to ISO 9001:2008 and Environmental Management System (EMS) certified to ISO 14001:2004.
- Recognised in-house R&D Unit by Department of Industrial and Scientific Research (DSIR), Govt. of India.

**► Weaknesses:**

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

**► Opportunities:**

- Potential Market of approx. 20,000 Nos of II Tubes / p.a. for min. 8-10 Years considering Growing Defence and Security needs.
- Government's emphasis on indigenous development and manufacture of defence equipment.

**► Threats:**

- Advances in Un-cooled Thermal Imagers may offer competitive alternatives for I.I. Tubes.
- Opening up of defence products manufacturing to private sector by government.

**2. Major initiatives undertaken and planned to ensure sustained performance and growth:****a) Technology updation and R & D**

BELOP would be commencing supplying XD-4 I.I. Tubes through in-depth manufacturing to it's customers from September 2014 onwards.

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

**b) Manufacturing**

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

**c) Quality and Productivity**

During the year 2013-14, BELOP has improved the FTP of the Encapsulation Process from 80% to 92% for 18mm Gen II I.I. Tubes leading to better quality product alongwith increase in productivity.

**d) Diversification expansion plans**

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

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

**a) Risk Management**

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

BELOP has established an automated data back-up system during the year for mitigating the risk of loss of data.

**b) Cost Reduction**

In order to achieve cost efficiency BELOP has taken various measures in both manufacturing and non-manufacturing areas for cost reduction. The estimated savings due to the above measures is ₹ 19.69 Lakhs.

**B) Internal Control System and its adequacy**

The company has an adequate system of Internal Control commensurate with its size and nature of its 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 authorization and ensuring compliance of company's policies and procedures issued from time to time.

The internal audit of the company for the year 2013-14 was conducted by the internal audit team of BEL.

Your company has an Audit Committee which reviews the Internal Control Systems and the significant audit observations submitted by the internal audit. The adequacy of the Internal Control procedures is reviewed and reported by the Statutory Auditors in their Audit Report. BELOP being a Government Company is subject to Government Audit also.

A Sub-Contract Procedure has been implemented with effect from 29<sup>th</sup> January 2014 which would strengthen the internal control system.

## C) Financial/Operational Performance

### 1. Strategy & Objectives

The main objectives of the financing strategy of the company are as follows:-

- (i) To make available funds by effective cash flow management.
- (ii) To effectively execute tax planning thereby improving the post tax yield.
- (iii) To meet the expectations of the various stakeholders .
- (iv) To maintain highest standards of financial reporting by following the mandatory accounting standards.

Each of the objectives listed continue to be accorded the highest priority by BELOP. During the financial year, the company made efforts to fund the working capital needs and the funding for capital expenditure from the internal resources without resorting to external borrowings.

### 2. Performance Highlights

(₹ in Lakhs)

Particulars	2013-14	2012-13
Gross Sales	17,151.00	14,704.37
Total Expenditure Before Interest	19,454.52	15,949.20
Profit Before Interest and Tax	773.19	856.79
Operating Margin(PBIT/Gross Sales) Ratio%	4.51	5.83
Profit After Tax	496.19	575.82
No. of Days Inventory/Value of Production (DPE Method)	61.95	100
No. of Days Sundry Debtors	33	67
Current Ratio	0.80	1.33
Debt Equity Ratio	Nil	Nil

### 3. Analysis of Financial performance of 2013-14

- Turnover increased by 16.64% from ₹ 14,704.37 Lakhs in 2012-13 to ₹ 17,151.00 Lakhs in 2013-14.
- Value of Production has decreased by ₹ 2,037.20 Lakhs from ₹ 16,650.46 Lakhs in 2012-13 to ₹ 14,613.26 Lakhs in 2013-14.
- PAT has decreased by 13.83% from ₹ 575.83 Lakhs in 2012-13 to ₹ 496.19 Lakhs in 2013-14.

- PAT to Sales Ratio in 2013-14 is 2.89%.
- Sales per Employee has increased by 17.42% from ₹ 132 Lakhs in 2012-13 to ₹ 155 Lakhs in 2013-14.
- Earning per share is ₹ 27.08.
- Net worth has increased by 10.01% from ₹ 4,954.98 Lakhs in 2012-13 to ₹ 5,451.18 Lakhs in 2013-14.

#### **D) Development in Human Resources/Industrial Relations**

The company has provided training of average 9.09 mandays per employee on technical and quality related topics.

**ANNEXURE TO DIRECTORS' REPORT****CORPORATE GOVERNANCE REPORT****Philosophy and Code of Governance**

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

**Board of Directors****Composition**

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

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

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

**Meetings and Attendance**

During the financial year ended 31.03.2014, six Board Meetings were held and the maximum interval between any two meetings was 90 days. The Board Meetings were held on 29.04.2013, 24.05.2013, 30.07.2013, 30.10.2013, 29.01.2014. 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 2013-14 etc. are given below:-

Sr.	Directors	Meetings held during respective tenure of Directors	No. of Board Meeting attended	Attendance at the last AGM held on 27th Sept. 2013	No. of Other Director ships held	* Number of committee Membership across all companies	
						As Chairman	As Member
	<b>Part time Directors</b>						
1.	Mr. Sunil Kumar Sharma	1	1	No	3	Nil	Nil
2.	Mr. Anil Kumar	4	4	Yes	1	Nil	Nil
3.	Mr. M. L. Shanmukh	5	5	Yes	1	1	1
4.	Dr. Ajit T. Kalghatgi	5	4	Yes	2	Nil	1
5.	Mr. Prabhat R. Acharya	2	2	Yes	2	Nil	2

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

**Code of Conduct**

Board of Directors of your company has laid down a Code of Conduct for all Board members and senior management personnel of the company as per the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises(DPE Guidelines). All Board members and senior management personnel have affirmed compliance with the Code of Conduct during the year 2013-14. A declaration to this effect signed by the Chairman is attached to this Report.

### Audit Committee

The composition of the Company's Audit Committee is three Directors as specified in Section 292A of the Companies Act, 1956. In addition, the Statutory Auditor of the Company and the Internal Auditor attend the meetings of the Audit Committee. The Company Secretary is the Secretary to the Audit Committee. The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on 27<sup>th</sup> September 2013. The terms of reference of the Audit Committee are as specified in Section 292A of the Act and as per the DPE guidelines.

During the year ended 31.03.2014, the Audit Committee met five times on 29.04.2013, 24.05.2013, 30.07.2013, 30.10.2013 and 29.01.2014.

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

Name	Meetings held during respective tenure of Director	No. of meetings attended
Mr. M. L. Shanmukh	5	5
Dr. Ajit T. Kalghatgi	5	4
Mr.P.R.Acharya	2	2

### Remuneration

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

### Directors' Shareholding

One Director Dr. Ajit.T. Kalghatgi holds 10 Equity shares in the company as on 31.03.2014.

### Other Board Subcommittees

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

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

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

### General Body Meetings

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

Year	Location	Date & Time
2010-11	Registered Office	23rd September 2011 at 03.00 PM
2011-12	Registered Office	28th September 2012 at 12.30 PM
2012-13	Registered Office	27th September 2013 at 12.00 PM

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



### Disclosures

- (a) Related Party Transactions are disclosed in Note No.29(8) of Notes to the Accounts for the year ended 31.03.2014.
- (b) No other expenses, which are personal in nature, were incurred for the Board of Directors and Top Management.
- (c) No items of expenditure, other than those directly related to its business or incidental thereto, and those spent towards the welfare of its employees/ex-employees, were debited in books of accounts.
- (d) Administrative and office expenses as a percentage of total expenses and reasons for increase, if any:

Administrative and office expenses were 0.70 % of the total expenses for the year 2013-14 as against 0.49 % 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 2013-14.

### Presidential Directives and Guidelines

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

### Shareholding Pattern as on 31 March 2014

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

### Top 10 Shareholders as on 31 March 2014

Sr.	Name	No. of Shares	% Holding
1	Promoter - M/s Bharat Electronics Limited	17,00,223	92.79
2	Financial Institutions - Specified Undertaking of the Unit trust of India	1,32,000	7.21
3	Individuals	70	0.00

### CEO/CFO Certification

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

### Compliance

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

### DPE Grading

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

### Registered Office/Address for Correspondence

#### **BEL Optronic Devices Ltd.**

**Registered Office :-** EL-30, 'J', Block, MIDC, Bhosari Industrial Area, Pune- 411 026

Phone: (020) 27130981/2/3/4; Fax: (020) 27130589; e-mail: ceo\_office@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. June 2007, all Board Members and Senior Management Personnel of the Company have affirmed compliance with the Code of Business Conduct & Ethics for Board Members & Senior Management of BEL Optronic Devices Limited for the year ended 31<sup>st</sup> March 2014.

**For BEL OPTRONIC DEVICES LIMITED**

**-sd-**

**Sunil Kumar Sharma  
Chairman**

Place :- Bangalore  
Date :- 27<sup>th</sup> August 2014

**ANNEXURE TO DIRECTORS' REPORT****SUSTAINABILITY REPORT**

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

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

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

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

**Specific Sustainable Development Initiatives**

BELOP has taken the following specific sustainable development initiatives during 2013-14

**a) Recycling of garden waste to convert into manure**

BELOP has created a compost pit for conversion of garden waste into manure at a cost of ₹ 40,000/-

**b) Installation of efficient exhaust system for phosphor process department**

BELOP has installed a efficient exhaust system to collect loose phosphor and reuse for production at a total cost of apprx. ₹ 30,000/-

**c) Ecological Sustainability**

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

**SIGNIFICANT ACCOUNTING POLICIES :****A. Basis of Accounting :**

The financial statements are prepared and presented under historical cost convention, in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting, except as stated herein. GAAP comprises of the mandatory Accounting Standards (AS) covered by the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, to the extent applicable, and the provisions of the Companies Act, 1956 and these have been consistently applied.

**B. Use of Estimates :**

The preparation of the financial statements in conformity with GAAP, requires that the management makes estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liability as at the date of financial statements and reported amounts of revenue and expenses during the reporting period. Although such estimates are made on a reasonable and prudent basis taking into account all available information, actual results could differ from these estimates and such differences are recognised in the period in which the results are ascertained.

**C. Revenue Recognition :**

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

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

- ii) Sales exclude Sales Tax / Value Added Tax (VAT) and include excise duty.
- iii) Income from services are recognised on completion of services.
- iv) Other income is recognised on accrual basis.

**D. Inventory Valuation :**

- i) Raw materials, stores & spares and goods-in-transit have been valued at lower of cost and net realisable value and cost of material is determined on weighted average basis.
- ii) Work -in-Progress has been valued at the lower of cost and net realisable value. Cost includes materials cost and cost of conversion to the extent applicable.
- iii) Finished Goods have been valued at the lower of cost and net realisable value.

**E. Depreciation/Amortisation:**

- i) Tangible Depreciable Fixed Assets are generally depreciated on straight line method at the rates (or higher rates as disclosed) and in the manner provided for in Schedule XIV to the Companies Act, 1956.
- ii) Cost of Leasehold land is amortised over the lease period.
- iii) Assets costing Rs 5,000/- and less individually are depreciated at 100% in the year of addition.
- iv) Intangible assets are amortised over a period of ten years on straight line method.
- v) Prorata depreciation / amortisation is charged from / upto the date on which the assets are put to use/are deleted or discarded.

**F. Employee Benefits :**

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

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

- ii) Defined contribution to Employee Provident Fund and Pension Scheme are made on a monthly accrual basis at the applicable rates. Defined contribution to Superannuation Scheme is made on yearly basis at the applicable rates.
- iii) Gratuity: Incremental liability for payment of gratuity to employees is determined as the difference between present value of the obligation determined annually on actuarial basis using Projected Unit Credit Method and the fair value of plan assets funded in an approved trust set up for the purpose.

**G. Income Tax :**

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

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

Certain Items of income and expenditure are not considered in tax returns and financial statements in the same period. The net tax effect calculated at the current enacted tax rates of this timing difference is reported as deferred income tax asset/ liability and is recognised in the Statement of Profit and Loss for the period in accordance with AS 22- "Accounting for Taxes on Income".

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

Prior Period Adjustments and Extra-Ordinary Items having material impact on the financial affairs of the company are disclosed in the financial statements.

#### I. Foreign Currency Transactions :

Foreign exchange transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Monetary assets and liabilities denominated in foreign currencies as at the Balance sheet date are translated at period-end rates. The resultant exchange difference arising from settlement of transactions during the period and transactions at the period end, except those upto 31.03.2007 relating to acquisition of fixed assets from a place outside India, is recognised in the Statement of Profit and Loss. Exchange differences relating to the acquisition of fixed assets were adjusted in the carrying cost of the fixed assets till 31.03.2007.

Premium or discount arising at the inception of the forward exchange contract is amortized as income / expenditure over the life of the contract.

The exchange rate differences on the amount of forward exchange contract between the rate on the last reporting date / the rate at the time of entering into a contract during the period and the rate on the settlement date are recognised in the Statement of Profit and Loss in the reporting period in which the exchange rates change. The exchange difference arising from the rates prevailing at the time of entering into contract and the reporting date are also accrued and adjusted in the Statement of Profit and Loss.

Any profit or loss arising on cancellation or renewal of a forward exchange contract is recognized as income or as expense in the period when the cancellation or renewal occurs.

#### J. Borrowing costs :

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

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

##### a) Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation / amortization including where the same is acquired in full or in part with government grant. Cost for this purpose includes all attributable costs for bringing the asset to its location and condition, cost of computer software which is an integral part of the related hardware and also includes borrowing costs during the acquisition / construction phase, if it is a qualifying asset requiring substantial period of time to get ready for intended use.

The cost of fixed assets acquired from a place outside India includes the exchange difference if any, arising in respect of liabilities in foreign currency incurred for acquisition of the same upto 31.03.2007.

**b) Capital work in progress**

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

**c) Intangible Assets**

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

**L. Technical Assistance :**

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

**M. Investment :**

- i) Long - term investments are stated at cost. In case there is permanent diminution in the value of the investments, provision for the same is made in the Accounts.
- ii) Short -term investments are carried at lower of cost or market value/fair value.

**N. Impairment of Assets :**

The assessment for the impairment of assets is done with reference to the Company [ Cash Generating Unit (CGU)] at each Balance Sheet date if events or changes in circumstances, based on internal and external factors, indicate that the carrying value may not be recoverable in full. The loss on account of impairment, which is the difference between the carrying amount and recoverable amount, is accounted accordingly. Recoverable amount of a CGU is its Net Selling Price or Value in use whichever is higher. The value in use is arrived at on the basis of estimated future cash flows discounted at company's pre-tax borrowing rate.

**O. Government Grants :**

All Grants from Government are initially recognized as Deferred Income.

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

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

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

**P. Provision for Doubtful Debts :**

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

**Q. Cash Flow Statement :**

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

**R. Provision for Warranties :**

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

**S. Provisions and Contingent Liabilities :**

Provisions for losses and contingencies arising as a result of a past event where the management considers it probable that a liability may be incurred, are made on the basis of the best reliable estimate of the expenditure required to settle the present obligation on the Balance Sheet date, and are not discounted to its present value. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

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



**T. Research & Development Expenditure :**

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

As per our report attached

	-sd-	-sd-	-sd-
For D. V. Sathe and Co. Chartered Accountants Firm Reg. No. 109302W	Sunil Kumar Sharma Chairman	M. L. Shanmukh Director	Ajit T. Kalghatgi Director
-sd-	-sd-	-sd-	-sd-
Bhagyashree Sathe Partner M. No. 037396	S.S. Kulkarni Chief Executive Officer	Amarnath Kundu Manager(Finance)	Priya Iyer Company Secretary

Place: Pune  
Date: 27/05/2014

Place: Bangalore  
Date: 21/05/2014

**BEL OPTRONIC DEVICES LIMITED**  
**BALANCE - SHEET AS AT 31ST MARCH, 2014**

Amount in ₹

Sr. No.	Particulars	Note No.	As at 31st March, 2014	As at 31st March, 2013
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
<b>(1)</b>	<b>Shareholder's Fund</b>			
	(a) Share Capital	1	18,32,29,300	18,32,29,300
	(b) Reserves and Surplus	2	36,18,88,422	31,22,69,150
			<b>54,51,17,722</b>	<b>49,54,98,450</b>
<b>(2)</b>	<b>Grants</b>	3	<b>2,08,22,67,739</b>	<b>1,40,88,61,969</b>
<b>(3)</b>	<b>Non-Current Liabilities</b>			
	(a) Long-term Borrowings		-	-
	(b) Deferred Tax liabilities (net)	12	4,91,156	-
	(c) Other Long term liabilities	4	63,77,225	32,45,45,062
	(d) Long term provisions	5	57,01,095	55,30,759
			<b>1,25,69,476</b>	<b>33,00,75,821</b>
<b>(4)</b>	<b>Current Liabilities</b>			
	(a) Short-term Borrowings	29	-	-
	(b) Trade Payables	6	25,87,94,890	41,23,40,835
	(c) Other current liabilities	7	58,06,16,440	39,38,61,500
	(d) Short-term provisions	8	6,51,69,772	2,57,37,800
			<b>90,45,81,102</b>	<b>83,19,40,135</b>
	<b>Total</b>		<b>3,54,45,36,039</b>	<b>3,06,63,76,375</b>
<b>II</b>	<b>ASSETS</b>			
<b>(1)</b>	<b>Non-current assets</b>			
	(a) Fixed assets			
	(i) Tangible assets	9	22,14,71,859	7,47,57,000
	(ii) Capital work-in-progress	10	70,15,15,683	73,00,40,404
	(iii) Intangible Assets under Development	11	1,89,16,59,862	91,29,10,726
			<b>2,81,46,47,404</b>	<b>1,71,77,08,130</b>
	(b) Deferred tax assets (net)	12	-	27,26,748
	(c) Long term loans and advances	13	50,15,775	50,05,471
	(d) Other non-current assets	14	51,03,841	23,69,64,775
			<b>1,01,19,616</b>	<b>24,46,96,994</b>
<b>(2)</b>	<b>Current Assets</b>			
	(a) Inventories	15	24,80,35,082	45,85,17,365
	(b) Trade receivables	16	15,52,40,316	26,76,47,101
	(c) Cash and Bank Balances	17	24,50,44,579	21,20,12,433
	(d) Short-term loans and advances	18	5,69,70,149	14,86,63,593
	(e) Other current assets	19	1,44,78,893	1,71,30,759
			<b>71,97,69,019</b>	<b>1,10,39,71,251</b>
	<b>Total</b>		<b>3,54,45,36,039</b>	<b>3,06,63,76,375</b>

SEE ACCOMPANYING NOTES (1 TO 29) TO THE FINANCIAL STATEMENTS

**As per our report attached**

	-sd-	-sd-	-sd-
For D V Sathe and Co.	SUNIL KUMAR SHARMA	M. L. SHANMUKH	AJIT T. KALGHATGI
Chartered Accountants	Chairman	Director	Director
Firm Reg. No. 109302W			
-sd-	-sd-	-sd-	-sd-
Bhagyashree Sathe	S. S. KULKARNI	AMARNATH KUNDU	PRIYA S. IYER
Partner	Chief Executive Officer	Manager (Finance)	Company Secretary
M.NO. 037396			

Place : PUNE

Date : 27/05/2014

Place : BANGALORE

Date : 21/05/2014

**BEL OPTRONIC DEVICES LIMITED****STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31st MARCH 2014**

Amount in ₹

Sr. No.	Particulars	Note No.	For the year ended 31st March, 2014	For the year ended 31st March, 2013
<b>I</b>	<b>REVENUE FROM OPERATIONS :</b>			
	Turnover			
	(a) Sale of Products		1,70,89,98,207	1,46,63,17,336
	(b) Sale of Services		57,36,000	37,70,000
	(c) Sale of Scrap		3,65,806	3,49,642
	(d) Gross Sales (a+b+c)		1,71,51,00,013	1,47,04,36,978
	(e) Excise Duty		2,43,972	39,70,582
	(f) Net Turnover (d-e)		1,71,48,56,041	1,46,64,66,396
<b>II</b>	Other Income	20	12,79,49,284	10,71,17,188
<b>III</b>	Transfer of Grant			
	a) TPDUP		22,15,585	22,15,585
	b) ToT	29	17,77,31,462	7,89,54,093
	<b>Total Grant (a+b)</b>		<b>17,99,47,047</b>	<b>8,11,69,678</b>
<b>IV</b>	<b>TOTAL REVENUE (I+II+III)</b>		<b>2,02,27,52,372</b>	<b>1,65,47,53,262</b>
<b>V</b>	<b>EXPENSES :</b>			
	(a) Cost of Materials Consumed	21	1,33,52,73,622	1,58,47,61,668
	(b) Cost of Stores & Spares Consumed	21	96,50,236	23,78,746
	(c) Changes in Process Stock & Finished Goods	22	24,76,71,698	(19,87,29,463)
	(d) Employee Benefit Expense	23	6,93,88,643	6,33,39,879
	(e) Finance Costs	24	42,15,092	5,50,925
	(f) Depreciation and Amortization Expense	9	1,89,14,488	92,67,158
	(g) Technical Assistance Fees and Travel expenses	25	16,79,97,796	9,27,65,974
	(h) Other Expenses	26	9,29,52,217	4,06,03,134
	<b>TOTAL EXPENSES (a to h)</b>		<b>1,94,60,63,792</b>	<b>1,59,49,38,021</b>
<b>VI</b>	Profit before exceptional, extraordinary items & tax (IV-V)		7,66,88,580	5,98,15,241
<b>VII</b>	Exceptional Items		-	(2,55,78,855)
<b>VIII</b>	Profit before extraordinary items & tax (VI-VII)		7,66,88,580	8,53,94,096
<b>IX</b>	Extraordinary Items		-	-
<b>X</b>	Profit for the year (VIII-IX)		7,66,88,580	8,53,94,096
<b>XI</b>	Prior Period Items (Net)	27	(18,853)	(2,67,313)
<b>XII</b>	<b>Profit for the period before tax (X-XI)</b>		<b>7,67,07,433</b>	<b>8,56,61,409</b>
<b>XIII</b>	<b>Tax Expense :</b>			
	a) Current Tax		2,35,73,779	3,01,53,039
	b) Earlier Years		2,96,476	-
	c) Deferred Taxes		32,17,906	(20,74,245)
	<b>Total Provision for Taxation</b>		<b>2,70,88,161</b>	<b>2,80,78,794</b>
<b>XIV</b>	Profit For the Period (XII-XIII)		<b>4,96,19,272</b>	<b>5,75,82,615</b>
<b>XV</b>	<b>Earning per equity Share:</b>	28		
	(1) Basic (In Rupees)		27.08	31.43
	(2) Diluted (In Rupees)		27.08	31.43

SEE ACCOMPANYING NOTES (1 TO 29) TO THE FINANCIAL STATEMENTS

**As per our report attached**

For D V Sathe and Co. Chartered Accountants Firm Reg. No. 109302W	-sd- SUNIL KUMAR SHARMA Chairman	-sd- M. L. SHANMUKH Director	-sd- AJIT T. KALGHATGI Director
-sd- Bhagyashree Sathe Partner M.NO. 037396	-sd- S. S. KULKARNI Chief Executive Officer	-sd- AMARNATH KUNDU Manager (Finance)	-sd- PRIYA S. IYER Company Secretary

Place : PUNE

Date : 27/05/2014

Place : BANGALORE

Date : 21/05/2014

## NOTE 1- SHARE CAPITAL

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
<b>Authorised Capital :</b> 35,00,000 (Previous period 35,00,000) equity Shares of ₹100/- each	35,00,00,000	35,00,00,000
<b>Issued Capital :</b> 19,74,370 (Previous Period 19,74,370) equity Shares of ₹100/- each	19,74,37,000	19,74,37,000
<b>Subscribed and Paid-up Capital :</b> 18,32,293 (Previous period 18,32,293) equity shares of ₹100/- each fully paid up	18,32,29,300	18,32,29,300

Reconciliation of the no. of Shares Outstanding at the beginning and at the end of the year :	As at 31st March, 2014		As at 31st March, 2013	
	No of Shares	Amount ₹	No of Shares	Amount ₹
No of Equity Shares Outstanding at the Beginning of the Year	18,32,293	18,32,29,300	18,32,293	18,32,29,300
Add : Additional Equity Shares Issued during the Years	-	-	-	-
Less : Equity Shares Forfeited/Bought Back during the Year	-	-	-	-
No of Equity Shares Outstanding at the end of the Year	18,32,293	18,32,29,300	18,32,293	18,32,29,300

**Notes :**

1. Out of the above 17,00,223 (Previous Year 17,00,223) Equity Shares of ₹ 100 each are held by Bharat Electronics Ltd, the Holding Company.
2. Details of the Number of Shares held by each Shareholder holding more than 5% Shares in the Company are as follows :

Particulars	2013-14		2012-13	
	Number of Shares	% of Shareholding	Number of Shares	% of Shareholding
<b>Equity Shares :</b>				
Bharat Electronics Ltd.	17,00,223	92.79	17,00,223	92.79
Specified Undertaking of Unit Trust of India	1,32,000	7.21	1,32,000	7.21

**Note :**

The Difference in the Issued Share Capital and Subscribed and paid-up Capital is on Account of non-subscription by the Promoters and the Specified Undertaking of Unit Trust of India to the Share Issued by the Company in the Years 1990 and 1993 to the extent of ₹ 1,42,07,700/- (Previous Year ₹ 1,42,07,700/-)

**NOTE 2 - RESERVES AND SURPLUS**

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
<b>Surplus :</b>		
As per Last Balance Sheet	31,22,69,150	25,46,86,535
Add : Profit / (Loss) for the period	4,96,19,272	5,75,82,615
<b>Total</b>	<b>36,18,88,422</b>	<b>31,22,69,150</b>

**NOTE 3 - GRANTS**

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
<b>Grant :</b>		
<b>TPDUP Project :</b>		
As per last Balance Sheet	49,36,128	71,51,713
Less : Transferred to Statement of Profit & Loss	22,15,585	22,15,585
<b>Sub-Total (1)</b>	<b>27,20,543</b>	<b>49,36,128</b>
<b>ToT :</b>		
As per last Balance Sheet	1,40,39,25,841	1,01,50,64,513
Add : Received During the Year	85,33,52,817	49,33,94,276
Less : Transferred to Statement of Profit & Loss during the Year	17,77,31,462	7,89,54,093
Less : Transferred to Statement of Profit & Loss i.r.o. 2011-12	-	2,55,78,855
<b>Sub-Total (2)</b>	<b>2,07,95,47,196</b>	<b>1,40,39,25,841</b>
<b>Total (1+2)</b>	<b>2,08,22,67,739</b>	<b>1,40,88,61,969</b>

BELOP has entered into an Agreement with M/s Photonis, France for Transfer of Technology for Manufacture of Higher Specification I.I. Tubes at BELOP. It is Submitted that 84.76% of the ToT Cost is funded by way of Grant. Accordingly, 84.76% of the expenses incurred in the year 2013-14 towards ToT has been transferred to income in the Statement of Profit and Loss. As on 31.03.2014, BELOP has received a grant of Rs 240.23 Cr. and is yet to receive a grant of ₹ 14.52 Cr.

**NOTE 4 - OTHER LONG TERM LIABILITIES**

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Liability for Capital Purchases	63,77,225	32,45,45,062
<b>Total</b>	<b>63,77,225</b>	<b>32,45,45,062</b>

The above liability for Capital Purchases Includes Capital Goods-in-Transit of ₹ 6,24,281/- (Previous Year ₹ Nil)

**NOTE 5 - LONG TERM PROVISIONS**

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Long-term Compensated Absences	57,01,095	55,30,759
<b>Total</b>	<b>57,01,095</b>	<b>55,30,759</b>

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

**I) Leave Encashment**

The Company has a Leave encashment scheme which is a non-funded scheme.

As per the scheme all Employee 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 ₹ 72,96,692/- as on 31.03.2014. The actuarial valuation has been done using PUC method.

Particulars	For the Year ended 31.03.2014
Retirement Age	58 years
Attrition Rate	2%
Future Salary Rise	5%
Rate of Discounting	9.33%
Mortality Table	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	₹ 15,95,597/-
Non Current Liability	₹ 57,01,095/-
<b>Total</b>	<b>₹ 72,96,692/-</b>

**NOTE 6 - TRADE PAYABLES**

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Trade Payables	25,87,94,890	41,23,40,835
<b>Total</b>	<b>25,87,94,890</b>	<b>41,23,40,835</b>

**Note :**

The information regarding amounts due to Micro and Small Enterprises as required under Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 as on 31st March 2014 is furnished below.

1. Principal amount payable to Micro and Small enterprises (to the extent identified by the Company from available information and relied upon by the auditors) as at 31st March 2014 is ₹ NIL (Previous Year ₹ NIL) including unpaid amount of ₹ NIL (Previous Year ₹ NIL) outstanding for more than 30/45 days. Estimated interest thereon is ₹ NIL (Previous Year ₹ NIL).

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

## NOTE 7 - OTHER CURRENT LIABILITIES

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	₹		₹	
Advance Progress Payments received from Customers		53,16,14,267		36,89,34,665
<b>Statutory Dues Payable</b>				
TDS Payable	3,12,64,399		4,58,615	
Sales Tax Payable	95,33,560		57,22,467	
Service Tax Payable	8,25,159		-	
R & D Cess Payable	5,64,440		-	
Excise Duty Payable	3,84,762		-	
Other Statutory Dues Payable*	9,09,012	4,34,81,332	7,67,290	69,48,372
EMD Deposits		1,59,000		1,59,000
Security Deposits		30,28,516		30,96,683
Other Payables @		23,33,325		1,47,22,780
<b>Total</b>		<b>58,06,16,440</b>		<b>39,38,61,500</b>

\* Other Statutory Payables include ₹ 5,41,736/- (Previous year ₹ 5,10,930/-) towards PF, ₹ 1,950/- (Previous year ₹ 37,682/-) towards ESIC, ₹ 22,000/- (Previous year ₹ 22,200/-) towards Profession Tax, ₹ 3,37,638/- (Previous year ₹ 1,96,478/-) towards TDS VAT and ₹ 5,688/- (Previous year ₹ NIL) towards VAT - Output Tax.

@ Other Payables includes ₹ 20,54,651/- (Previous year ₹ 4,88,130/-) towards Electricity Charges for the month of March 2014 paid in April 2014 and ₹ 2,78,674/- (Previous year ₹ 1,42,34,650/-) towards outstanding liabilities against various routine expenses incurred in March 2014.

## NOTE 8 - SHORT TERM PROVISIONS

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	₹		₹	
Provision for Income Tax (Net of Advance Tax)		2,11,58,182		5,55,090
Provision for Warranty		1,34,52,488		84,21,517
<b>Provisions Towards Employee Benefits</b>				
Long-term Compensated Absences	15,95,597		6,31,424	
Gratuity	-		15,77,296	
Annual Incentive	25,26,193		22,42,833	
Pay Revision*	2,58,51,302	2,99,73,092	1,23,09,640	1,67,61,193
Gr. Super Annuation Scheme BEL		5,86,010		-
<b>Total</b>		<b>6,51,69,772</b>		<b>2,57,37,800</b>

\* The Pay Revision for Executives and non-executives is due w.e.f. April 2012. Hence a provision at 25% of the total salary for the year 2013-14 has been made amounting to ₹ 1,35,41,662/- (Previous Year ₹ 1,23,09,640/-)

**Details of Provisions and Movements in each Class of Provisions as required by the Accounting Standard on Provisions, Contingent Liabilities and Contingent Assets (Accounting Standard-29)**

**I) PROVISION FOR WARRANTY**

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Carrying Amount at the beginning of the year	84,21,517	23,75,610
Additional Provision made during the year	50,35,777	64,76,773
Amounts Used during the year	4,806	4,30,866
Unused Amounts reversed during the year	-	-
Carrying Amounts at the end of the year	1,34,52,488	84,21,517

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

**1) Warranty Provision :**

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

**I) LONG TERM COMPENSATED ABSENCES**

Please refer Note No. 5



**III) GRATUITY**

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

**(A) Defined Contribution Plan**

Amount recognized as an expense in the Profit and Loss Account in respect of Defined Contribution Plans is ₹ NIL (Previous Year ₹ 15,77,296/-)

**(B) Defined Benefit Plan**

- i) Actuarial gains and losses in respect of defined benefit plans are recognized in the statement of Profit & Loss.
- ii) Gratuity is a benefit to an employee based on 15 days last drawn salary for each completed year of service.

Gratuity plan is funded.

Amount in ₹

	Particulars	Gratuity	
		Current Year	Previous Year
<b>(C)</b>	<b>Changes in the present value of defined obligation representing reconciliation of opening and closing balances thereof are as follows :</b>		
1	Present Value of Defined Benefit Obligation as on 1st April	1,41,43,317	1,25,52,128
2	Current Service cost	8,26,943	7,26,971
3	Interest Cost	11,66,824	10,66,931
4	Losses (Gains) on Curtailment	-	-
5	Liabilities extinguished on settlements	-	-
6	Plan amendments	-	-
7	Actuarial (Gains) / Losses on obligations	(11,22,971)	8,21,854
8	Benefits paid	(4,66,662)	(10,24,567)
9	Present value of Defined Benefits Obligation as on Balance sheet date	1,45,47,451	1,41,43,317

<b>(D)</b>	<b>Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows :</b>		
1	Fair value of Plan assets as on 1st April	1,25,66,021	1,05,21,644
2	Expected return on plan assets	10,93,244	9,04,861
3	Actuarial gains and losses on plan assets	1,13,452	1,33,599
4	Actual contributions by employers	15,77,296	20,30,484
5	Benefits paid	(4,66,662)	(10,24,567)
6	Plan assets as on 31st March	1,48,83,351	1,25,66,021

<b>(E)</b>	<b>Analysis of Defined Benefit Obligation :</b>		
1	Defined Benefit Obligation as at 1st April	(1,45,47,451)	1,41,43,317
2	Fair Value of Plan assets at the end of the year	1,48,83,351	1,25,66,021
3	Net (Asset) / Liability recognized in the Balance Sheet as at 31st March	(3,35,900)	15,77,296

<b>(F)</b>	<b>Reconciliation of Present Value of Defined Benefit Obligation and fair value of plan assets showing amount recognized in the Balance Sheet :</b>		
1	Present value of Defined Benefit Obligation	(1,45,47,451)	1,41,43,317
2	Fair value of plan assets	1,48,83,351	1,25,66,021
3	Funded status [ Surplus/(Deficit)]	(3,35,900)	15,77,296
4	Unrecognized Past Service Costs	-	-
5	Net Asset/(Liability) recognized in Balance Sheet	3,35,900	(15,77,296)

## III) GRATUITY

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

Amount in ₹

	Particulars	Gratuity	
		Current Year	Previous Year
<b>(G)</b>	<b>Components of employer expenses recognized in the statement of profit and loss for the year ended 31st March 2014</b>		
1	Current Service cost	8,26,943	7,26,971
2	Interest cost	11,66,824	10,66,931
3	Expected return on plan assets	(10,93,244)	(9,04,861)
4	Curtailment cost/ (credit)	-	-
5	Settlement cost/ (credit)	-	-
6	Past Service cost	-	-
7	Actuarial Losses/ (Gains) to be recognised	(12,36,423)	6,88,255
<b>8</b>	<b>Total expense recognised in the Statement of Profit &amp; Loss under Contribution to Provident Fund and other Funds</b>	<b>-</b>	<b>15,77,296</b>

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

<b>(I)</b>	<b>Principal Actuarial Assumptions :</b>	Current Year	Previous Year
1	Discount Rate (%)	9.33	8.25
2	Expected Return on plan assets (%)	8.70	8.70
3	Salary Escalation (%)	5.00	5.00
4	Medical cost inflation	0.00	0.00

- A) The Discount rate is based on the prevailing market yields of Indian Government securities as at the Balance Sheet date for the estimated terms of the obligations.
- B) Expected Rate of Return of Plan Assets : This is based on the expectation of the average long term rate of return expected on investments of the Fund during the estimated term of obligations.
- C) Salary Escalation Rate : The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

<b>(J)</b>	<b>Experience History</b>	Current Year	Previous Year
1	Defined Benefit Obligation at the end of the period	1,45,47,451	1,41,43,317
2	Plan Assets at the end of the period	1,48,83,351	1,25,66,021
3	Funded status Deficit	(3,35,900)	15,77,296
4	Experience adjustments on plan liabilities	-	-
5	Experience adjustments on plan assets	-	-

**(K) Contributions expected to be paid to the plan during the next financial Year ₹ NIL.**

**NOTE 9 - FIXED ASSETS**

Description of Assets	Cost			Depreciation / Amortization / Diminution				Net Block		
	As at 1st April 2013 ₹	Additions during the year ₹	Deductions during the year ₹	As at 31st March 2014 ₹	Upto 1st April 2013 ₹	For the year ₹	On Deductions ₹	Upto 31st March 2014 ₹	As at 31st March 2013 ₹	As at 31st March 2014 ₹
<b>TANGIBLE ASSETS</b>										
Leasehold Land	23,34,780	-	-	23,34,780	5,23,518	24,660	-	5,48,178	17,86,602	18,11,262
Buildings	6,69,48,776	1,35,78,732	-	8,05,27,508	3,78,82,022	23,75,397	-	4,02,57,419	4,02,70,089	2,90,66,754
Plant & Machinery	42,68,91,420	14,79,40,521	-	57,48,31,941	39,35,89,392	1,45,17,448	-	40,81,06,840	16,67,25,101	3,33,02,031
Office Equipment	34,65,252	3,35,184	-	38,00,436	26,91,760	1,75,595	-	28,67,355	9,33,081	7,73,492
Electrical Installation	1,92,08,087	6,02,383	-	1,98,10,470	1,10,47,510	10,97,157	-	1,21,44,667	76,65,803	81,60,577
Furniture & Fixtures	62,43,780	16,08,480	-	78,52,260	49,03,775	3,67,430	-	52,71,205	25,81,055	13,40,005
Computer Systems	37,50,175	15,64,050	-	53,14,225	34,47,296	3,56,801	-	38,04,097	15,10,128	3,02,879
<b>Total</b>	<b>52,88,42,270</b>	<b>16,56,29,350</b>	-	<b>69,44,71,620</b>	<b>45,40,85,273</b>	<b>1,89,14,488</b>	-	<b>47,29,99,761</b>	<b>22,14,71,859</b>	<b>7,47,57,000</b>
<b>Previous year</b>	<b>50,66,91,384</b>	<b>2,25,91,340</b>	<b>4,40,451</b>	<b>52,88,42,273</b>	<b>44,52,13,193</b>	<b>92,67,158</b>	<b>3,95,078</b>	<b>45,40,85,273</b>	<b>7,47,57,000</b>	<b>6,14,78,191</b>

1. Plant and Machinery (Gross Block) includes Assets to the tune of ₹ 28,363,205/- (Previous Year ₹ 28,363,205/-) which is funded out of grant under TPDUP Project.

2. Plant and Machinery (Gross Block) includes Assets to the tune of ₹ 6,85,16,374/- (Previous Year ₹ 99,84,730/-) which is funded out of grant received for implementation of Transfer of Technology (ToT).

3. Depreciation of ₹ 1,89,14,488/- includes depreciation on ToT equipments of ₹ 55,95,748/-

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

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

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

4. The original leaseholdland title deeds are in the custody of IFCI and BELOP would be obtaining the same in the near future.

**NOTE 10 - CAPITAL WORK IN PROGRESS**

Particulars	As at 31st March, 2014 ₹		As at 31st March, 2013 ₹	
	Civil Construction	-		99,53,763
Plant and Machinery*	70,08,91,402	70,08,91,402	71,94,60,259	72,94,14,022
Add : Capital Goods-in-Transit		6,24,281		6,26,382
<b>Total</b>		<b>70,15,15,683</b>		<b>73,00,40,404</b>

\* Plant and Machinery Consists of the following items

1. Three Linear Transfer Lines	70,05,61,256/-
2. PCC Panel	3,30,146/-
<b>Total (1+2)</b>	<b>70,08,91,402/-</b>

**NOTE 11 - INTANGIBLE ASSETS UNDER DEVELOPMENT**

Particulars	As at 31st March, 2014 ₹		As at 31st March, 2013 ₹	
	<b>ToT</b>			
Licence Fee		1,89,16,59,862		91,29,10,726
<b>Total</b>		<b>1,89,16,59,862</b>		<b>91,29,10,726</b>

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

**NOTE 12 - (I) BREAK UP OF DEFERRED TAX LIABILITY AS AT YEAR END**

Nature of timing difference	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Provision for Depreciation	89,21,483	34,38,306
<b>Total</b>	<b>89,21,483</b>	<b>34,38,306</b>

**(II) Break up of deferred tax asset as at year end**

Nature of timing difference	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Provision for leave encashment	23,67,412	19,99,320
Provision for Warranties	43,64,660	27,32,361
Provision for doubtful debts/ advances	14,16,296	14,33,373
Provision for obsolete Stores	2,81,959	-
<b>Total</b>	<b>84,30,327</b>	<b>61,65,054</b>

<b>(III) Deferred tax asset / (liability) net : (II-I)</b>	<b>(4,91,156)</b>	<b>27,26,748</b>
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**NOTE 13 - LONG TERM LOANS AND ADVANCES**

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Prepaid Expenses*	35,150	24,846
<b>Deposits :</b>		
Deposit with Excise Authority	1,000	1,000
Deposit with Court	13,91,490	13,91,490
Deposit for Octroi	23,57,710	23,57,710
Deposit with MSEB	9,94,800	9,94,800
Deposit for Water Supply	1,18,625	1,18,625
Other Deposits	1,17,000	1,17,000
<b>Total Deposits</b>	<b>49,80,625</b>	<b>49,80,625</b>
<b>Total</b>	<b>50,15,775</b>	<b>50,05,471</b>

**\* Prepaid Expenses includes the following long term prepaid Expenses**

1. Stability Certificate Charges ₹ 1,269/-
2. Industrial Licence Fee ₹ 10,890/-
3. Firewall Support System ₹ 16,527/-
4. Explosive Licence Fee ₹ 3,214/-
5. Renewal Cylinder Storage Licence ₹ 3,250/-

## NOTE 14 - OTHER NON CURRENT ASSETS

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Capital Advance	-	23,16,46,651
Interest Accrued on Fixed Deposits	10,00,052	7,86,255
<b>Other Bank Balances</b>		
In Fixed Deposit		
- Maturity more than 12 Months	41,03,789	45,31,869
<b>Total</b>	<b>51,03,841</b>	<b>23,69,64,775</b>

## NOTE 15 - INVENTORIES

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
Raw materials	8,68,62,765	5,09,52,040
Less : Provision for Obsolescence	8,69,028	-
Raw materials (Net)	8,59,93,737	5,09,52,040
Stores & Consummables	1,01,20,571	88,09,207
Process Stock	15,10,10,560	39,83,50,940
Machinery Spares	9,10,214	73,860
Finished Goods in Transit	-	3,31,318
<b>Total</b>	<b>24,80,35,082</b>	<b>45,85,17,365</b>

**Notes :**

- 1) Raw materials includes Goods-in-transit ₹ 23,01,410/- (Previous year ₹ 48,33,028/-)
- 2) Raw material and Components with Sub-contractors are subject to reconciliation on confirmation as a regular exercise. The impact, if any, on consequent adjustment is considered not material.

## NOTE 16 - TRADE RECEIVABLES

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
1. Debts due for a period exceeding six months		
Considered Good	22,88,256	19,24,042
Considered Doubtful	24,05,885	24,58,516
	46,94,141	43,82,558
Less : Provision for Doubtful Debts	24,05,885	24,58,516
<b>Sub-Total(1)</b>	<b>22,88,256</b>	<b>19,24,042</b>
2. Debts due for a period less than six months		
Considered Good	15,29,52,060	26,57,23,059
Considered Doubtful	-	-
	15,29,52,060	26,57,23,059
Less : Provision for Doubtful Debts	-	-
<b>Sub-Total(2)</b>	<b>15,29,52,060</b>	<b>26,57,23,059</b>
<b>Total (1)+(2)</b>	<b>15,52,40,316</b>	<b>26,76,47,101</b>

## NOTE 17 - CASH AND BANK BALANCES

Particulars	As at 31st March, 2014 ₹	As at 31st March, 2013 ₹
<b>1. CASH AND CASH EQUIVALENTS</b>		
Cash and stamps in hand	1,66,515	34,368
Balances with banks		
In Current Accounts	94,05,490	49,52,104
In Cash Credit Accounts	45,91,652	1,46,94,204
In Fixed Deposits	21,72,54,127	18,20,00,000
<b>Sub-Total(1)</b>	<b>23,14,17,784</b>	<b>20,16,80,676</b>
<b>2. OTHER BANK BALANCES</b>		
In Fixed Deposit		
- Maturity within 12 Months	1,36,26,795	1,03,31,757
<b>Sub-Total(2)</b>	<b>1,36,26,795</b>	<b>1,03,31,757</b>
<b>Total (1)+(2)</b>	<b>24,50,44,579</b>	<b>21,20,12,433</b>

## NOTE 18 - SHORT TERM LOANS AND ADVANCES

Particulars	As at 31st March, 2014 ₹		As at 31st March, 2013 ₹	
	Advances to Employees unsecured and Considered Good		5,580	
Advances to Suppliers Considered Good	5,21,67,488		11,83,92,550	
Considered Doubtful*	19,59,337		19,59,337	
	5,41,26,825		12,03,51,887	
Less : Provision for Doubtful advances	19,59,337	5,21,67,488	19,59,337	11,83,92,550
ToT Service Tax Paid on ToT Advance		47,97,081		3,01,87,146
Service Tax Deposit		-		83,087
<b>Total</b>		<b>5,69,70,149</b>		<b>14,86,63,593</b>

\* Advances to supplier considered as doubtful includes advances which are pending from the year 1995-96 to 2004-05.

## NOTE 19 - OTHER CURRENT ASSETS

Particulars	As at 31st March, 2014 ₹		As at 31st March, 2013 ₹	
	Interest Accrued on Fixed Deposits		3,33,198	
Stipends Receivable (Trainees)		72,341		85,224
Prepaid Expenses		8,40,532		6,77,649
Receivable from BEL		-		4,25,441
Sales Tax Receivable from BEL-MC		6,24,800		6,24,800
<b>Balance with Revenue Authorities</b>				
Input Service Tax Balances	20,29,012		29,81,954	
Service tax Receivable	-		9,27,713	
VAT Refund Receivable	1,33,478		1,33,478	
Income Tax Refund Due	77,20,960		76,09,812	
FBT Refund Due	45,928		45,928	
VAT Input Tax Credit	1,51,852		12,661	
CST Refund Receivable	25,26,792	1,26,08,022	25,26,792	1,42,38,338
<b>Total</b>		<b>1,44,78,893</b>		<b>1,71,30,759</b>



## NOTE 20 - OTHER INCOME

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
Interest on Fixed Deposit	2,60,57,272	3,82,38,610
Interest others	-	17,95,666
Sundry provisions and credit balances no longer required, written back	52,631	8,10,195
Net gain on foreign currency transaction and translation	-	6,60,52,516
Profit on sale of Assets	-	76,189
Liquidated Damages recovered from Supplier*	10,14,61,900	74,926
Miscellaneous Income**	3,77,481	69,086
<b>Total</b>	<b>12,79,49,284</b>	<b>10,71,17,188</b>

\* Liquidated Damages mainly consists of recovery from M/s Photonis France of ₹ 9,52,31,229/-

\*\* Miscellaneous Income mainly consists of ₹ 2,62,750/- towards application fees received in response to advertisement for recruitment.

## NOTE 21 - COST OF MATERIAL CONSUMED

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
<b>Raw Material and Components consumed</b>		
Opening Stock	4,61,19,013	23,39,39,360
Add : Purchases	1,37,37,15,965	1,39,69,41,321
	1,41,98,34,978	1,63,08,80,681
Less : Closing Stock	8,45,61,356	4,61,19,013
<b>Sub-Total(1)</b>	<b>1,33,52,73,622</b>	<b>1,58,47,61,668</b>
<b>Stores and Consumables consumed</b>		
Opening Stock	88,09,207	82,51,723
Add : Purchases	1,09,61,600	29,36,230
	1,97,70,807	1,11,87,952
Less : Closing Stock	1,01,20,571	88,09,207
<b>Sub-Total(2)</b>	<b>96,50,236</b>	<b>23,78,746</b>
<b>Total(1+2)</b>	<b>1,34,49,23,858</b>	<b>1,58,71,40,414</b>

**NOTE 22 - DECREASE / (INCREASE) IN PROCESS STOCK**

Particulars	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	₹		₹	
<b>Process Stock</b>				
Opening stock	39,83,50,940		19,99,52,795	
Closing stock	15,10,10,560	24,73,40,380	39,83,50,940	(19,83,98,145)
<b>Finished Goods</b>				
Opening stock	3,31,318		-	
Closing stock	-	3,31,318	3,31,318	(3,31,318)
<b>Total Decrease / (Increase)</b>		<b>24,76,71,698</b>		<b>(19,87,29,463)</b>

**NOTE 23 - EMPLOYEE BENEFIT EXPENSES**

Particulars	For the year ended 31st March, 2014		For the year ended 31st March, 2013	
	₹		₹	
Salaries and Allowances		5,95,19,067		5,38,92,984
Leave Encashment		24,82,366		17,24,973
<b>Contribution to Provident Fund and other funds #</b>				
Provident Fund	34,48,709		31,96,898	
Superannuation Fund	10,27,274		11,52,139	
Gratuity	-		15,77,296	
BEL Pension Contribution	5,86,010		-	
Labour Welfare Fund	7,488	50,69,481	7,524	59,33,857
Administration Charges on PF		3,11,328		3,10,478
EDLI Charges on PF remittance		42,803		46,913
Staff Welfare expenses*		19,63,598		14,30,674
<b>Total</b>		<b>6,93,88,643</b>		<b>6,33,39,879</b>

# The company contributes 12% and 13% of Basic + DA respectively to Provident Fund and Superannuation Fund of eligible employees. The company contributes ₹ 72/- per year towards Labour Welfare Fund towards eligible employees. The Company contributes 7% of Basic + DA to BEL Pension Fund i.r.o employees on deputation.

\* Staff welfare expenses includes premium on group mediclaim policy of ₹ 7,21,324/- (Previous Year ₹ 5, 44, 886/-)

## NOTE 24 - FINANCE COSTS

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
Interest on Demand Loan	6,00,603	-
Interest others	11,776	18,194
<b>Sub-Total(1)</b>	<b>6,12,379</b>	<b>18,194</b>
<b>Other Borrowing Cost</b>		
Committment Charges	3,11,838	2,55,158
Processing Fees	32,90,875	2,77,573
<b>Sub-Total(2)</b>	<b>36,02,713</b>	<b>5,32,731</b>
<b>Total(1+2)</b>	<b>42,15,092</b>	<b>5,50,925</b>

## NOTE 25 - TECHNICAL ASSISTANCE FEES AND TRAVEL EXPENSES

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
Technical Assistance Fees	15,01,47,863	8,18,14,591
Travelling Expenses- ToT	19,40,400	16,40,250
Service Tax	1,59,09,533	93,11,133
<b>Total</b>	<b>16,79,97,796</b>	<b>9,27,65,974</b>

## NOTE 26 - OTHER EXPENSES

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
Power and Fuel	2,03,82,709	70,27,023
Gases	12,18,205	1,36,750
Water Charges	3,23,102	2,12,545
Travelling & Conveyance	20,82,051	57,38,863
Communication	9,86,815	5,63,256
Printing and Stationery	4,35,938	3,58,392
Insurance	20,14,376	17,30,937
Rates & Taxes	22,90,958	14,43,776
Advertisement	-	3,07,614
Bank Charges	17,96,001	14,35,663
Legal & Professional Charges	14,80,411	10,22,070
Lease Rent	-	2,10,000
Loss on Foreign Exchange (net)**	2,10,66,529	-
<b>Repairs :</b>		
To Machinery	1,38,86,389	63,61,820
To Building	22,18,290	7,95,127
General Maintenance Expenses@	83,00,718	51,42,344
Liquidated Damages	63,73,260	-
Provision for Doubtful Debts/Advances	-	2,71,814
Provision for repairs during Warranty Period	50,35,777	64,76,773
Provision for obsolets Stores	12,53,790	-
Miscellaneous Expenses #	18,06,898	13,68,367
<b>Total</b>	<b>9,29,52,217</b>	<b>4,06,03,134</b>

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

@ General Maintenance Expenses mainly includes ₹ 44,66,295/- towards House keeping Expenses (Previous Year ₹ 31,66,403/-) and Security Charges ₹ 19,39,039/- (Previous Year ₹ 13,03,549/-)

# Miscellaneous Expenses mainly includes ₹ 5,78,297/- towards Entertainment Expenses (Previous Year- ₹ 3,38,179/-) and ₹ 85,776/- towards Sundry Expenses (Previous Year ₹ 99,671/-)

## NOTE 27 - PRIOR PERIOD INCOME &amp; EXPENSES

Particulars	For the year ended 31st March, 2014 ₹	For the year ended 31st March, 2013 ₹
<b>PRIOR PERIOD INCOME &amp; EXPENSES</b>		
<b>A. Expenses</b>		
Interest	10,036	-
Legal & Professional	-	-
Repairs & Maintenance	2,529	76
Misc Expenses	-	1,230
Bank Charges	-	110
Rent, Rates and Taxes	1,920	-
Telephone Expenses	1,131	-
<b>Total (A)</b>	<b>15,616</b>	<b>1,416</b>
<b>B. Income</b>		
Admin and EDLI Charges PF	27,948	-
Freight Charges	-	1,07,109
Interest	6,521	3,342
Service Tax	-	1,58,278
<b>Total (B)</b>	<b>34,469</b>	<b>2,68,729</b>
<b>NET TOTAL [(INCOME) / EXPENSES]</b>	<b>(18,853)</b>	<b>(2,67,313)</b>

## NOTE 28 - 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 earning per share is 18,32,293.

## Note - 29 General Notes to Accounts

**1. Changes in Accounting policies**

- A) The Company has added one accounting policy and modified four accounting policies as outlined below with effect from 2013-14.

## Additions to Accounting Policies

- a) Research & Development Expenditure

## Modifications to Accounting Policies

- a) Depreciation  
b) Income Tax  
c) Foreign Currency Transactions  
d) Government Grants

- B) The above addition and modifications have no material impact on the profit for the year.

**2. Short Term Borrowing**

- a) The company has been sanctioned working capital limit of ₹ 46.00 Cr. by the Consortium banker of SBI (Lead Bank) and Axis Bank.
- b) Utilization as on 31.03.2014 is ₹ NIL (Previous Year ₹ Nil)
- c) The above sanction limit is being secured by Hypothecation of raw materials, stock-in-process, finished stocks, stores and spares, book debts and other current assets (except spare parts relating to plant and Machinery) by way of first charge and first pari passu charges by way of equitable mortgage on Land & Building.
3. The Company has received exemption from the Government of India, Ministry of Company Affairs from compliance of para 5(ii)(a)(1), 5(ii)(a)(2), 5(ii)(e), 5(iii), 5(viii)(a), 5(viii)(b), 5(viii)(c), 5(viii)(e) of the Revised schedule VI in respect of the financial year ended on 31st March 2014 vide Letter No. F. No. 46/3/2014-CL-III dt. 03.04.2014.
4. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 1,53,82,913/- (Previous Year ₹ 2,41,29,582/-)

**5. Details of Grant Transferred in respect of ToT**

S. NO.	Particulars	Amount ₹
1	Technical Assistance Fee and Travel	16,79,97,796
2	Depreciation	55,95,748
3	Material Consumption	3,11,21,867
4	Repairs and Maintenance	49,72,487
5	Total (1 to 4)	<b>20,96,87,898</b>
6	<b>Grant Transfer (84.76% of 5)</b>	<b>17,77,31,462</b>

**6. Payment To Auditors (Net of Service Tax)**

Particulars	Amount in ₹	
	2013-14	2012-13
Audit Fee	1,00,000	1,00,000
<b>Total</b>	<b>1,00,000</b>	<b>1,00,000</b>

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

**8. Related Party Disclosures :****A) Name of the related party and nature of relationship where control exists :**

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

**B) Related Party Transactions with holding Company Bharat Electronics Limited**

Nature of Transactions	Amount of Transactions	Amount Outstanding at the end of year	
	(₹)	Debit (₹)	Credit (₹)
Sale of Goods	1,39,65,25,722	-	-
Receipt of Grant	85,33,52,817	-	-
Debtors**	-	10,53,79,545	-
Advance for Sales	-	-	52,42,12,333
Sales Tax receivable	-	6,24,800	-
Rendering Services	1,56,000	-	-

**\*\* Debtors includes ₹ 23,68,695/- for which provision has been made.**

- i BELOP has entered into Agreement with BEL on 30th April 2013 for temporary funding of ToT cost by BEL for ₹ 104.16 Cr. and as per the terms of the Agreement BELOP will compensate BEL for the cost of funds in the form of price discount against supplies of II Tubes.
- ii Two Officials are on deputation from, BEL i.e. Holding Company and salaries etc. is paid by BEL Optronnic Devices Limited during the year as per the terms and conditions of employment.
- iii BEL Optronnic Devices Limited has also borne one third of the salary paid to vigilance officer appointed by BEL.

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

Name of Key Management Personnel	Designation
a) Shri. Sunil Kumar Sharma, Chairman (From 01.01.2014)	CMD, BEL
b) Shri. Anil Kumar, Chairman (Up to 31.12.2013)	CMD, BEL
c) Shri. M. L. Shanmukh, Director	Director, (HR), BEL
d) Dr. Ajit. T. Kalghatgi, Director	Director, (R & D), BEL
e) Shri. Prabhat R. Acharya, Director (From 27.09.2013)	Director, (Finance), BEL

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

10. As per the Accounting Standard - 17 on "Segment Reporting" issued by the Institute of Chartered Accountants of India, the company's product falls in one segment only viz., Image Intensifier Tubes, hence separate segment wise results are not disclosed.
11. 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.
12. The Company has acquired 13680 square meter of land on lease from MIDC on lease for 95 years at cost of ₹ 20,52,000/- on 25.11.1991 with a renewable option of further 95 years on new terms and conditions.

**13. Details of foreign currency exposures that are not hedged by derivative instrument or otherwise :**

Particulars	Currency	Amount in foreign currency		Equivalent amount in ₹	
		Current Year	Previous Year	Current Year	Previous Year
Payables	USD	9321.80	8,005.00	4,75,843.33	4,38,674.00
	EURO	36,02,749.58	1,07,12,787.00	27,10,56,084.59	75,28,94,671.00
	SGD	6893.00	-	3,07,221.01	-
Contingent Liability	USD	89,745.00	82,795.00	54,83,420.00	45,37,166.00
	EURO	-	2,097.00	-	1,47,377.00
Bank Balance	USD	40,554.55	61,786.00	24,23,256.70	33,35,227.00

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

(Amount in ₹)

Sr. No.	Particulars	2013-14	2012-13
a)	Capital Equipments	12,97,642	16,21,928
b)	Materials	4,90,183	16,86,000
c)	Employees Remuneration & Benefits	98,853	1,21,000
d)	<b>Total (a+b+c)</b>	<b>18,86,678</b>	<b>34,28,928</b>

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

- The company has a superannuation scheme for executives in the grade of Asst. Manager and above.
- As per the Scheme, the company contributes 13% of the (Basis + DA) per year. For the purpose of making contribution the Basis + DA of the employees as on 1st April of each year is considered.
- The superannuation contribution is remitted to LIC through the superannuation trust and the accumulated sum to the credit of each employee is released by LIC to the employee through the Superannuation Trust by the way of pension.

**16. Contingent Liabilities**

Sr. No.	Particulars	For the year ended 31.3.2014 ₹	For the year ended 31.3.2013 ₹
a)	Outstanding Letters of Credit	54,83,420	47,72,238
b)	Outstanding Bank Guarantees (Counter Guarantee given against same by company)	32,000	32,000
c)	*Octroi Demanded disputed by the company	13,91,490	13,91,490
d)	Service tax disputed by the company	-	83,087
e)	Provisional Liquidated damages upto 31st March unexecuted customer orders where the delivery date has expired	1,40,24,402	19,09,290
	<b>Total (a to e)</b>	<b>2,09,31,312</b>	<b>81,88,105</b>

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

- Liability if any, in respect of labour matters under dispute before various judicial authorities is not ascertainable.
- Income tax provision of ₹ 2.35 Cr. includes interest for late payment of tax ₹15.64 Lakhs.
- Commitment Charges of State Bank of India related to F. Y. 2012-13 of ₹ 82,500/- and F. Y. 2013-14 ₹ 1,65,000/- under protest and not accounted for.
- Previous year's figures have been regrouped / reclassified where ever considered necessary, Figure in brackets relate to previous year.



<b>CASH FLOW STATEMENT FOR THE PERIOD 01. 04.2013 TO 31.03.2014</b>			
<b>Sr.</b>	<b>Particulars</b>	<b>Amount in ₹ 2013-14</b>	<b>Amount in ₹ 2012-13</b>
<b>A</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net profit before tax and extraordinary items	7,67,07,433	8,56,61,409
	Adjustment for :		
	Depreciation	1,89,14,488	92,67,158
	Income from Investment	(2,60,57,272)	(4,00,34,276)
	Interest	-	-
	Transfer from grant	(17,99,47,047)	(10, 67,48,533)
	Loss/(Profit) on sale of asset	-	(76,198)
	<b>Operating Profit before Working Capital Changes</b>	<b>(11,03,82,398)</b>	<b>(5,19,30,440)</b>
	Adjustments for :		
	Trade and other receivables	43,86,02,725	50,99,91,967
	Inventories	21,04,82,283	(1,27,77,896)
	Trade payables & advances	(26,58,54,998)	19,68,32,033
	<b>Cash Generated from Operations</b>	<b>27,28,47,612</b>	<b>64,21,15,664</b>
	Direct taxes paid	(33,71,790)	(3,19,08,724)
	Refund of excess tax/short provision of previous year	-	-
	Cash flow before extraordinary items	26,94,75,822	61,02,06,940
	<b>Net Cash from Operating Activities</b>	<b>26,94,75,822</b>	<b>61,02,06,940</b>
<b>B</b>	<b>Cash Flow from Investing Activities</b>		
	Purchase of fixed assets	(1,11,58,53,765)	(1,36,13,34,537)
	Sale of fixed assets	-	1,21,568
	Bank deposits	(32,95,038)	7,90,44,191
	Interest received	2,60,57,272	4,00,34,276
	<b>Net Cash from/(used) in Investing Activities</b>	<b>(1,09,30,91,531)</b>	<b>(1,24,21,34,502)</b>
<b>C</b>	<b>Cash Flow from Financing Activities</b>		
	Grant received	85,33,52,817	49,33,94,276
	Increase/(decrease) in term loan borrowings	-	-
	Increase/(decrease) in short term borrowings	-	(44,966)
	Interest paid on long term loans	-	-
	<b>Net Cash from/(used) in Financing Activities</b>	<b>85,33,52,817</b>	<b>49,33,49,310</b>
	<b>Abstract</b>		
A	Net cash from/(used) in operating activities	26,94,75,822	61,02,06,940
B	Net cash from/(used) in investing activities	(1,09,30,91,531)	(1,24,21,34,502)
C	Net cash from/(used) in financing activities	85,33,52,817	49,33,49,310
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>2,97,37,108</b>	<b>(13,85,78,252)</b>
	Cash and cash equivalents at the beginning of the year	20,16,80,676	34,02,58,928
	Cash and cash equivalents at the end of the year	23,14,17,784	20,16,80,676
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>2,97,37,108</b>	<b>(13,85,78,252)</b>
1.	The above statement has been prepared under indirect method as per the Accounting Standard on Cash Flow Statement (AS-3).		
2.	Additions to Fixed Assets are stated inclusive of movements of capital Work-in-Progress between the beginning and end the period and treated as Investing Activities.		
	As per our report attached	-sd-	-sd-
	For D V Sathe and Co.	SUNIL KUMAR SHARMA	M. L. SHANMUKH
	Chartered Accountants	Chairman	Director
	Firm Reg. No. 109302W		
	-sd-	-sd-	-sd-
	Bhagyashree Sathe	S. S. KULKARNI	AMARNATH KUNDU
	Partner	Chief Executive Officer	Manager (Finance)
	M.NO. 037396		PRIYA S. IYER
			Company Secretary
	Place : PUNE		Place : BANGALORE
	Date : 27/05/2014		Date : 21/05/2014

## INDEPENDENT AUDITOR'S REPORT

To the Members of BEL Optronics Limited.

### Report on the Financial Statements

We have audited the accompanying financial statements of BEL Optronics Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014 and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Pursuant to Comptroller & Auditor General of India's observations under Section 619(4) of the Companies Act 1956, our report dated 27.5.2014 has been revised to fulfil the requirement of SA 705 and SA 706. This report supersedes our earlier report dated 27.5.2014

### MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

### AUDITOR'S RESPONSIBILITY

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

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

**BASIS FOR QUALIFIED OPINION**

- (1) Balance Confirmation from Bharat Electronics Ltd. (Machhalipatnam), a unit of the parent company and also a major customer; as well as ToT consultant viz. M/S Photonis, was not obtained and produced.
- (2) No proper explanation was received from the management regarding the discrepancy related to disproportionate consumption of material compared to the previous year as shown in the following table. Neither have the management provided us with any quantitative supporting records.

<b>Amount in Rs.</b>	<b>2013-14</b>	<b>2012-13</b>	<b>Movement %</b>
Sales	1708998207	1466317336	Increase
Material consumed	1335273622	1584761668	Decrease
% to sales	78.13	108.08	

The possible impact if any due to the above could not be quantified.

**QUALIFIED OPINION**

In our Opinion and to the best of our information and according to the explanation given to us, subject to Tax Audit report and Vat Audit report for the year under audit, and except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India and

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Profit and Loss Account, of the profit / loss for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**EMPHASIS OF MATTER**

We draw attention to note no 18, short term loans advances regarding advance paid to suppliers Rs. 1959337, which is pending from the year 1995-96 till 2004-05 for adjustment. In our opinion, these should have been written off or adjusted. Our report is not qualified in respect of this matter.

**REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - a. we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. in our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. in our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - e. Disqualification from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the companies Act 1956 is not applicable to BEL Optronic Devices Ltd as it is a government company.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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

August 11, 2014  
Pune

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

**Annexure to the INDEPENDENT AUDITOR'S REPORT**  
**For the year ended 31<sup>st</sup> March 2014**

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

- i. (a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.  
  
(b) All the assets *have not been physically verified by the management* during the year 2013-14.  
  
(c) During the year, the company has not disposed of any part of the plant and machinery.
- ii. (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.  
  
(b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.  
  
(c) The company is maintaining proper records of inventory. The discrepancies noticed on verification between the physical stocks and the book records were not material.
- iii. (a) The company has not granted any loans to companies covered in the register maintained under section 301 of the Companies Act, 1956. Hence sub paras (b) to (g) are not applicable. In our opinion and according to the information and explanations given to us, there exists an adequate internal control system commensurate with the size of the company and the nature of its business, with regard to purchase of inventory, fixed assets and with regard to the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control system of the company.
- iv. (a) As we are informed no companies, or firms or other parties are entered in a register, to be maintained under section 301 of the Act. So relevant sub clause/s are not applicable.
- v. In our opinion and according to the information and explanations given to us, the company has not accepted any deposits from public with the provisions of section 58A and 58AA and other relevant provisions of the Companies Act, 1956 and the Companies (Acceptance of Deposits) Rules, 1975 with regard to the deposits

accepted from the public. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

- vi. In our opinion, the company has an internal audit system commensurate with the size and nature of its business.
- vii We have broadly reviewed the books of account relating to materials, labour and other items of cost maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 209(1)(d) of the Companies Act, 1956 and we are of the opinion that *prima facie* the prescribed accounts and records have been made and maintained.
- viii (a) The company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, sales tax, wealth tax, service tax, custom duty, excise duty and other material statutory dues applicable to it; except advance income tax for the year under audit,.

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

(b) According to the information and explanations given to us, no undisputed amounts payables in respect of income tax, sales tax, wealth tax, service tax, customs duty and excise duty were in arrears, as at 31<sup>st</sup> March 2014, for a period of more than six months from the date they become payable.

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

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

- ix. In our opinion and according to the information and explanations given to us, the company has not defaulted in repayment of dues to a financial institution, bank.
- x. The company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xi. In our opinion, the company is not a chit fund or a nidhi mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.

- xii. In our opinion, the company is not dealing in or trading in shares securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
- xiii. In our opinion, the terms and conditions on which the company has not given guarantees for loans taken by others from banks or financial institutions are not prejudicial to the interest of the company.
- xiv. In our opinion, the loan against Term Deposit receipts were availed during the year and paid back within a month.
- xv. According to the information and explanations and management representation letter given to us and on an overall examination of the balance sheet of the company, we report that the no funds raised on short-term basis have been used for long-term investment.
- xvi. According to the information and explanations given to us, the company has not made preferential allotment of shares to parties and companies covered under in the register maintained under section 301 of the Act.
- xvii. According to the information and explanations given to us during the period covered by our Audit report, the company has not issued any debentures.
- xviii. We have verified that the company has not raised money by public issue.
- xix. According to the information and explanations given to us, no fraud on or by the company has been noticed or reported during the course of our audit.

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

-sd-

**CA Bhagyashree Sathe**  
**M. No. 037396**  
**(Partner)**

August 11, 2014  
Pune

**MANAGEMENT REPLIES TO STATUTORY AUDITORS COMMENTS/OBSERVATIONS FOR THE YEAR 2013-14**

PARA NO OF AUDIT REPORT	COMMENTS/OBSERVATIONS OF STATUTORY AUDITORS	MANAGEMENT REPLIES TO COMMENTS/OBSERVATIONS OF STATUTORY AUDITORS																																		
1	Balance Confirmation From Bharat Electronics Ltd. (Machhalipatnam), a unit of the parent company and also a major customer; as well as TOT consultant viz. M/s Photonis, was not obtained and produced.	<p><b>BEL-Machlipatnam and Photonis</b></p> <p>The Balance confirmations were obtained from BEL-Machlipatnam and M/s Photonis and submitted and the company is in the process of reconciling the balances.</p> <p>No material variation is expected in respect of the outstanding balances pertaining to BEL- Machilipatnam and M/s Photonis on their reconciliation.</p>																																		
2	<p>No proper explanation was received from the management regarding the discrepancy related to disproportionate consumption of material compared to the previous year as shown in the following table. Neither have the Management provided us with any quantitative supporting records.</p> <table border="1"> <thead> <tr> <th>Amount (Rs)</th> <th>2013-14</th> <th>2012-13</th> <th>Movement %</th> </tr> </thead> <tbody> <tr> <td>Sales</td> <td>1708998207</td> <td>1466317336</td> <td>Increase</td> </tr> <tr> <td>Material Consumed</td> <td>1335273622</td> <td>1584761668</td> <td>Decrease</td> </tr> <tr> <td>% to Sales</td> <td>78.13</td> <td>108.08</td> <td></td> </tr> </tbody> </table>	Amount (Rs)	2013-14	2012-13	Movement %	Sales	1708998207	1466317336	Increase	Material Consumed	1335273622	1584761668	Decrease	% to Sales	78.13	108.08		<p>The Material Consumption to sales is required to be compared between two years after taking into consideration consumption of material and stores &amp; spares and after making adjustment for Accretion/Decretion in WIP &amp; Finished Goods, during respective years.</p> <p>Accordingly, Material Consumption to sales Ratio after adjustment for Accretion/Decretion In WIP &amp; Finished Goods is as follows.</p> <table border="1"> <thead> <tr> <th>Particulars</th> <th>2013-14 Amt in ₹</th> <th>2012-13 Amt in ₹</th> </tr> </thead> <tbody> <tr> <td>Sales(A)</td> <td>1708998207</td> <td>1466317336</td> </tr> <tr> <td>Material Consumed (B)</td> <td>1335273622</td> <td>1584761668</td> </tr> <tr> <td>Stores and Spares Consumed (C)</td> <td>9650236</td> <td>2378746</td> </tr> <tr> <td>Accretion / (Decretion (D)</td> <td>(247671698)</td> <td>198729463</td> </tr> <tr> <td>Material Consumption To sales Ratio (E)= {(B)+(C)+(D)}/ (A)</td> <td>93.19</td> <td>94.69</td> </tr> </tbody> </table>	Particulars	2013-14 Amt in ₹	2012-13 Amt in ₹	Sales(A)	1708998207	1466317336	Material Consumed (B)	1335273622	1584761668	Stores and Spares Consumed (C)	9650236	2378746	Accretion / (Decretion (D)	(247671698)	198729463	Material Consumption To sales Ratio (E)= {(B)+(C)+(D)}/ (A)	93.19	94.69
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PARA NO OF AUDIT REPORT	COMMENTS/OBSERVATIONS OF STATUTORY AUDITORS	MANAGEMENT REPLIES TO COMMENTS/OBSERVATIONS OF STATUTORY AUDITORS
		<p>As can be seen from above, there is no disproportionate consumption of Material compared to Previous Year.</p> <p>All the inventory records in support of inventory valuations was provided during the course of Audit.</p>
3	<p>We draw attention to note no.18, short term loans and advances regarding advance paid to suppliers Rs. 19,59,337, which is pending from the year 1995-96 till 2004-05 for adjustment In our opinion, these should have been written off or adjusted.</p>	<p>Company has made provision of ₹ 19,59,337/- Towards doubtful advances to suppliers and the same is shown in the Balance Sheet in Note No.18. Since Provision has been made for the entire amount of ₹ 19,59,337/- written off/adjustment has no financial implications during the year.</p>
i(b) of Annexure	<p>All the Assets have not been physically verified by the management during the year 2013-14</p>	<p>There is a regular program for verification of Fixed Assets in the company. During the year 2013-14 as upgradation of the plant was under progress normal verification program could not be conducted .However, during the course of audit all high value assets and majority of fresh additions during the year were physically verified along with the Auditor.</p>



सं. / No. Insp/BEL OP Accts(2013-14)/14-15/94

प्रधान निदेशक वाणिज्यिक लेखापरीक्षा एवं पदेन सदस्य  
लेखापरीक्षा बोर्ड का कार्यालय, बंगलूर-560 001.

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

दिनांक / DATE : 22.8.2014.

To

Shri Sunil Kumar Sharma,  
Chairman,  
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  
619 (4) of the Companies Act, 1956.

I forward herewith Nil Comments Certificate of the Comptroller and Auditor General of  
India under Section 619 (4) of the Companies Act, 1956 on the accounts of M/s. BEL Optronics  
Devices Limited, Pune for the year ended 31st March 2014.

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 619(5) of the Companies Act,  
1956; 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,

(V. K. GIRJAVALLABHAN, IA&AS)

Pr. Director of Commercial Audit

Encl: As above.

भारतीय लेखा तथा लेखापरीक्षा विभाग

**INDIAN AUDIT & ACCOUNTS DEPARTMENT**

पहला तल, बसवा भवन, श्री बसवेश्वरा रोड, बंगलूर - 560 001

1st Floor, Basava Bhavan, Sri Basaveswara Road, Bangalore - 560 001

दू. भा. / Phone : 2226 7646 / 2226 1168  
Email : mabbangalore@cag.gov.in

फैक्स / Fax : 080-2226 2491

**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF BEL Optronics Devices Limited, PUNE FOR THE YEAR ENDED 31<sup>st</sup> March 2014.**

The preparation of financial statements of M/s BEL Optronics Devices Limited, Pune for the year ended 31<sup>st</sup> March, 2014 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the Company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the Standards on Auditing prescribed by their professional body, the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 27.5.2014 and their Revised Report dated 11.8.2014.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619(3)(b) of the Companies Act, 1956 of the financial statements of M/s. BEL Optronics Devices Limited, Pune for the year ended 31<sup>st</sup> March, 2014. This supplementary audit has been carried out independently without access to the working papers of the Statutory Auditors and is limited primarily to inquiries of the Statutory Auditors and Company personnel and a selective examination of some of the accounting records. In view of the revision in Independent Auditors' Report complying with the requirements of standards on Auditing of 705 and 706, as a result of my audit observations highlighted during supplementary audit, I have no further comments to offer upon or supplement to the Statutory Auditors' Report, under Section 619(4) of the Companies Act, 1956.

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



(V. K. GIRIJAVALLABHAN, IA&AS)

Pr. Director of Commercial Audit  
& Ex-officio Member, Audit Board, Bangalore.

Bangalore

Dated: 21 August, 2014

