



VIGNYAN INDUSTRIES LIMITED



**54<sup>th</sup>**  
**ANNUAL REPORT**  
**2017-2018**

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## BOARD OF DIRECTORS

**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 Panneer Selvam**  
Nominee Director

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

**Statutory Auditors**  
**M/s Abarna & Ananthan**  
Chartered Accountants  
Bengaluru

**Bankers**  
**State Bank of India**  
Tarikere

### Registered Office and Works

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

## CORPORATE VISION, MISSION AND OBJECTIVES

### 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.



## CHAIRMAN'S LETTER.....

Dear Shareholders,

Your Company has recorded a turnover of ₹29.54 crores (without ED) as against ₹29.57 crores (without ED), with a marginal decrease over the previous year despite several production related issues encountered during the first half of the financial year. The value of production of the Company stood at ₹32.09 crores as against ₹32.29 crores and Profit before Tax of ₹0.43 crores as against profit of ₹0.13 crores in the previous year.

Your Company is planning to explore new markets for enhancing capacity utilization apart from 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. Exploring Business opportunities from MIDHANI and OFB establishments for development of Armed Steel and special Alloy Castings. The said prospects would help the Company to enhance turnover by 2020-21.

The order book position remained at 1,444 MTs as on 01.04.2018 against 1709 MT as on 01.04.2017. In addition, further casting requirements is expected from BEML production 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 has developed high quality Shell Moulding process for critical / complex castings like carrier and piston group of castings to achieve enhanced surface finish, increased dimensional accuracy and reduced sand inclusion thereby avoiding field failure of Equipment.

Your company spent capital investment of ₹0.47 crore to improve infrastructure of Foundry specific: 5-ton EOT Crane, taking possession of VIL Unit II (erstwhile M/s Sharada Industries P Ltd), CC TV, Computers etc. commissioned will improve productivity and Quality.

Your company during the year has taken back the possession of leased land from M/s. Sri Sharadha Engineering Works Pvt. Ltd along with Building and Fitting machinery like Shot Blast MC, Heat Treatment furnace, Compressor, Welding Machinery & Grinding Machinery etc. worth more than ₹10 Crores worth property after disposing Court Case & closure of Lease agreement.

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.

Performance of your Company, in terms of the Memorandum of Understanding (MoU) signed with BEML Ltd (Holding Company), was rated as "Fair" for the financial year 2016-17 and the MoU rating for the FY 2017-18 is under self-evaluation.

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

(₹ Lakhs)

	2017-18	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09
<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	539.11	515.16	460.59	415.92	445.33	542.12	812.64	730.87	904.12	713.32
Loan from BEML	-	-	-	-	-	-	-	-	-	-
Loans from Banks & Others	69.71	181.94	179.27	193.24	187.07	152.17	377.48	626.15	729.76	145.47
Gross Block	908.89	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
Inventories	814.80	533.39	644.38	794.74	926.77	1,482.38	1,502.85	895.04	737.81	530.80
Trade Receivables	2.75	66.55	-	0.02	-	0.45	3.34	-	75.84	66.03
Working Capital	(191.12)	(161.52)	(304.27)	(422.90)	(558.30)	(485.45)	(262.89)	(154.58)	583.26	455.41
Capital Employed	504.23	603.37	485.59	417.49	351.41	500.64	724.23	979.89	1,769.23	760.32
<b>REVENUE :</b>										
<b>Sales</b>	3,026.88	3,320.51	3,218.08	3,066.72	3,675.12	2,747.03	3,920.77	3,384.00	3,591.34	3,527.12
Value of Production	3,209.74	3,229.48	3,087.98	3,150.01	3,073.11	2,567.28	4,529.36	3,569.98	3,746.17	3,564.53
Value Added	1,396.85	1,453.22	1,520.45	1,430.35	1,447.64	1,255.35	2,214.37	1,676.87	1,982.12	1,888.40
Profit before Depreciation & Interest	173.01	110.29	126.07	17.11	(46.16)	(104.82)	207.72	(13.09)	378.73	237.97
Depreciation & amortization expense	106.29	73.05	70.96	77.86	76.38	76.90	76.77	76.69	51.88	26.94
<b>Profit before Interest &amp; Tax</b>	66.72	37.24	55.11	(60.75)	(122.54)	(181.72)	130.95	(89.78)	326.85	211.03
Finance Costs	23.68	23.98	23.49	23.85	22.23	46.10	66.31	70.36	34.96	5.06
Profit before Tax	43.04	13.26	31.62	(84.60)	(144.77)	(227.82)	64.64	(160.14)	291.89	205.97
Tax expense	(19.09)	41.31	13.05	(62.92)	(47.97)	42.70	(17.13)	13.10	120.83	74.64
Profit After Tax	23.95	54.56	44.67	(21.68)	(96.80)	(270.52)	81.77	(173.24)	171.06	131.33
Dividend (Excluding Tax)	13.95	-	-	-	-	-	-	-	20.92	20.92
<b>PRODUCTION (in MT)</b>	2590.00	2454.68	2204.00	2240.00	2326.00	1974.00	4085.00	4120.00	4254.00	4276.00
<b>SALES (in MT)</b>	2406.00	2402.03	2285.00	2211.00	2726.00	2181.00	3608.00	3932.00	4095.00	4444.00
<b>Power Consumed (in lakh units)</b>	41.52	37.52	38.41	39.62	41.93	36.79	64.32	63.76	62.24	61.79
<b>RATIOS :</b>										
Profit before Tax to Sales	1.42	0.40	0.98	(2.76)	(3.94)	(8.29)	1.65	(4.73)	8.13	5.84
Profit after Tax to Networth	4.44	10.59	9.70	(5.21)	(21.74)	(49.90)	10.06	(23.70)	18.92	18.41
Inventory in No. of days of VoP	92.66	60.28	76.17	92.09	110.07	210.76	121.11	91.51	71.89	54.35
Trade Receivables in No. of days of Sales	0.33	7.32	-	0.00	-	0.06	0.31	-	7.71	6.83



## NOTICE

NOTICE is hereby given that the 54<sup>th</sup> Annual General Meeting of M/s Vignyan Industries Limited will be held on **Saturday, the 22<sup>nd</sup> September, 2018 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:

### I. ORDINARY BUSINESS

- (1) To receive, consider and approve the Audited Financial Statement for the year ended 31.03.2018, and the Reports of the Board of Directors and Auditors thereon.
- (2) To declare the dividend for the year 2017-18.
- (3) To elect a Director in place of Shri B R Viswanatha, who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To fix the remuneration of the Auditors for the year 2018-19.

### II. SPECIAL BUSINESS

- (5) To consider and, if thought fit, to pass, with or without modifications, the following resolution as an Ordinary Resolution :

“RESOLVED that Shri R Panneer Selvam (DIN-08075917), who was appointed as Additional Director of the Company with effect from 23.03.2018 by the Board of Directors and who holds office upto the date of this Annual General Meeting under Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a Member under Section 160 of the Companies Act, 2013 proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company.”

By order of the Board  
For Vignyan Industries Limited  
Sd/-

**Praveen Kumar Tyagi**  
Company Secretary

Place: Tarikere  
Date : 27.08.2018

### 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  
Chikkmagaluru District, Karnataka  
Ph : 08261-222313, 222256  
E-mail : v.vil@beml.co.in

**Explanatory Statement pursuant to Section 102 of the Companies Act, 2013**

Item No. 5- Appointment of Additional Director

Shri R Panneer Selvam (DIN-08075917)

Shri R Panneer Selvam is a Post graduate in Production Engineering with MBA having 35 years of experience, heading manufacturing Units both in Private and Public Sector Companies. He joined BEML Limited, the holding company in the year 2004. Over the period, Shri Selvam served in various capacities in different functional areas of BEML including Materials, Production in Defence as well as Mining & Construction verticals apart from heading Palakkad, Mysuru and KGF Complexes. Presently, he is Executive Director (Corporate Planning & Materials), BEML stationed at HQ.

Shri R Panneer Selvam, being the appointee concerned, is considered to be interested in the proposed resolution. The Board commends the resolution for the approval of the members.

Shri R Paneer Selvam is not having any inter-se relationship among the directors of the Company.

None of the Directors, Key Managerial Personnel of the Company and their relatives, is in any way concerned or interested in the proposed resolution.

By order of the Board  
For Vignyan Industries Limited

*Sd/-*

**Praveen Kumar Tyagi**  
Company Secretary

Place: Tarikere  
Date : 27.08.2018



## BOARD'S REPORT

Your Directors have pleasure in presenting the 54<sup>th</sup> Annual Report and the Audited Accounts of the Company for the financial year ended 31.03.2018.

### FINANCIAL RESULTS (₹ in Lakhs)

Particulars	2017-18	2016-17
Sales	3026.88	3320.51
Value of Production	3209.74	3229.48
Value Added	1396.85	1453.21
Profit before Depreciation, Interest & Tax	173.01	110.29
Depreciation	106.29	73.05
Profit before Interest & Tax	66.72	37.24
Interest	23.68	23.98
Profit before Tax	43.04	13.26
Tax expense [Addn (Redn) DTL - MAT]	19.09	(41.31)
Profit after Tax	23.95	54.56
Profit available for appropriation	260.14	226.01
Appropriations:		
Profit & Loss Account	260.14	226.01
Net worth	539.11	515.16

### TURNOVER AND PROFITABILITY

During 2017-18, your Company achieved the turnover of ₹30.26 Crs as against ₹33.21 Crs, resulting in marginal decrease in turnover despite several production related problems faced in the first half of the year. The Value of Production (VoP) stood at ₹32.09 Crs and Profit before Tax at ₹0.43 Crs as against VoP of ₹32.29 Crs and profit of ₹0.13 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 31.03.2018 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, Exploring Business opportunities from MIDHANI and OFB establishments for development of Armed Steel and special Alloy Castings. Class A Certification from RDSO is in progress and Axle Box, Buffer Assembly relating to Rail business are being explored. The said prospects would help the Company to achieve about ₹74 Crs by 2020-21 as envisaged in the Perspective Plan.

The order book position is at 1,444 MTs as on 01.04.2018. In addition, further casting requirements expected from BEML as well as from other customers like MIDHANI and OFB. With this your Company is confident of achieving better results for the financial year 2018-19.

### 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 2016-17 and the rating for the financial year 2017-18 is under self-evaluation.

### AMOUNT TRANSFERRED TO RESERVES

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

### DIVIDEND

Considering the financial performance of your Company and to meet the aspirations of the shareholders, the Board of Directors has recommended a dividend @ ₹5/- per equity share (i.e.5%) for the year 2017-18, after a gap of 7 years.

### 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 installment of principal and / or interest to the Bank.

The Company's contribution to exchequer was in the order of ₹5.66 Crs during the year by way of Excise Duty, Customs Duty, Sales Tax, Service Tax, Cess, Income Tax, etc., as against ₹5.59 Crs contributed during the previous year.

The Vision-2018 for Payment and Settlement Systems in India brought by the RBI in June 2016 reiterated the commitment to encourage greater use of electronic payments by all sections of society so as to achieve a "less-cash" society. Government also made fiscal measures for the encouragement of card culture in the 2016 budget. On 08.11.2016, government withdrawn ₹500 and ₹1000 notes - two highest denominations in circulation has given tremendous boost to cashless transactions. In this direction, VIL has also adopted cashless transactions across the Company. The Company has organised various awareness programmes on Digital India initiative, for employees and executives. To take stock of the effectiveness of the cashless initiatives of the Company, Internal Audit has taken up the Audit on cashless transactions periodically.

Goods and Service Tax (GST), one of the most important tax reforms since independence, has been rolled out by Govt. of India with effect from 01.07.2017. GST has subsumed erstwhile indirect taxes levied by Union of India and States/Union Territories. GST is an integrated tax which works on the concept of "One Nation One Tax". The biggest benefit of GST implementation would be removal of

cascading effect of multiple taxes and seamless flow of Input Tax credit. The Company has migrated to GST regime as per the time line. The Company has upgraded and customized ERP system with all SAP-ERP notes released for GST migration. With the above, GST was effectively implemented and gone live from 01.07.2017. Further to the implementation of GST, all transactions are being carried out in compliance to the GST law and requisite statutory forms are being filed periodically.

## INTERNAL FINANCIAL CONTROLS:

Your Company has put in place adequate Internal Financial Controls (IFCs) with respect to Financial Statements. Further, the adequacy of internal financial controls over financial reporting is covered by the Statutory Auditors in their Audit Report. In addition, the details of the IFCs are included under the heading 'Internal control systems and their adequacy' in the Management Discussion Analysis Report which forms part of this report.

## 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 31.03.2018.

## 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, your Company has formulated "Risk Management Policy" to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the Company's business. In order to achieve the key objective, this policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. The



said policy is also placed on the Company's website <https://www.bemlindia.in/subsidiaries.aspx>.

As per the said policy, the internal risk committee shall appraise the key risks along with mitigation plans and report to the Audit Committee/Board periodically.

#### **RELATED PARTY TRANSACTIONS**

During the year 2017-18, 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. The said transactions are placed before the Audit Committee for its review and taking note of the same. However, in terms of section 188 of the Companies Act, RPTs between two government companies are exempted. 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 the interest with the Company.

#### **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-2017 was observed from 25.10.2017 to 04.11.2017 with the theme "My vision corruption free India".

#### **PROCUREMENTS**

Your Company endeavours to procure all materials and services through e-procurement platform on ERP system. Presently, the Company upgraded the SRM e-procurement software which is having encryption facility for better security. During the year, about 70% of the total requirements were sourced through e-procurement.

#### **MICRO AND SMALL ENTERPRISES**

The Micro and Small Enterprises continue to get support and preference from your Company. The Company procured items worth ₹4.46 Crs constituting 36.18% of the total procurement value of ₹12.33 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 2017-18 the Company received 14 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.

#### **SWACHH BHARAT ABHIYAN**

Swachh Bharat Mission had been launched by the Government of India during 2014 with the objective of fulfilling the dream of transforming urban India in totally sanitized, healthy and livable cities and towns during next five years. The Company has committed towards realization of the dream of Father of the Nation for a 'Clean India' through Swachh Bharat Abhiyan.



Your Company had organized 'Swachh Bharat Pakhwada' from 1st December to 15th December 2017, across the Company. Various Programmes related to cleanliness and competitions were conducted across the Company on daily basis during the fortnight, as per the calendar of activities drawn for the purpose.

#### **COMPOSITION OF AUDIT COMMITTEE:**

In terms of Section 177 of the Companies Act, 2013 and DPE Guidelines, your Company has constituted the Audit Committee. The Audit Committee comprises Shri G. Sudhindra, Independent Director, Chairman of the Committee, Prof S. Sadagopan and Dr. S. Venkateswaran, Independent Director and Shri R. Panneer Selvam, Nominee Director as its members. All the recommendations made by the Audit Committee were accepted by the Board.

#### **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 2017-18 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 31.03.2018 stood at 95 as against 86 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 474 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 2017-18.

#### **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 621 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.

#### **COMPLIANCE OF APPLICABLE SECRETARIAL STANDARDS:**

Section 118(10) of the Companies Act 2013, stipulates that the Company shall observe secretarial standards with respect to General and Board meetings specified by the Institute of Company Secretaries of India. Accordingly, the Company has complied with the provisions of applicable Standards of SS-1, Secretarial Standard on Meetings of Board of Directors and SS-2, Secretarial Standard on General Meetings, issued by the Institute of Company Secretaries of India.

#### **STATUTORY AUDITORS**

The Comptroller and Auditor General of India has appointed M/s. Abarna & Ananthan, Chartered Accountants, Bengaluru, as the Statutory Auditors of the Company for the financial year 2017-18.

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 appended at Page No..... 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:**

Shri. R Panneer Selvam - Executive Director (Corporate Planning & Materials) of the holding company, M/s. BEML Limited has been nominated as Additional Director on the Board of VIL w.e.f 23.03.2018 in place of Shri R H Muralidhara, due to administrative requirements. The Board placed on record its appreciation of the invaluable services rendered by Shri. R H Muralidhara, as nominee Director.

##### **(iv) 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.

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

During the year, four meetings were held on 19.05.2017, 16.09.2017, 05.01.2018 and 23.03.2018. 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.

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

Pursuant to section 134(3)(c) and 134(5) of the Companies Act, 2013, your Directors state that,

(a) in the preparation of the annual accounts for the year ended 31.03.2018, the applicable accounting standards has been followed along with proper explanation relating to material departures;



- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2017-18 and of the profit of the Company for that period;
- (c) the directors had taken proper and sufficient care 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 directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively;
- (f) the directors had devised proper systems 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 like MIDHANI, NLC etc. 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  
21.05.2018

**B R Viswanatha**  
Chairman of the Board

**(A) CONSERVATION OF ENERGY****(a) Steps taken or impact on conservation of energy**

Usage of 30 Nos. of LED bulbs has resulted in saving of 40000 units.

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

Discussions initiated with Bhoruka Power for the supply of Power required for VIL which will reduce the cost of power.

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

₹1.80 Lakhs towards purchase of LED lights

**(B) TECHNOLOGY ABSORPTION****(i) Efforts made towards technology absorption**

CAPEX proposal made for 8-ton Continuous Mixer and 540 CFM Compressor to upgrade the facility and to improve the efficiency.

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

Shell Moulding Castings developed and the quality of the six castings improved substantially.

Armed Steel Castings for ARV developed and are in final evaluation.

**(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**

₹1.80 Lakhs spent on development of 6 nos Shell Moulding Castings.

**(C) FOREIGN EXCHANGE EARNINGS & OUTGO - NIL**

For and on behalf of the Board of Directors

Sd/-

Bengaluru  
21.05.2018

**B R Viswanatha**  
Chairman of the Board



## REPORT ON CORPORATE GOVERNANCE

## Annexure-II

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, 2018, 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 and also no inter-se relationship among the Directors.

#### (ii) Meetings and Attendance

During the year under review, your Board met four times on 19.05.2017, 16.09.2017, 05.01.2018 and 23.03.2018. 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	4/4	No	3
2	Shri R Panneer Selvam <sup>1</sup> (DIN 08075917)	Director, Non-Executive	1/1	NA	--
3	Prof. S. Sadagopan (DIN 00118285)	Director, Non-Executive	2/4	No	6
4	Shri G. Sudhinda (DIN 06565237)	Director, Non-Executive	3/4	Yes	--
5	Dr. S Venkateswaran (DIN 06822317)	Director, Non-Executive	2/4	Yes	--
6	Shri R H Muralidhara <sup>2</sup> (DIN 07363484)	Director, Non-Executive	3/3	Yes	3

1. Appointed as director w.e.f 23.03.2018 2. Ceased w.e.f 22.03.2018

#### (iii) 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.

#### (iv) 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 2017-18 and noted that there were no instances of non-compliances.

#### (v) 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.

#### (vi) 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., General Manager and above have affirmed their compliance with the code for the year 2017-18. 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 31.03.2018.*

*For and on behalf of the Board of Directors*

*Sd/-*

*Bengaluru 21.05.2018* *B R Viswanatha*  
*Chairman of the Board*

### (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 2017-18, the Audit Committee met three times on 19.05.2017, 05.01.2018 and 31.03.2018 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
<b>Chairman:</b>			
1	Shri G. Sudhindra	Independent Director	3/3
<b>Members:</b>			
2	Prof. S. Sadagopan	Independent Director	1/3
3	Dr. S. Venkateswaran	Independent Director	3/3
4	Shri R Panneer Selvam*	Nominee Director	1/1
5	Shri R H Muralidhara*	Nominee Director	2/2

\*Part of the year

The Company Secretary acts as Secretary of the Committee. The Chairman of the Audit Committee attended the 53<sup>rd</sup> 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
<b>Chairman:</b>		
1	Prof. S. Sadagopan	Independent Director
<b>Members:</b>		
2	Shri G. Sudhindra	Independent Director
3	Shri R Panneer Selvam*	Nominee Director
4	Shri R H Muralidhara*	Nominee Director

\*Part of year



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>Members:</i>		
2	Shri R Panneer Selvam*	Nominee Director
3	Shri R H Muralidhara*	Nominee Director

\*Part of year

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 2017-18 are given below:

S.No.	Name of the Director	Sitting fee (Amount ₹)
(i)	Prof S. Sadagopan	25,000
(ii)	Shri G. Sudhindra	50,000
(iii)	Dr. S. Venkateswaran	40,000
	Total	1,15,000

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
2016-17	Registered office at Tarikere	16.09.2017 at 12.30 hrs
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

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 for CPSEs-2010, your Company has formulated “Risk Management Policy” to ensure sustainable business growth with stability and to promote a pro-active approach in reporting, evaluating and resolving risks associated with the Company’s business. In order to achieve the key objective, this policy establishes a structured and disciplined approach to Risk Management, in order to guide decisions on risk related issues. The said policy is also placed on the Company's website <https://www.bemlindia.in/subsidiaries.aspx>.

As per the said policy, the internal risk committee shall appraise the key risks along with mitigation plans and report to the Audit Committee/Board periodically.

## 7. DISCLOSURES

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

- During the year 2017-18, all related party transactions that were entered into with M/s. BEM 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 noted 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.
- The Company has complied with Presidential Directives, if any, issued by the Central Government during the year and also in the last three years.

## 8. MEANS OF COMMUNICATION

The Company's web-site [www.bemlindia.in/vignyan.php](http://www.bemlindia.in/vignyan.php), provides information on management, vision, mission, policies, corporate governance, financial results and annual reports for last 3 years and investors information. The notice along with the audited financial statement form part of the Annual Report is sent to the members within the statutory period for the Annual General Meeting.

## 9. GENERAL SHAREHOLDER INFORMATION

- (i) The 54<sup>th</sup> Annual General Meeting for the year 2017-18 is scheduled on **Saturday, the 22<sup>nd</sup> September, 2018 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 31.03.2018

Category	No. of Shares	% to equity
BEML Limited	2,69,376	9.590
Individuals	96.56	3.44
TOTAL	2,78,966	100.00

- (iv) 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](mailto: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 2017-18, 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, 2018. 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  
11.05.2018

## 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 95 as on 31.03.2018.

#### Developments and Performance during 2017-18 :

During 2017-18, the GDP of the Indian economy increased to 6.5% (estimated) as compared to 7.10% 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 ₹30.26 Crs as against ₹33.21 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 Highway.
- 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 labour cost (Minimum wages).

### (iv) Segment-wise or Product-wise performance during 2017-18:

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, Exploring Business opportunities from MIDHANI and OFB establishments for development of Armed Steel and special Alloy Castings. Class A Certification from RDSO is in progress and Axle Box, Buffer Assembly relating to Rail business are being explored. The said prospects would help the Company to achieve about ₹74 Crs by 2020-21 as envisaged in the Perspective Plan.

The order book position is at 1,444 MTs as on 01.04.2018. In addition, further casting requirements expected from BEML as well as from other customers like MIDHANI and OFB. With this your Company is confident of achieving better results for the financial year 2018-19.

#### (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)

Particulars	2017-18	2016-17
a) Sales	3026.88	3320.51
b) Value of Production	3209.74	3229.48
c) Profit before Tax	43.04	13.17
d) Profit after Tax	23.95	54.56
e) Net worth	539.11	515.16
f) Inventory	814.80	533.39
g) Trade Receivables	2.75	66.55
Total inventory in no. of days of VoP (f/b*365)	105	66



Trade Receivables / Sales in days (g/a*365)	0	8
% Profit Before Tax to Sales (c/a*100)	1.42	0.40
% Profit After Tax to Networth (d/e*100)	4.55	10.59

During 2017-18, your Company achieved the turnover of ₹30.26 Crs as against ₹33.21 Crs, resulting in marginal decrease in turnover despite several production related problems faced in the first half of the year. The Value of Production (VoP) stood at ₹32.09 Crs and Profit before Tax at ₹0.43 Crs as against VoP of ₹32.29 Crs and profit of ₹0.13 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 31.03.2018 stood at 95 as against 86 during previous year. During the year, 474 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  
21.05.2018

**B R Viswanatha**  
Chairman of the Board



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

as on the financial year ended 31.03.2018

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

**I. REGISTRATION AND OTHER DETAILS:**

- i) CIN : 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,  
Chikmagalur 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)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF									
b) Central Govt									
c) State Govt									
d) Bodies Corp.	-	269376	269376	96.56	-	269376	269376	96.56	-
e) Banks / FI									
f) Any Other....									
<b>Sub-total (A) (1):-</b>	<b>-</b>	<b>269376</b>	<b>269376</b>	<b>96.56</b>	<b>-</b>	<b>269376</b>	<b>269376</b>	<b>96.56</b>	<b>-</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)</b>	<b>-</b>	<b>269376</b>	<b>269376</b>	<b>96.56</b>	<b>-</b>	<b>269376</b>	<b>269376</b>	<b>96.56</b>	<b>-</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									
f) Insurance Com									
g) FIIs									
h) 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	5965	2.14	-
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	-	3625	3625	1.30	-	3625	3625	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>9590</b>	<b>3.44</b>	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	<b>9590</b>	<b>9590</b>	<b>3.44</b>	-	<b>9590</b>	<b>9590</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
	<b>Total</b>	<b>269376</b>	<b>96.56</b>	<b>0</b>	<b>269376</b>	<b>96.56</b>	<b>0</b>	<b>Nil</b>

**(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
<b>At the beginning of the year</b>	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			
<b>At the end of the year</b>			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 beginning of the year (or on the date of separation, if separated during 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
<b>At the beginning of the year</b> Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc): <b>At the beginning of the year</b>	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.			

**V. INDEBTEDNESS**

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits Total	Indebtedness
Indebtedness at the beginning of the financial year as on 01.04.2017				
i) Principal Amount	18193963	-	3960996	22154959
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>18193963</b>	<b>0</b>	<b>3960996</b>	<b>22154959</b>
Change in Indebtedness during the financial year				



	<i>Secured Loans excluding deposits</i>	<i>Unsecured Loans</i>	<i>Deposits Total</i>	<i>Indebtedness</i>
• Addition	267206	0	448565	715771
• Reduction	-	-	-	-
<b>Net Change</b>	<b>267206</b>	<b>0</b>	<b>448565</b>	<b>715771</b>
Indebtedness at the end of the financial year 31.03.2016				
i) Principal Amount	18193963	0	3960996	22154959
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>18193963</b>	<b>0</b>	<b>3960996</b>	<b>22154959</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

<i>Sl. No.</i>	<i>Particulars of Remuneration</i>	<i>Name of MD/ WTD/ Manager</i>	<i>Total Amount</i>
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:

#### INDEPENDENT DIRECTORS

<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	25,000/-	50,000/-	40,000/-	1,15,000/-
• Commission	Nil	Nil	Nil	Nil
• Others, please specify	Nil	Nil	Nil	Nil
Total (1)	25,000/-	50,000/-	40,000/-	1,15,000/-



<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>
<b><i>Nominee Directors of BEML Limited (Holding Company)</i></b>	<b><i>Shri B R Viswanatha</i></b>	<b><i>Shri R Panneer Selvam</i></b>	<b><i>Shri R H Murlidhara</i></b>	
• Fee for attending board/ committee meetings	-	-	-	-
• Commission	-	-	-	-
• Others, please specify	-	-	-	-
Total (2)	0	0	0	0
Total (B)=(1+2)	25,000/-	50,000/-	40,000/-	1,15,000/-
<b>Total Managerial Remuneration</b>	<b>25,000/-</b>	<b>50,000/-</b>	<b>40,000/-</b>	<b>1,15,000/-</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>
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	--	--	--	--

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



## SIGNIFICANT ACCOUNTING POLICIES

### Note no. 1: Corporate Information :

The accompanying financial statements comprise the financial statements of VIL, TARIKERE (the Company) for the year ended 31 March 2018. 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 28B. These financial statements were authorised for issue in accordance with a resolution of the directors on 21.05.2018.

### 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. These financial statements for the year ended 31 March 2018 with a comparative of year ended 31 March 2017 are prepared in accordance with 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 as 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, present value of expected cost for the decommissioning of an asset, cost of replacing part of Plant and Equipment 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 capitalized by apportioning the same to qualifying assets.

#### **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:**

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.

If the hybrid contract contains a host that is a financial asset within the scope of Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. If the hybrid contains a host that is not an asset within the scope of Ind AS 109, the embedded derivative is separated and accounted at fair value.

#### **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.

#### **O. On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the following IND AS amendments vide the Companies (Indian Accounting Standards) Amendment Rules, 2018. The amendments are applicable from 1st April, 2018.**

##### **1 IND AS 12**

Income Taxes

The amendment considers that:

- i. Tax law determines which deductions are offset against taxable income in determining taxable income in determining taxable profits.
- ii. No deferred tax asset is recognised if the reversal of the deductible temporary difference will not lead to tax deductions.

The company is evaluating the effect of this on Financial Statements, and impact thereof not yet ascertained.

##### **2 Appendix B to IND AS 21**

Foreign currency transactions & advance consideration

Foreign currency transactions and advance

consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The company is evaluating the effect of this on Financial Statements, and impact thereof not yet ascertained.

##### **3 Ind AS 28**

Investments in Associates and Joint Ventures

The amendment to Ind AS 28 clarifies that a venture capital organization, or a mutual fund, unit trust and similar entities may elect, at initial recognition, to measure investments in an associate or joint venture at fair value through profit or loss separately for each associate or joint venture.

The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.

##### **4 IND AS 40**

Investment Property

The amendment lays down the principle regarding when a Company should transfer to, or from, investment property. Accordingly, a transfer is made only when:

- i. There is an actual change of use i.e. an asset meets or ceases to meet the definition of investment property.
- ii. There is evidence of the change in use.

The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.

##### **5 Ind AS 112**

Disclosure of Interests in Other Entities

The amendment to Ind AS 112 provide that the disclosure requirements for interests in



other entities also apply to interests that are classified (or included in a disposal group that is classified) as held for sale or as discontinued operations in accordance with Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations.

The impact of the above stated amendment to the Company is NIL as the same is not applicable to the Company.

## 6 IND AS 115

Revenue from Contract with Customers

The core principle of the new standard is that

an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The company is evaluating the effect of this on Financial Statements, and impact thereof not yet ascertained.

For **Abarna & Ananthan**

*Chartered Accountants*

Firm Registration Number: 000003S

**For and on behalf of Board of Directors**

**C S Gopalakrishna**

Partner

Membership No.: 014706

**R.Panneer Selvam**

Director

DIN:08075917

**B R Viswanatha**

Chairman of the Board

DIN:7363486

Place: Bengaluru

Date: 21.05.2018

**Praveen Kumar Tyagi**

Company Secretary

**BALANCE SHEET**

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
<b>I. ASSETS</b>			
<b>(1) Non-current assets</b>			
(a) Property, plant and equipment	3	695.34	764.88
(b) Capital work-in-progress	4	7.74	-
(c) Deferred tax assets (net)	5	21.34	16.25
(d) Other non-current assets	6	5.33	-
<b>Total non-current assets</b>		<b>729.75</b>	<b>781.13</b>
<b>(2) Current assets</b>			
(a) Inventories	7	814.80	533.39
(b) Financial Assets			
(i) Trade receivables	8	2.75	66.55
(ii) Cash and cash equivalents	9	0.48	0.96
(iii) Other financial assets	10	-	5.00
(c) Current tax (net)		-	-
(d) Other current assets	11	66.91	75.47
<b>Total current assets</b>		<b>884.94</b>	<b>681.37</b>
<b>Total assets</b>		<b>1,614.69</b>	<b>1,462.50</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
(a) Equity share capital	12	278.97	278.97
(b) Other Equity (Refer SOCIE)		260.14	236.19
<b>Total Equity</b>		<b>539.11</b>	<b>515.16</b>
<b>LIABILITIES</b>			
<b>(1) Non-current liabilities</b>			
(a) Provisions	13	-	-
(b) Deferred Tax Liabilities (Net)	5	-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>(2) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	69.71	181.94
(ii) Trade payables			
(A) Micro & Small Enterprises	15	56.73	96.74
(B) Other than Micro & Small Enterprises	15	441.15	335.25
(iii) Other financial liabilities	16	29.37	40.16
(b) Other current liabilities	17	150.36	37.62
(c) Provisions	18	318.77	251.15
(d) Current tax liabilities (Net)	19	9.47	4.47
<b>Total current liabilities</b>		<b>1,075.57</b>	<b>947.34</b>
<b>Total equity and liabilities</b>		<b>1,614.69</b>	<b>1,462.50</b>

Note nos 1 to 28 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the Financial Statements

As per our report of even date attached

For **Abarna & Ananthan**

Chartered Accountants

Firm Registration Number: 000003S

**C S Gopalakrishna**

Partner

Membership No.: 014706

**For and on behalf of Board of Directors**

**R.Panneer Selvam**

Director

DIN:08075917

**B R Viswanatha**

Chairman of the Board

DIN:7363486

**Praveen Kumar Tyagi**

Company Secretary

Place: Bengaluru

Date: 21.05.2018



## STATEMENT OF PROFIT AND LOSS

(₹ in Lakhs)

	Particulars	Note No.	As at 31st March 2018	As at 31st March 2017
	<b>Revenues:</b>			
I	Revenue from operations	20	<b>3,026.88</b>	3,320.51
II	Other income	21	<b>14.19</b>	8.74
<b>III</b>	<b>Total Income (I+II)</b>		<b>3,041.06</b>	3,329.25
	<b>Expenses:</b>			
IV	Cost of materials consumed	22	<b>1,812.89</b>	1,776.26
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	23	<b>(182.86)</b>	91.03
	Employee benefits expense	24	<b>474.64</b>	439.62
	Finance costs	25	<b>23.68</b>	23.98
	Depreciation and amortization expense	3	<b>106.29</b>	73.05
	Other expenses	26	<b>763.38</b>	912.05
	<b>Total Expenses (IV)</b>		<b>2,998.02</b>	3,315.99
V	Profit / (Loss) before exceptional items and tax (III-IV)		<b>43.04</b>	13.26
VI	Add / (Less) Exceptional Items	27	-	-
<b>VII</b>	<b>Profit / (Loss) before tax (V-VI)</b>		<b>43.04</b>	13.26
<b>VIII</b>	<b>Tax expense:</b>			
	(1) Current tax (MAT)		<b>8.65</b>	2.70
	(2) Deferred tax		<b>(5.08)</b>	(37.11)
IX	Profit / (Loss) for the period from continuing operations (VII-VIII)		<b>39.47</b>	47.66
X	Profit / (Loss) from discontinued operations		-	-
XI	Tax expense of discontinued operations		-	-
XII	Profit / (Loss) from discontinued operations (after tax) (X-XI)		-	-
<b>XIII</b>	<b>Profit / (Loss) for the year (IX+XII)</b>		<b>39.47</b>	47.66
<b>XIV</b>	<b>Other Comprehensive Income</b>			
	A (i) Items that will not be reclassified to profit or loss - Remeasurement of defined benefit (liability) / asset		<b>19.17</b>	(8.67)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		<b>(3.65)</b>	1.77
	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</b>	<b>Total Comprehensive Income for the year (XIII+XIV)</b> (Comprising Profit (Loss) and Other Comprehensive Income for the period)		<b>23.95</b>	54.56
XVI	Earnings per equity share: (Rs 100/- each)			
	Basic and diluted	28	<b>14.15</b>	17.08

Note nos 1 to 28 includes Significant Accounting Policies and Other Notes to Accounts annexed herewith form part of the Financial Statements

For **Abarna & Ananthan**

Chartered Accountants

Firm Registration Number: 000003S

**C S Gopalakrishna**

Partner

Membership No.: 014706

For and on behalf of Board of Directors

**R.Panneer Selvam**

Director

DIN:08075917

**B R Viswanatha**

Chairman of the Board

DIN:7363486

**Praveen Kumar Tyagi**

Company Secretary

Place: Bengaluru

Date: 21.05.2018

**CASH FLOW STATEMENT**

(₹ in Lakhs)

Particulars	For the year ended	
	31.03.2018	31.03.2017
<b>A. Cash flow from operating activities</b>		
Net profit loss before tax and extraordinary items	43.04	13.26
<b>Adjustments for</b>		
Other comprehensive income	(19.17)	8.67
Depreciation	106.29	73.05
Interest expense	23.68	23.98
Other interest received	-	-
Other non-operating non-cash adjustments	-	-
<b>Operating profit loss before changes in working capital</b>	<b>110.80</b>	<b>105.70</b>
<b>Adjustments for</b>		
Inventories	(281.41)	111.02
Sundry debtors	(62.33)	(66.55)
Other current assets	3.23	27.15
Loans and advances	(5.00)	-
Amounts due related parties	98.56	-
Trade payables	65.89	88.21
Other liabilities	5.00	(1.55)
Provisions	67.62	6.95
Income tax Expenses	5.08	(4.47)
	(103.35)	160.74
<b>Cash from generated operations</b>	<b>50.49</b>	<b>279.70</b>
Direct taxes paid/refunded	-	-
<b>Net cash flow from/used in operating activities</b>	<b>50.49</b>	<b>279.70</b>
<b>B. Cash flow from investing activities</b>		
Purchase of tangible fixed assets	46.80	(48.07)
Trade receivables	(63.80)	-
Other interest	-	-
<b>Net cash flow from/used in investing activities</b>	<b>(17.00)</b>	<b>(48.07)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from short-term borrowings	(112.22)	2.67
Repayment of short-term borrowings	-	-
Interest expense on bank borrowings	(23.68)	(23.98)
Other financial liabilities	(10.79)	6.77
Other current Liabilities	112.74	(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>(33.96)</b>	<b>(231.97)</b>
Effect foreign exchange cash and cash equivalents	-	-
<b>Net increase decrease cash and cash equivalents</b>	<b>(0.47)</b>	<b>(0.34)</b>
<b>Cash and Cash Equivalents, Beginning Balance</b>	<b>0.96</b>	<b>1.30</b>
<b>Cash and Cash Equivalents, Ending Balance</b>	<b>0.48</b>	<b>0.96</b>

For **Abarna & Ananthan**

Chartered Accountants

Firm Registration Number: 000003S

**C S Gopalakrishna**

Partner

Membership No.: 014706

For and on behalf of Board of Directors

**R.Panneer Selvam**

Director

DIN:08075917

**B R Viswanatha**

Chairman of the Board

DIN:7363486

**Praveen Kumar Tyagi**

Company Secretary

Place: Bengaluru

Date: 21.05.2018

**Note 3: Property, plant and equipment**

(₹ in Lakhs)

Particulars	Gross Carrying Value				Accumulated Depreciation and Impairment				Net Carrying Value	
	As at 01.04.2017	Additions	Deduction / Re-classification & Adjustments during the Year	As at 31.03.2018	As at 01.04.2017	For the Year	Deduction / Re-classification & Adjustments during the Year	As at 31.03.2018	As at 31.03.2018	As at 31.03.2017
Freehold land*	0.56	-	-	0.56	-	-	-	-	<b>0.56</b>	0.56
Buildings*	74.41	17.26	-	91.67	17.35	5.08	-	22.43	<b>69.24</b>	57.06
Furniture and fixtures	0.29	-	-	0.29	0.25	-	-	0.25	<b>0.04</b>	0.04
Plant and equipment*	799.92	24.77	-14.15	810.54	117.45	94.40	(4.10)	207.74	<b>602.80</b>	682.47
Office equipment	0.76	4.77	-	5.53	0.17	0.41	-	0.58	<b>4.95</b>	0.59
Vehicles: Own Use	19.48	-	0.00	19.48	2.70	3.35	-	6.05	<b>13.43</b>	16.78
Roads and drains	13.47	-	-	13.47	6.10	3.05	-	9.15	<b>4.32</b>	7.37
Water supply installations	0.01	-	-	0.01	-	-	-	-	<b>0.01</b>	0.01
<b>Total</b>	<b>908.89</b>	<b>46.80</b>	<b>(14.15)</b>	<b>941.55</b>	<b>144.01</b>	<b>106.29</b>	<b>(4.10)</b>	<b>246.20</b>	<b>695.34</b>	<b>764.88</b>
Previous Year	860.82	48.07	-	908.89	70.96	73.05	-	144.01	<b>764.88</b>	789.86

**Notes:**

\*During the year, Company has cancelled the lease agreement entered with M/s Sharada Engineering Works Pvt Ltd and taken back the possession of leased land along with building constructed by M/s Sharada Engineering Works Pvt Ltd

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 ₹5,000/- depreciation is charged at the rate of hundred percent in the year of capitalization.

**Note 4: Capital work-in-progress**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Building	-	-
Machinery*	7.74	-
Others	-	-
<b>Total</b>	<b>7.74</b>	<b>-</b>

\*The balance represents machinery acquired from M/s Sharada Engineering Works Private Limited

**Note 5: Deferred tax assets (net)**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deferred Tax Liabilities (DTL):		
Property, plant and equipment	34.71	35.92
Effects on change in valuation	-	-
<b>Total DTL (A)</b>	<b>34.71</b>	<b>35.92</b>
Deferred Tax Assets (DTA):		
Timing differences under the Income Tax Act, 1961		
-Leave Encashment	1.89	1.36
-Gratuity	43.00	39.91
-Pay Revision	11.16	10.90
Disallowances	-	-
<b>Total DTA (B)</b>	<b>56.05</b>	<b>52.17</b>
<b>Total (B-A)</b>	<b>21.34</b>	<b>16.25</b>

The substantively enacted tax rate as on 31 March 2018 was 25.75% and as on 31 March 2017 was 30.90% for deferred tax purposes

**a) Amount recognised in profit or loss**

(₹ in Lakhs)

Particulars	31 March 2018	31 March 2017
<b>Current tax expense:</b>		
Current tax / Minimum alternate tax ("MAT")	8.65	2.70
<b>Deferred tax (income)/expense:</b>		
Origination and reversal of temporary differences	(5.08)	(37.11)
<b>Tax expenses</b>	<b>3.57</b>	<b>(34.40)</b>

**b) Amount recognised in OCI**

(₹ in Lakhs)

Particulars	As at 31st March 2018		
	Before Tax	Tax (expense) benefit	Net of tax
Re-measurement (losses) / gains on post employment defined benefit plans	19.17	(3.65)	15.52
<b>Total</b>	<b>19.17</b>	<b>(3.65)</b>	<b>15.52</b>
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>

**c) Reconciliation of effective income tax rate**

(₹ in Lakhs)

Particulars	As at 31st March 2018		AS at 31st March 2017	
	Rate	Amount	Rate	Amount
Profit before tax from continuing operation		<b>43.04</b>		13.26
Tax using the company's domestic tax rate (Income tax)	<b>25.75%</b>	<b>11.08</b>	30.90%	4.10
<b>Tax effect of:</b>				
Carry Forward Loss	<b>-25.75%</b>	<b>(11.08)</b>	-30.90%	(4.10)
Weighted Deduction for R and D Expenditure	<b>0.00%</b>	-	0.00%	-
Minimum Alternate Tax	<b>20.11%</b>	<b>8.65</b>	20.40%	2.70
Deferred tax	<b>-11.81%</b>	<b>(5.08)</b>	-279.91%	(37.11)
<b>Total income tax expense for the year</b>	<b>8.29%</b>	<b>3.57</b>	<b>-259.51%</b>	<b>(34.40)</b>

**d) Movement in deferred tax balances**

(₹ in Lakhs)

Particulars	As at 01.04.2016	Recognised in profit or loss during 2016-17	As at 31 March 2017	Recognised in profit or loss during 2017-18	As at 31 March 2018
Property, plant and equipment	(75.78)	39.86	(35.92)	1.21	<b>(34.71)</b>
Provision for Doubtful Debts	-	-	-	-	-
Provision for Leave Salary	0.38	0.98	1.36	0.52	<b>1.89</b>
Provision for Gratuity	45.74	(5.83)	39.91	3.09	<b>43.00</b>
Provision for Pay Revision	8.80	2.10	10.90	0.26	<b>11.16</b>
Other Items	-	-	-	-	-
Tax assets / (liabilities) before set-off	<b>(20.86)</b>	<b>37.11</b>	<b>16.25</b>	<b>5.08</b>	<b>21.34</b>
Off-setting of Deferred tax assets / (liabilities)	-	-	-	-	-
Net deferred tax assets / (liabilities)	<b>(20.86)</b>	<b>37.11</b>	<b>16.25</b>	<b>5.08</b>	<b>21.34</b>

**e) Unrecognised deferred tax assets**

Due to absence of virtual uncertainty, deferred tax asset has not been recognised in respect of the following items in the previous year, because it is not probable that future taxable profits will be available against which the deductible temporary difference can be utilised.

(₹ in Lakhs)

Particulars	As at 31st March 2018		As at 31st March 2017	
	Gross amount	Unrecognised tax effect	Gross amount	Unrecognised tax effect
Deductible temporary differences not expected to be utilised				
- Tax losses	-	-	64.30	19.87
	-	-	64.30	19.87

**f) Tax losses carried forward**

Unrecognised tax losses carried forward expire as follows:

(₹ in Lakhs)

Particulars	As at 31st March 2018	Expiry date	As at 31st March 2017	Expiry date
<b>Expire</b>				
Carry forward business loss				
AY 2014-15	-	31 March 2022	58.57	31 March 2022
AY 2015-16	-	31 March 2023	5.73	31 March 2023
	-		64.30	

**Note 6: Other non-current assets**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Capital advances	8.79	8.79
Less: Allowance for doubtful capital advances	(8.79)	(8.79)
Advance Income Tax	4.47	-
Tax Deducted at Source	0.86	-
<b>Total</b>	<b>5.33</b>	<b>-</b>

**Note 7: Inventories**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Raw materials & components	235.49	141.93
Patterns and other raw materials	21.32	16.33
Less: Allowance for obsolescence - Raw Material	-	-
Raw materials & components in Transit	-	-
Work-in-progress	546.79	340.74
Less: Allowance for obsolescence - Work-in-progress	-	-
Finished goods	11.20	30.56
Less: Allowance for obsolescence - Finished Goods	-	-
Excise duty on finished goods	-	3.82
<b>Total</b>	<b>814.80</b>	<b>533.39</b>

- Raw materials & Components include materials lying with sub contractors ₹84.79 Lakhs (Previous Year - ₹34.79 Lakhs). Confirmation from the parties is 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.
- Allowance towards obsolescence is made as per the provisioning norms and is based on ageing of inventory.

**Note 8: Trade receivables**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Unsecured, considered good		
Outstanding for period exceeding six months	-	0.67
Others	2.75	-
From Holding Company - BEML	-	65.88
Unsecured, considered doubtful		
Outstanding for period exceeding six months	-	-
Less: Allowance for bad and doubtful trade receivables	-	-
<b>Total</b>	<b>2.75</b>	<b>66.55</b>

**The movement in the allowance for bad and doubtful trade receivables is as follows:** (₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Balance at the beginning of the year	-	-
Impairment losses recognised	-	-
Written off during the year	-	-
Credited to profit or loss	-	-
Transfers	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>-</b>

**Note 9: Cash and cash equivalents** (₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Balances with Banks	-	-
Balances with Banks - Unclaimed Dividend	-	0.55
Cheques, drafts on hand	-	-
Cash on hand	<b>0.48</b>	0.41
<b>Total</b>	<b>0.48</b>	0.96

a. The Company earns no interest on balances with banks in current accounts.

b. For an understanding of the Company's cash management policies, refer Note no. 26 F (ii) on liquidity risk.

**Note 10: Other financial assets** (₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Interest accrued	-	5.00
Interest accrued on bank deposits	-	-
<b>Total</b>	<b>-</b>	<b>5.00</b>

**Note 11: Other Current Assets** (₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Balances with Public Utility concern	<b>68.03</b>	68.04
Less: Allowance for doubtful balances	<b>(5.12)</b>	(5.12)
Balances with Govt. departments for Customs Duty, Excise Duty etc including receivables	-	-
Advance to Vendors	<b>0.05</b>	0.05
Less: Allowance for doubtful advances to vendors	-	-
Employee Advance	<b>1.85</b>	2.28
Cenvat / VAT / GST Balances	-	7.48
Less: Allowance for doubtful Cenvat / VAT Balances	-	-
Claims receivable	<b>(0.25)</b>	-
Prepayments	<b>2.35</b>	2.73
<b>Total</b>	<b>66.91</b>	75.47
<b>Due by Officers of the Company</b>	<b>0.13</b>	0.30

**Note 12: Equity share capital**

(₹ in Lakhs)

	As at 31st March 2018		As at 31st March 2017	
	Number	Amount	Number	Amount
<b>Authorised :</b>				
Equity Shares of ₹100 each	3,80,000	380.00	3,80,000	380.00
9.5% Redeemable cum Preference Shares at ₹100 each	20,000	20.00	20,000	20.00
<b>Issued :</b>				
Equity Shares of ₹100 each	2,83,500	283.50	2,83,500	283.50
<b>Subscribed :</b>				
Equity Shares of ₹100 each	2,78,966	278.97	2,78,966	278.97
<b>Paid-up :</b>				
Equity Shares of ₹100 each, fully paid-up	2,78,966	278.97	2,78,966	278.97
<b>Total</b>	<b>2,78,966</b>	<b>278.97</b>	<b>2,78,966</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				
	2017-18	2016-17	2015-16	2014-15	2013-14
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 :**

(₹ in Lakhs)

Particulars	2017-18		2016-17	
	No. of Shares	Amount	No. of Shares	Amount
Outstanding as at Opening Date	2,78,966	278.97	2,78,966	278.97
Add: Issued during the period	-	-	-	-
Less: Buy-back during the period (if any)	-	-	-	-
Outstanding as at Closing Date	2,78,966	278.97	2,78,966	278.97
<b>Equity Shares held by shareholders having 5% or more</b>	<b>2017-18</b>		<b>2016-17</b>	
<b>Name of the shareholder</b>	<b>No. of Shares</b>	<b>% held</b>	<b>No. of Shares</b>	<b>% held</b>
BEML Limited (Holding Company)	2,69,376	96.56	2,69,376	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 as at 31.03.2018****A. Equity share capital**

(₹ in Lakhs except for shares)

(Equity shares of ₹100 each issued, subscribed and fully paid)	No. of Shares	Amount
Balance as on 01.04.2017	2,78,966	278.97
Changes in equity capital during the year	-	-
Balance as on 31.03.2018	2,78,966	278.97

**B. Other equity as on 31.03.2017**

(₹ in Lakhs)

Particulars	Reserves and Surplus				Other items of OCI	Capital Redemption Reserve	Total Other Equity
	Capital Reserve	Share Premium	General Reserve	Retained Earnings			
Balance as on 01.04.2016	0.16	0.02	7.73	192.18	(28.46)	10.00	181.63
Less: Prior period errors	-	-	-	-	-	-	-
Profit / (Loss) for the year	-	-	-	47.66	-	-	47.66
Other Comprehensive Income	-	-	-	-	6.90	-	6.90
Total comprehensive income for the year	0.16	0.02	7.73	239.84	(21.56)	10.00	236.19
Less: Transfer to							
- Proposed dividend	-	-	-	-	-	-	-
- Tax on 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>

**B. Other equity as on 31.03.2018**

Particulars	Reserves and Surplus				Other items of OCI	Capital Redemption Reserve	Total Other Equity
	Capital Reserve	Share Premium	General Reserve	Retained Earnings			
Balance as on 01.04.2017	0.16	0.02	7.73	239.84	(21.56)	10.00	236.19
Less: Prior period errors	-	-	-	-	-	-	-
Less: Transfer during the year	-	-	(7.73)	7.73	-	-	-
Profit / (Loss) for the year	-	-	-	39.47	(15.52)	-	23.95
Other Comprehensive Income	-	-	-	-	-	-	-
Total comprehensive income for the year	0.16	0.02	-	287.04	(37.08)	10.00	260.14
Less: Transfer to							
- Proposed dividend	-	-	-	-	-	-	-
- Tax on Dividend	-	-	-	-	-	-	-
<b>Balance as on 31.03.2018</b>	<b>0.16</b>	<b>0.02</b>	<b>-</b>	<b>287.04</b>	<b>(37.08)</b>	<b>10.00</b>	<b>260.14</b>

For **Abarna & Ananthan**

Chartered Accountants

Firm Registration Number: 000003S

**C S Gopalakrishna**

Partner

Membership No.: 014706

For and on behalf of Board of Directors

**R.Panneer Selvam**

Director

DIN:08075917

**B R Viswanatha**

Chairman of the Board

DIN:7363486

**Praveen Kumar Tyagi**

Company Secretary

Place: Bengaluru

Date: 21.05.2018

**Note 13: Provisions - Non-current Liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for employee benefits		
Gratuity	-	-
Leave Salary	-	-
<b>Total</b>	<b>-</b>	<b>-</b>

1. For movement in the provisions during the year refer Note no. 18

2. The provision for employee benefits represents annual leave and vested long service entitlements accrued.

**Note 14: Borrowings**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Repayable on demand from banks</b>		
<b>Secured</b>		
Cash Credit (secured by first charge by way of hypothecation of Inventories, Bills receivable, Book Debts and all other movables both present and future)	<b>69.71</b>	181.94
<b>Total</b>	<b>69.71</b>	181.94

**Note 15: Trade Payables**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Total outstanding dues of micro & small enterprises	<b>56.73</b>	96.74
Total outstanding dues of creditors other than micro & small enterprises	<b>441.15</b>	335.25
<b>Total</b>	<b>497.88</b>	431.99

**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 :

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Amount due and Payable at the year end		
- Principal	-	-
- Interest on above Principal	-	-
Payments made during the year after the due date		
- Principal	<b>481.37</b>	330.36
- Interest	-	-
Interest due and payable for principals already paid	<b>2.10</b>	2.31
Total Interest accrued and remained unpaid at year end	<b>2.10</b>	2.31
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.	<b>4.41</b>	2.31

**Note 16: Other financial liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Deposit from vendors	29.37	39.61
Unclaimed dividends	-	0.55
<b>Total</b>	<b>29.37</b>	<b>40.16</b>

**Note 17: Other current liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
<b>Other payables</b>		
a. Staff related dues	8.04	12.06
b. Statutory dues	36.56	16.56
c. ED provision on FGI/Others	-	3.82
d. Advances received from Customers	2.78	2.78
e. Due to Holding Company- BEML Limited	98.56	-
f. Vendors	-	0.09
g. Interest due on MSE vendors	4.41	2.31
<b>Total</b>	<b>150.36</b>	<b>37.62</b>

**Note 18: Provisions - Current Liabilities**

(₹ in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for employee benefits		
Gratuity	166.99	129.17
Leave Salary	7.34	4.40
Pay revision	144.44	117.58
<b>Total</b>	<b>318.77</b>	<b>251.15</b>

**Movement in Provisions**

(₹ in Lakhs)

Particulars	As at 01.04.2017		Additions	Utilization	Reversal	As at 31st March 2018	
	Current	Non Current				Current	Non Current
Gratuity	129.17	-	37.83	0.00	-	166.99	-
Leave Salary	4.40	-	15.84	12.91	-	7.34	-
Pay Revision							
Wage Revision	117.58	-	26.86	0.00	-	144.44	-
<b>Total</b>	<b>251.15</b>	<b>-</b>	<b>80.53</b>	<b>12.91</b>	<b>-</b>	<b>318.77</b>	<b>-</b>

**Note 19: Current tax liabilities (Net)**

(₹in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017
Provision for Income tax	9.47	4.47
<b>Total</b>	<b>9.47</b>	<b>4.47</b>

**Note 20: Revenue from operations**

(₹in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
(a) Sale of products (including excise duty as applicable):		
Sales Steel castings	3,000.33	3,320.51
<b>Sub-total</b>	<b>3,000.33</b>	<b>3,320.51</b>
(a) Other Operating revenues		
Sales of Scrap	26.54	-
<b>Sub-total</b>	<b>26.54</b>	<b>-</b>
<b>Total</b>	<b>3,026.88</b>	<b>3,320.51</b>

\*Revenue from operations upto 30.06.2017 is inclusive of excise duty of ₹72.96 Lakhs and w.e.f 01.07.2017 on the introduction of GST Act neither excise duty nor GST has been included in the revenue from operations. GST on revenue from operations upto March 2018 is ₹432.84 Lakhs.

**Note 21: Other income**

(₹in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Other non-operating income	7.22	8.74
Net gain on sale of property, plant and equipment	6.97	-
<b>Total</b>	<b>14.19</b>	<b>8.74</b>

**Note 22: Cost of materials consumed**

(₹in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Opening Stock		
- Raw Material	141.93	161.61
- Spares	-	-
	<b>141.93</b>	<b>161.61</b>
Add: Purchases		
- Raw Material	1,906.45	1,756.59
- Spares	-	-
	<b>1,906.45</b>	<b>1,756.59</b>
Closing stock		
- Raw Material	235.49	141.93
- Spares	-	-
	<b>235.49</b>	<b>141.93</b>
<b>Total</b>	<b>1,812.89</b>	<b>1,776.26</b>

**Note 23: Changes in inventories of finished goods, stock-in-trade and work-in-progress** (₹ in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
<b>Opening Stock</b>		
Finished goods	34.38	20.18
Work-in-progress	340.74	445.97
Scrap	-	-
	<b>375.12</b>	<b>466.15</b>
<b>Closing Stock</b>		
Finished goods	11.20	34.38
Work-in-progress	546.79	340.74
Scrap	-	-
	<b>557.99</b>	<b>375.12</b>
<b>(Increase) / Decrease</b>		
Finished goods	23.18	(14.20)
Work-in-progress	(206.05)	105.23
Scrap	-	-
<b>Total</b>	<b>(182.86)</b>	<b>91.03</b>

**Note 24: Employee benefits expense** (₹ in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Salaries, wages & bonus	360.22	342.15
Leave Salary	15.84	9.92
Contribution to:		
- Gratuity Fund	18.66	20.50
- Provident Fund and Other Funds	29.90	27.70
Staff welfare expenses	50.66	40.59
- Less: Receipts	(0.64)	(1.24)
Net staff welfare expenses	50.02	39.35
<b>Total</b>	<b>474.64</b>	<b>439.62</b>

**Note 25: Finance costs** (₹ in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Interest expense		
On cash credit	21.44	22.57
Others - (Interest on MSME)	2.24	1.41
<b>Total</b>	<b>23.68</b>	<b>23.98</b>

**Note 26: Other expenses**

(₹in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Power and fuel	350.92	290.45
Labour contract charges	228.37	151.29
Security Services	51.64	24.91
Repairs & Maintenance		
-Machinery & Equipment	15.02	12.14
-Buildings	3.86	1.51
-Others	5.51	5.91
Stationary	1.79	1.42
Insurance	3.34	2.88
Rates & Taxes	3.79	6.06
Bank Charges	0.37	1.12
Communication expenses	3.16	3.39
Remuneration to Auditors (refer note 'a' below)	1.11	0.90
Legal & Professional Charges	5.05	5.30
Travelling Expenses	8.86	6.28
Freight charges	(0.02)	-
Publicity & Public Relations	0.04	0.16
Excise duty on sales *	72.95	363.38
Excise duty on increase / (decrease) in Stock	-	1.58
Provision for Doubtful Trade Receivables & Advances	-	20.71
Miscellaneous expenses	7.62	12.67
<b>Total</b>	<b>763.38</b>	<b>912.05</b>

\* ED on sales for the year 2017-18 is for April-June 2017 only.

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

(₹in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
(a) As Auditor	1.02	0.90
(b) For taxation matter	-	-
(c) Other Services - Certification Fees	-	-
(d) Reimbursement of Expenses	0.09	-
<b>Total</b>	<b>1.11</b>	<b>0.90</b>

**Note 27: Exceptional Items**

(₹ in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Income		
MSE Interest write back	-	-
Warranty provision written back	-	-
Liability Written back	-	-
Sub-Total	-	-
Expenditure	-	-
Sub-Total	-	-
Net Income / (Expenditure)	-	-

**Note 28 : Other Disclosures****A. Basic/ Diluted Earnings Per Equity Share**

(₹ in Lakhs)

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Net Profit / (Loss) after Tax (Rs in Lakhs)	39.47	47.66
Average Number of Shares	2,78,966	2,78,966
Earnings Per Share (Basic and Diluted) – Face Value Rs 100/- Per Share (Amount in ₹)	14.15	17.08

**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 - For part of the year		
Shri. R. Panner Selvam	Key managerial personnel - For part of the year		
Remuneration paid to the directors:		2017-18	2016-17
Shri. B R Viswanatha		NIL	NIL
Shri. R H Muralidhara		NIL	NIL
Shri. R. Panner Selvam		NIL	NIL

**Transactions with related parties**

- The details of related party transactions entered into by the Company for the year ended 31 March 2018 and 31 March 2017 are as follows:


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

Particulars	For the year ended 31.03.2018	For the year ended 31.03.2017
Sales *	3,456.25	3,179.76
Purchases	760.48	660.64
Dividends Received		
Corporate Guarantee given to Bankers	-	-
Amount payable towards supplies as on 31st March	98.56	-
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.	78.08	52.91

\* Sales and Purchase from Holding Company figures for the year 2017-18 is with Central Excise / GST and for the year 2016-17 is with Central Excise.

**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 ` 4.16 Lakhs (Previous Year - ₹23.95 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. Ind AS 19 (Employee Benefits)**
**a. Leave Salary**

This is an funded 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	2017-18	2016-17
Mortality Table	(Funded) 2006-08 (IALM) (Ultimate)	(Funded) 2006-08 (IALM) (Ultimate)
Discount rate	7.40%	7.40%
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 to make 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)

<b>Actuarial study analysis</b>	<b>2017-18</b>	<b>2016-17</b>
<b>Principal actuarial assumptions</b>		
Discount rate	7.40%	7.40%
Expected rate of return on plan assets	7.40%	7.40%
<b>Components of income statement charge</b>		
Current Service Cost	8.09	8.50
Interest Cost	9.56	10.96
Recognition of past service cost	-	-
Settlement / curtailment / termination loss	-	-
<b>Total income statement charge</b>	<b>17.65</b>	<b>19.46</b>
<b>Movements in net liability/(asset)</b>		
Net liability / (asset) at the beginning of the period	129.18	148.04
Employer contributions	1.00	(29.65)
Total expense recognised in profit or loss	17.65	19.46
Total amount recognised in OCI	19.17	(8.67)
<b>Net liability / (asset) at the end of the period</b>	<b>167.00</b>	<b>129.18</b>
<b>Reconciliation of benefit obligations</b>		
Obligation at start of the period	243.02	266.43
Current service cost	8.09	8.50
Interest cost	17.98	19.72
Benefits paid directly by the company	(37.40)	(43.00)
Actuarial loss / (gain) on obligations	18.82	(8.63)
<b>DBO at the end of the period</b>	<b>250.52</b>	<b>243.02</b>
<b>Re-measurements</b>		
Actuarial gain/(loss) due to changes in financial assumptions	18.82	(8.63)
Actuarial gain/(loss) on account of experience adjustments	0.35	(0.04)
<b>Total actuarial gain/(loss) recognised in OCI</b>	<b>19.17</b>	<b>(8.67)</b>
<b>Change in fair value of plan assets</b>		
<b>Fair value of plan assets at the beginning of the year</b>	<b>113.85</b>	<b>118.39</b>
Interest on plan assets	8.42	8.76
Contributions made	(1.00)	29.65
Benefits paid	(37.40)	(42.99)
Actuarial gain/(loss) on plan assets	(0.35)	0.04
<b>Fair value of plan assets at the end of the year</b>	<b>83.52</b>	<b>113.85</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.

	2017-18	2016-17
<b>Discount rate</b>		
+ 0.50% discount rate	-	1.18
- 0.50% discount rate	-	1.26
+ 100 bps / - 100 bps	-2 / 2.2	-
<b>Salary increase</b>		
+ 0.50% salary growth	-	1.26
- 0.50% salary growth	-	1.17
+ 100 bps / - 100 bps	2.7 / -2.6	-

### (iv) Experience adjustments

	2017-18	2016-17
Defined benefit obligation	250.52	243.02
Fair value of plan assets	83.52	113.85
(Surplus)/deficit in plan assets	166.99	129.17
Experience adjustment on plan liabilities	(12.95)	(12.95)
Actual return on plan assets less interest on plan assets	9.56	10.96

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:

		2017-18	2016-17
GOI Bonds	%	0	0
Others	%	0	0
Investment with LIC	%	100	100

## E. 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 2018		31 March 2017	
	Carrying Amounts		Carrying Amounts	
	Fair Value through Profit or Loss	Other Financial Assets-Amortised Cost	Fair Value through Profit or Loss	Other Financial Assets-Amortised Cost
<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	2.75	2.75	66.55	66.55
Cash and cash equivalents	0.48	0.48	0.96	0.96
Other financial assets	-	-	5.00	5.00
	<b>3.24</b>	<b>3.24</b>	<b>72.51</b>	<b>72.51</b>
<b>Financial liabilities measured at fair value:</b>				
CCIRS instrument	-	-	-	-
Forward exchange contracts	-	-	-	-
	-	-	-	-
<b>Financial liabilities not measured at fair value:</b>				
Loans and borrowings	69.71	69.71	181.94	181.94
Trade payables	497.88	497.88	431.99	431.99
Other Financial Liabilities	29.37	29.37	40.16	40.16
	<b>596.97</b>	<b>596.97</b>	<b>654.10</b>	<b>654.10</b>

## b) Transfers between the fair value hierarchy

There were no transfers in either direction in the fair value hierarchy during the year 2017-18.

## F. Financial risk management

The Company is broadly exposed to credit risk, liquidity risk and market risk as a result of financial instruments.

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 does 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. Deposits and cash balances are placed with reputable scheduled banks.

The carrying amount of financial assets represents the Company's maximum exposure to credit risk. No other financial assets carry a significant exposure to credit risk.

### 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 is Holding Company, 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.

(₹ in Lakhs)

Particulars	31 March 2018	31 March 2017
India	2.75	66.55
Other regions	-	-
Total trade receivables	2.75	66.55

As at 31 March 2018, the Company's most significant customer, accounted for ₹2.75 lakhs of the trade and other receivables carrying amount (31 March 2017: ₹66.55 lakhs).

The movement in the loss allowance for impairment of trade receivables are disclosed in Note No. 8.

Any past due from Government Customers and those fully covered by guarantees or collaterals received are not tested for impairment. The credit quality of the financial assets is satisfactory, taking into account the allowance for doubtful trade receivables. The Company has not received any collaterals for receivables as at reporting date.

The impairment loss allowance at 31 March 2018 related to several customers that have indication that they may not pay their outstanding balances. The Company believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on 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 maintained at low levels through effective cash flow management, low borrowings and availability of adequate cash. Cash flow forecasting is performed internally by 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.

### 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 amount
	1 year or less	1 year to 5 years	5 years or more		
<b>31 March 2018</b>					
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	-	-	-	-	-
Current borrowings	69.71	-	-	-	69.71
Trade payables	497.88	-	-	-	497.88
Other Financial Liabilities	29.37	-	-	-	29.37
<b>Derivative financial liabilities</b>					
Forward contracts used for hedging:					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>596.97</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>596.97</b>
<b>31 March 2017</b>					
<b>Non-derivative financial liabilities</b>					
Non-current borrowings	-	-	-	-	-
Current borrowings	181.94	-	-	-	181.94
Trade payables	431.99	-	-	-	431.99
Other Financial Liabilities	40.16	-	-	-	40.16
<b>Derivative financial liabilities</b>					
Forward contracts used for hedging:					
- Outflow	-	-	-	-	-
- Inflow	-	-	-	-	-
	<b>654.10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>654.10</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. During the year ended 31 March 2018, there was no change to the manner in which the Company managed or measured market risk.



#### (iv) Currency risk- NIL

Foreign currency risk is the risk arising from exposure to foreign currency movement that will impact the Company's future cash flows and profitability in the ordinary course of business.

The Company operates domestically and is not exposed to currency risk on account of its borrowings, other payables and receivables being in functional currency i.e. Indian Rupees.

The currency profile of financial assets and financial liabilities as at 31 March 2018 and 31 March 2017 are as below:

(₹ in Lakhs)

Particulars	INR	USD	EURO	JPY	BRL
<b>31 March 2018</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.48	-	-	-	-
Current investments	-	-	-	-	-
Trade and other receivables	2.75	-	-	-	-
Other current financial assets	-	-	-	-	-
	<b>3.24</b>	-	-	-	-
<b>Financial liabilities</b>					
Short-term borrowings	69.71	-	-	-	-
Trade and other payables	497.88	-	-	-	-
Other current financial liabilities	29.37	-	-	-	-
	<b>596.97</b>	-	-	-	-
<b>31 March 2017</b>					
<b>Financial assets</b>					
Cash and cash equivalents	0.96	-	-	-	-
Current investments	-	-	-	-	-
Trade and other receivables	66.55	-	-	-	-
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	431.99	-	-	-	-
Other non-current financial liabilities	-	-	-	-	-
Other current financial liabilities	40.16	-	-	-	-
	<b>654.10</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 2018	31 March 2017
Fixed-rate instruments		
Financial assets	-	-
Financial liabilities	-	-
	-	-
Variable-rate instruments		
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 not invested in equity securities and hence it is not exposed to equity price risk. The Company does not invest in commodities and is not exposed to commodity price risk.

**G. 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 2018 is as follows.

(₹ in Lakhs)

Particulars	31 March 2018	31 March 2017
Total borrowings <sup>1</sup>	<b>69.71</b>	181.94
Less: Cash and bank balances <sup>2</sup>	<b>0.48</b>	0.96
Adjusted net debt	<b>69.23</b>	180.98
Total equity	<b>539.11</b>	515.16
Less: Other components of equity	-	-
Adjusted equity	<b>539.11</b>	515.16
Adjusted net debt to adjusted equity ratio	<b>0.13</b>	0.35

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.



H. Wage Revision is pending from the year 2013. A provision has been made during the year for ₹26.86 Lakhs (Previous year ₹22.66 Lakhs)

I. Previous year figures have been regrouped/reclassified wherever necessary.

For **Abarna & Ananthan**

*Chartered Accountants*

Firm Registration Number: 000003S

**C S Gopalakrishna**

Partner

Membership No.: 014706

Place: Bengaluru

Date: 21.05.2018

**For and on behalf of Board of Directors**

**R.Panneer Selvam**

Director

DIN:08075917

**B R Viswanatha**

Chairman of the Board

DIN:7363486

**Praveen Kumar Tyagi**

Company Secretary



## INDEPENDENT AUDITOR'S REPORT

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### To the Members of 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 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

#### Management's Responsibility for the Ind AS Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes 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 read with relevant rules issued thereunder.

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

#### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

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

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



### Opinion :

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

- (a) In the case of the Balance Sheet, of the state of affairs (financial position) of the Company as at 31 March, 2018,
- (b) In the case of the Statement of Profit and Loss, of the profit (financial performance including other comprehensive income) for the year ended on that date;
- (c) In the case of Statement of Changes in Equity, of the change in equity for the year ended on that date
- (d) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the "**Annexure - A**", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) 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 including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows and 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 Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
  - (f) Being a Government Company, Section 164(2) of the Companies Act, 2013 regarding 'whether any director is disqualified from being appointed as a director' is not applicable to the Company;
  - (g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure - B**"; and
  - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. the Company doesn't have any pending litigations which would impact its financial position.



- ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company
3. As required under Section 143(5) of the Act, which is applicable to the Company, findings on the directions issued by Comptroller and Auditor General of India is annexed (Refer – “**Annexure - C**”).

for **Abarna & Ananthan**  
Chartered Accountants  
Firm's registration number: 000003S

C S Gopalakrishna  
Partner  
Membership number: 014706

Place: Bengaluru  
Date: 21/05/2018



## **“ANNEXURE – A” TO THE INDEPENDENT AUDITORS’ REPORT**

**The Annexure referred to in Independent Auditors’ Report to the members of the Company on the standalone Ind AS financial statements for the year ended 31 March 2018, we report that:**

1. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all the fixed assets have been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) According to the information and explanations given to us, the records examined by us and based on the examination of the conveyance deeds provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.
2. Inventory held by the Company and other stocks lying with contractors and other parties has been physically verified by the Management at reasonable intervals during the year and no material discrepancies have been noticed on such verification.
3. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of paragraph 3 (iii) (a) (b) and (c) of the Order are not applicable to the Company.
4. In our opinion and according to the information and explanations given to us, the Company has not given any loan or made any investments or given any guarantee or security on which the provisions of the sections 185 and 186 of the Companies Act, 2013.
5. The Company has not accepted deposits during the year and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.
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 the records of the Company, undisputed statutory dues including provident fund, employees’ state insurance, income-tax, duty of customs, duty of excise, value added tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities except for delays in respect of remittance of provident fund and goods and service tax.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income tax, duty of customs, duty of excise, value added tax, service tax, goods and service tax, cess and other material statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable except GST liability for the month of July 2017 amounting to ₹14,43,995 has been is charged in April 2018.



- (c) According to the information and explanations given to us, there are no dues of income tax, duty of customs sales tax, duty of excise, service tax, goods and service tax and value added tax which have not been deposited with the appropriate authorities on account of any dispute.
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. The Company has not issued any debentures.
9. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.
10. According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
11. Being a Government company, the provisions of Section 197 read with schedule V to the Act, relating to the managerial remuneration are not applicable.
12. The Company is not a Nidhi company and therefore the provisions of Clause 3 (xii) of the Order is not applicable to the Company.
13. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.
14. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence reporting under 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 non cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **Abarna & Ananthan**

Chartered Accountants

Firm's registration number: 000003S

C S Gopalakrishna

Partner

Membership number: 014706

Place: Bengaluru

Date: 21/05/2018



## **“ANNEXURE – B” TO THE INDEPENDENT AUDITORS’ REPORT**

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

We have audited the internal financial controls over financial reporting of Vignyan Industries Limited (“the Company”) as of 31 March 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

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

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

#### **Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our

audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

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

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

A Company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, 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 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **Abarna & Ananthan**

Chartered Accountants

Firm's registration number: 000003S

C S Gopalakrishna

Partner

Membership number: 014706

Place: Bengaluru

Date: 21/05/2018



## “ANNEXURE – C” TO THE INDEPENDENT AUDITORS’ REPORT

**Report under Section 143(5) of the Companies Act, 2013 relating to the directions issued by the Comptroller and Auditor General of India**

Sl. No.	Directions	Replies
1.	Whether the Company has clear title / lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available.	The Company has title deeds for freehold property held.
2.	Whether there are any cases of waiver / write off of debts/ loans/ interest etc. If yes, the reasons thereof and amount involved.	There were no cases of waiver / write off of debts / loans / interest during the year.
3.	Whether proper records are maintained for inventories lying with third parties and assets received as gift / grant(s) from the Govt. or other authorities.	Proper records are being maintained for the inventories lying with third parties. There is no case of assets received as gift / grant(s) from Govt. or other authorities.

for **Abarna & Ananthan**  
Chartered Accountants  
Firm’s registration number: 000003S

C S Gopalakrishna  
Partner  
Membership number: 014706

Place: Bengaluru  
Date: 21/05/2018



Confidential  
By speed post



Insp./VIL Acc(2017-18)/2018-19/242  
सं./No.

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

दिनांक/ DATE.

To  
Shri B. R. Viswanatha  
Chairman,  
M/s. Vignyan Industries Limited,  
BEML Soudha, S.R. Nagar,  
Bangalore – 560 027.

23<sup>rd</sup> July 2018

Sir,

Sub: Comments of the Comptroller and Auditor General of India under  
section 143(6) (b) of the Companies Act, 2013.

I forward herewith **Non review Certificate** of the Comptroller and Auditor General  
of India under Section 143(6)(a) of the Companies Act, 2013 on the accounts of M/s.  
**Vignyan Industries Limited, Tarikere** for the year ended 31 March 2018.

It may please be ensured that the Comments are:

- printed in toto without any editing;
- placed next to the Statutory Auditors' Report in the Annual Report of the  
Company with proper indication in the index;
- Placed before the AGM as required under proviso to Section 143(6) (a) of the  
Companies Act, 2013.

The receipt of this letter may please be acknowledged.

Yours faithfully,

(N. Subramanian)  
Director (Admin)

Encl: As above.

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

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

फैक्स /Fax : 030-2226 2491



**COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA  
UNDER SECTION 143(6)(b) OF THE COMPANIES ACT, 2013 ON THE  
FINANCIAL STATEMENTS OF M/S. VIGNYAN INDUSTRIES LIMITED,  
TARIKERE FOR THE YEAR ENDED 31 MARCH 2018**

The preparation of Financial Statements of **M/s. Vignyan Industries Limited, Tarikere** for the year ended 31 March 2018 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under section 139(5) of the Act are responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their **Audit Report dated 21 May 2018**.

I, on behalf of the Comptroller and Auditor General of India, have decided not to conduct the supplementary audit of the Financial Statements of **M/s. Vignyan Industries Limited, Tarikere** for the year ended 31 March 2018 under section 143 (6) (a) of the Act.

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

  
(Santosh Kumar)

Principal Director of Commercial Audit

Place: Bengaluru

Dated: 23 July 2018



**VIGNYAN INDUSTRIES LIMITED**

(CIN : U51101KA1963PLC001510)

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

**ADMISSION SLIP**

**54<sup>th</sup> ANNUAL GENERAL MEETING**

I hereby record my presence at the 54<sup>th</sup> Annual General Meeting held on **Saturday, the 22<sup>nd</sup> September, 2018** 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.



## VIGNYAN INDUSTRIES LIMITED

(CIN : U51101KA1963PLC001510)

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

### 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 54<sup>th</sup> Annual General Meeting of the Company, to be held on **Saturday, the 22<sup>nd</sup> September, 2018 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>
<b>Ordinary Business:</b>			
1.	Approval of Audited Financial Statements for the year 2017-18		
2.	To declare the dividend for the year 2017-18		
3.	Re-election of Shri B R Viswanatha, as Director		
4.	Fixation of remuneration of the Statutory Auditors for the year 2018-19		
<b>Special Business</b>			
5.	Appointment of Shri R Paneer Selvam as Nominee Director		

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.*

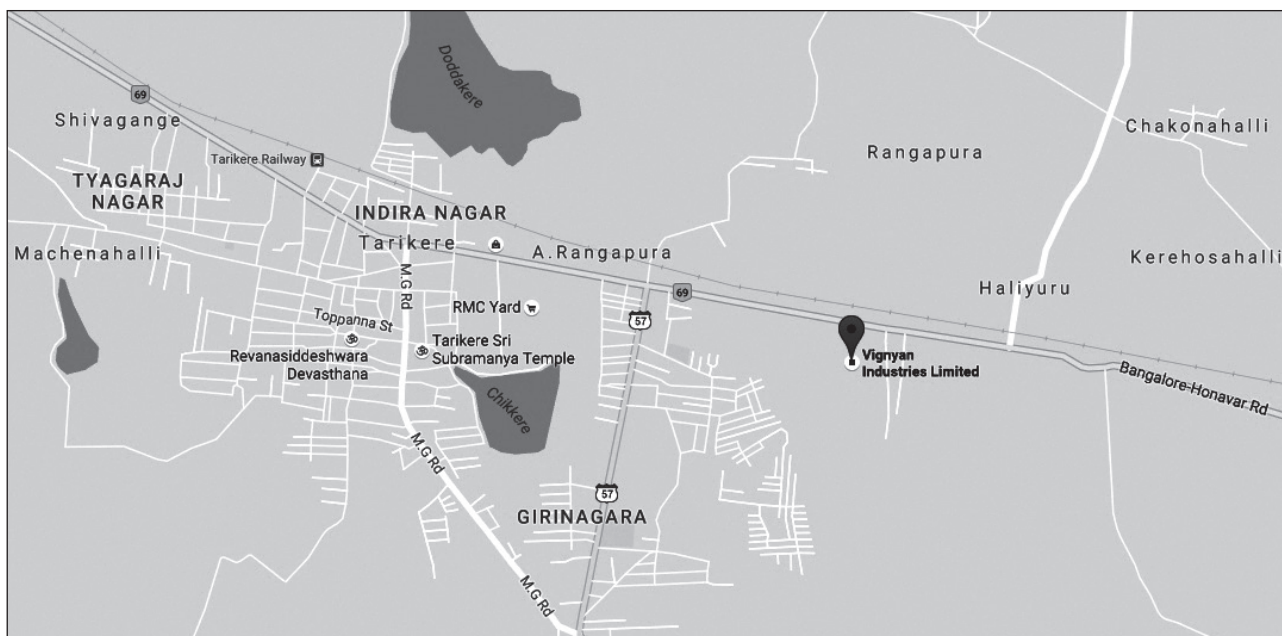


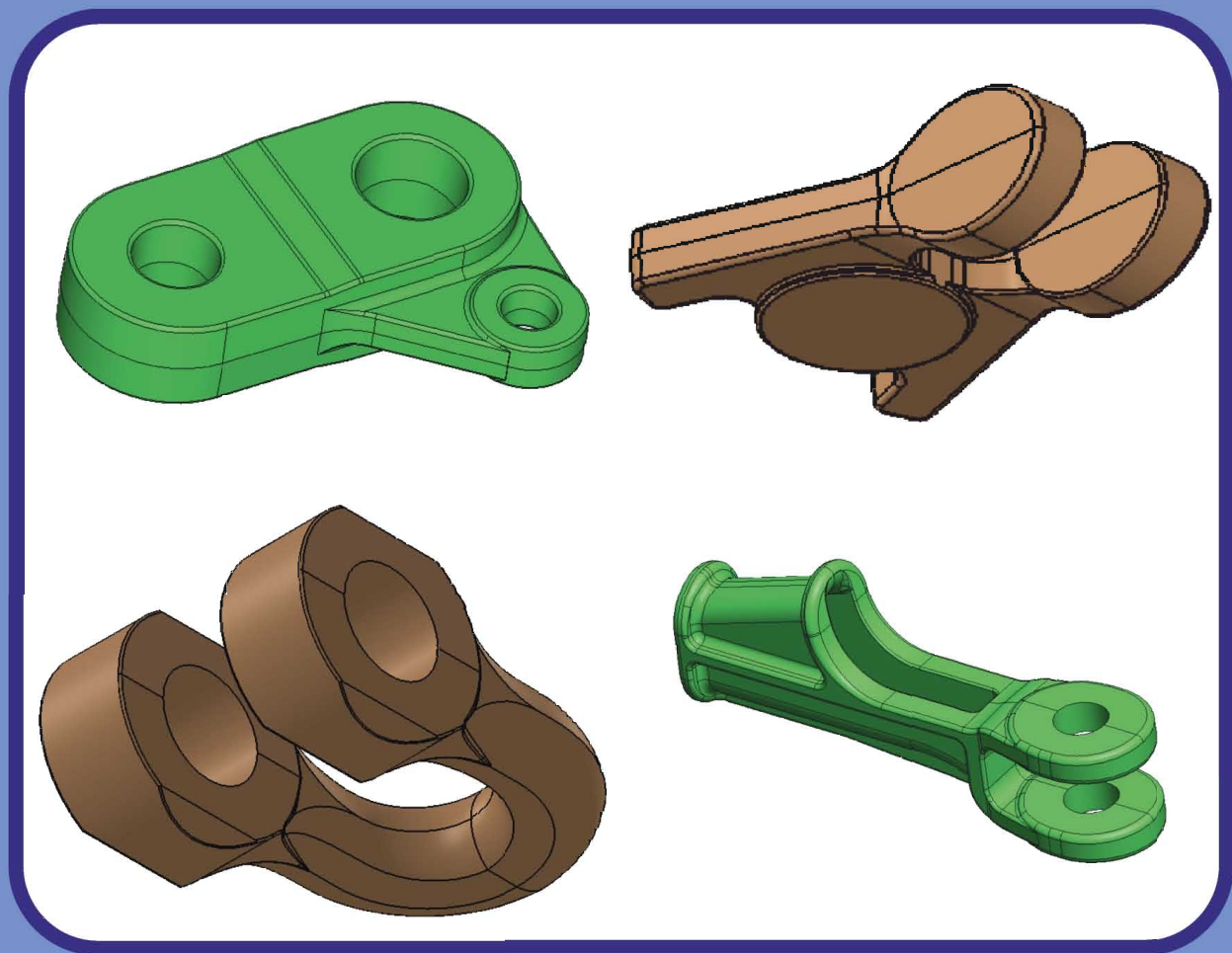
## **ROUTE MAP**

for the venue of 54<sup>th</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 :U51101KA1963PLC001510)

(A Subsidiary of BEML Limited, Bengaluru)

**Haliyur, B.H. Road, Tarikere - 577228**