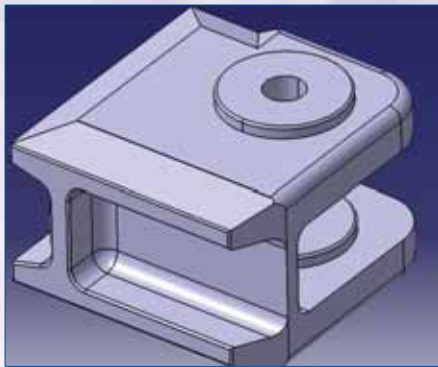




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**53<sup>rd</sup>**  
**ANNUAL REPORT**  
**2016-2017**

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**VIGNYAN INDUSTRIES LIMITED**

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## BOARD OF DIRECTORS

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**Shri B R Viswanatha**

Nominee Director / Chairman of the Board

**Prof. S Sadagopan**  
Independent Director

**Shri G Sudhindra**  
Independent Director

**Dr. S Venkateswaran**  
Independent Director

**Shri R H Muralidhara**  
Nominee Director

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**Company Secretary**  
**Shri Praveen Tyagi**

**Statutory Auditors**  
**M/s H R Suresh & Co.**  
Chartered Accountants  
Bengaluru

**Bankers**  
**State Bank of Mysore**  
Tarikere

### Registered Office and Works

Haliyur, B.H. Road, Tarikere Post - 577 228  
Chikkamagaluru District, Karnataka  
Tel. (08261) 222252 / 222313 ; Fax : (08261) 222236

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## CORPORATE VISION, MISSION AND OBJECTIVES

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### A) VISION:

Transforming the organization to be a major supplier of Ferrous Castings / Stainless Steel Castings.

### B) MISSION:

Manufacturing and supply of quality castings and provide metallurgical solutions primarily focusing on industrial sectors like Mining & Construction, Railways and Defence with a thrust on profitability.

### C) OBJECTIVES:

- 1) To achieve minimum 10% increase in production over previous year.
- 2) To reduce rejection of castings by minimum 1% over previous year.
- 3) To achieve minimum of 5% of sales from non-captive customers.
- 4) To achieve 5% increase in output per employee over previous year.



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CHAIRMAN'S LETTER.....

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Dear Shareholders,

Your Company has recorded a turnover of ₹33.21 crores as against ₹32.18 crores, thereby resulting an increase of 3.18% over the previous year. The value of production of the Company stood at ₹32.29 crores as against ₹30.88 crores and Profit before Tax of ₹0.13 crores as against profit before Tax of ₹0.67 crores in the previous year. However, the Company had improved its performance during the year mainly on account of higher demand from the customers and supply of castings to MIDHANI.

Your Company is planning to explore new markets for reducing dependency on M/s. BEML Limited, the holding company. However, in anticipation of orders from BEML for high alloy grade castings like T-72 and Tatra Variants relating to Defence business, and new castings for Mining & Construction business, necessary development and production are planned. Your Company has completed order from MIDHANI, another Defence CPSE based at Hyderabad, to manufacture and supply 100 MTs of ballast casting of high Manganese Ballast U-2 grade steel castings valued about ₹1.35 Crs. The said prospects would help the Company to achieve revenue of about ₹74 Crs by 2020-21 as envisaged in the Perspective Plan.

The order book position remained at 1,710 MTs as on 01.04.2017 against 1,739 MT as on 01.04.2016. In addition, further casting requirements expected from BEML as well as from other customers. Your Company is confident that the efforts being put-in in this direction will fructify soon. With these plans and priorities, your Company is looking forward to achieve better results during the current financial year.

VIL high quality Shell Moulding process developed critical carrier / piston group of castings like HP130, HP133 for BEML division resulting in quality improvement of surface finish, sand inclusion to avoid field failure of Equipment.

Your company made capital investment of ₹0.48 crore to improve infrastructure of Foundry specific Green Sand Moulding Machine, BL9H Equipment, Brinell Hardness Tester commissioned which would improve productivity and quality.

Your Company has implemented the Guidelines on Corporate Governance for CPSEs-2010 issued by the Department of Public Enterprises, Government of India. Further, your Company has been rated as 'Excellent' in adhering to the corporate governance standards. A report on Corporate Governance along with Management Discussion and Analysis Report as required under the said Guidelines is included in the Board's Report.

Further, on performance standards, your Company is rated as "Good" for the financial year 2016-17 based on self-evaluation made in terms of the Memorandum of Understanding signed with BEML.

To conclude, on behalf of the Company, I express my gratitude to the Holding Company and our most valued customer, M/s BEML Limited and to my colleagues on the Board for their valued advice, guidance and support. I am also thankful to other Customers, Bankers, Auditors and other Stakeholders for their support and cooperation.

I take this opportunity to place on record the appreciation for the valuable contribution made and co-operation extended by the employees and officers at all levels for the progress of the Company.  
With warm regards,

*Sd/-*

**(B R Viswanatha)**  
Chairman of the Board



## FINANCIAL HIGHLIGHTS

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08
<b>CAPITAL :</b>										
Equity Capital	278.97	278.97	278.97	278.97	278.97	278.97	278.97	278.97	278.97	278.97
Net Worth	515.16	460.59	415.92	445.33	542.12	812.64	730.87	904.12	713.32	584.50
Loan from BEML	-	-	-	-	-	-	-	-	-	-
Loans from Banks & Others	181.94	179.27	193.24	187.07	152.17	377.48	626.15	729.76	145.47	78.77
Gross Block *	908.89	1,693.85	1,673.42	1,657.16	1,657.16	1,655.34	1,651.88	1,626.69	693.75	687.38
Inventories	533.39	644.38	794.74	926.77	1,482.38	1,502.85	895.04	737.81	530.80	565.20
Trade Receivables	66.55	-	0.02	-	0.45	3.34	-	75.84	66.03	146.18
Working Capital	(161.52)	(304.27)	(422.90)	(558.30)	(485.45)	(262.89)	(154.58)	583.26	455.41	376.72
Capital Employed	603.37	485.59	417.49	351.41	500.64	724.23	979.89	1,769.23	760.32	702.20
<b>REVENUE :</b>										
<b>Sales</b>	<b>3320.51</b>	<b>3,218.08</b>	<b>3,066.72</b>	<b>3,675.12</b>	<b>2,747.03</b>	<b>3,920.77</b>	<b>3,384.00</b>	<b>3,591.34</b>	<b>3,527.12</b>	<b>3,328.89</b>
Value of Production	3229.48	3,087.98	3,150.01	3,073.11	2,567.28	4,529.36	3,569.98	3,746.17	3,564.53	3,240.66
Value Added	1453.21	1,520.45	1,430.35	1,447.64	1,255.35	2,214.37	1,676.87	1,982.12	1,888.40	1,705.86
Profit before Depreciation & Interest	110.29	126.07	17.11	(46.16)	(104.82)	207.72	(13.09)	378.73	237.97	218.68
Depreciation & amortization expense	73.05	70.96	77.86	76.38	76.90	76.77	76.69	51.88	26.94	25.58
<b>Profit before Interest &amp; Tax</b>	<b>37.24</b>	<b>55.11</b>	<b>(60.75)</b>	<b>(122.54)</b>	<b>(181.72)</b>	<b>130.95</b>	<b>(89.78)</b>	<b>326.85</b>	<b>211.03</b>	<b>193.10</b>
Finance Costs	23.98	23.49	23.85	22.23	46.10	66.31	70.36	34.96	5.06	9.12
Profit before Tax *	13.26	31.62	(84.60)	(144.77)	(227.82)	64.64	(160.14)	291.89	205.97	183.98
Tax expense #	41.31	13.05	(62.92)	(47.97)	42.70	(17.13)	13.10	120.83	74.64	71.79
Profit After Tax	54.56	44.67	(21.68)	(96.80)	(270.52)	81.77	(173.24)	171.06	131.33	112.19
Dividend (Excluding Tax)	0	-	-	-	-	-	-	20.92	20.92	13.95
<b>PRODUCTION ( in MT)</b>	<b>2454.68</b>	<b>2,204</b>	<b>2,240</b>	<b>2,326</b>	<b>1,974</b>	<b>4,085</b>	<b>4,120</b>	<b>4,254</b>	<b>4,276</b>	<b>3,527</b>
<b>SALES (in MT)</b>	<b>2402.03</b>	<b>2,285</b>	<b>2,211</b>	<b>2,726</b>	<b>2,181</b>	<b>3,608</b>	<b>3,932</b>	<b>4,095</b>	<b>4,444</b>	<b>4,054</b>
<b>Power Consumed (in lakh units)</b>	<b>37.52</b>	<b>38.41</b>	<b>39.62</b>	<b>41.93</b>	<b>36.79</b>	<b>64.32</b>	<b>63.76</b>	<b>62.24</b>	<b>61.79</b>	<b>55.68</b>
<b>RATIOS :</b>										
Profit before Tax to Sales	0.40	0.98	(2.76)	(3.94)	(8.29)	1.65	(4.73)	8.13	5.84	5.53
Profit after Tax to Networth	10.59	9.70	(5.21)	(21.74)	(49.90)	10.06	(23.70)	18.92	18.41	19.19
Inventory in No. of days of VoP	60.28	76	92	110	211	121	92	72	54	64
Trade Receivables in No. of days of Sales	7	-	0.002	-	0.1	0.3	-	8	7	16

Note: \*: Figures for 2016-17 are arrived at in line with IND-AS.

# :Tax expenses includes Other Comprehensive Incomes (Gratuity Provision) that will not be classified to P/L Account as per IND-AS



NOTICE

NOTICE is hereby given that the 53<sup>rd</sup> Annual General Meeting of M/s Vignyan Industries Limited will be held on **Saturday, the 16<sup>th</sup> September, 2017 at 12.30 Hours** at the Registered Office of the Company at Haliyur, B.H.Road, Tarikere Post - 577 228, to transact the following business:

**ORDINARY BUSINESS**

- (1) To receive, consider and approve the Audited Financial Statement for the year ended 31.03.2017, and the Reports of the Board of Directors and Auditors thereon.
- (2) To elect a Director in place of Shri B R Viswanatha, who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To fix the remuneration of the Auditors for the year 2017-18.

By order of the Board  
For Vignyan Industries Limited

*Sd/-*

**Praveen Tyagi**  
Company Secretary

Tarikere  
23.08.2017

**Notes :**

- (i) A member entitled to attend and vote at the Annual General Meeting (AGM) is entitled to appoint a proxy to attend and vote instead of himself and proxy need not be a member of the Company.
- (ii) A proxy shall not act on behalf of more than 50 members.
- (iii) A proxy shall not have right to speak at the AGM.
- (iv) The prescribed proxy form is enclosed. The Proxy form should be deposited at the Registered Office of the Company not less than 48 hours before commencement of the AGM.
- (v) Member / Proxy holder must bring the Attendance Slip to the AGM and hand it over at the registration counter as duly signed and executed.
- (vi) Members are requested to bring their copies of the Annual Report to the AGM.
- (vii) Members may visit the web-site of the Company [www.bemlindia.com/ vignyan.php](http://www.bemlindia.com/vignyan.php) for more information on the Company.
- (viii) Members are requested to address all correspondence in relation to share matters to the Company at the following address :

**Vignyan Industries Limited**

Haliyur, B.H. Road  
Tarikere Post - 577 228  
Chikkamagaluru District, Karnataka  
Ph : 08261-222313, 222256  
E-mail : [v.vil@beml.co.in](mailto:v.vil@beml.co.in)

- (ix) The details of unpaid dividends with corresponding due dates for transfer to the Investor Education and Protection Fund (IEPF) are as under:

Dividend for the year	Date of Declaration	Due for transfer on
2009-10	06.08.2010	10.09.2017

Members who have not encashed the dividend warrants / cheques pertaining to the aforesaid years may approach the Company for obtaining payments thereof at least 20 days before the unclaimed dividends are due for transfer to IEPF.



## BOARD'S REPORT

Your Directors have pleasure in presenting the 53<sup>rd</sup> Annual Report and the Audited Accounts of the Company for the financial year ended 31.03.2017.

### FINANCIAL RESULTS *(₹ in Lakhs)*

<i>Particulars</i>	<b>2016-17</b>	2015-16
Sales	<b>3320.51</b>	3218.08
Value of Production	<b>3229.48</b>	3087.98
Value Added	<b>1453.21</b>	1520.45
Profit before Depreciation, Interest & Tax	<b>110.29</b>	161.23
Depreciation	<b>73.05</b>	70.96
Profit before Interest & Tax	<b>37.24</b>	90.27
Interest	<b>23.98</b>	23.49
Profit before Tax	<b>13.26</b>	66.78
Tax expense (reduction in DTL - MAT)	<b>(41.31)</b>	(13.05)
Profit after Tax	<b>54.56</b>	44.67
Profit available for appropriation	<b>226.01</b>	171.44
Appropriations :		
Profit & Loss Account	<b>226.01</b>	171.44
Net worth	<b>515.16</b>	460.59

### TURNOVER AND PROFITABILITY

During 2016-17, your Company achieved the turnover of ₹33.21 Crs as against ₹32.18 Crs, resulting an increase in turnover of 3.18% over the previous year. The Value of Production (VoP) stood at ₹32.29 Crs and Profit before Tax at ₹0.13 Crs as against VoP of ₹30.88 Crs and profit of ₹0.67 Crs respectively over the previous financial year.

There was no change in the nature of the business of the Company during the year. Further, there was no material change / commitment occurred affecting the financial position of the Company subsequent to the financial year ended 31.03.2017 till the date of this report.

### FUTURE OUTLOOK

Your Company is planning to explore new markets for reducing dependency on M/s. BEML Limited,

the holding company. However, in anticipation of orders from BEML for high alloy grade castings like T-72 and Tatra Variants relating to Defence business, Axle Box, Buffer Assembly relating to Rail business, and new castings for Mining & Construction business, necessary development and production are planned. Your Company has executed order from MIDHANI, another Defence CPSE based at Hyderabad, to manufacture and supply 100 MTs of ballast casting of U-2 grade steel valued about ₹1.35Crs. The said prospects would help the Company to achieve revenue of about ₹74 Crs by 2020-21 as envisaged in the Perspective Plan.

The order book position remained at 1,710 MTs as on 01.04.2017. In addition, further casting requirements are expected from BEML as well as from other customers like MIDHANI. With this your Company is confident of achieving better results for the financial year 2017-18.

### PERFORMANCE vis-à-vis MoU

Performance of your Company, in terms of the Memorandum of Understanding signed with M/s. BEML Limited, the holding company and submitted with the Department of Defence Production, Ministry of Defence, Government of India, was rated as "Fair" for the financial year 2015-16 and the rating for the financial year 2016-17 upgraded as "Good" based on self-evaluation.

Further, the MoU targets for the FY 2017-18 are set at ₹31.43 crores for Revenue from Operations (Net of Excise duty) ₹3.92 Crores and ₹0.44 crores for Profit before Tax (excluding other income, extraordinary and exceptional items).

### AMOUNT TRANSFERRED TO RESERVES

During the year under review, your Company has not transferred any amount to the General Reserve.

### QUALITY

Your Company was accredited with ISO 9001:2008 certification from Bureau Veritas Quality International and also continued to have certification from Research Design and Standard Organization as Class 'A' Foundry.



## **ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO**

Information on conservation of energy, technology absorption, foreign exchange earnings and outgo in terms of Section 134 of the Companies Act, 2013 are placed at *Annexure-I*.

## **FINANCE**

The working capital requirements were met out of internal resources and credit facilities availed from State Bank of India. There was no overdue instalment of principal and / or interest to the Bank.

The Company's contribution to exchequer was in the order of ₹5.59 Crs during the year by way of Excise Duty, Customs Duty, Sales Tax, Service Tax, Cess, Income Tax, etc., as against ₹5.18 Crs contributed during the previous year.

## **FIXED DEPOSITS**

The Company has not accepted any deposits during the year and there is no unpaid deposits and / or interest on deposits as on 31.03.2017.

## **PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statement.

## **ENTERPRISE RISK MANAGEMENT**

In compliance with the DPE Guidelines on Corporate Governance for CPSEs-2010, an Internal Committee has been constituted to carry on with the risk management mechanism for mitigating the risks associated with the operations of the Company. Further, establishment of Risk Management System is under process.

## **RELATED PARTY TRANSACTIONS**

During the year 2016-17, all related party transactions that were entered into with M/s. BEML Limited, the holding company, were fair, transparent and at

arm's length basis and also in the ordinary course of business of the Company. Further, no materially significant related party transactions have been entered into by the Company with the Directors or management or their relatives that may have a potential conflict of interest with the Company. Further, all the related party transactions were duly considered and noted by the Audit Committee.

## **VIGILANCE**

The Vigilance Department of M/s BEML Limited, the holding company, has deputed an officer to conduct vigilance activities in the Company.

During the year, the department has conducted surprise stores checks, verification of high value purchase orders, bills payables, medical bills, TA/DA claims and property returns on random / selective basis.

The Vigilance Awareness Week-2016 was observed from 31.10.2016 to 05.11.2016 with the theme "Public Participation in Promoting Integrity and Eradicating Corruption".

## **MICRO AND SMALL ENTERPRISES**

The Micro and Small Enterprises continue to get support and preference from your Company. The Company procured items worth ₹3.3 Crs constituting 17.7% of the total procurement value of ₹18.6 Crs from the said category of enterprises during the year.

## **WHISTLE BLOWER POLICY**

In terms of Para 4.2.12 of the DPE Guidelines, the role of Audit Committee shall include review of the functioning of the Whistle Blower Mechanism. Accordingly, your Company has formulated necessary 'Whistle Blower Policy' for providing a framework to the employees for reporting to the management instances of unethical behaviour, actual or suspected fraud, or violation of the matters concerning the Company. The said Policy is also placed on the web-site of the Company.





## **RIGHT TO INFORMATION ACT, 2005**

Your Company has nominated a Central Public Information Officer and Appellate Authority for providing information to citizens under section 4(1) (b) of Right to Information Act, 2005 and also to attend to the queries and appeals relating thereto. Further, during the year 2016-17 the Company received two applications seeking information relating to human resources and the same were disposed off.

## **RAJBHASHA**

Efforts are being continuously made to implement the use of Hindi in official work.

## **CORPORATE GOVERNANCE**

Your Company is implementing the DPE Guidelines on Corporate Governance for CPSEs-2010 issued by the Department of Public Enterprises, Government of India and scored 'Excellent' in compliance with rating for the year 2016-17 a report on Corporate Governance is placed as *Annexure-II*.

## **MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

In terms of Para 7.5.1 of the DPE Guidelines of CPSEs, a report on Management Discussion and Analysis Report is placed at *Annexure-III*.

## **MANPOWER**

The manpower strength of the Company as on 31.03.2017 stood at 86 as against 95 during the previous year. This includes 11 persons from SC / ST categories.

## **HUMAN RESOURCES DEVELOPMENT AND INDUSTRIAL RELATIONS**

Your Company has identified several thrust areas for continuously updating technical / professional knowledge and skill development of employees towards fostering a performance driven work culture in all areas of operations particularly at shop floors. During the year, the Company organized several in-house training programs covering 532 man-days.

The overall industrial relation situation in the Company was cordial during the year.

## **SEXUAL HARASSMENT OF WOMEN AT WORKPLACE**

In terms of the provisions of the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013, an Internal Complaints Committee is constituted. However, no case of sexual harassment was reported / filed under the said Act during the year 2016-17.

## **COMPLIANCE UNDER PERSONS WITH DISABILITIES ACT, 1995**

Your Company complies with the provisions under the Persons with Disabilities (Equal opportunities, Protection of rights and full participation) Act, 1995 (PwD Act). In terms of various provisions under PwD Act, your Company has ensured reservation of vacancies for the posts identified for each disability, carry forward of vacancies which could not be filled up due to non-availability of suitable persons with disability and maintenance of requisite records / roster.

## **ENVIRONMENT AND POLLUTION CONTROL**

In order to protect the environment in and around the foundry premises, tree plantation were undertaken 200 Saplings of various species of avenue tree/ flower bearing trees were planted in and around the foundry premises for maintaining the ecological balance. Further, measures have also been taken to protect the existing flora and fauna in the vicinity of the foundry premises.

## **PARTICULARS OF EMPLOYEES**

There were no employees of the Company who received remuneration in excess of the limits prescribed under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **STATUTORY AUDITORS**

The Comptroller and Auditor General of India



has appointed M/s. H R Suresh & Co., Chartered Accountants, Bengaluru, as the Statutory Auditors of the Company for the financial year 2016-17.

Observation, if any, made in the Independent Auditors' Report on the financial statement and the reply of the Board thereto will be given by way of an addendum to this report.

#### **C&AG AUDIT:**

Comments of the Comptroller & Auditor General of India under Section 143(6)(b) of the Companies Act, 2013 on the financial statement, which were 'Nil', are appended at Page No. 73 to the annual report.

#### **DIRECTORS**

##### **(i) Statement on declaration by Independent Directors:**

The Independent Directors have given declarations that they meet the criteria of independence as laid down u/s 149(6) of the Companies Act, 2013.

##### **(ii) Remuneration of Directors:**

Nominee Directors of Holding Company are not paid remuneration including sitting fee.

Independent Directors are paid sitting fee of ₹10,000/- per meeting of the Board / Committee of the Board attended and if they, attend more than one meeting on the same day, a sitting fee of ₹5,000/- is paid for each of such additional meeting. Conveyance for attending Board / Committee meetings is met / provided by the Company.

##### **(iii) Change in Directors:**

There was no change in the Board of Directors of your Company from last year report.

##### **(iv) Number of meetings of Board:**

During the year, four meetings were held on 19.05.2016, 01.09.2016, 21.11.2016 and 13.03.2017. Requirements on number and frequency of meetings were complied with in

full in terms of Section 173 of the Companies Act, 2013 and Para 3.3.1 of the DPE Guidelines on Corporate Governance for CPSEs-2010.

##### **(v) Directors' Responsibility Statement**

Pursuant to Section 134(5) of the Companies Act, 2013 your Directors state that, based on the representations received from the management,

- (a) in the preparation of the annual financial statement for the year ended 31.03.2017, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- (b) such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2017 and of the profitability of the Company for the year ended on that date;
- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual financial statement has been prepared on a going concern basis;
- (e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

#### **EXTRACT OF ANNUAL RETURN**

In terms of Section 92(3) of the Companies Act, 2013 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, an extract of the Annual Return in the prescribed form is placed at *Annexure-IV*.



## ACKNOWLEDGEMENTS

Your Directors express their appreciation to the Government of India, State Government of Karnataka, M/s BEML Limited (the Holding Company and the major customer), other customers and the State Bank of India for their valued support and guidance.

Your Directors wish to thank the Comptroller and Auditor General of India, the Principal Director of Commercial Audit, Statutory Auditors, Internal Auditors, Suppliers and Shareholders for their valued support and co-operation.

The Directors take this opportunity to place on record their appreciation for the valuable contribution made and co-operation extended by the employees and officers at all levels for the progress of the Company.

For and on behalf of the Board of Directors

Sd/-

Bengaluru  
19.05.2017

**B R Viswanatha**  
Chairman of the Board

## (A) CONSERVATION OF ENERGY

### (a) Steps taken or impact on conservation of energy

- (i) Usage of 23 Nos. of CFL bulbs has resulted in saving of 1350 units, amounting to ₹0.10 lakhs.
- (ii) Switching-off the Air Compressors during idle hours has resulted in saving of 147015 units (1650 hours), amounting to ₹11.40 lakhs.
- (iii) Switching-off the Oil Circuit Breaker of 2T & 1T Induction Furnace 1440 KVA & 1000 KVA Transformers Isolating during Sundays & Holidays by saving No-Load Iron losses of transformers at the rate of 1% is 11980.8 units & 8320 units for Total 20300.8 units, amounting to ₹15.75 lakhs.

### (b) Steps taken by Company for utilizing alternate sources of energy

NIL

### (c) Capital investment on energy conservation equipments

NIL

## (B) TECHNOLOGY ABSORPTION

- (i) Efforts made towards technology absorption

## Annexure-I

Company is adopting conventional foundry technology only.

### (ii) The benefits derived like product improvement, cost reduction, product development or import substitution

High Manganese Alloy Steel castings developed & supplied to M/s. MIDHANI for high value items.

### (iii) Imported technology (imported during last three years reckoned from the beginning of the financial year)

NIL

### (iv) The expenditure incurred on Research and Development

NIL

## (C) FOREIGN EXCHANGE EARNINGS & OUTGO

NIL

For and on behalf of the Board of Directors

Sd/-

Bengaluru  
19.05.2017

**B R Viswanatha**  
Chairman of the Board



In terms of the Department of Public Enterprises (DPE) Guidelines on Corporate Governance for CPSEs-2010, a Report on compliance with the provisions relating to Corporate Governance is provided as under:

## 1. COMPANY'S PHILOSOPHY

The Company's philosophy of Corporate Governance is based on the principles of honesty, integrity, accountability, adequate disclosures and legal / statutory compliances, and to protect, promote and safeguard the interests of all the stakeholders. It is the constant endeavour of the Company to adopt and maintain the highest standards of ethics in all spheres of business activities. It strives for maximum level of transparency in decision making and avoids conflict of interest. In keeping with its professional approach, the Company is implementing the precepts of Corporate Governance in letter and spirit.

## 2. BOARD OF DIRECTORS

### (i) Composition

As on March 31, 2017, the Board consisted of 5 Directors comprising two nominees of the holding company and three Independent Directors. There were no Executive Directors on the Board of the Company. There was no inter-se relationship among the Directors.

### (ii) Meetings and Attendance

During the year under review, your Board met four times on 19.05.2016, 01.09.2016, 21.11.2016 and 13.03.2017. Requirements on number and frequency of meetings in terms of Para 3.3.1 of the DPE Guidelines were complied with in full.

The details of attendance of the Directors at the Board Meetings, Annual General Meeting (AGM) and the other directorships of them are given below:

Sl. No.	Name of the Director (Director Identification No.)	Designation & Category	Attendance at board meetings/Total meetings after appointment as Director	Whether attended last AGM (Yes/No)	No. of other directorships held
1	Shri B R Viswanatha (DIN 07363486)	Chairman of the Board, Non-Executive	3/4	No	3
2	Shri R H Muralidhara* (DIN 07363484)	Director, Non-Executive	4/4	Yes	3
3	Prof. S. Sadagopan (DIN 00118285)	Director, Non-Executive	2/4	No	5
4	Shri G. Sudhindra (DIN 06565237)	Director, Non-Executive	4/4	Yes	--
5	Dr. S Venkateswaran (DIN 06822317)	Director, Non-Executive	3/4	Yes	--

\*Appointed as director w.e.f 19.05.2016

### (iii) Directors retiring by rotation

Shri B R Viswanatha will be retiring by rotation and being eligible, offer himself for re-appointment at the ensuing AGM. The Board commends the re-appointment of the said retiring director.

### (iv) Directors' Shareholding

In terms of Article 5 of Articles of Association of the Company, each Director holds qualification shares of the face value of ₹5,000 jointly with M/s BEML Limited, the holding company.

### (v) Review of Compliance of Laws

In terms of the provisions of the Companies Act, 2013 and Para 3.3.3 of the DPE Guidelines, the Board reviewed the compliance reports relating to various laws applicable to the Company for the year 2016-17 and noted that there were no instances of non-compliances.

### (vi) Training for Board of Directors

In terms of Para 3.7 of the DPE Guidelines, a "Policy on Training for new Board of Directors" has been put in place and the same is placed on the website of the Company [www.bemlindia.com/vignyan.php](http://www.bemlindia.com/vignyan.php). As part of this, training is imparted to them on business model



of the Company including risk profile of the business, corporate governance, responsibility of respective Directors and the manner in which such responsibilities are to be discharged.

### (vii) Code of Conduct

The Company has formulated “Code of Conduct for Directors and Senior Management” for better Corporate Governance and fair / transparent practices and the same is placed on the website of the Company [www.bemlindia.com/vignyan.php](http://www.bemlindia.com/vignyan.php). A copy of the same has been circulated to all concerned. The Board members and senior management personnel, i.e., Directors and General Manager, have affirmed their compliance with the code for the year 2016-17. A declaration to this effect signed by the Chairman of the Board in terms of Para 3.4.2 of the DPE Guidelines, is placed as under:

*To the Members of Vignyan Industries Limited,*  
*I, B R Viswanatha, Chairman of the Board of the Company, hereby declare that the Board of Directors and Senior Management personnel have affirmed their compliance with the Code of Conduct of the Company for the financial year ended 31.03.2017.*

*On behalf of the Board of Directors*

*Sd/-*  
**B R Viswanatha**  
*Chairman of the Board*

*Bengaluru*  
*19.05.2017*

### (viii) Whistle Blower Policy:

In terms of Para 4.2.12 of the DPE Guidelines, the role of Audit Committee shall include review of the functioning of the Whistle Blower Mechanism. Accordingly, the Company has formulated necessary ‘Whistle Blower Policy’ for providing a framework to the employees for reporting to the management instances of unethical behaviour, actual or suspected fraud, or violation of the matters concerning the Company. The said Policy is also placed on the web-site of the Company.

## 3. BOARD COMMITTEES:

### (i) Audit Committee:

In terms of Chapter 4 of the DPE Guidelines, the Audit Committee constituted by the Board has been complying with the terms of reference as enumerated under DPE Guidelines on Corporate Governance as amended from time to time, in addition to complying with the directives, if any, of the Board of Directors, Department of Defence Production and Central Vigilance Commission.

During the year 2016-17, the Audit Committee met four times on 19.05.2016, 01.09.2016, 21.11.2016 and 13.03.2017 and requirements on number and frequency of meetings were complied with in full. Members of Audit Committee and the details of their attendance in the meetings are given below:

S. No.	Name of the Director	Category	Attendance
<i>Chairman:</i>			
1	Shri G. Sudhindra	Independent Director	4/4
<i>Members:</i>			
2	Prof. S. Sadagopan	Independent Director	2/4
3	Dr. S. Venkateswaran	Independent Director	3/4
4	Shri R H Muralidhara*	Nominee Director	3/3

*\*Part of the year*

The Company Secretary acts as Secretary of the Committee. The Chairman of the Audit Committee attended the 52nd AGM for replying to the shareholder queries relating to the accounts of the Company.

### (ii) Remuneration Committee

In terms of Chapter 5 of the DPE Guidelines, the Remuneration Committee of the Board is constituted as under:



S. No.	Name of the Director	Category
<i>Chairman:</i>		
1	Prof. S. Sadagopan	Independent Director
<i>Members:</i>		
2	Shri G. Sudhindra	Independent Director
3	Shri R H Muralidhara	Nominee Director

As per the terms of reference, the Remuneration Committee will decide the annual bonus / variable pay pool and policy for its distribution across the executives and non-unionized supervisors within the prescribed limits.

### (iii) Share Transfer Committee

Share Transfer Committee is constituted with the following members for attending to the requests of members for transfer / transmission of shares, deletion of name, issue of duplicate share certificates, etc.:

S.No.	Name of the Director	Category
<i>Chairman:</i>		
1	Shri B R Viswanatha	Nominee Director
<i>Member:</i>		
2	Shri R H Muralidhara	Nominee Director

Company Secretary acts as the Compliance Officer.

## 4. REMUNERATION OF DIRECTORS

Nominee Directors of holding company are not paid any remuneration including sitting fee.

Independent Directors are paid sitting fee of ₹10,000/- per meeting of the Board / Committee of the Board attended and if they, attend more than one meeting on the same day, a sitting fee of ₹5,000/- is paid for each of such additional meeting. Conveyance for attending Board / Committee meetings is met by the Company. Details of sitting fees paid to the Independent Directors during the year 2016-17 are given below:

S. No.	Name of the Director	Sitting fee (Amount ₹)
(i)	Prof S. Sadagopan	30,000
(ii)	Shri G. Sudhindra	60,000
(iii)	Dr. S. Venkateswaran	45,000
	Total	1,35,000

Neither there was payment of commission to Directors nor any stock option scheme offered to them during the year.

## 5. GENERAL BODY MEETINGS

Details of last three Annual General Meetings are as follows:

Year	Location	Date & Time
2015-16	Registered office at Tarikere	01.09.2016 at 12.00 hrs
2014-15	Registered office at Tarikere	03.09.2015 at 11.30 hrs
2013-14	Registered office at Tarikere	27.08.2014 at 11.30 hrs

There was no special resolution passed during last three years at the Annual General Meeting. No special resolution was put through postal ballot during the year under review.

## 6. ENTERPRISE RISK MANAGEMENT

In compliance with the DPE Guidelines on Corporate Governance, an Internal Committee has been constituted to carry on with the risk management mechanism for mitigating the risks associated with the operations of the Company. Further, establishment of Risk Management System is under process.

## 7. DISCLOSURES

In terms of Chapter 7 of the DPE Guidelines, the following disclosures are made:

- During the year 2016-17, all related party transactions that were entered into with M/s. BEML Limited, the holding company, were fair, transparent and at arm's length basis and also in the ordinary course of business of the



Company. Further, no materially significant related party transactions have been entered into by the Company with the Directors or management or their relatives that may have a potential conflict with the interest of the Company. Details of related party transactions as required under Ind-AS-24 issued by the Institute of Chartered Accountants of India is given in Note No. 26(B) of the Notes forming part of financial statement and the same were duly considered and approved by the Audit Committee.

- The Company's financial statement has been prepared based on the applicable Ind-AS issued by the Institute of Chartered Accountants of India.
- There were no cases of non-compliances by the Company and no penalties or strictures were imposed on the Company by any statutory authority, or any matter related to any guidelines issued by the Government, during last three years.
- The Company has not entered into any contract or arrangement in which the Directors are interested in terms of section 184(2) and 188 of the Companies Act, 2013.
- Senior management personnel have affirmed to the Board that their personal interest in all material, financial and commercial transactions had no potential conflict with the interest of the Company at large.

## 8. MEANS OF COMMUNICATION

The Company's web-site [www.bemlindia.com/vignyan.php](http://www.bemlindia.com/vignyan.php), provides information on management, vision, mission, policies, corporate governance, financial results and annual reports for last 3 years and investors information.

## 9. GENERAL SHAREHOLDER INFORMATION

- (i) The 53<sup>rd</sup> Annual General Meeting for the year 2016-17 is scheduled on Saturday, the

16<sup>th</sup> September, 2017 at 12.30 Hours, at the Registered Office of the Company at Tarikere.

### (ii) Share Transfer System

The shares are issued and dealt in physical form only. All the requests for share transfers, transmissions, deletion of name, issue of duplicate share certificates, change of address, etc., will be approved by the Share Transfer Committee and accordingly, communication will be sent to the shareholders after completing the transaction.

### (iii) Shareholding pattern as on 31.03.2017

Category	No. of Shares	% to equity
BEML Limited	2,69,376	96.56
Individuals	9,590	3.44
TOTAL	2,78,966	100.00

### (iv) Unclaimed Dividends

Under the provisions of the Companies Act, 2013, any amount that remains unclaimed in the Unpaid Dividend Account of the Company for a period of 7 years from the date of transfer to the said account, has to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

Accordingly, the unclaimed dividend amount which is required to be transferred to IEPF is as under:

Dividend for the year	Date of Declaration	For the year	Unclaimed as on 31.03.2017 (₹ in lakhs)	Due for transfer on
Final	06.08.2010	2009-10	0.53	10.09.2017

Members who have not encashed their dividend warrants pertaining to the aforesaid year may approach the Company, for obtaining payments thereof at least 20 days before they are due for transfer to the IEPF.

### (v) Address for correspondence :

M/s. Vignyan Industries Limited,  
Haliyur, B.H. Road,  
Tarikere Post – 577 228,



Chikkamagaluru District, Karnataka  
Ph : 08261 - 222313 / 222252  
e-mail ID : v.vil@beml.co.in

### 10. COMPLIANCE UNDER CORPORATE GOVERNANCE

(i) Your Company submitted quarterly compliance report on Corporate Governance as per prescribed format to the Ministry of Defence (MoD) within 15 days from the close of each calendar quarter.

(ii) Further, your Company submitted grading reports on the compliance with the Corporate Governance with MoD on quarterly and annual basis, and with the Department of Public Enterprises. As per the grading report for the year 2016-17, your Company was rated as 'Excellent' in adhering to the corporate governance standards with a quarterly average score of about 95%.

### CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

Corporate Identity No. : U51101KA1963PLC001510  
Nominal Capital : ₹400 Lakhs

#### To the members of M/s Vignyan Industries Limited

I have examined all the relevant records of Vignyan Industries Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under DPE Guidelines on Corporate Governance for CPSEs-2010 for the year ended 31st March, 2017. I have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

On the basis of my examination of the records produced and the explanations and information furnished, I certify that the Company has complied with mandatory requirements of the DPE Guidelines on Corporate Governance for CPSEs-2010.

For Velichety & Co.,  
Chartered Accountants

Sd/-  
CA. V. Vijaya Raghava Rao  
Partner

M.No.: 028453  
FRN.: 004588S

Bengaluru  
15.05.2017



## Management Discussion and Analysis Report

(In terms of Para 7.5 of the DPE Guidelines on Corporate Governance for CPSEs-2010)

### (i) Industry structure and developments:

Your Company was incorporated on 25.09.1963 by two individual promoters. M/s BEML Limited, the holding company, took over the management during October 1984 upon its acquiring 69% of the paid-up share capital of the Company. Presently, 96.56% of the paid-up capital of the Company is held by BEML. The Company manufactures steel castings suitable for engineering, mining, railways and infrastructure industries.

#### Organization

Your Company has single manufacturing facility located in Tarikere to produce steel castings of various specifications and supply mainly to M/s BEML Limited, the holding company. The Company's manpower strength stood at 86 as on 31.03.2017.

#### Developments and Performance during 2016-17 :

During 2016-17, the GDP of the Indian economy increased to 7.38% (estimated) as compared to 7.6% in the previous year. The manufacturing sector, especially, manufacture of earth moving equipments, is still witnessing pressure on their growth rates due to sluggishness prevailing in the economy. The continuing global economic trend is having its impact on the performance of all major manufacturing industries which ultimately impacted the GDP. Your Company registered a turnover of ₹33.21 Crs as against ₹32.18 Crs in the previous year.

### (ii) Strengths and Weaknesses:

#### (a) Strengths:

- Capability to pour wide range of castings up-to 1750 kgs. Per single piece weight
- Ease of transportation as plant is located in Tarikere on National High way.
- Stabilized quality system - ISO 9001: 2008 & RDSO class "A" foundry accreditation.

- High Manganese Steel alloy developed & established.

#### (b) Weaknesses:

- Unscheduled power cuts being common in rural area.
- Shortage of skilled manpower in Melting and Fettling sections.
- Old and outdated equipments requiring sizeable capital investment for replacement / up-gradation.
- Shortage of machining facilities for proof machining / finish machining of castings.

### (iii) Opportunities & Threats:

#### (a) Opportunities:

- Increasing demand for castings in Defence & Railways business segments.
- Potential market for high alloy castings.
- Opportunities in metal forming areas including assemblies.
- Supply castings as final components in value addition.

#### (b) Threats:

- Shortfall or non-availability of raw materials like foundry sand, bentonite and steel scrap, etc.
- Steep and frequent increase of raw material prices.
- Stringent and strict environmental norms.
- Huge increase in labour cost (Minimum wages).

### (iv) Segment-wise or Product-wise performance during 2016-17:

The Company is operating in one segment of business and accordingly the performance furnished under Sl. No. (viii) of this report may be referred.



**(v) Outlook:**

Your Company is planning to explore new markets for reducing dependency on M/s. BEML Limited, the holding company. However, in anticipation of orders from BEML for high alloy grade castings like T-72 and Tatra Variants relating to Defence business, Axle Box, Buffer Assembly relating to Rail business, and new castings for Mining & Construction business, necessary development and production are planned. Your Company has executed order from MIDHANI, another CPSE based at Hyderabad, to manufacture and supply 100 MTs of ballast casting of U-2 grade steel valued about ₹ 1.35 Crs. The said prospects would help the Company to achieve about ₹74 Crs revenue by 2020-21 as envisaged in the Perspective Plan.

The order book position remained at 1710 MTs as on 01.04.2017. In addition, further casting requirements are expected from BEML as well as from other customers. With this your Company is confident of achieving better results for the financial year 2017-18.

**(vi) Risks and Concerns:**

The Company follows a system of making all major business decisions after a thorough discussion and analysis of risks and returns involved. Through this approach it strives to identify opportunities that enhance organizational values while managing or mitigating risks that can adversely impact the Company's future performance. The major concerns faced by the Company are:

- (a) Uncertainty, especially in Mining sector, due to delay in resolving environmental and social issues.
- (b) Higher level of input costs.
- (c) Innovative marketing strategies to counter competition.
- (d) Retaining skilled manpower.
- (e) Huge increase in Labour cost

However, necessary action plans and strategies are put in place to address the above challenges and to ensure the business with reasonable growth.

**(vii) Internal control systems and their adequacy:**

The Company has an internal control system designed to provide assurance regarding optimization and safeguarding of resources, quality and reliability of financial and operational information, compliance with applicable statutes and corporate policies. It is the Company's endeavour to align all its processes and controls with industry best practices.

The internal audit process is designed to review the adequacy of internal control checks in the system and covers all significant areas of the Company's operations. The internal audit department performs risk based audits, aligned with the internal and transaction audit plan, which would be reviewed in consultation with the statutory auditors and the Audit Committee from time to time.

Your Company has implemented Enterprise Resource Planning. It has an end-to-end SAP platform that provides a robust foundation to address several emerging business needs.

**(viii) Discussion on financial performance with respect to operational performance**

(₹ in lakhs)

<i>Particulars</i>	<b>2016-17</b>	<b>2015-16</b>
a) Sales	<b>3320.51</b>	3218.08
b) Value of Production	<b>3229.48</b>	3087.98
c) Profit before Tax	<b>13.26</b>	66.78
d) Profit after Tax	<b>54.56</b>	44.67
e) Networth	<b>515.16</b>	460.59
f) Inventory	<b>533.39</b>	644.38
g) Trade Receivables	<b>66.55</b>	-
Total inventory in no. of days of VoP (f/b*365)	<b>60.28</b>	76
Trade Receivables / Sales in days (g/a*365)	<b>7</b>	-
% Profit Before Tax to Sales (c/a*100)	<b>0.40</b>	2.08
% Profit After Tax to Networth (d/e*100)	<b>10.59</b>	9.70



During 2016-17, your Company achieved the turnover of ₹33.21 Crs as against ₹32.18 Crs, resulting an increase in turnover of 3.18% over the previous year. The Value of Production (VoP) stood at ₹32.29 Crs and Profit before Tax at ₹0.13 Crs as against of ₹30.88 Crs and Profit of ₹0.67 Crs respectively over the previous financial year.

**(ix) Material developments in Human Resources, Industrial Relations front including number of people employed.**

The Company intensified its focus on training and development of manpower. Training and development at middle management levels were in focus during the year. A company-wide associate survey was undertaken to obtain feedback on various aspects of HR, covering all employees. The Company intensified its communication with all levels and categories of employees by way of different internal forums. The Company also continued to excel in the field of training apprentices and workmen.

The industrial relations were harmonious and cordial during the year. The manpower strength as of 31.03.2017 stood at 86 as against 95 during previous year. During the year, 532 man-days of training were imparted to hone the skills and update the knowledge of employees.

**(x) Environmental Protection and Conservation, Technological conservation, Renewable energy developments, Foreign Exchange conservation:**

Relevant information in this regard is placed in the Board's Report.

**Cautionary Statement** - Certain statements made in the Management Discussion and Analysis Report related to the Company's objectives, projections, outlook, expectations, estimates and others may constitute 'forward looking statements' within the meaning of applicable laws and regulations. Actual results may differ from such expectations, projections and so on whether expressed or implied. Several factors could make significant difference to the Company's operations. These include climatic conditions and economic conditions affecting demand and supply, government regulations and taxation, natural calamities and so on over which the Company does not have any direct control.

For and on behalf of the Board of Directors

Sd/-

Bengaluru  
19.05.2017

**B R Viswanatha**  
Chairman of the Board



**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended 31.03.2017

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : U51101KA1963PLC001510
- ii) Registration Date : 25.09.1963
- iii) Name of the Company : Vignyan Industries Limited
- iv) Category/Sub-Category of the Company : Company Limited by Shares
- v) Address of the Registered office and contact details : Haliyur, B H Road,  
Tarikere Post - 577 228,  
Chikmagaluru District, Karnataka
- vi) Whether listed company Yes/No : No
- vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Not Applicable

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

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Steel Castings	27310	100%

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

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	applicable Section
1	M/s BEML Limited, BEML Soudha, No.23/1, S.R. Nagar, Bengaluru-560027	L35202KA1964GOI001530	Holding Company	96.56%	2(46)



#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/HUF									
b) Central Govt									
c) State Govt									
d) Bodies Corp.	-	269376	269376	96.56	-	269376	269376	96.56	-
e) Banks / FI									
f) Any Other....									
<b>Sub-total (A) (1):-</b>	-	<b>269376</b>	<b>269376</b>	<b>96.56</b>	-	<b>269376</b>	<b>269376</b>	<b>96.56</b>	-
<b>(2) Foreign</b>									
a) NRIs Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
<b>Sub-total (A) (2):-</b>									
<b>Total shareholding of Promoter (A) = (A)(1)+(a)(2) (A)(1)+(A)(2)</b>	-	<b>269376</b>	<b>269376</b>	<b>96.56</b>	-	<b>269376</b>	<b>269376</b>	<b>96.56</b>	-



Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
Insurance Com.									
f) FIIs									
g) Foreign Venture Capital Funds									
i) Others (specify)									
<b>Sub-total (B)(1):-</b>									
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-	5965	5965	2.14	-	5965	2.14	2.14	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	3625	3625	1.30	-	3625	1.30	1.30	-
c) Others (specify)									
<b>Sub-total (B)(2):-</b>	-	<b>9590</b>	<b>9590</b>	<b>3.44</b>	-	<b>9590</b>	<b>3.44</b>	<b>3.44</b>	-
<b>Total Public Shareholding</b>									
<b>(B)=(B)(1)+ (B)(2)</b>	-	<b>9590</b>	<b>9590</b>	<b>3.44</b>	-	<b>9590</b>	<b>3.44</b>	<b>3.44</b>	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	-	<b>278966</b>	<b>278966</b>	<b>100.00</b>	-	<b>278966</b>	<b>278966</b>	<b>100.00</b>	-

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	BEML Limited	269376	96.56	0	269376	96.56	0	Nil
	Total	<b>269376</b>	96.56	0	269376	96.56	0	Nil

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

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the company
At the beginning of the year	269376	96.56	269376	96.56
Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	No change			
At the end of the year			269376	96.56

**(IV) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
<b>At the beginning of the year</b>				
1. Shri M S Manjappa	500	0.18	500	0.18
2. Smt. Jayanthimala S Hegde	445	0.16	445	0.16
3. Smt Pushpavathi Shedthi	400	0.14	400	0.14
4. Shri B S Chetan	360	0.13	360	0.13
5. Shri T Nagappa	300	0.11	300	0.11
6. Smt D Parvathamma	274	0.09	274	0.09
7. Prof. P Shivaji Shetty	250	0.08	250	0.08
8. Dr. S Suresh	250	0.08	250	0.08
9. B K Krishnaiah	200	0.07	200	0.07
10. Smt. Lakshmi Shedthi	200	0.07	200	0.07



Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Not Applicable			
<b>At the end of the year</b>				
1. Shri M S Manjappa	500	0.18	500	0.18
2. Smt. Jayanthimala S Hegde	445	0.16	445	0.16
3. Smt Pushpavathi Shedthi	400	0.14	400	0.14
4. Shri B S Chetan	360	0.13	360	0.13
5. Shri T Nagappa	300	0.11	300	0.11
6. Smt D Parvathamma	274	0.09	274	0.09
7. Prof. P Shivaji Shetty	250	0.08	250	0.08
8. Dr. S Suresh	250	0.08	250	0.08
9. B K Krishnaiah	200	0.07	200	0.07
10. Smt. Lakshmi Shedthi	200	0.07	200	0.07

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

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	In terms of Article of Association of the Company, the Directors on the Board of the Company from time to time held qualification shares of 50 each having aggregate value of ₹5,000/- jointly with M/s. BEML Limited, the holding company.			
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
At the end of the year				

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹)**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year as on 01.04.2016</b>				
i) Principal Amount	17926757	-	3512431	21439188
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-





<b>Total (i+ii+iii)</b>	17926757	0	3512431	21439188
Change in Indebtedness during the financial year				
· Addition	267206	0	448565	715771
· Reduction		-	-	-
<b>Net Change</b>	267206	0	448565	715771
<i>Indebtedness at the end of the financial year 31.03.2017</i>				
i) Principal Amount	18193963	-	3960996	22154959
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	18193963	0	3960996	22154959

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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



*B. Remuneration to other Directors:*

<b>Independent Directors</b>				
<i>Particulars of Remuneration</i>	<i>Name of Directors</i>			<i>Total Amount in ₹</i>
	<i>Prof. S Sadagopan</i>	<i>Shri G Sudhindra</i>	<i>Shri S Venkateswaran</i>	
· Fee for attending board committee meetings	30,000/-	60,000/-	45,000/-	1,35,000/-
· Commission	Nil	Nil	Nil	Nil
· Others, please specify	Nil	Nil	Nil	Nil
<b>Total (1)</b>	<b>30,000/-</b>	<b>60,000/-</b>	<b>45,000/-</b>	<b>1,35,000/-</b>
<b>Other Non-Executive Directors</b>				
<i>Particulars of Remuneration</i>	<i>Name of Directors</i>	<i>Name of Directors</i>	<i>Name of Directors</i>	<i>Total Amount in ₹</i>
	<i>Shri B R Viswanatha</i>	<i>Shri R H Muralidhara</i>	<i>Shri P Swaminathan</i>	
· Fee for attending board/ committee meetings	--	--	--	--
· Commission	--	--	--	--
· Others, please specify	--	--	--	--
<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total (B)=(1+2)</b>	<b>30,000/-</b>	<b>60,000/-</b>	<b>45,000/-</b>	<b>1,35,000/-</b>
<b>Total Managerial Remuneration</b>	<b>30,000/-</b>	<b>60,000/-</b>	<b>45,000/-</b>	<b>1,35,000/-</b>
Overall Ceiling as per the Act	Not Applicable			

*C. Remuneration to Key Managerial Personnel Other Than MD/Manager /WTD*

<i>Sl. No.</i>	<i>Particulars of Remuneration</i>	<i>Key Managerial Personnel</i>			
		<i>CEO</i>	<i>Company Secretary</i>	<i>CFO</i>	<i>Total</i>
	Gross salary	--	--	--	--
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	--	--	--	--
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	--	--	--	--
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	--	--	--	--



2.	Stock Option	--	--	--	--
3.	Sweat Equity	--	--	--	--
4.	Commission - as % of profit - others, specify...	--	--	--	--
5.	Others, please specify	--	--	--	--
	Total	--	--	--	--

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

<i>Type</i>	<i>Section the Companies Act</i>	<i>Brief Description</i>	<i>Details of Penalty / Punishment/ Compounding fees imposed</i>	<i>Authority[RD/NCLT/ Court]</i>	<i>Appeal made, if any</i>
<b>A. COMPANY</b>					
Penalty			None		
Punishment			None		
Compounding			None		
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment			None		
Compounding			None		
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty			None		
Punishment			None		
Compounding			None		



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**SIGNIFICANT ACCOUNTING POLICIES**

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**Note no. 1: Corporate Information :**

The accompanying financial statements comprise the financial statements of VIL, TARIKERE (the Company) for the year ended 31 March 2017. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Tarikere, Karnataka, India. VIL manufactures and supplies Castings for BEML and others Information on other related party relationships of the Company is provided in Note 26B. These financial statements were authorised for issue in accordance with a resolution of the directors on 19.05.2017.

**Note no. 2: Significant accounting policies****2.1 Basis of preparation and Statement of Compliance**

- a. The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with Indian GAAP, including accounting standards notified under the Companies (Accounting Standards) Rules, 2015 (as amended). These financial statements for the year ended 31 March 2017 with a comparative of year ended 31 March 2016 are the first time the Company has prepared in accordance with Ind AS. Refer to note 27 for information on how the Company adopted Ind AS.
- b. The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:
  - Defined benefit and other long-term employee benefits obligations.
- c. The financial statements are presented in Indian Rupee (INR) which is the functional and the presentation currency of the Company

and all values are rounded to the nearest lakhs (INR 00,000), except when otherwise indicated.

- d. The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates.
- e. The Company revises its accounting policies if the change is required due to a change in Ind AS or if the change will provide more relevant and reliable information to the users of the financial statements. Changes in accounting policies are applied retrospectively. A change in an accounting estimate that results in changes in the carrying amounts of recognised assets or liabilities or to profit or loss is applied prospectively in the period(s) of change. Discovery of errors results in revisions retrospectively by restating the comparative amounts of assets, liabilities and equity of the earliest prior period in which the error is discovered. The opening balances of the earliest period presented are also restated.

**2.2 Summary of significant accounting policies****A. Revenue Recognition:**

Sales include excise duty wherever applicable but exclude VAT

**Sale of goods and rendering of services:**

- (i) Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when the significant risks and rewards of ownership



have been transferred to the customer as per the terms of sale agreement, recovery of the consideration is probable, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

- (ii) Revenue and Costs relating to time and material contracts are recognized as the related services are rendered and there is no significant uncertainty regarding recovery of the consideration and if the cost incurred or to be incurred can be measured reliably.

**(iii) Multiple element Contracts:**

For multiple element contracts where price break-up for individual element is available separately, revenue is recognized based on the relative fair value of each element, when risk and reward of such element is transferred to the customer or as and when activities are performed.

Where a separate price break-up for each element is not available, revenue is allocated to separate elements on the basis of relative fair value.

**Escalation:**

Escalation in prices are recognized as revenue as per the escalation formula provided in the contract. In the absence of such a clause in the contract, any claim for the same is recognized on acceptance by the customer.

**Other Income**

**(i) Interest income:**

Interest Income is recognized using the effective interest rate (EIR) on a time proportion basis and as per the terms of the relevant instrument.

**B. Foreign Currencies:**

Transactions in foreign currencies are initially recorded by the Company at their respective currency exchange rates at the date the

transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency exchange rate at the reporting date. Differences arising on settlement or translation of monetary items are recognized in statement of profit and loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

**C. Income Taxes:**

**Current income tax:**

Current tax assets and liabilities are measured at the amount to be recovered from or paid to the taxation authorities as per the applicable tax laws at the reporting date in Statement of profit and loss.

**Deferred tax:**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognized to the extent it is probable that taxable profit will be available against which the deductible temporary differences can be utilized.

For the items directly recognized in Equity, the current and deferred tax pertaining to such item is recognized through Equity.

**D. Property, Plant & Equipment:**

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses if any. Cost includes expenditure on acquisition of asset, and borrowing costs.



Depreciation is calculated on a straight line basis over estimated useful lives (considered from the first day of the month in which the asset is capitalized) as prescribed in Schedule II of the companies Act 2013.

When parts of an item of property, plant and equipment have different useful lives, they are treated as separate components and depreciated over their estimated useful lives.

The residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively.

Any gain or loss arising out of derecognizing of an asset is included in statement of Profit and Loss of the relevant period.

#### **E. Borrowing Cost:**

Borrowing costs directly attributable to creation of an asset are capitalized as part of the cost of the asset. General borrowing costs are charged to the statement of profit and loss in the year of incurring the cost.

#### **F. Inventory:**

Inventories are valued at the lower of cost and net realizable value. Cost for the purpose of the above is accounted as under:

- (i) Raw materials, Components, Stores and Spare parts: weighted average cost
  - (ii) Finished goods and Work in Progress: Cost of materials, labour and production overheads
- Scrap is valued at estimated realizable value.

#### **G. Employee Benefits:**

##### **Short-term employee benefits:**

Short-term employee benefits are expensed as the related service is rendered.

##### **Defined benefit plans:**

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by actuarial valuation conducted

annually by a qualified actuary using the projected unit credit method.

Actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (assets) is recognized in the statement of profit and loss. When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in the statement of profit and loss.

#### **Other long-term employee benefits:**

The Company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

#### **Defined contribution plan:**

For defined contribution plans, the Company contributes to independently administered funds as per relevant scheme. These contributions are recorded in the statement of profit and loss. The Company's liability is limited to the extent of contributions made to these funds.

#### **H. Provisions and Contingent Liabilities:**

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.



If the effect of the time value of money is material, provisions are discounted. Contingent liabilities and contingent assets are not recognized in the financial statements but are disclosed in the notes.

## **I. Financial Assets:**

### **Recognition and measurement:**

All financial assets are recognized initially at fair value. Subsequently, financial assets are measured at fair value or amortized cost based on their classification.

### **Derecognition:**

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

### **Trade and other receivables:**

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

### **Cash and cash equivalents:**

Cash comprises of cash on hand and demand deposits. Cash equivalents are short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash, which are subject to an insignificant risk of change in value.

### **Impairment of financial assets:**

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

## **J. Financial Liabilities:**

### **Recognition and measurement:**

Financial liabilities are classified, at initial

recognition, at fair value through statement of profit and loss as loans, borrowings, payables, or derivatives, as appropriate.

Financial liabilities are measured based on their classification at fair value through statement of profit and loss, amortized cost or fair value through other comprehensive income

### **Derecognition:**

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

### **Trade and other payables:**

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

## **K. Financial Assets and Liabilities**

### **Reclassification:**

#### **Reclassification of financial Assets and Liabilities:**

After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For other financial assets, a reclassification is made prospectively only if there is a change in the business model for managing those assets.

#### **Offsetting of financial Assets and Liabilities:**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis.

## **L. Earnings per share:**

The Company presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares



outstanding during the year, adjusted for own shares held.

**M. Cash dividend and non-cash distribution to equity shareholders:**

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

**N. Events after the reporting period:**

Adjusting events are events that provide further evidence of conditions that existed at the end of the reporting period. The financial statements are adjusted for such events before authorization for issue.

Non-adjusting events are events that are indicative of conditions that arose after the end of the reporting period. Non-adjusting events after the reporting date are not accounted, but disclosed.

For **H.R.Suresh & Co.**

*Chartered Accountants*

Firm Registration No. 004268S

**For and behalf of the Board of Directors**

R H Muralidhar  
Director

B R Viswanathan  
Chairman of the Board

Sumanth H S

Partner

M.No.214898

Place: Bengaluru

Date: 19.05.2017





***ACCOUNTS***  
***2016-17***



## BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, Plant and Equipment	3	764.89	789.86	840.39
(b) Deferred tax assets (net)	4	16.25	-	-
(c) Other non-current assets	5	-	1.03	0.53
<b>Total non-current assets</b>		<b>781.14</b>	<b>790.89</b>	<b>840.92</b>
<b>(2) Current assets</b>				
(a) Inventories	6	533.39	644.40	794.74
(b) Financial Assets				
(i) Trade receivables	7	66.55	-	0.02
(ii) Cash and cash equivalents	8	0.96	1.30	1.59
(iii) Other financial assets	9	5.00	5.00	5.00
(c) Current tax (net)		-	-	-
(d) Other current assets	10	75.47	101.59	130.05
<b>Total current assets</b>		<b>681.37</b>	<b>752.30</b>	<b>931.41</b>
<b>Total assets</b>		<b>1,462.51</b>	<b>1,543.19</b>	<b>1,772.33</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	11	278.97	278.97	278.97
(b) Other Equity	11	236.19	181.63	136.95
<b>Total Equity</b>		<b>515.16</b>	<b>460.60</b>	<b>415.92</b>
<b>LIABILITIES</b>				
<b>(1) Non-current liabilities</b>				
(a) Provisions	12	104.47	83.84	34.81
(b) Deferred Tax Liabilities (Net)	4	-	20.86	39.93
<b>Total non-current liabilities</b>		<b>104.47</b>	<b>104.70</b>	<b>74.74</b>
<b>(2) Current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	13	181.94	179.27	193.24
(ii) Trade payables				
(A) Micro & Small Enterprises	14	96.74	24.75	1.62
(B) Other than Micro & Small Enterprises	14	334.27	318.05	255.67
(iii) Other financial liabilities	15	40.16	33.40	27.60
(b) Other current liabilities	16	38.63	256.05	653.46
(c) Provisions	17	146.68	160.36	150.10
(d) Current tax liabilities (Net)	18	4.47	6.02	-
<b>Total current liabilities</b>		<b>842.89</b>	<b>977.90</b>	<b>1,281.69</b>
<b>Total equity and liabilities</b>		<b>1,462.51</b>	<b>1,543.19</b>	<b>1,772.33</b>

See accompanying notes forming part of the financial statements.

**For H R SURESH & CO**

Chartered Accountants

Firm Registration Number: 004268S

**For and on behalf of Board of Directors****CA. SUMANTH H S**

Partner

Membership No.: 214898

Place: Bengaluru

Date : 19 May 2017

**R H Muralidhara**

Director

**B R Viswanatha**

Chairman of the Board

**Praveen Tyagi**  
Company Secretary



(₹ in Lakhs)

## STATEMENT OF PROFIT AND LOSS

Particulars	Note No	For the year ended 31st March 2017	For the year ended 31st March 2016
<b>Revenues:</b>			
I Revenue from operations	19	3,320.51	3,218.08
II Other income	20	8.74	7.50
<b>III Total Income (I+II)</b>		<b>3,329.25</b>	<b>3,225.58</b>
<b>IV Expenses:</b>			
Cost of materials consumed	21	1,776.26	1,567.52
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	91.03	130.09
Employee benefits expense	23	438.57	499.02
Finance costs	24	23.98	23.49
Depreciation and amortization expense	3	73.05	70.96
Other expenses	25	913.09	867.71
<b>Total Expenses (IV)</b>		<b>3,315.99</b>	<b>3,158.80</b>
V Profit / (Loss) before exceptional items and tax (III-IV)		13.26	66.78
<b>VII Profit / (Loss) before tax (V-VI)</b>		<b>13.26</b>	<b>66.78</b>
<b>VIII Tax expense:</b>			
(1) Current tax (MAT)		2.70	12.71
(2) Deferred tax	12	(37.11)	(19.07)
IX Profit / (Loss) for the period from continuing operations (VII-VIII)		47.66	73.14
<b>XIII Profit / (Loss) for the year (IX+XII)</b>		<b>47.66</b>	<b>73.14</b>
<b>XIV Other Comprehensive Income</b>			
A (i) Items that will not be reclassified to profit or loss		<b>(8.67)</b>	<b>35.15</b>
(ii) Income tax relating to items that will not be reclassified to profit or loss		1.77	(6.69)
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
<b>XV Total Comprehensive Income for the year (XIII+XIV)</b>		<b>54.56</b>	<b>44.67</b>
(Comprising Profit (Loss) and Other Comprehensive Income for the period)			
XVI Earnings per equity share: (₹100/- each) in ₹			
Basic and diluted	26	17.09	26.22

See accompanying notes forming part of the financial statements.

For H R SURESH &amp; CO

Chartered Accountants

Firm Registration Number: 004268S

For and on behalf of Board of Directors

CA. SUMANTH H S

Partner

Membership No.: 214898

Place: Bengaluru

Date : 19 May 2017

R H Muralidhara

Director

B R Viswanatha

Chairman of the Board

Praveen Tyagi  
Company Secretary



## CASH FLOW STATEMENT

(₹ in Lakhs)

Particulars	For the year ended	
	31.03.2017	31.03.2016
<b>A. Cash flow from operating activities</b>		
Net profit loss before tax and extraordinary items	13.26	31.62
<i>Adjustments for</i>		
Other comprehensive income	8.67	
Depreciation	73.05	70.96
Interest expense	23.98	23.49
Other interest received	-	(5.00)
Other non-operating non-cash adjustments	-	-
	<b>105.70</b>	<b>89.45</b>
<b>Operating profit loss before changes in working capital</b>	<b>118.96</b>	<b>121.07</b>
<i>Adjustment for</i>		
Inventories	111.02	150.36
Sundry debtors	(66.55)	0.02
Other current assets	27.15	-
Loans and advances	-	27.96
Amounts due related parties	-	(387.08)
Trade payables	88.21	85.56
Other liabilities	(1.55)	(4.57)
Provisions	6.95	59.28
Income tax Expenses	(4.47)	-
	<b>160.74</b>	<b>(68.47)</b>
<b>Cash from generated operations</b>	<b>279.70</b>	<b>52.60</b>
Direct taxes paid/refunded	-	-
<b>Net cash flow from/used in operating activities</b>	<b>279.70</b>	<b>52.60</b>
<b>B. Cash flow from investing activities</b>		
Purchase of tangible fixed assets	(48.07)	(20.43)
Trade receivables	-	-
Other interest	-	5.00
<b>Net cash flow from/used in investing activities</b>	<b>(48.07)</b>	<b>(15.43)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from short-term borrowings	2.67	(13.97)
Repayment of short-term borrowings	-	-
Interest expense on bank borrowings	(23.98)	(23.49)
Other financial liabilities	6.77	-
Other current Liabilities	(217.43)	-
Dividend paid for equity shares	-	-
Dividend distribution tax paid on equity shares	-	-
<b>Net cash flow from/used in financing activities</b>	<b>(231.97)</b>	<b>(37.46)</b>
Effect foreign exchange cash and cash equivalents	-	-
<b>Net increase decrease cash and cash equivalents</b>	<b>(0.34)</b>	<b>(0.29)</b>
<b>Cash and Cash Equivalents, Beginning Balance</b>	<b>1.30</b>	<b>1.59</b>
<b>Cash and Cash Equivalents, Ending Balance</b>	<b>0.96</b>	<b>1.30</b>

For H R SURESH &amp; CO

For and on behalf of Board of Directors

Chartered Accountants

Firm Registration Number: 004268S

CA. SUMANTH H S

Partner

Membership No.: 214898

Place: Bengaluru

Date : 19 May 2017

R H Muralidhara

Director

B R Viswanatha

Chairman of the Board

Praveen Tyagi  
Company Secretary

**Note 3: Property, Plant and Equipment - VII**

(₹ in lakhs)

PARTICULARS	Cost or Deemed cost			Accumulated depreciation and impairment			Carrying value	
	As at 01.04.2016	Additions During the Year	As at 31.03.2017	As at 01.04.2016	For the Year	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Land								
Free Hold *	0.56		0.56	-		-	0.56	0.56
Lease Hold	-		-	-		-	-	-
Buildings	74.41		74.41	4.52	12.83	17.35	57.06	69.89
Plant and Equipment	769.70	30.22	799.92	61.76	55.69	117.45	682.47	707.94
Furniture and Fixtures	0.29		0.29	0.25		0.25	0.04	0.04
Vehicles	-		-	-		-	-	-
Given on Lease	-		-	-		-	-	-
Own Use	1.62	17.86	19.48	1.21	1.49	2.70	16.78	0.41
Office Equipment	0.76		0.76	0.17		0.17	0.59	0.59
Roads and Drains	13.47		13.47	3.05	3.05	6.10	7.37	10.42
Water Supply Installations	0.01		0.01	-		-	0.01	0.01
Railway sidings	-		-	-		-	-	-
Electrical Installation	-		-	-		-	-	-
Jigs and Fixtures	-		-	-		-	-	-
Special Tools	-		-	-		-	-	-
Computers and Data processing units	-		-	-		-	-	-
<b>Total Tangible Assets</b>	<b>860.82</b>	<b>48.07</b>	<b>908.89</b>	<b>70.96</b>	<b>73.05</b>	<b>144.01</b>	<b>764.88</b>	<b>789.86</b>
Previous Year	840.39	20.43	860.82	-	70.96	70.96	789.86	840.39

\* Includes 3 acres of land leased to M/s Sri Sharada Engineering Works Pvt. Ltd., for a period of 30 years (since 1998). Depreciation is charged on straight line method adopting 'Useful Lives' as per Schedule II of the Companies Act 2013 (or such shorter useful lives which in the opinion of the management are appropriate, except for assets whose unit cost does not exceed ₹5000/- depreciation is charged at the rate of hundred percent in the year of capitalization)



<b>Note 4: Deferred tax assets/liabilities (net)</b>			(₹ in Lakhs)
<b>Particulars</b>	<b>As at 31st March 2017</b>	<b>As at 31st March 2016</b>	<b>As at 01st April 2015</b>
Deferred Tax Liabilities (DTL)			
Related to Fixed Assets	(35.92)	75.78	(39.93)
Effects on change in valuation	-	-	-
Total DTL (A)	(35.92)	75.78	(39.93)
Deferred Tax Assets (DTA)			
Effects on change in valuation	-	-	-
Leave Encashment	1.36	0.38	-
Pay revision	10.90	8.80	-
Gratuity Liability	39.91	45.74	-
Disallowances	-	-	-
Total DTA (B)	52.17	54.92	-
	16.25	20.86	(39.93)
Deferred Tax Assets/(Liabilities)	<b>16.25</b>	<b>(20.86)</b>	<b>(39.93)</b>

**a) Amount recognised in profit or loss** (₹ in Lakhs)

<b>Particulars</b>			
<b>Current tax expense:</b>			
Current tax/Minimum alternate tax ("MAT")	4.47	6.02	-
<b>Deferred tax (income)/expense:</b>			
Origination and reversal of temporary differences	(37.11)	(19.07)	(45.59)
MAT credit entitlement	-	-	-
Reversal of tax for earlier year	-	-	-
Deferred Tax	-	-	-
<b>Total deferred tax (income)/expense</b>	<b>(37.11)</b>	<b>(19.07)</b>	<b>(45.59)</b>
<b>Tax expenses</b>	<b>(32.63)</b>	<b>(13.05)</b>	<b>(45.59)</b>


**b) Amount recognised in OCI** (₹ in Lakhs)

Particulars	As at 31st March 2017		
	Before Tax	Tax (expense) benefit	Net of tax
Re-measurement (losses) / gains on post employment defined benefit plans	(8.67)	1.77	(6.90)
<b>Total</b>	<b>(8.67)</b>	<b>1.77</b>	<b>(6.90)</b>
Particulars	As at 31st March 2016		
	Before Tax	Tax (expense) benefit	Net of tax
Re-measurement (losses) / gains on post employment defined benefit plans	35.15	(6.69)	28.46
<b>Total</b>	<b>35.15</b>	<b>(6.69)</b>	<b>28.46</b>

**c) Reconciliation of effective income tax rate** (₹ in Lakhs)

Particulars	As at 31st March 2017		As at 31st March 2016	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operation		13.26		66.78
Tax using the company's domestic tax rate (Income tax)	30.90%	4.10	30.90%	20.64
<b>Tax effect of:</b>				
Carry Forward Loss	-30.90%	(4.10)	-30.90%	(20.64)
Weighted Deduction for R and D Expenditure	0.00%	-	0.00%	
Minimum Alternate Tax	20.40%	2.70	19.03%	12.71
Tax relating to OCI	13.34%	1.77	-10.02%	(6.69)
Deferred tax	-279.88%	(37.11)	-28.55%	(19.07)
<b>Total income tax expense for the year</b>	<b>-246.15%</b>	<b>(32.63)</b>	<b>-19.54%</b>	<b>(13.05)</b>

**d) Movement in deferred tax balances**

(₹ in Lakhs)

Particulars	As at 01.04.2016	Recognised in profit or loss	Recognised in OCI	As at 31.03.2017	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(75.78)	39.86	-	(35.92)		(35.92)
Provision for Doubtful Debts		-	-	-		-
Provision for Leave Salary	0.38	0.98	-	1.36	1.36	-
Pay Revision	8.80	2.10	-	10.90	10.90	-
Provision for Gratuity	45.74	(5.83)	-	39.91	39.91	-
Other Items		-	-	-	-	-
Tax assets/(liabilities) before set-off	(20.86)	<b>37.11</b>	-	<b>16.25</b>	<b>52.17</b>	<b>(35.92)</b>
Off-setting of Deferred tax assets / (liabilities)	-	-	-	-		52.17
Net deferred tax assets/(liabilities)	<b>(20.86)</b>	<b>37.11</b>	-	<b>16.25</b>		<b>16.25</b>

**d) Movement in deferred tax balances**

(₹ in Lakhs)

Particulars	As at 01.04.2015	Recognised in profit or loss	Recognised in OCI	As at 31.03.2016	Deferred tax assets	Deferred tax liabilities
Property, plant and equipment	(86.64)	10.86	-	(75.78)		(75.78)
Provision for Doubtful Debts		-	-	-		-
Provision for Leave Salary	1.00	(0.62)	-	0.38	0.38	-
Pay Revision	5.90	2.90	-	8.80	8.80	-
Provision for Gratuity	36.47	9.27	-	45.74	45.74	-
Other Items	3.34	(3.34)	-	-	-	-
Tax assets/(liabilities) before set-off	(39.93)	19.07	-	<b>(20.86)</b>	<b>54.92</b>	<b>(75.78)</b>
Off-setting of Deferred tax assets / (liabilities)	-	-	-	-		54.92
Net deferred tax assets/(liabilities)	<b>(39.93)</b>	<b>19.07</b>	-	<b>(20.86)</b>		<b>(20.86)</b>

**e) Unrecognised deferred tax assets**

Deferred tax asset has not been recognised in respect of the following items, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

(₹ in Lakhs)

Particulars	31 March 2017		31 March 2016	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Deductible temporary differences not expected to be utilised				
- Tax losses	64.30	19.87	101.71	31.43
	<b>64.30</b>	<b>19.87</b>	<b>101.71</b>	<b>31.43</b>




**f) Tax losses carried forward**

Unrecognised tax losses carried forward expire as follows:

(₹ in Lakhs)

Particulars	31 March 2017	Expiry date	31 March 2016	Expiry date
<b>Expire</b>				
Carry forward business loss	-		-	-
AY 2014-15	58.57	31 March 2022	95.98	31 March 2022
AY 2015-16	5.73	31 March 2023	5.73	31 March 2023
<b>Never expire</b>				
Unabsorbed depreciation	-			
AY 2011-12	114.40	-	114.40	-
AY 2013-14	72.45	-	72.45	-
AY 2014-15	71.13	-	71.13	-
AY 2015-16	61.79	-	61.79	-
	<b>384.08</b>		<b>421.49</b>	

**Note 5: Other non-current assets**

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Capital Advances	8.79	8.79	-
Less: Allowance for doubtful Capital Advances	(8.79)	(8.79)	-
Advance Income Tax	-	1.03	0.53
<b>Total</b>	<b>0.00</b>	<b>1.03</b>	<b>0.53</b>

**Due by officers of the company**
**Note 6: Inventories (Lower of cost and Net realisable value)**

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Raw materials & Components	141.93	148.98	185.96
Patterns and other raw material	16.33	16.64	12.53
Less: Allowance for obsolescence - Raw Material	-	-	-
Raw materials & Components in Transit	-	12.63	-
Work-in-Progress	340.74	445.97	559.75
Finished Goods	30.56	17.94	32.45
Less: Allowance for obsolescence - Finished Goods	-	-	-
Excise Duty on Finished Goods	3.82	2.24	4.06
<b>Total</b>	<b>533.39</b>	<b>644.40</b>	<b>794.74</b>

- Raw materials & Components include materials lying with sub contractors ₹ 34.79 Lakhs (Previous Year - ₹ 12.68 Lakhs). Of these, confirmation from the parties is fully obtained.
- The closing stock of work-in-progress and finished goods are stated at lower of standard cost, which approximates to actuals, and net realisable value. The difference between the actual cost of production and the standard cost is not material.
- Variances arising on account of difference between standard cost and the actual cost, on account of change in the nature of inputs from bought-out to internally manufactured or vice versa, timing difference between standard cost and actual occurrence during the financial period and fluctuations in the material prices, is adjusted in the cost of production in order not to carry forward the period variances to subsequent financial period.



- d. Allowance towards obsolescence is made as per the provisioning norms and is based on ageing of inventory.

**Note 7: Trade receivables**

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
<b>Unsecured, considered good</b>			
Outstanding for period exceeding six months *	0.67	-	0.02
Others			
From Holding Company-BEML	65.88	-	-
<b>Unsecured, considered doubtful</b>			
Outstanding for period exceeding six months			
Allowance for bad and doubtful trade receivables			
<b>Total</b>	<b>66.55</b>	<b>-</b>	<b>0.02</b>

The movement in the allowance for bad and doubtful trade receivables is as follows:

Particulars	(₹ in Lakhs)	
	31.3.2017	31.3.2016
Balance at the beginning of the year	-	-
Impairment losses recognised	-	-
Written off during the year	-	-
Credited to profit or loss	-	-
Transfers	-	-
Balance at the end of the year	-	-

**Note 8: Cash and cash equivalents**

(₹ in Lakhs)

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Balances with Banks	0.55	1.05	1.35
Balances with Banks - Unclaimed Dividend			
Cheques, drafts on hand			
Cash on hand	0.41	0.25	0.24
<b>Total</b>	<b>0.96</b>	<b>1.30</b>	<b>1.59</b>

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

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Balances with Banks	0.55	1.05	1.35
Balances with Banks - Unclaimed Dividend	-	-	-
Cheques, drafts on hand	-	-	-
Cash on hand	0.41	0.25	0.24
<b>Total</b>	<b>0.96</b>	<b>1.30</b>	<b>1.59</b>



b. The details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016 is given below:

(Amount in ₹)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	11,500	3,779	15,279
(+) Permitted receipts		258,056	258,056
(-) Permitted payments		(225,374)	(225,374)
(-) Amount deposited in Banks	(11,500)		(11,500)
<b>Closing cash in hand as on 30.12.2016</b>	<b>-</b>	<b>36,461</b>	<b>36,461</b>

**Note 9: Other financial assets**

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Security Deposit with Customers	5.00	5.00	5.00
<b>Total</b>	<b>5.00</b>	<b>5.00</b>	<b>5.00</b>

**Note 10: Other Current Assets**

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Balances with Public Utility concern	68.04	68.04	68.04
Less: Allowance for doubtful Bal. with Public Utility concern	(5.12)	-	-
Balances with Govt. departments for Customs Duty, Excise Duty etc including receivables	-	-	-
Advance to Vendors	0.05	0.05	-
Less: Allowance for doubtful advances to vendors	-	-	-
Employee Advance	2.28	2.54	3.96
Duties & Taxes			
Cenvat / VAT Balances	7.48	19.87	42.71
Less: Allowance for doubtful Cenvat / VAT Balances	-	-	-
Prepayments	2.73	11.10	15.35
<b>Total</b>	<b>75.47</b>	<b>101.59</b>	<b>130.06</b>
<b>Due by Officers of the Company</b>	<b>0.30</b>	<b>0.39</b>	<b>0.25</b>



Note 11: Equity share capital	(₹ in Lakhs)					
	As at 31st March 2017		As at 31st March 2016		As at 01st April 2015	
	Number	Amount	Number	Amount	Number	Amount
<b>Authorised :</b>						
Equity Shares of ₹100 each	380,000	380	380,000	380	380,000	380.00
9.5% Redeemable cum Preference Shares at ₹ 100 each	20,000	20	20,000	20	20,000	20.00
<b>Issued :</b>						
Equity Shares of ₹100 each	283,500	284	283,500	284	283,500	283.50
<b>Subscribed :</b>						
Equity Shares of ₹100 each	278,966	279	278,966	279	278,966	278.97
<b>Paid-up :</b>						
Equity Shares of ₹100 each, fully paid-up	278,966	279	278,966	279	278,966	278.97
<b>Forfeited Shares (amount originally paid) :</b>						
Equity Shares of Paid-up value ₹5 each	-	-	-	-	-	-
<b>Total</b>	<b>278,966</b>	<b>278.97</b>	<b>278,966</b>	<b>278.97</b>	<b>278,966</b>	<b>278.97</b>

**Rights and restrictions attached to equity shares**

The company has only one class of share, i.e., equity shares having the face value of ₹100 per share. Each holder of equity share is entitled to one vote per share. Dividend is paid in Indian Rupees. The dividend recommended by the Board of Directors is subject to the approval of the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, equity shareholders will be entitled to receive remaining assets of the Company after distribution of all liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

Disclosure requirements for 5 years	Number of Shares				
	2016-17	2015-16	2014-15	2013-14	2012-13
Shares allotted as fully paid up pursuant to contracts without payment being received in cash	Nil	Nil	Nil	Nil	Nil
Shares allotted as fully paid up by way of bonus shares	Nil	Nil	Nil	Nil	Nil
Shares bought back	Nil	Nil	Nil	Nil	Nil

Reconciliation of shares outstanding at the beginning and at the end of the period :					
Particulars	2016-17		2015-16		
	No. of Shares	Amount	No. of Shares	Amount	
Outstanding as at Opening Date	278,966	278.97	278,966	278.97	
Add: Issued during the period	-	-	-	-	
Less: Buy-back during the period (if any)	-	-	-	-	
Outstanding as at Closing Date	278,966	278.97	278,966	278.97	



Equity Shares held by shareholders having 5% or more	2016-17		2015-16	
	No. of Shares	% held	No. of Shares	% held
BEML LIMITED (Holding Company)	269,376	96.56	269,376	96.56

No shares of the Company is reserved for issue under options and contracts/commitments for the sale of shares / disinvestment.

### Statement of Changes in Equity for the period ended 31.03.2017

#### A. Equity share capital

(₹ in Lakhs)

Balance as on 01.04.2016		Changes in equity capital during the year		Balance as on 31.03.2017	
No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
278966	278.97	-	-	278966	278.97

#### B. Other equity as on 31.3.2016

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other items of OCI	Capital Redemption Reserve	Total Equity
	Capital Reserve	Share Premium	General Reserve	Retained Earnings			
Balance as on 01.04.2015	0.16	0.02	7.73	119.04		10.00	136.95
Less: Prior period errors				-			-
Total comprehensive income for the year	-	-	-	73.14	(28.46)		44.68
Sub-total	0.16	0.02	7.73	192.18	(28.46)	10.00	181.63
Less: Transfer to							
- Debenture Redemption Reserve				-			-
- Proposed dividend				-			-
- Tax on Dividend				-			-
<b>Balance as on 31.03.2016</b>	<b>0.16</b>	<b>0.02</b>	<b>7.73</b>	<b>192.18</b>	<b>(28.46)</b>	<b>10.00</b>	<b>181.63</b>

**B. Other equity as on 31.3.2017**

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other items of OCI	Capital Redemption Reserve	Total Equity
	Capital Reserve	Share Premium	General Reserve	Retained Earnings			
- Tax on Dividend							
Balance as on 01.04.2015	0.16	0.02	7.73	192.18	(28.46)	10.00	<b>181.63</b>
Less: Prior period errors							
Profit/(Loss) for the year				47.66	-		<b>47.66</b>
Other comprehensive income							
Total comprehensive income for the year	-	-	-	-	6.90		<b>6.90</b>
Sub-total	0.16	0.02	7.73	239.84	(21.56)	10.00	<b>236.19</b>
Less: Transfer to							
- Debenture Redemption Reserve							-
- Proposed dividend							-
<b>Balance as on 31.03.2017</b>	<b>0.16</b>	<b>0.02</b>	<b>7.73</b>	<b>239.84</b>	<b>(21.56)</b>	<b>10.00</b>	<b>236.19</b>

**Note 12: Provisions**

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
<b>Provision for employee benefits</b>			
Provision for Gratuity	102.84	83.84	34.81
for Leave Salary	1.63	-	-
for Post retirement medical scheme			
<b>Provision-others</b>			
for warranty			
for unexpired obligations			
<b>Total</b>	<b>104.47</b>	<b>83.84</b>	<b>34.81</b>

1. For movement in the provisions during the year refer Note no. 17
2. The provision for employee benefits represents annual leave and vested long service entitlements accrued.



### Note 13: Borrowings

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
<b>Repayable on demand from banks</b>			
<b>Secured</b>			
Cash Credit & Short Term Loans (secured by first charge by way of hypothecation of Inventories, Bills receivable, Book Debts and all other movables both present and future)	181.94	179.27	193.24
<b>Total</b>	<b>181.94</b>	<b>179.27</b>	<b>193.24</b>

### Note 14: Trade Payables

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Total outstanding dues of micro & small enterprises	96.74	24.75	1.62
Total outstanding dues of creditors other than micro & small enterprises	334.27	318.05	255.67
<b>Total</b>	<b>431.01</b>	<b>342.80</b>	<b>257.29</b>

### Micro and Small Enterprises (MSE)

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

Particulars	As at 31st March 2017	As at 31st March 2016	As at 01st April 2015
Amount due and Payable at the year end			
- Principal	96.74	24.75	1.62
- Interest on above Principal			
Payments made during the year after the due date			
- Principal	330.36	170.88	-
- Interest			
Interest due and payable for principals already paid	0.85	1.46	-
Total Interest accrued and remained unpaid at year end	0.85	1.46	-
Interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as deductible expenditure under section 23 of MSMED Act, 2006.			

**Note 15: Other financial liabilities**

Particulars	As at		As at
	31st March 2017	31st March 2016	01st April 2015
Deposit from vendors	39.61	32.34	26.25
Unclaimed dividends	0.55	1.05	1.35
<b>Total</b>	<b>40.16</b>	<b>33.40</b>	<b>27.60</b>

**Note 16: Other current liabilities**

Particulars	As at		As at
	31st March 2017	31st March 2016	01st April 2015
Other payables			
a. Staff related dues	9.76	25.65	9.14
b. Statutory dues	21.33	21.57	48.12
c. ED provision on FGI/Others	3.82	2.24	4.06
d. Advances received from Customers	2.78	2.78	2.71
e. Due to Holding Company- BEML Limited	-	202.26	589.34
f. Vendors	0.09	0.10	0.08
g. Interest due on MSE vendors	0.85	1.46	-
<b>Total</b>	<b>38.63</b>	<b>256.05</b>	<b>653.46</b>

**Note 17: Provisions**

Particulars	As at		As at
	31st March 2017	31st March 2016	01st April 2015
<b>Provision for employee benefits</b>			
for Gratuity	26.33	64.19	83.22
for Pay revision	117.58	94.92	63.66
for Leave Salary	2.77	1.24	3.22
<b>Total</b>	<b>146.68</b>	<b>160.36</b>	<b>150.10</b>

**Movement in Provisions**

(₹ in Lakhs)

Particulars	As at		Additions	Utilization	As at 31st March 2017	As at 31.03.2017	
	01.04.2016					Current	Non Current
	Current	Non Current					
Gratuity	64.19	83.84	10.79	29.65	129.17	102.83	26.34
Leave Salary	1.24		9.92	6.76	4.40	1.63	2.77
PAY REVISION: Provision for Wage Revision	94.92		22.66	0.00	117.58	99.94	17.64
<b>Total</b>	<b>160.36</b>	<b>83.84</b>	<b>43.37</b>	<b>36.41</b>	<b>251.15</b>	<b>204.40</b>	<b>46.75</b>



**Note 18: Current tax liabilities (Net)**

Particulars	As at		As at
	31st March 2017	31st March 2016	01st April 2015
Provision for Income tax	4.47	6.02	-
<b>Total</b>	<b>4.47</b>	<b>6.02</b>	<b>-</b>

**Note 19: Revenue from operations**

Particulars	For the year ended	
	31st March 2017	31st March 2016
(a) sale of products (including excise duty as applicable):		
Sales Steel castings	3,320.51	3,218.08
<b>Sub-total</b>	<b>3,320.51</b>	<b>3,218.08</b>
<b>Sub-total</b>	<b>-</b>	<b>-</b>
<b>Revenue from operations</b>	<b>3,320.51</b>	<b>3,218.08</b>

**Note 20: Other income**

Particulars	For the year ended	
	31st March 2017	31st March 2016
Other non-operating income*	8.74	7.50
<b>Total</b>	<b>8.74</b>	<b>7.50</b>

\* Other non-operating comprises of Rs. 6.16 lakhs of freight charges collected from customers and other income of Rs. 2.58 lakhs

**a. Tax Deducted at Source on Income**

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
a) Interest on Call and Term Deposit from Banks	-	-
b) Interest on Inter Corporate Loans	-	-
c) Others	-	-

**Note 21: Cost of materials consumed**

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Opening Stock		
- Raw Material	161.61	185.96
- Spares		
	161.61	185.96
Add: Purchases		
- Raw Material	1,756.59	1,543.17
- Spares		
	1,756.59	1,543.17
Closing stock		
- Raw Material	141.93	161.61
- Spares		
	141.93	161.61
<b>Cost of Materials consumed</b>	<b>1,776.26</b>	<b>1,567.52</b>

**Note 22: Changes in inventories of finished goods, stock-in-trade and work-in-progress**

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
<b>Opening Stock</b>		
Finished goods	20.18	36.50
Work-in-progress	445.97	559.75
Scrap	-	-
	466.16	596.25
<b>Closing Stock</b>		
Finished goods	34.38	20.18
Work-in-progress	340.74	445.98
Scrap	-	-
	375.12	466.16
<b>(Increase) / Decrease</b>		
Finished goods	(14.20)	16.32
Work-in-progress	105.23	113.77
Scrap	-	-
<b>Total</b>	<b>91.03</b>	<b>130.09</b>

**Note 23: Employee benefits expense**

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Salaries, Wages & Bonus	342.15	385.92
Leave Salary	9.92	10.12
Contribution to:		
- Gratuity Fund	19.46	20.55
- Provident Fund and Other Funds	27.70	30.80
Staff welfare expenses	40.59	52.71
-Less receipts	(1.24)	(1.08)
Net staff welfare expenses	39.35	51.63
<b>Total</b>	<b>438.57</b>	<b>499.02</b>

**Note 24: Finance costs**

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Interest expense		
On Cash Credit & Short term loans	22.57	21.62
Others - Nature to be specified	1.41	1.87
<b>Total</b>	<b>23.98</b>	<b>23.49</b>

**Note 25: Other expenses**

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
Power and fuel	290.45	283.57
Labour Contract charges	151.29	146.83
Security Services	24.91	25.29
Repairs & Maintenance		
Machinery & Equipment	12.14	5.00
Buildings	1.51	0.60
Others	5.91	5.45
Gratuity fund maintenance charges	1.05	-
Stationary	1.42	1.34
Insurance	2.88	1.98
Rates & Taxes	6.06	3.29
Bank Charges	1.12	0.27
Communication expenses	3.39	2.13
Remuneration to Auditors (refer note 'a' below)	0.90	1.11
Legal & Professional Charges	5.30	6.49
Travelling Expenses	6.28	6.47
Publicity & Public Relations	0.16	0.08
Excise duty on sales	363.38	355.05
Excise duty on increase / (decrease) in Stock	1.58	(1.81)



Provision for Doubtful Trade Receivables & Advances	5.12	-
Foreign exchange loss / (gain)	-	0.07
Miscellaneous expenses	28.26	24.50
<b>Total</b>	<b>913.09</b>	<b>867.71</b>

**a. Break up of Remuneration to Auditors :**

Particulars	For the year ended 31st March 2017	For the year ended 31st March 2016
(a) As Auditor	0.60	0.66
(b) Half yearly Audit fee	0.30	0.30
(c) for taxation matter		
(d) Other Services - Certification Fees		
(e) Reimbursement of Expenses	0.00	0.15
<b>Total</b>	<b>0.90</b>	<b>1.11</b>

**Note 26 : Other Disclosures****A. Basic/ Diluted Earnings Per Equity Share**

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Net Profit / (Loss) after Tax (₹ in Lakhs)	47.66	73.14
Average Number of Shares	278,966	278,966
Earnings Per Share (Basic and Diluted) – Face Value ₹100/- Per Share (Amount in ₹)	17.09	26.22

**B. Ind AS 24 - Related Parties**

In accordance with the requirements of Ind AS 24, following are details of the transactions during the year with related parties.

Name of the related party	Nature of relationship
BEML LIMITED	Holding Company
VIL PF Trust	Employee benefit and administration trust fund
VIL Gratuity Trust	Employee benefit and administration trust fund
VIL Death-cum-Retirement Benefit Fund Trust	Employee benefit and administration trust fund
VIL Executive Superannuation (Pension) Fund Trust	Employee benefit and administration trust fund
VIL Executive Superannuation (Benefit) Trust Fund	Employee benefit and administration trust fund
Shri. B R Viswanatha	Key managerial personnel
Shri. R H Muralidhara	Key managerial personnel

**Transactions with related parties**

- The details of related party transactions entered into by the Company for the year ended 31 March 2017 and 31 March 2016 are as follows:


**i. Name of the Holding Company M/s. BEML Limited, Bengaluru**
**Details of Transactions**

(₹ in Lakhs)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.3.2015
Sales	3,179.76	3,216.58	3,221.85
Purchases	660.64	677.25	837.57
Dividends Received			
Corporate Guarantee given to Bankers			
Amount payable towards supplies as on 31st March	-	202.26	589.34
Amount recoverable as on 31st March	65.88		
Equity Investment held as on 31st March (at cost)	-	-	
Salaries charged to VIL for BEML personnel deputed.	52.91	61.55	54.87

**C. Contingent liabilities & Commitments**
**I. Contingent liabilities**

a. The company does not have any contingent liabilities

**II. Commitments**

a. Estimated amount of contracts remaining to be executed on capital account and not provided for ₹ 23.95 Lakhs (Previous Year - ₹ NIL Lakhs)

**NOTES**

- The company does not expect any cash outflow in respect of above contingent Liabilities.
- It is not practicable to estimate the timing of cash flows, if any, in respect of matters referred in II (a) above.

**D. Fair values and measurement principles**

a) The carrying value and fair value of financial instruments by category are as follows: (₹ in Lakhs)

Particulars	31 March 2017		31 March 2016		As at 01st April 2015	
	Carrying values	Fair values	Carrying values	Fair values	Carrying values	Fair values
<b>Financial assets measured at fair value:</b>						
CCIRS instrument	-	-	-	-	-	-
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-
<b>Financial assets not measured at fair value:</b>						
Investments	-	-	-	-	-	-
Loans	-	-	-	-	-	-
Trade receivables	66.55	66.55	-	-	0.02	0.02
Cash and cash equivalents	0.96	0.96	1.30	1.30	1.59	1.59
Other financial assets	5.00	5.00	5.00	5.00	5.00	5.00
	<b>72.51</b>	<b>72.51</b>	<b>6.30</b>	<b>6.30</b>	<b>6.61</b>	<b>6.61</b>

**Financial liabilities measured at fair value:**

CCIRS instrument	-	-	-	-	-	-
Forward exchange contracts	-	-	-	-	-	-
	-	-	-	-	-	-

**Financial liabilities not measured at fair value:**

Loans and borrowings	181.94	181.94	179.27	179.27	193.24	193.24
Trade payables	431.01	431.01	342.80	342.80	257.29	257.29
Other Financial Liabilities	40.16	40.16	33.40	33.40	27.60	27.60
	<b>653.11</b>	<b>653.11</b>	<b>555.47</b>	<b>555.47</b>	<b>478.13</b>	<b>478.13</b>

**b) Transfers between the fair value hierarchy**

There were no transfers in either direction in the fair value hierarchy during the year 2016-17.

**E. Capital Management**

The Company strives to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders. The board of directors seeks to maintain a balance between the higher returns and levels of borrowings and the advantages and security afforded by a sound capital position.

The Company's adjusted net debt to equity ratio at 31 March 2017 is as follows.

Particulars	(₹ in Lakhs)		
	31 March 2017	31 March 2016	1 st April 2015
Total borrowings <sup>1</sup>	<b>181.94</b>	<b>179.27</b>	<b>193.24</b>
Less: Cash and bank balances <sup>2</sup>	<b>0.96</b>	<b>1.30</b>	<b>1.59</b>
Adjusted net debt	<b>180.98</b>	<b>177.97</b>	<b>191.65</b>
Total equity	<b>515.16</b>	<b>460.60</b>	<b>415.92</b>
Less: Other components of equity	-	-	-
Adjusted equity	<b>515.16</b>	<b>460.60</b>	<b>415.92</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.35</b>	<b>0.39</b>	<b>0.46</b>

1 Total borrowings comprises of long-term borrowings, short-term borrowing and bank overdraft facilities.

2 Cash and bank balances comprises of cash in hand, cash at bank and term deposits with banks.

**F. Derivatives -- NIL**



## G. Financial risk management

The Company is broadly exposed to credit risk, liquidity risk and market risk as a result of financial instruments. The Company is exposed to financial risk, such as market risk (fluctuations in exchange rates, interest rates and price risk), credit risk and liquidity risk. The general risk management program of the Company focuses on the unpredictability of the market factors, and attempts to minimize their potential negative influence on the financial performance of the Company.

The Company's Board of Directors has the overall responsibility for the establishment, monitoring and supervision of the Company's risk management framework. Treasury Management Team in the company take appropriate steps to mitigate financial risks within the framework set by the top management. Derivative transactions are undertaken by a specialist team with appropriate skills and experience. Company do not trade in derivatives for speculation.

### (i) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from credit exposures from customers, cash and cash equivalents held with banks and current and non-current debt investments.

The Company regularly follow-up the receivable to minimise losses arising from credit exposure from credit customers. Credit control assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Cash and other collateral are obtained from customers when considered necessary.

The carrying amount of trade and other receivables, inter-corporate loans, advances to suppliers, related parties and employees, cash and other deposits payments, interest receivable on deposits and derivative assets represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk. Deposits and cash balances are placed with reputable scheduled banks.

### Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the management also considers the factors that may influence the credit risk of its customer base. Major Customers of the company are from Government Sector and Public Sector Companies, where credit risk is relatively low.

The management has established a system under which each new customer is analysed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. The Company's review includes external ratings, if they are available, and in some cases bank references. The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables based on factual information as on the Balance sheet date.

The maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

Particulars	(₹ in Lakhs)		
	31 March 2017	31 March 2016	1 st April 2015
India	66.55	-	-
Other regions	-	-	-
<b>Total trade receivables</b>	<b>66.55</b>	-	-

At 31 March 2017, the Company's most significant customer, accounted for ₹ 66.55 lakhs of the trade and other receivables carrying amount (31 March 2016: ₹ NIL lakhs).



Trade and other receivables is as follows: (₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 st April 2015
Fully performed	66.55	-	0.02
Past due	-	-	-
Impaired	-	-	-
<b>Total trade and other receivables</b>	<b>66.55</b>	<b>-</b>	<b>0.02</b>

Any past due from Govt. Customers and those fully covered by guarantees or collaterals-received are not tested for impairment.

The ageing analysis of the past due presented in the following table: (₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 st April 2015
Past dues more than 180 days old	-	-	-
<b>Total of past receivables</b>	<b>-</b>	<b>-</b>	<b>-</b>

The credit quality of the financial assets is satisfactory, taking into account the allowance for doubtful trade receivables.

The fair value of collaterals held by the Company is as follows: (₹ in Lakhs)

Particulars	31 March 2017	31 March 2016	1 st April 2015
Tangible assets	NIL	NIL	NIL
Security deposits	NIL	NIL	NIL
Bank guarantees	NIL	NIL	NIL
<b>Total fair value of collaterals held</b>	<b>NIL</b>	<b>NIL</b>	<b>NIL</b>

The impairment loss allowance at 31 March 2017 related to several customers that have indication that they may not pay their outstanding balances, mainly due to economic circumstances. The Company believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on the fact that major customers are Govt department, PSUs and historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

## (ii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset, or the risk that the Company will face difficulty in raising financial resources required to fulfil its commitments. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Liquidity risk is held at low levels through effective cash flow management, low borrowings and availability of adequate cash. Cash flow forecasting is performed internally forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and to comply with loan covenants.

To ensure continuity of funding, the Company primarily uses short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short-term borrowings to fund its ongoing working capital requirements needs. The Company has also availed various non-current facilities in the form of secured redeemable debentures, secured term loans, inter-corporate loans against the Company's guarantee and soft loans from the Government for expansion projects and construction and development of capital assets.





### Exposure to liquidity risk

The table below details the Company's remaining contractual maturity for its financial liabilities and derivative financial liabilities. The contractual cash flows reflect the undiscounted cash flows of financial liabilities and derivative financial liabilities based on the earliest date on which the Company can be required to pay.

(₹ in Lakhs)

Particulars	Contractual cash flows			Adjustments	Carrying value
	1 year or less	1 year to 5 years	5 years or more		
<b>31 March 2017</b>					
<b>Non-derivative financial liabilities</b>					
Loans and borrowings	-	-	-	-	-
Bank overdraft facility	181.94	-	-	-	181.94
Trade payables	431.01	-	-	-	431.01
Other Financial Liabilities	40.16	-	-	-	40.16
<b>Derivative financial liabilities</b>					
Forward contracts used for hedging:					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>653.11</b>	-	-	-	<b>653.11</b>
<b>31 March 2016</b>					
<b>Non-derivative financial liabilities</b>					
Loans and borrowings	-	-	-	-	-
Bank overdraft facility	179.27	-	-	-	179.27
Trade payables	342.80	-	-	-	342.80
Other Financial Liabilities	33.40	-	-	-	33.40
<b>Derivative financial liabilities</b>					
Forward contracts used for hedging:					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>555.47</b>	-	-	-	<b>555.47</b>
<b>1st April 2015</b>					
<b>Non-derivative financial liabilities</b>					
Loans and borrowings	-	-	-	-	-
Bank overdraft facility	193.24	-	-	-	193.24
Trade payables	257.29	-	-	-	257.29
Other Financial Liabilities	27.60	-	-	-	27.60
<b>Derivative financial liabilities</b>					
Forward contracts used for hedging:					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>478.13</b>	-	-	-	<b>478.13</b>

**(iii) Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity / commodity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. The Company uses derivatives to manage market risks. All such transactions are carried out within the guidelines set by the management.

The Company's activities expose it primarily to the financial risks of changes in foreign exchange rates and interest rate movements (refer to notes below on currency risk and interest risk). The Company enters into forward derivative contracts to manage risks of loss arising due to foreign exchange exposure. Market risk exposures are measured using a sensitivity analysis. During the year ended 31 March 2017, there was no change to the manner in which the Company managed or measured market risk.

**(iv) Currency risk- NIL**

The currency profile of financial assets and financial liabilities as at 31 March 2017 and 31 March 2016 are as below:

Particulars	INR	USD	EURO	JPY	(₹ in Lakhs)
					BRL
<b>31 March 2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.96	-	-	-	-
Non-current investments		-	-	-	-
Current investments		-	-	-	-
Loans		-	-	-	-
Short-term loans and advances		-	-	-	-
Trade and other receivables	66.55	-	-	-	-
Other non-current financial assets		-	-	-	-
Other current financial assets	5.00	-	-	-	-
	<b>72.51</b>	-	-	-	-
<b>Financial liabilities</b>					
Non-current borrowings		-	-	-	-
Short-term borrowings	181.94	-	-	-	-
Trade and other payables	431.01	-	-	-	-
Other non-current financial liabilities		-	-	-	-
Other current financial liabilities	40.16	-	-	-	-
	<b>653.11</b>	-	-	-	-
<b>31 March 2016</b>					
<b>Financial assets</b>					
Cash and cash equivalents	1.30	-	-	-	-
Non-current investments		-	-	-	-
Current investments		-	-	-	-
Loans		-	-	-	-



Short-term loans and advances		-	-	-	-
Trade and other receivables		-	-	-	-
Other non-current financial assets		-	-	-	-
Other current financial assets	5.00	-	-	-	-
	<b>6.30</b>	-	-	-	-
<b>Financial liabilities</b>		-	-	-	-
Non-current borrowings	-	-	-	-	-
Short-term borrowings	179.27	-	-	-	-
Trade and other payables	342.80	-	-	-	-
Other non-current financial liabilities		-	-	-	-
Other current financial liabilities	33.40	-	-	-	-
	<b>555.47</b>	-	-	-	-
<b>1st April 2015</b>		-	-	-	-
<b>Financial assets</b>		-	-	-	-
Cash and cash equivalents	1.59	-	-	-	-
Non-current investments		-	-	-	-
Current investments		-	-	-	-
Loans		-	-	-	-
Short-term loans and advances		-	-	-	-
Trade and other receivables		-	-	-	-
Other non-current financial assets		-	-	-	-
Other current financial assets	5.00	-	-	-	-
	<b>6.59</b>	-	-	-	-
<b>Financial liabilities</b>		-	-	-	-
Non-current borrowings		-	-	-	-
Short-term borrowings	193.24	-	-	-	-
Trade and other payables	257.29	-	-	-	-
Other non-current financial liabilities		-	-	-	-
Other current financial liabilities	27.60	-	-	-	-
	<b>478.13</b>	-	-	-	-

**(v) Interest rate risk**

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

**Exposure to interest rate risk**

The Company's interest rate risk arises from borrowings and loans and advances made. Borrowings availed at fixed rates expose the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

(₹ in Lakhs)

Particulars	Carrying amount		
	31 March 2017	31 March 2016	1 st April 2015
<b>Fixed-rate instruments</b>			
Financial assets			
Financial liabilities	-	-	-
	-	-	-
<b>Variable-rate instruments</b>			
Financial assets	-	-	-
Financial liabilities	-	-	-
	-	-	-
<b>Total</b>	-	-	-

**(vi) Equity and commodity price risk**

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of changes in market prices of investments. The Company has no exposure to changes in the quoted equity securities price risk as it has investments in unquoted equity instruments only. The Company does not invest in commodities and is not exposed to commodity price risk.



## H. Ind AS 19 (Employee Benefits)

### a. Leave Salary

This is an unfunded defined benefit plan categorized under other long term employee benefits in terms of Ind AS 19. The defined benefit obligation for compensated absence has been actuarially valued and liability provided accordingly. There are no financial risks associated to the company under this plan.

Actuarial Assumptions	Current Year	Previous Year
	(Unfunded)	(Unfunded)
Mortality Table	2006-08 (LIC)	2006-08 (IALM)
	(Ultimate)	(Ultimate)
Discount rate	7.80%	7.80%
Rate of escalation in salary	5.00%	5.00%

### b. Interest Rate Guarantee on Provident Fund

(i) Provident Fund Trust of the Company has to declare interest on Provident Fund at a rate not less than that declared by the Employees' Provident Fund Organisation. In case the Trust is not able to meet the interest liability, Company has the risk of making good the shortfall. there is no additional liability that needs to be provided for the year.

### c. Gratuity

(i) The employees' gratuity fund scheme managed by a Trust is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method.

(ii) The results of the actuarial study for the obligation for employee benefits as computed by the actuary are shown below:

(₹ in Lakhs)

Actuarial study analysis	Current Year	Previous Year
<b>Principal actuarial assumptions</b>		
Discount rate	7.40%	7.80%
Expected rate of return on plan assets	7.40%	7.80%
<b>Components of income statement charge</b>		
Current Service Cost	8.50	9.20
Interest Cost	10.92	11.35
Recognition of past service cost	-	-
Settlement / curtailment / termination loss	-	-
<b>Total income statement charge</b>	<b>19.42</b>	<b>20.55</b>
<b>Movements in net liability/(asset)</b>		
Net liability / (asset) at the beginning of the period	<b>148.04</b>	<b>118.03</b>
Employer contributions	(29.65)	(25.70)
Total expense recognised in profit or loss	19.46	20.55
Total amount recognised in OCI	(8.67)	35.16
<b>Net liability / (asset) at the end of the period</b>	<b>129.18</b>	<b>148.04</b>



<b>Reconciliation of benefit obligations</b>		
Obligation at start of the period	266.43	291.42
Current service cost	8.50	9.20
Interest cost	19.72	22.73
Benefits paid directly by the company	(43.00)	(92.66)
Actuarial loss / (gain) on obligations	(8.63)	35.74
<b>DBO at the end of the period</b>	<b>243.02</b>	<b>266.43</b>
<b>Re-measurements</b>		
Actuarial gain/(loss) due to changes in financial assumptions	(8.63)	35.74
Actuarial gain/(loss) on account of experience adjustments	(0.04)	(0.58)
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>(8.67)</b>	<b>35.16</b>
<b>Change in fair value of plan assets</b>		
Fair value of plan assets at the beginning of the year	118.39	173.39
Interest on plan assets	8.80	11.38
Contributions made	29.65	25.70
Benefits paid	(42.99)	(92.66)
Actuarial gain/(loss) on plan assets	-	0.58
<b>Fair value of plan assets at the end of the year</b>	<b>113.85</b>	<b>118.39</b>

**(iii) Sensitivity analysis of significant assumptions**

The following table presents a sensitivity analysis to one of the relevant actuarial assumption, holding other assumptions constant, showing how the defined benefit obligation would have been affected by changes in the relevant actuarial assumptions that were reasonably possible at the reporting date.

	Current Year	Previous Year
<b>Discount rate</b>		
+ 0.50% discount rate	1.18	-
- 0.50% discount rate	1.26	-
<b>Salary increase</b>		
+ 0.50% salary growth	1.26	-
- 0.50% salary growth	1.17	-



<b>(iv) Experience adjustments</b>	<b>Current Year</b>	Previous Year
Defined benefit obligation	<b>243.02</b>	<b>266.43</b>
Fair value of plan assets	<b>113.85</b>	<b>118.39</b>
(Surplus)/deficit in plan assets	<b>129.17</b>	<b>148.04</b>
Experience adjustment on plan liabilities	<b>(12.95)</b>	20.31
Actual return on plan assets less interest on plan assets	<b>10.92</b>	<b>11.35</b>

The estimates of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors.

#### **(v) Investment details**

The plan assets under the fund are deposited under approved securities as follows:		<b>Current Year</b>	Previous Year
GOI Bonds	%	<b>0</b>	0
Others	%	<b>0</b>	0
Investment with LIC	%	<b>100</b>	<b>100</b>

#### **Note 27- Transition to Ind AS**

For the purpose of reporting as set out in 'Note 2.1 Basis of preparation and statement of compliance', we have transitioned our basis of accounting from Indian Generally Accepted Accounting Principles ("IGAAP") to Indian Accounting Standards (Ind AS). The accounting policies set out in "Note 2. Significant accounting policies" have been applied in preparing the financial statements for the year ended 31 March 2016, the comparative information presented in these financial statements for the year ended 1 April 2015 and in the preparation of an opening balance sheet as at 1 April 2015 (the "transition date").

In preparing our opening Ind AS Balance sheet, we have adjusted amounts reported in financial statements prepared in accordance with IGAAP. An explanation of how the transition from IGAAP to Ind AS has affected our financial performance, cash flows and financial position is set out in the following tables and the notes that accompany the tables. On transition, we did not revise estimates previously made under IGAAP except where required by Ind AS.

#### **(i) Reconciliation of Equity**

(₹ in Lakhs)

<b>Particulars</b>	<b>Note</b>	<b>31 March 2016</b>			<b>1 April 2015</b>		
		<b>IGAAP</b>	<b>Effect on transition</b>	<b>Ind AS</b>	<b>IGAAP</b>	<b>Effect on transition</b>	<b>Ind AS</b>
<b>Assets</b>							
Property, plant and equipment	<b>3</b>	789.86	0.00	789.86	840.39	0.00	840.39
Capital work-in-progress			-	-		-	-
Intangible assets			-	-		-	-
Intangible assets under development			-	-		-	-
Financial assets			-	-		-	-
Investments			-	-		-	-



Loans		-	-	-	-	-	-
Other financial assets		-	-	-	-	-	-
Deferred tax asset (net)	4	-	-	-	-	-	-
Other non-current assets	5	1.03	(0.00)	1.03	0.53	(0.00)	0.53
<b>Total Non-current assets</b>		<b>790.89</b>	<b>(0.00)</b>	<b>790.89</b>	<b>840.92</b>	<b>(0.00)</b>	<b>840.92</b>
Inventories	6	644.40	0.00	644.40	794.74	0.00	794.74
Financial assets				-			
Investments				-			-
Trade receivables	7	-	-	-	0.02	(0.00)	0.02
Cash and cash equivalents	8	1.30	-	1.30	1.59	0.00	1.59
Loans				-			-
Other financial assets	9	5.00	0.00	5.00	5.00	0.00	5.00
Other current assets	10	101.59	0.00	101.59	130.05	0.00	130.05
<b>Total Current assets</b>		<b>752.30</b>	<b>(0.00)</b>	<b>752.30</b>	<b>931.40</b>	<b>0.00</b>	<b>931.41</b>
<b>Total Assets</b>		<b>1,543.19</b>	<b>(0.00)</b>	<b>1,543.19</b>	<b>1,772.33</b>	<b>(0.00)</b>	<b>1,772.33</b>
<b>Equity</b>							
Share capital	11	278.97	-	278.97	278.97	-	278.97
Other Equity	11	181.63	-	181.63	136.95	-	136.95
<b>Total Equity</b>		<b>460.60</b>	<b>-</b>	<b>460.60</b>	<b>415.92</b>	<b>-</b>	<b>415.92</b>
<b>Liabilities</b>							
Financial liabilities							
Borrowings				-			-
Other financial liabilities				-			-
Provisions	12	83.84	-	83.84	34.81	-	34.81
Other non-current liabilities	4	20.86	-	20.86	39.93	(0.00)	39.93
<b>Total Non-current liabilities</b>		<b>104.70</b>	<b>-</b>	<b>104.70</b>	<b>74.74</b>	<b>(0.00)</b>	<b>74.74</b>
Financial liabilities							
Borrowings	13	179.27	-	179.27	193.24	0.00)	193.24
Trade payables	14						
-Micro and Small Enterprises		24.75	-	24.75	1.62	-	1.62
-Other than Micro and Small Enterprises		318.05	-	318.05	255.62	0.05	255.67
Other financial liabilities	15		33.40	33.40		27.60	27.60
Other current liabilities	16	289.44	(33.39)	256.05	681.10	(27.65)	653.45
Provisions	17	166.37	(6.02)	160.36	150.10	0.00	150.10
Current tax liability (Net)	18		6.02	6.02		-	-
<b>Total Current liabilities</b>		<b>977.88</b>	<b>(0.00)</b>	<b>977.90</b>	<b>1,281.68</b>	<b>(0.00)</b>	<b>1,281.68</b>
<b>Total Equity and Liabilities</b>		<b>1,543.19</b>	<b>(0.00)</b>	<b>1,543.18</b>	<b>1,772.33</b>	<b>0.00</b>	<b>1,772.33</b>




**(ii) Reconciliation of comprehensive income for the year ended 31 March 2016** (₹ in Lakhs)

Particulars		IGAAP	Effect on transition	Ind AS
Revenue from operations	19	3,218.08	(0.00)	3,218.08
Other income	20	7.50	0.00	7.50
<b>Total Income</b>		<b>3,225.58</b>	<b>(0.00)</b>	<b>3,225.58</b>
Cost of materials consumed	21	1,567.52	0.00	1,567.52
Changes in inventories of finished goods, stock-in-trade and work-in-progress	22	130.09	0.00	130.09
Employee benefits expense	23	534.19	(35.17)	499.02
Finance costs	24	23.49	(0.00)	23.49
Depreciation and amortization expense	3	70.96	(0.00)	70.96
Other expenses	25	867.71	0.00	867.71
<b>Total Expenses</b>		<b>3,193.96</b>	<b>(35.16)</b>	<b>3,158.80</b>
<b>Profit / (Loss) before tax</b>		<b>31.62</b>	<b>35.15</b>	<b>66.78</b>
<b>Tax expense:</b>				
Current tax		(6.02)	(6.69)	(12.71)
Deferred tax		19.07	-	19.07
<b>Profit / (Loss) for the period</b>		<b>44.67</b>	<b>28.46</b>	<b>73.14</b>
<b>Other Comprehensive Income</b>				
Items that will not be reclassified to profit or loss			(35.15)	(35.15)
Income tax relating to items that will not be reclassified to profit or loss		-	6.69	6.69
<b>Total comprehensive income for the period</b>		<b>44.67</b>	<b>(0.00)</b>	<b>44.67</b>

**(iii) Material adjustments to the statement of cash flows for the year ended 31 March 2016**

There are no material differences between the statement of cash flows presented under Ind AS and the statement of cash flows presented under IGAAP.

**(iv) Notes to reconciliation**
**a) Employee benefits**

Under Ind AS, the Company recognises all Re-measurement gains and losses arising from post-retirement defined benefit plans in other comprehensive income in the period in which they occur. Under IGAAP the Company recognised actuarial gains and losses in the statement of profit or loss in the period in which they occur. At the date of transition, all previously recognised cumulative actuarial gains and losses were recognised in retained earnings and hence, has no impact on equity as at the transition date. Further, this reclassification has no impact on the total comprehensive income for the year ended 31 March 2016 and on equity as at that date.

**b) Reclassification adjustments**

(i) Property, plant and equipment: Under IGAAP Special Tools was shown under Other non-current assets which has been re-grouped under Property, plant and equipment in Ind AS.

(ii) Loans: Regrouping as per revised schedule III and fair valuation of lease deposits.

(iii) Deferred tax asset: The additional impact on deferred tax on Ind AS adjustments.



- (iv) Other non-current / current assets: Reclassification as per requirements under revised schedule III and adjustments with regard to fair valuation of Lease deposits and reclassification of Special tools as PPE.
- (v) Other non-current / current liabilities: Reclassification as per requirements under revised schedule III with regard to reclassification of Current maturities of long term debt, Interest accrued on borrowings and Deposits etc.
- (vi) Borrowings: Impact of Derivative accounting.
- (vii) Provisions: De-recognition of Provision for Dividend and Tax on Dividend.
- (viii) Current tax liability: Regrouping of Current tax provision from Advance income tax.
- (ix) Minimum Alternate Tax (MAT): Under Ind AS, MAT credit entitlement is disclosed as a deferred tax asset with a corresponding deferred tax benefit in the income statement. Under IGAAP, MAT is disclosed separately as other tax asset. Advance tax has been reclassified from Long term loans and advances to other non-current assets for Ind AS reporting.

**c) Deferred tax (asset) / liability (net)**

The above changes had the following impact on net deferred tax (asset) / liability: (₹ in Lakhs)

Particulars	31 March 2016	1 April 2015
Property, plant and equipment	75.78	(39.93)
	<b>75.78</b>	<b>(39.93)</b>

**(v) First-time adoption exemptions**

The adoption of Ind AS was carried out in accordance with Ind AS 101, using 1 April 2015 as the transition date. Ind AS 101 requires that all Ind AS standards that are effective for the first Ind AS financial statements for the year ended 31 March 2015 be applied consistently and retrospectively for all fiscal years presented. All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and previous GAAP as of the transition date have been recognized directly in equity at the transition date. In preparing these financial statements, the Company has availed certain exemptions and exceptions in accordance with Ind AS 101 as explained below.

- a) Designation of previously recognized financial instruments:  
The Company has designated certain previously recognized financial instruments at fair value through profit or loss when they meet the criteria to be classified and measured at amortized cost or fair value through other comprehensive income if doing so eliminates or significantly reduces an accounting mismatch. Such an election is irrevocable and is made on the transition date to Ind AS.
- b) Government Loan : The Company has not availed any Government loan
- c) Deemed Cost : The Company has elected to apply the deemed cost exemption in Ind AS101 whereby the Company has the option to carry all items and classes of Property, Plant and equipment on the date of transition to Ind AS as per the carrying amounts prevailing as per Indian GAAP. Once this exemption is applied, no adjustment pertaining to property, plant and equipment on the date of transition for effects of retrospective application of other standards is made
- d) Leases : The Company does not have any lease arrangements
- e) Fair value of financial instruments : The Company has not entered into transactions that qualify as financial instruments after the transition date
- f) Impairment of financial assets: The Company has adopted the exemption in the recognition of a loss allowance for financial assets with a significant increase in credit risk prospectively from the date of transition to Ind AS since initial recognition such a determination would require undue cost for retrospective application



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## INDEPENDENT AUDITOR'S REPORT

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### To The Members Vignyan Industries limited

Report on the Standalone Ind AS Financial Statements

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

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

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position and financial performance including other comprehensive income, cash flows and change in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

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

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements 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 Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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



**Opinion:**

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

- (i) of the state of affairs of the Company as at 31 March 2017;
- (ii) of the profit (including other comprehensive income) for the period ended on that date;
- (iii) of the cash flow for the period ended on that date; and
- (iv) the changes in equity for the year ended on that date.

**Other Matters**

The comparative financial information of the company for the year ended 31<sup>st</sup> March 2016 and the transition date, opening balance sheet as at 01<sup>st</sup> April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31<sup>st</sup> March 2016 and 31<sup>st</sup> March 2015 dated 19<sup>th</sup> May 2016 and 21<sup>st</sup> May 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

**Report on other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, a statement of the matters specified in the paragraphs 3 and 4 of the order is provided in **Annexure I** to this report;
2. As required by section 143(3) of the Act, we report that:
  - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books
  - c. Since the Company does not have branch offices, the report on the accounts of branch offices of the Company audited under 143(8) of the Act by branch auditors and dealt with by us in preparing this report is not applicable
  - d. The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of changes in Equity dealt with by this Report are in agreement with the books of account.
  - e. In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS prescribed under section 133 of the Act.
  - f. On the basis of written representations received from the directors as on 31 March 2017, taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164(2) of the Act.
  - g. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer to our separate Report in **Annexure II**.



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- h. With respect to the disclosure in the financial statements of the Specified Bank Notes holdings and dealings for the period 08<sup>th</sup> November 2016 and 30<sup>th</sup> December 2016, refer to our separate Report in *Annexure III*.
- i. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- a) The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
  - b) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses;
  - c) There were no delay in transferring amounts, required to be transferred, to the Investor Education Protection Fund by the Company.
- j. As required by Section 143(5) of the Act, we give our separate report in *AnnexureIV*

For **H.R. Suresh & Co.**  
*Chartered Accountants*  
Firm Registration No. 004268S

Sumanth H S  
Partner  
M.No.214898

Place: Bangalore  
Date: 19 May 2017



**Statement on the matters specified in Companies Auditor's Report Order, 2016 ('CARO' or 'The Order')**

1. The company is maintaining proper records showing full particulars, including quantitative details and of the fixed assets.

The fixed assets were physically verified by the Management in accordance with a regular program of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verifications.

The company holds immovable properties in its name as on 31st March 2017.

2. Inventory except Work in progress has been physically verified by the Management at reasonable intervals during the year and no material discrepancies have been noticed on such verification. As informed to us, physical verification of work in progress is carried out during Second week of May 2017 and the reconciliation of figures is yet to be done. Hence, the impact of the same on the accounts for the year is not ascertainable.
3. The Company has not granted any loans, guarantees and security, secured or unsecured, to companies, firms, or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
4. The company has not given any loans, made investments, given guarantees and or security as per the provisions of section 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed thereunder to the extent notified.
6. According to the information and explanations given to us, the company is not required to maintain Cost Records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under section 148(1) of the Companies Act, 2013.
7. a) According to the information and explanations given to us and on the basis of our examination of books of account, undisputed statutory dues including employees' state insurance, income tax, sales-tax, wealth tax, custom duty, excise duty, cess have been regularly deposited with the appropriate authorities and no such amounts were outstanding for more than six months from the date they became payable except for service tax of ₹ 21,465 which was paid subsequently.  
b) As per the explanation given to us and as per examination of records by us, the company has not deposited any amounts applicable to any dispute to income tax, or service tax or duty of customs or duty of excise or value added tax.
8. In our opinion and according to the information and explanations given to us the company has not defaulted in repayment of any loans from banks or borrowings from any financial institutions and there are no debenture holders.
9. According to the information and explanation given to us, there were no moneys raised by way of public issue/ follow on offer and no term loans were availed by the company.
10. Based on the audit procedures performed and information and explanations given by the management, we report that no fraud by the company and no fraud on the company by its officers/ employees had been noticed or reported during the course of the audit.
11. The company has provided the managerial remuneration in accordance with the provisions of section 197 of the Companies Act, 2013.



12. The company is not a Nidhi Company and therefore the provisions of Clause 3 (xii) of the Order is not applicable.
13. All transactions with related parties are in compliance with Sections 177 and 188 of the companies Act, 2013 and the details thereof have been disclosed in the standalone Ind AS financial statements as required by the Indian Accounting Standards and Companies Act, 2013.
14. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore clause 3 (xiv) of the Order is not applicable to the company.
15. According to the information and explanations given to us and based on our examination of the records of the company, the company has not entered into any non-cash transactions with directors/ persons connected with him and therefore the clause 3 (xv) of the order is not applicable.
16. The company not being a NBFI, registration under section 45-IA of RBI Act, 1934 is not required and accordingly Clause 3 (xvi) is not applicable.

For **H.R. Suresh & Co.**  
*Chartered Accountants*  
Firm Registration No. 004268S

Sumanth H S  
Partner  
M.No.214898

Place: Bangalore  
Date: 19 May 2017



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

We have audited the internal financial controls over financial reporting of Vignyan Industries Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the period ended on that date.

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

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

### **Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company’s internal financial control over financial reporting includes those policies and procedures that:-





1. Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2. Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3. Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

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

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the division's annual or interim financial statements will not be prevented or detected on a timely basis.

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **H.R. Suresh & Co.**

*Chartered Accountants*

Firm Registration No. 004268S

Sumanth H S  
Partner  
M.No.214898

Place: Bangalore  
Date: 19 May 2017



**Report on whether the company has provided requisite disclosures in the financial statements as to holdings and dealings in Specified Bank Notes during the period from 08th November, 2016 to 30th December 2016 with regard to the Companies Amendment Rules, 2017 and Amendment to Schedule III to the Companies Act, 2013.**

**Opinion**

In our opinion, the company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on our audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the company and as produced to us by the Management.

For **H.R. Suresh & Co.**  
Chartered Accountants  
Firm Registration No. 004268S

Sumanth H S  
Partner  
M.No.214898

Place: Bangalore  
Date: 19 May 2017

## ANNEXURE IV

**Report as required under section 143(5) of the Companies Act, 2013 relating to the directors issued by the Comptroller and Auditor General of India.**

Sl. No.	Directions	Comments
1.	Whether the Company has clear title / lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available?	The Company has title deeds for freehold property held.
2.	Whether there are any cases of waiver / write off debts / loan / interest, etc. if yes, the reasons there for and amount involved.	As informed to us, there were no cases of waiver / write off of debts / loans/ interest during the year 2016-17.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift / grants(s) from the Govt. or other authorities.	In our opinion, Company maintains adequate records for issue and receipt of materials to third parties and informed to us, Company has not received any asset as gift / grant(s) for Govt. or Authorities.

For **H.R. Suresh & Co.**  
Chartered Accountants  
Firm Registration No. 004268S

Sumanth H S  
Partner  
M.No.214898

Place: Bangalore  
Date: 19 May 2017



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE FINANCIAL STATEMENTS OF M/S. VIGNYAN INDUSTRIES LIMITED, TARIKERE FOR THE YEAR ENDED 31 MARCH 2017.**

The preparation of financial statements of **M/s. Vignyan Industries Limited, Tarikere** for the year ended 31 March 2017 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **19 May 2017**.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of **M/s. Vignyan Industries Limited, Tarikere** for the year ended 31 March 2017. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. On this basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditor's report

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

Place : Bengaluru  
Date : 21<sup>st</sup> July 2017

**(Prachi Pandey)  
Pr. Director of Commercial Audit**



**VIGNYAN INDUSTRIES LIMITED**

(CIN : U51101KA1963PLC001510)

Registered office : Haliyur, B.H. Road, Tarikere - 577 228

**ADMISSION SLIP**

**53<sup>rd</sup> ANNUAL GENERAL MEETING**

I hereby record my presence at the 53<sup>rd</sup> Annual General Meeting held on **Saturday, the 16<sup>th</sup> September, 2017** at **12.30** hours at the Registered Office of the Company at Haliyur, B.H. Road, Tarikere.

Regd. Folio No.....

No. of shares held .....

Name : Shri / Smt .....

(Name of the Shareholder / Proxy Present)

Address : .....  
.....

\_\_\_\_\_  
Member / Proxy's signature

- Note : 01. Only Shareholders or proxies will be allowed to attend the meeting.  
02. This attendance slip and copy of the annual report should be brought to the meeting.



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**Form MGT-11 - PROXY FORM**

I/We, being the member(s) of ..... shares of Vignyan Industries Limited, hereby appoint:

(1) Name ..... Address .....  
 ..... E-mail ID .....

(2) Name ..... Address .....  
 ..... E-mail ID .....

and whose signature(s) are appended below as my / our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 53<sup>rd</sup> Annual General Meeting of the Company, to be held on Saturday the 16<sup>th</sup> September, 2017 at 12.30 Hours at Tarikere and at any adjournment thereof in respect of such resolutions as are indicated below:

<i>Resolutions</i>	<i>Votes For</i>	<i>Votes Against</i>
1. Approval of Audited Financial Statements for the year 2016-17		
2. Re-election of Shri B R Viswanatha, as Director		
3. Fixation of remuneration of the Statutory Auditors for the year 2017-18		

Date:

\_\_\_\_\_  
 Signature of shareholder

Affix  
 Revenue  
 Stamp

\_\_\_\_\_  
 Signature of first Proxy holder

\_\_\_\_\_  
 Signature of Second Proxy holder

*Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.*



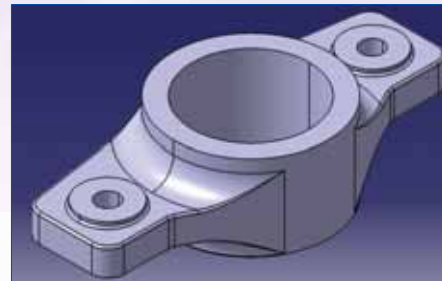
## ROUTE MAP

*for the venue of 53<sup>rd</sup> AGM of Vignyan Industries Limited at :*

### Registered Office and Works

Haliyur, B.H. Road, Tarikere Post - 577 228  
Chikkamagaluru District, Karnataka  
Tel. (08261) 222252 / 222313 ; Fax : (08261) 222236





## VIGNYAN INDUSTRIES LIMITED

(CIN :U51101KA 1963PLC001510 )

(A Subsidiary of BEML Limited, Bengaluru)

Haliyur, B.H. Road, Tarikere - 577228