

VIGNYAN INDUSTRIES LIMITED

(CIN: U51101KA1963PLC001510)

TARIKERE

ANNUAL REPORT

2015-16

ANNUAL GENERAL MEETING TO BE HELD ON

01.09.2016

12.00 HOURS

**VIL Premises
Haliyur, B.H. Road
Tarikere Post – 577228
Chikkamagaluru District
Karnataka**



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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 H Muralidhara
Nominee Director

Company Secretary

Shri S V Ravisekhar Rao

Statutory Auditors

M/s H S Shivaram & Co.
Chartered Accountants
Bengaluru

Bankers

State Bank of Mysore
Tarikere

Registered Office and Works

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

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 ₹32.18 crores as against ₹30.67 crores, thereby resulting an increase of 4.92% over the previous year. The value of production of the Company stood at ₹30.88 crores as against ₹31.50 crores and Profit before Tax of ₹0.32 crores as against loss of ₹0.85 crores suffered in the previous year. The production was low due to major breakdown of Crane, 2-ton melting furnace and green sand moulding machine apart from shortage of melting scrap. However, the Company had improved its performance during the year mainly on account of increase in the sale price of the castings based on the prevailing prices for similar castings in the market.

Your Company is planning to explore new markets for reducing dependency on M/s. BEML Limited, the holding company. However, in anticipation of orders from BEML for high alloy grade castings like T-72 and Tatra Variants relating to Defence business, Axle Box, Buffer Assembly relating to Rail business, and new castings for Mining & Construction business, necessary development and production are planned. Your Company has secured order from MIDHANI, another Defence CPSE based at Hyderabad, to manufacture and supply 100 MTs of ballast castings of U-2 grade steel valued about ₹1.35 Crs. 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 remained at 1,739 MTs as on 01.04.2016. In addition, fresh orders for castings are expected from BEML as well as from other customers. Your Company is confident that the efforts being put-in towards higher turnover will fructify soon. With these plans and priorities, your Company is looking forward to achieve better results during the current financial year.

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

Further, on performance levels, your Company is rated as "Fair" for the financial year 2015-16 based on self-evaluation made in terms of the Memorandum of Understanding signed with BEML.

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

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

With warm regards,

Sd/-

(B R Viswanatha)

Chairman of the Board



FINANCIAL HIGHLIGHTS

(₹ in Lakhs)

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07
CAPITAL :										
Equity Capital	278.97	278.97	278.97	278.97	278.97	278.97	278.97	278.97	278.97	278.97
Net Worth	460.59	415.92	445.33	542.12	812.64	730.87	904.12	713.32	584.50	540.32
Loan from BEML	-	-	-	-	-	-	-	-	-	19.46
Loans from Banks & Others	179.27	193.24	187.07	152.17	377.48	626.15	729.76	145.47	78.77	67.01
Gross Block	1,693.85	1,673.42	1,657.16	1,657.16	1,655.34	1,651.88	1,626.69	693.75	687.38	646.91
Inventories	644.38	794.74	926.77	1,482.38	1,502.85	895.04	737.81	530.80	565.20	554.87
Trade Receivables	-	0.02	-	0.45	3.34	-	75.84	66.03	146.18	19.36
Working Capital	(304.27)	(422.90)	(558.30)	(485.45)	(262.89)	(154.58)	583.26	455.41	376.72	337.49
Capital Employed	485.59	417.49	351.41	500.64	724.23	979.89	1,769.23	760.32	702.20	639.60
REVENUE :										
Sales	3,218.08	3,066.72	3,675.12	2,747.03	3,920.77	3,384.00	3,591.34	3,527.12	3,328.89	2,451.47
Value of Production	3,087.98	3,150.01	3,073.11	2,567.28	4,529.36	3,569.98	3,746.17	3,564.53	3,240.66	2,617.14
Value Added	1,520.45	1,430.35	1,447.64	1,255.35	2,214.37	1,676.87	1,982.12	1,888.40	1,705.86	1,423.36
Profit before Depreciation & Interest	126.07	17.11	(46.16)	(104.82)	207.72	(13.09)	378.73	237.97	218.68	182.38
Depreciation & amortization expense	70.96	77.86	76.38	76.90	76.77	76.69	51.88	26.94	25.58	31.10
Profit before Interest & Tax	55.11	(60.75)	(122.54)	(181.72)	130.95	(89.78)	326.85	211.03	193.10	151.28
Finance Costs	23.49	23.85	22.23	46.10	66.31	70.36	34.96	5.06	9.12	6.81
Profit before Tax	31.62	(84.60)	(144.77)	(227.82)	64.64	(160.14)	291.89	205.97	183.98	144.47
Tax expense	13.05	(62.92)	(47.97)	42.70	(17.13)	13.10	120.83	74.64	71.79	40.90
Profit After Tax	44.67	(21.68)	(96.80)	(270.52)	81.77	(173.24)	171.06	131.33	112.19	103.57
Dividend (Excluding Tax)	-	-	-	-	-	-	20.92	20.92	13.95	-
PRODUCTION (in MT)	2,204	2,240	2,326	1,974	4,085	4,120	4,254	4,276	3,527	3,362
SALES (in MT)	2,285	2,211	2,726	2,181	3,608	3,932	4,095	4,444	4,054	3,030
Power Consumed (in lakh units)	38.41	39.62	41.93	36.79	64.32	63.76	62.24	61.79	55.68	50.51
RATIOS :										
Profit before Tax to Sales	0.98	(2.76)	(3.94)	(8.29)	1.65	(4.73)	8.13	5.84	5.53	5.89
Profit after Tax to Networth	9.70	(5.21)	(21.74)	(49.90)	10.06	(23.70)	18.92	18.41	19.19	19.17
Inventory in No. of days of Value of Production	76	92	110	211	121	92	72	54	64	77
Trade Receivables in No. of days of Sales	-	-	-	0.1	0.3	-	8	7	16	3



NOTICE

NOTICE is hereby given that the 52nd Annual General Meeting of M/s Vignyan Industries Limited will be held on **Thursday, the 1st September, 2016 at 12.00 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 Statements for the year ended 31.03.2016, and the Reports of the Board of Directors and Auditors thereon.
- (2) To elect a Director in place of Shri G Sudhindra, who retires by rotation and being eligible, offers himself for re-appointment.
- (3) To elect a Director in place of Dr. S Venkateswaran, who retires by rotation and being eligible, offers himself for re-appointment.
- (4) To fix the remuneration of the Auditors for the year 2016-17.

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 B R Viswanatha (*DIN 07363486*), who was appointed as Additional Director of the Company with effect from 01.02.2016 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.”

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

“RESOLVED that Shri R H Muralidhara (*DIN 07363484*), who was appointed as Additional Director of the Company with effect from 19.05.2016 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/-

S V Ravisekhar Rao
Company Secretary

Tarikere
02.08.2016



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 at www.bemlindia.com/vignyan.php for more information on the Company.
- (viii) Members are requested to address all correspondence in relation to share matters to the Company at the following address :

Vignyan Industries Limited

Haliyur, B.H. Road

Tarikere Post - 577 228

Chikkamagaluru District, Karnataka

Ph : 08261-222313, 222256

E-mail : v.vil@beml.co.in

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

<i>Dividend for the year</i>	<i>Date of Declaration</i>	<i>Due for transfer on</i>
2008-09	13.08.2009	17.09.2016
2009-10	06.08.2010	10.09.2017

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



Statement pursuant to Section 102 of the Companies Act, 2013

Item Nos. 5 to 6 - Appointment of Directors:

Shri B R Viswanatha (DIN07363486), Nominee Director / Chairman of the Board

Shri B R Viswanatha is nominated as Director on the Board of the Company with effect from 01.02.2016. He is a Mechanical Engineer from National Institute of Engineering, Mysuru, and holds Master's degree in Engineering from the Indian Institute of Science, Bengaluru.

Shri Viswanatha joined M/s BEML Limited, the holding company, during 1984. Over the period, he served in various capacities in different functional areas like Production, Quality Engineering and Marketing. Prior to assuming charge as Director (Mining & Construction Business) of BEML on 01.02.2016, he was the Executive Director heading its KGF Complex.

Shri R H Muralidhara (DIN07363484), Nominee Director

Shri R H Muralidhara is nominated as Director on the Board of the Company with effect from 19.05.2016. He is graduated in Mechanical Engineering from Mysore University. He joined BEML Limited, the holding company in the year 1983. Over the period, Shri Muralidhara served in various capacities in different functional areas of BEML including Quality, Planning, Production in Defence as well as Mining & Construction vertical apart from heading Mysuru Complex. Prior to assuming the charge as Director (Defence Business) of BEML on 01.03.2016, he was the Chief General Manager, Defence Production at KGF Complex.

S/s B R Viswanatha and R H Muralidhara, being the appointees concerned, are considered to be interested in the resolutions. The Board commends the resolutions for the approval of the members.

By order of the Board
For Vignyan Industries Limited

Sd/-

S V Ravisekhar Rao
Company Secretary

Tarikere
02.08.2016



BOARD'S REPORT

Your Directors have pleasure in presenting the 52nd Annual Report and the Audited Accounts of the Company for the financial year ended 31.03.2016.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	2015-16	2014-15
Sales	3218.08	3066.72
Value of Production	3087.98	3150.01
Value Added	1520.45	1430.35
Profit before Depreciation, Interest & Tax	126.07	17.11
Depreciation	70.96	77.86
Profit before Interest & Tax	55.11	(60.75)
Interest	23.49	23.85
Profit before Tax	31.62	(84.60)
Tax expense (reduction in DTL - MAT)	13.05	(62.92)
Profit after Tax	44.67	(21.68)
Transfer to General Reserve (due to change in method of depreciation)	—	(7.73)
Profit available for appropriation	171.44	126.77
Appropriations : Profit & Loss Account	171.44	126.77
Net worth	460.59	415.92

TURNOVER AND PROFITABILITY

During 2015-16, your Company achieved the turnover of ₹32.18 Crs as against ₹30.67 Crs, resulting an increase of 4.92% over the previous year. The Value of Production (VoP) stood at ₹30.88 Crs and Profit before Tax at ₹0.32 Crs as against VoP of ₹31.50 Crs and Loss of ₹0.85 Crs respectively during 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 31.03.2016 till the date of this report.

FUTURE OUTLOOK

Your Company is planning to explore new markets for reducing dependency on M/s. BEML Limited, the holding company. However, in anticipation of orders from BEML for high alloy grade castings like

T-72 and Tatra Variants relating to Defence business, Axle Box, Buffer Assembly relating to Rail business, and new castings for Mining & Construction business, necessary development and production are planned. Your Company has secured order from MIDHANI, another Defence CPSE based at Hyderabad, to manufacture and supply 100 MTs of ballast casting of U-2 grade steel valued about ₹1.35 Crs. 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 remained at 1,739 MTs as on 01.04.2016. In addition, fresh orders for castings are expected from BEML as well as from other customers. With this your Company is confident of achieving better results for the financial year 2016-17.

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 2014-15 and the rating for the financial year 2015-16 remains as "Fair" based on self-evaluation.

Further, the MoU targets for the FY 2016-17 are set at ₹33.36 crores for Revenue from Operations (Net of Excise duty) and ₹0.68 crores for Profit before Tax (excluding other income, extraordinary and exceptional items).

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 Mysore. There was no overdue installment of principal and / or interest to the Bank.

The Company's contribution to exchequer was in the order of ₹5.18 Crs during the year by way of Excise Duty, Customs Duty, Sales Tax, Service Tax, Cess, Income Tax, etc., as against ₹4.94 Crs contributed during the previous year.

FIXED DEPOSITS

The Company has not accepted any deposits during the year and there is no unpaid deposits and / or interest on deposits as on 31.03.2016.

ENTERPRISE RISK MANAGEMENT

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

RELATED PARTY TRANSACTIONS

During the year 2015-16, all related party transactions that were entered into with M/s BEML Limited, the holding company, were fair, transparent and at arm's length basis and also in the ordinary course of business of the Company. Further, no materially significant related party transactions have been entered into by the Company with the Directors or management or their relatives that may have a potential conflict of the interest with the Company. Further, all the related party transactions were duly considered and approved by the Audit Committee.

VIGILANCE

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

During the year, the department has conducted

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

The Vigilance Awareness Week-2015 was observed from 26.10.2015 to 31.10.2015 with the theme 'Preventive Vigilance as a tool of good governance'.

MICRO AND SMALL ENTERPRISES

The Micro and Small Enterprises continue to get support and preference from your Company. The Company procured items worth ₹1.96 Crs constituting 12.70% of the total procurement value of ₹15.43 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 2015-16 the Company received six applications seeking information relating to human resources, excise duty and Provident Fund and the same were disposed off.

RAJBHASHA

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

CORPORATE GOVERNANCE

Your Company is implementing the DPE Guidelines on Corporate Governance for CPSEs-2010 issued by



the Department of Public Enterprises, Government of India and scored 'Excellent' in compliance with rating for the year 2015-16.

A report on Corporate Governance along with a Compliance Certificate and Management Discussion and Analysis Report as required under the said Guidelines are placed at *Annexure-II*.

MANPOWER

The manpower strength of the Company as on 31.03.2016 stood at 95 as against 113 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 543 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 2015-16.

ENVIRONMENT AND POLLUTION CONTROL

In order to protect the environment in and around the foundry premises, tree plantation were undertaken. 250 Saplings of various species of avenue tree/flower bearing trees were planted in and around the foundry premises for maintaining the ecological balance. Further, measures have also been taken to protect the existing flora and fauna in the vicinity of the foundry premises.

PARTICULARS OF EMPLOYEES

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

STATUTORY AUDITORS

The Comptroller and Auditor General of India has appointed M/s H S Shivaram & Co., Chartered Accountants, Bengaluru, as the Statutory Auditors of the Company for the financial year 2015-16.

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 statements, which were 'Nil', are appended at Page No. 56 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 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 / provided by the Company.

(iii) Change in Directors:

Shri B R Viswanatha, Director (Mining &



Construction Business) of the holding company, M/s BEML Limited, has been nominated as Additional Director on the Board of the Company with effect from 01.02.2016 in place of Shri C N Durgesh. Further, Shri R H Muralidhara, Director (Defence Business), M/s BEML Limited, has been nominated as Additional Director on the Board of the Company with effect from 19.05.2016 in place of Shri Pradeep Swaminathan, who had resigned from the services of the holding company. The Board placed on record its appreciation of the invaluable services rendered by Shri C N Durgesh and Shri Pradeep Swaminathan, as Directors.

(iv) Number of meetings of Board:

During the year, five meetings were held on 21.05.2015, 05.08.2015, 03.11.2015, 12.01.2016 and 28.01.2016. Requirements on number and frequency of meetings were complied with in full in terms of Section 173 of the Companies Act, 2013 and Para 3.3.1 of the DPE Guidelines on Corporate Governance for CPSEs-2010.

(v) Directors' Responsibility Statement

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

- (a) in the preparation of the annual financial statements for the year ended 31.03.2016, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- (b) such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31.03.2016 and of the profit of the Company for the year ended on that date;

- (c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual financial statements have been prepared on a going concern basis;
- (e) proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXTRACT OF ANNUAL RETURN

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

ACKNOWLEDGEMENTS

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

Bengaluru
19.05.2016

Sd/-
B R Viswanatha
Chairman of the Board



Energy Conservation, Technology Absorption and Foreign Exchange Earnings & Outgo:
(A) CONSERVATION OF ENERGY**(a) Steps taken or impact on conservation of energy**

- (i) Usage of 25 Nos. of CFL bulbs has resulted in saving of 2,250 units, amounting to ₹0.17 lakhs.
- (ii) Switching-off the Air Compressors during idle hours has resulted in saving of 2,94,030 units (2,550 hours), amounting to ₹21.75 lakhs.

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

NIL

(c) Capital investment on energy conservation equipments

NIL

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

Company is adopting conventional foundry technology only.

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

Not Applicable.

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

NIL

(iv) The expenditure incurred on Research and Development

NIL

(C) FOREIGN EXCHANGE EARNINGS & OUTGO

25,500 EUROS spent on purchase of Emission spectrometer from M/s Bruker, Germany for checking chemical composition of castings.

For and on behalf of the Board of Directors

Sd/-

B R Viswanatha
Chairman of the Board

Bengaluru
19.05.2016

**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 elimination of conflict of interest. In keeping with this professional approach, the Company is implementing the precepts of corporate governance in letter and spirit.

2. BOARD OF DIRECTORS**(i) Composition**

As at March 31, 2016, the Board consisted of 5 directors comprising two Nominee Directors of the holding company and three Independent Directors. There were no Executive Directors on the Board of the Company.

(ii) Meetings and Attendance

During the year under review, your Board met five times on 21.05.2015, 05.08.2015, 03.11.2015, 12.01.2016 and 28.01.2016. Requirements on number and frequency of meetings in terms of Para 3.3.1 of the DPE Guidelines and Companies Act, 2013 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 director- ships held
1	Shri. B R Viswanatha ^s (DIN 07363486)	Chairman of the Board, Non-Executive	-/-	-	1
2	Prof. S. Sadagopan (DIN 00118285)	Director, Non-Executive	4/5	Yes	3
3	Shri G. Sudhindra (DIN 06565237)	Director, Non-Executive	3/5	Yes	-
4	Dr. S Venkateswaran (DIN 06822317)	Director, Non-Executive	5/5	Yes	-
5	Shri C N Durgesh [#] (DIN 03487810)	Chairman of the Board, Non-Executive	5/5	Yes	-
6	Shri Pradeep Swaminathan [@] (DIN 06565229)	Chairman of the Board, Non-Executive	5/5	Yes	1

^s. Appointed as director w.e.f 01.02.2016

[#]. Ceased to be director on 29.01.2016

[@]. Ceased to be director on 03.05.2016



(iii) Directors retiring by rotation

Shri G Sudhindra and Dr. S Venkateswaran will be retiring by rotation at the ensuing AGM and being eligible, offer themselves for re-appointment. The Board commends the re-appointment of the said retiring directors.

(iv) Directors' Shareholding

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

(v) Review of Compliance of Laws

In terms of the provisions of the Companies Act, 2013 and Para 3.3.3 of the DPE Guidelines, the Board reviewed the compliance reports relating to various laws applicable to the Company for the year 2015-16 and noted that there was no instance of non-compliance.

(vi) Training for Board of Directors

In terms of Para 3.7 of the DPE Guidelines, a "Policy on Training for new Board of Directors" has been put in place. As part of this, training is imparted to them on business model of the Company including risk profile of the business, corporate governance, responsibility of respective directors and the manner in which such responsibilities are to be discharged.

(vii) Code of Conduct

The Company has formulated "Code of Conduct for Directors and Senior Management" for better corporate governance and fair / transparent practices. A copy of the same has been circulated to all concerned. The Board members and senior management personnel, i.e., directors and general manager, have affirmed their compliance with the code for the year 2015-16. 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 31.03.2016.

On behalf of the Board of Directors

Sd/-

*Bengaluru
19.05.2016*

***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 2015-16, the Audit Committee met four times on 21.05.2015, 05.08.2015, 03.11.2015 and 28.01.2016 and requirements on number and frequency of meetings were complied with in full.



Members of Audit Committee and the details of their attendance in the meetings are given below:

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

The Company Secretary acts as Secretary of the Committee. The Chairman of the Audit Committee attended the 51st AGM for replying to the shareholder queries relating to the accounts of the Company.

(ii) Remuneration Committee

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

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

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

(iii) Share Transfer Committee

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

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

Company Secretary acts as the Compliance Officer.

4. REMUNERATION OF DIRECTORS

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

Independent Directors are paid sitting fee of ₹10,000/- per meeting of the Board / Committee of the Board attended and if they, attend more than one meeting on the same day, a sitting fee of ₹5,000/- is paid for each of such additional meeting. Conveyance for attending Board / Committee meetings is met by the Company. Details of sitting fees paid to the Independent Directors during the year 2015-16 are given below:

S.No.	Name of the Director	Sitting fee (Amount ₹)
1	Prof S. Sadagopan	55,000
2	Shri G. Sudhindra	45,000
3	Dr. S. Venkateswaran	70,000
	Total	1,70,000

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
2014-15	Registered office at Tarikere	03.09.2015 at 11.30 hrs
2013-14	Registered office at Tarikere	27.08.2014 at 11.30 hrs
2012-13	Registered office at Tarikere	06.09.2013 at 11.30 hrs

During 2012-13, a special resolution was passed at the 49th Annual General Meeting held on 06.09.2013 for altering the Articles of Association by way of inserting Article No.16(a) relating to Buy-back of Shares in compliance with the directives of DPE. No special resolution was put through postal ballot during the year under review.



6. ENTERPRISE RISK MANAGEMENT

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

7. DISCLOSURES

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

- During the year 2015-16, all related party transactions that were entered into with M/s BEML Limited, the holding company, were fair, transparent and at arm's length basis and also in the ordinary course of business of the Company. Further, no materially significant related party transactions have been entered into by the Company with the Directors or management or their relatives that may have a potential conflict with the interest of the Company. Details of related party transactions as per Accounting Standard-18 issued under the Accounting Standards Rules, 2006 are given in Note No. 24(B) of the Notes forming part of financial statements and the same were duly considered and approved by the Audit Committee.
- The Company's financial statements have been prepared based on the applicable Accounting Standards issued by the Institute of Chartered Accountants of India.
- There were no cases of non-compliances by the Company and no penalties or strictures were imposed on the Company by any statutory authority, or any matter related to any guidelines issued by the Government, during last three years.
- The Company has not entered into any contract or arrangement in which the

Directors are interested in terms of section 184(2) and 188 of the Companies Act, 2013.

- Senior management personnel have affirmed to the Board that their personal interest in all material, financial and commercial transactions had no potential conflict with the interest of the Company at large.

8. MEANS OF COMMUNICATION

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

9. GENERAL SHAREHOLDER INFORMATION

- (i) The 52nd Annual General Meeting for the year 2015-16 is scheduled on Thursday, the 1st September, 2016 at 12.00 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 31.03.2016

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

- (iv) Unclaimed Dividends

Under the provisions of the Companies Act, 1956, any amount that remains unclaimed in



the Unpaid Dividend Account of the Company for a period of 7 years from the date of transfer to the said account, has to be transferred to the Investor Education and Protection Fund (IEPF) administered by the Central Government.

The unclaimed dividend amount for the respective years is as under:

<i>Dividend for the year</i>	<i>Date of Declaration</i>	<i>Unclaimed as on 31.03.2016 (₹ in lakhs)</i>	<i>Due for transfer on</i>
2008-09	13.08.2009	0.52	17.09.2016
2009-10	06.08.2010	0.53	10.09.2017
Total (including interest)		1.05	

Members who have not encashed the dividend cheques / warrants issued by the Company may write to the Company for claiming such unclaimed dividend amount.

(v) Address for correspondence :

M/s. Vignyan Industries Limited,
Haliyur, B.H. Road,
Tarikere Post – 577 228,
Chikkamagaluru District, Karnataka
Ph : 08261 – 222313 / 222252
e-mail ID : v.vil@beml.co.in

10. COMPLIANCE UNDER CORPORATE GOVERNANCE

- (i) Your Company submitted quarterly compliance report on Corporate Governance as per prescribed format to the Ministry of Defence (MoD) within 15 days from the close of each calendar quarter.
- (ii) Further, your Company submitted grading reports on the compliance with the Corporate Governance with MoD on quarterly and annual basis, and with the Department of Public Enterprises. As per the grading report for the year 2015-16, 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, 2016. 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
18.05.2016



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 31.03.2016.

Progress during 2015-16:

During 2015-16, the GDP of the Indian economy increased to 7.6% (estimated) as compared to 7.2% 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 ₹32.18 Crs as against ₹30.67 Crs in the previous year.

(ii) Strengths and Weaknesses:

(a) Strengths:

- ❖ Capability to pour wide range of castings up-to 1000 kgs.
- ❖ Ease of transportation as plant is located in Tarikere on National High way.

- ❖ Stabilized quality system - ISO & RDSO class "A" foundry accreditation.

(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.

(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.
- ❖ Significant dependence on a single or a tailor made refractory shapes and non-availability of foundry sand.



(iv) Segment-wise or Product-wise performance during 2015-16:

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

(v) Outlook:

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

The order book position remained at 1739 MTs as on 01.04.2016. In addition, further casting requirements expected from BEML as well as from other customers. With this your Company is confident of achieving better results for the financial year 2016-17.

(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.

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	2015-16	2014-15
a) Sales	3218.08	3066.72
b) Value of Production	3087.98	3150.01
c) Profit before Tax	31.62	(84.60)
d) Profit after Tax	44.67	(21.68)
e) Networth	460.59	415.92
f) Inventory	644.38	794.74
g) Trade Receivables	-	0.02
Profit before Tax to Sales in % (c/a*100)	0.98	(2.76)
Profit after Tax to Networth in % (d/e*100)	9.70	(5.21)
Inventory in no. of days of VoP (f/b*365)	76	92
Trade Receivables / Sales in days (g/a*365)	-	0.002



During 2015-16, your Company achieved the turnover of ₹32.18 Crs as against ₹30.67 Crs, resulting an increase in turnover of 4.92% over the previous year. The Value of Production (VoP) stood at ₹30.88 Crs and Profit before Tax at ₹0.32 Crs as against of ₹31.50 Crs and Loss of ₹0.85 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 on 31.03.2016 stood at 95 as against 113 during previous year. During the year, 543 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

Bengaluru
19.05.2016

Sd/-
B R Viswanatha
Chairman of the Board

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

as on the financial year ended 31.03.2016

[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
Chikkamagaluru 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, #23/1, 4th Main, S.R. Nagar, Bengaluru-560 027	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	
A. Promoters									
(1) Indian									
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....									
Sub-total (A) (1):	-	269376	269376	96.56	-	269376	269376	96.56	-
(2) Foreign									
a) NRIs Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (A) (2):									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	-	269376	269376	96.56	-	269376	269376	96.56	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Com.									



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	
g) FIIs h) Foreign Venture Capital Funds i) Others (specify)									
Sub-total (B)(1):-									
2. Non- Institutions									
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)									
Sub-total (B)(2):-	-	9590	9590	3.44	-	9590	9590	3.44	-
Total Public Shareholding (B)=(B)(1)+ (B)(2)	-	9590	9590	3.44	-	9590	9590	3.44	-
C. Share held by custodian for GDRs & ADRs									
Grand Total (A+B+C)	-	278966	278966	100.00	-	278966	278966	100.00	-

**(ii) Shareholding of Promoters:**

Sl. No.	Share holder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% changes in share holding during the year
		No of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	BEML Limited	269376	96.56	0	269376	96.56	0	Nil
	Total	269376	96.56	0	269376	96.56	0	Nil

(iii) Change in Promoters' Shareholding:

	Shareholding at the beginning of the year		Cumulative Shareholding for the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	269376	96.56	269376	96.56
Date wise Increase/ Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment /transfer / bonus/ sweat equity etc):	Not Applicable			
At the end of the year			269376	96.56

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

For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding for the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year				
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. Shri B K Krishnaiah	200	0.07	200	0.07
10. Smt. Lakshmi Shedthi	200	0.07	200	0.07



<i>Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):</i>	Not Applicable	
<i>At the end of the year (or on the date of separation, if separated during the year)</i>	<i>No. of shares</i>	<i>% of total shares of the Coompany</i>
1. Shri M S Manjappa	500	0.18
2. Smt. Jayanthimala S Hegde	445	0.16
3. Smt Pushpavathi Shedthi	400	0.14
4. Shri B S Chetan	360	0.13
5. Shri T Nagappa	300	0.11
6. Smt D Parvathamma	274	0.09
7. Prof. P Shivaji Shetty	250	0.08
8. Dr. S Suresh	250	0.08
9. Shri B K Krishnaiah	200	0.07
10. Smt. Lakshmi Shedthi	200	0.07

(v) Shareholding of Directors and Key Managerial Personnel:

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

V. Indebtedness:

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

(₹)

	<i>Secured Loans excluding deposits</i>	<i>Unsecured Loans</i>	<i>Deposits</i>	<i>Total Indebtedness</i>
<i>Indebtedness at the beginning of the financial year as on 01.04.2015</i>				
i) Principal Amount	19323903	-	2895999	22219902
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	19323903	-	2895999	22219902



(₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year				
· Addition	-	-	616432	616432
· Reduction	1397146	-	-	1397146
Net Change	1397146	-	616432	780714
<i>Indebtedness at the end of the financial year 31.03.2016</i>				
i) Principal Amount	17926757	-	3512431	21439188
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	17926757	-	3512431	21439188

VI. Remuneration of Directors and Key Managerial Personnel:*A. Remuneration to Managing Director, Whole-time Directors and/or Manager:*

Not Applicable

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>Dr. S Venkateswaran</i>	
· Fee for attending Board/ Committee meetings	55,000/-	45,000/-	70,000/-	1,70,000/-
· Commission	Nil	Nil	Nil	Nil
· Others, please specify	Nil	Nil	Nil	Nil
Total (1)	55,000/-	45,000/-	70,000/-	1,70,000/-



Other Non-Executive Directors				
<i>Particulars of Remuneration</i>	<i>Name of Directors</i>			<i>Total Amount in ₹</i>
	<i>Shri P Swaminathan</i>	<i>Shri BR Viswanatha</i>	<i>--</i>	
Nominee Directors of BEML Limited (Holding Company)				
· Fee for attending Board/ Committee meetings	-	-	-	-
· Commission	-	-	-	-
· Others, please specify	-	-	-	-
Total (2)	0	0	0	0
Total (B)=(1+2)	55,000/-	45,000/-	70,000/-	1,70,000/-
Total Managerial Remuneration	55,000/-	45,000/-	70,000/-	1,70,000/-
Overall Ceiling as per the Act	Not Applicable			

C. *Remuneration to Key Managerial Personnel other than MD/Manager /WTD:*

Not Applicable

VII. Penalties / Punishment/ Compounding of Offences:

Not Applicable



SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The financial statements are prepared and presented under the historical cost convention, in accordance with Generally Accepted Accounting Principles in India (GAAP), on the accrual basis of accounting, except as stated herein. GAAP comprises of the mandatory Accounting Standards (AS) prescribed by the Central Government, to the extent applicable, and the provisions of the Companies Act, 2013 and these have been consistently applied.

2. Use of Estimates

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

3. Fixed Asset

A) Capitalisation:

- (a) The Fixed Assets are stated at cost.
- (b) The cost of the Fixed Asset comprises its purchase price and any attributable cost of bringing the asset to its working condition for its intended use.
- (c) Expenditure on land development is capitalised.
- (d) Expenditure on reconditioning, rebuilding and major overhaul of an asset are capitalized if technical assessment indicates increase in future

benefits from the existing assets beyond its previously assessed standards of performance (increase in capacity or life or efficiency or productivity).

- (e) Jigs and fixtures of unit value of ₹0.50 lakhs and above are capitalized and those with unit value below ₹0.50 lakhs are charged off in the year of incurrence.

B) Depreciation

- (a) Depreciation is charged on Straight Line Method basis 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), calculated from the month following the month of capitalization. Depreciation on additions or extensions to existing assets is provided so as to co-terminate with the life of the original asset if it becomes integral part of the existing asset or on useful life of the asset if it is capable of independent use.
- (b) For Assets whose unit cost does not exceed ₹5000/- depreciation is provided at the rate of hundred percent in the year of capitalization.
- (c) Cost of leasehold land is amortised over the period of lease on pro-rata basis.
- (d) Jigs & Fixtures which are capitalized are depreciated over a period of three years.

C) Borrowing Cost

Borrowing Costs that are directly attributable to the acquisition, construction or production of a qualifying fixed asset are capitalised as part of the cost of the asset.



D) **Impairment of Assets**

The Company assesses the impairment of assets at each Balance sheet date. The loss on account of impairment, if any, is accounted accordingly.

4. **Intangible Assets**

(a) **Software**

The cost of software internally generated/purchased for internal use which is not an integral part of the related hardware is recognised as an Intangible Asset and is amortised on straight line method based on technical assessment for a period not exceeding ten years. Software which is an integral part of related hardware is capitalised along with the hardware.

(b) **Technical Know-how**

Expenditure on Technical Know-how is recognised as an Intangible Asset and amortised on straight line method based on technical assessment for a period not exceeding ten years.

For Sl.No. (a) & (b) above, amortization commences from the month following the month during which the asset is available for use.

5. **Inventory Valuation**

- (i) Raw materials, Components, Stores and Spare parts are valued at lower of Weighted Average Cost and estimated net realizable value.
- (ii) Work-in-progress is valued at lower of cost of materials, labour & production overheads based on normative capacity and estimated net realizable value.
- (iii) Finished stock is valued at lower of cost and estimated net realizable value.
- (iv) Estimated costs are considered wherever actual costs are not available.

(v) The cost is adjusted for decline in value by writing down the value based on specific identification. Necessary provision is made for non-moving items.

(vi) Based on technical assessment, provision is made for revalidation/refurbishment of finished goods.

(vii) Scrap is valued at estimated net realizable value.

6. **Advances from customers**

Advances from customers include advances / progress payments received as per letters of intent / sale contracts and are net after adjustments for sales accounted under respective contracts.

7. **Sales/Other Income**

(i) Sales for products viz., equipments, aggregates, attachments, spares and ancillary products is recognised when risks and rewards of ownership pass on to the customer as per contractual terms.

(ii) Where sale prices are not established, sales are recognised provisionally at prices likely to be realised. Difference, if any, is accounted in the year of finalization of price.

(iii) Sales include excise duty wherever applicable but exclude sales tax.

(iv) Duty drawback claims on exports are accounted on preferring the claims.

(v) Claims for escalation are recognised as per escalation formula provided in the contract. If the contract does not provide for escalation, claim for the same is recognized on acceptance by the customer.



8. Employee Benefits

- (i) Short term employee benefits are recognised as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered.
- (ii) Post employment and other long term employee benefits are recognised as an expense in the profit and loss account for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable, determined using actuarial valuation techniques. Actuarial gain and losses in respect of post-employment and other long term benefits are charged to the profit and loss account.

9. Foreign Currency

- (i) Transactions in foreign currency are recorded in rupees by applying to the foreign currency amount, the exchange rate prevailing as on the date of transaction.
- (ii) The outstanding balances of monetary items relating to foreign currency transactions are stated in rupees by adopting the rate of exchange prevailing on the date of Balance Sheet.
- (iii) Exchange rate differences consequent to restatement / settlement are recognised as income / expenditure.
- (iv) In the case of forward exchange contracts, the premium or discount arising at the inception of the contract is accounted for over the life of the contract. Exchange differences on such a contract are recognised in the statement of profit or loss in the reporting period in which the exchange rate changes.

10. Contractual Obligations

Warranty liability for contractual obligation in respect of equipments/spares sold to customers is ascertained on the basis of an annual technical assessment.

11. Research & Development

Research expenditure is charged off in the year of incurrence. The expenditure on development of new products is capitalized or where the same is intended for sale, it is inventorised. Amortization of the capitalised expenditure is on straight line method based on technical assessment for a period not exceeding ten years. The amortization commences from the month following the month during which the asset is available for use. Expenditure on fixed assets relating to Research & Development is capitalised.

12. Prior Period Items

Prior period adjustments are those adjustments, which are over ₹1 lakh in each case, arising out of correction of errors and omissions made in the past years.

13. Under / Over Absorption of Cost

Adjustments for under/over absorption of costs on jobs, is made only if the extent of under/over recovery exceeds one percent of turnover.

14. Taxes on Income

The tax expense comprises of current tax and deferred tax. The provision for current tax is ascertained on the basis of assessable profits computed in accordance with provisions of the Income Tax Act, 1961. The deferred tax is recognised on all timing differences resulting from the recognition of items in the financial statements and in estimating current income tax provision, subject to consideration of prudence in respect of deferred tax assets. The carrying amount of deferred tax asset/ liability



is reviewed at each balance sheet date.

15. Leased Assets

Lease rentals recovered on assets given under operating leases are recognised in the Profit & Loss Account. Initial direct costs are expensed on incurrence.

16. Investments

Long-term investments are carried at cost. Permanent decline in the value of such investments is recognised and provided for. Current investments are carried at lower of cost and fair value.

17. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognized when

- A present obligation arises as a result of past events.
- It is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions are determined based on the best estimates required to fulfill the obligations on the balance sheet date. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent Liabilities are not recognized but are disclosed in the notes.

Contingent Assets are neither recognized nor disclosed in the financial statements.

18. Others

- (i) Special Tools up to the unit value of ₹5000 are charged off in the year of incurrence and those above unit value of ₹5000 are amortized over a period of three years.
- (ii) Hand tools are charged to expenses at the time of issue.
- (iii) Expenditure on Voluntary Retirement Scheme is expensed in the year of incurrence.



BALANCE SHEET

(₹ in Lakhs)

Particulars	Note No.	As at 31st March 2016	As at 31st March 2015
I. EQUITY AND LIABILITIES			
(1) Shareholders' funds			
(a) Share capital	1	278.97	278.97
(b) Reserves and surplus	2	181.62	136.95
(2) Share application money pending allotment	-	-	-
(3) Non-current liabilities			
(a) Deferred tax liabilities (Net)	3	20.86	39.93
(b) Long-term provisions	4	83.84	34.81
(4) Current liabilities			
(a) Short-term borrowings	5	179.27	193.24
(b) Trade payables			
(A) Micro & Small Enterprises	6	24.75	1.62
(B) Others	6	318.05	255.62
(c) Other current liabilities	7	289.43	681.09
(d) Short-term provisions	8	166.37	150.10
TOTAL		1,543.16	1,772.33
II. ASSETS			
(1) Non-current assets			
(a) Fixed assets			
(i) Tangible assets	9	789.86	840.39
(ii) Capital Work-in Progress	10	-	-
(b) Long-term loans and advances	11	79.70	73.17
(2) Current assets			
(a) Inventories	12	644.38	794.74
(b) Trade receivables	13	-	0.02
(c) Cash and cash equivalents	14	1.30	1.59
(d) Short-term loans and advances	15	22.92	57.42
(e) Other current assets	16	5.00	5.00
TOTAL		1,543.16	1,772.33

Note Nos. 1 to 24 and Accounting Policies annexed herewith forms part of this financial statements.

As per our report attached

For and on behalf of the Board of Directors

For H.S. SHIVARAM & CO.

Chartered Accountants

H.S.SHIVARAM

Membership No: 021369

R. H. MURALIDHARA

Director

(DIN 07363484)

B. R. VISWANATHA

Chairman of the Board

(DIN 07363486)

Bengaluru
19.05.2016

S.V.RAVISEKHAR RAO
Company Secretary



PROFIT AND LOSS STATEMENT

(₹ in Lakhs)

Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
Revenues:			
Revenue from operations-gross	17	3,218.08	3,066.72
Less : Excise Duty		355.05	334.96
Revenue from operations -Net		2,863.03	2,731.76
Other income	18	7.50	13.40
Total Revenue		2,870.53	2,745.16
Expenses:			
Cost of materials consumed	19	1,567.53	1,719.66
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	130.10	(83.29)
Employee benefits expense	21	534.19	585.94
Finance costs	22	23.49	23.85
Depreciation and amortization expense	9	70.96	77.86
Other expenses	23	512.64	505.74
Total expenses		2,838.91	2,829.76
Profit/ (Loss) before exceptional, extraordinary and prior period items and tax		31.62	(84.60)
Add/ (Less) : Exceptional items		-	-
Profit/(Loss)before extraordinary items and tax		31.62	(84.60)
Add/ (Less) : Extraordinary Items		-	-
Profit/(Loss) before Prior Period Adjustment		31.62	(84.60)
Add / (Less) Prior Period Adjustment		-	-
Profit/ (Loss) before tax		31.62	(84.60)
Tax expense:			
(1) Current tax - Minimum Alternate Tax		(6.02)	-
(2) Deferred tax - Credit		19.07	45.59
(3) Excess Provision of previous years Written back.		-	17.33
Profit/(Loss) for the period		44.67	(21.68)
Earnings per equity share: (₹)			
(1) Basic & Diluted	24A	16.01	(7.77)

Note Nos. 1 to 24 and Accounting Policies annexed herewith forms part of this financial statements.

As per our report attached

For and on behalf of the Board of Directors

For H.S. SHIVARAM & CO.

Chartered Accountants

H.S.SHIVARAM

Membership No: 021369

R. H. MURALIDHARA

Director
(DIN 07363484)

B. R. VISWANATHA

Chairman of the Board
(DIN 07363486)

Bengaluru
19.05.2016

S.V.RAVISEKHAR RAO
Company Secretary

**CASH FLOW STATEMENT**

(₹ in Lakhs)

Particulars	For the year ended 31.03.2016	For the year ended 31.03.2015
A. Cash flow from operating activities		
Net profit / loss before tax and extraordinary items	31.62	(84.60)
<i>Adjustments for</i>		
Depreciation	70.96	77.86
Interest expense	23.49	23.85
Other interest received	(5.00)	(8.79)
Other non-operating non-cash adjustments	-	17.33
Operating profit loss before changes in working capital	121.07	110.25
<i>Adjustment for</i>		25.65
Inventories	150.36	132.03
Sundry debtors	0.02	(0.02)
Other current assets	-	(0.75)
Loans and advances	27.96	73.46
Amounts due to related parties	(387.08)	(173.59)
Trade payables	85.56	(35.58)
Other liabilities	(4.57)	5.07
Provisions	59.28	(1.01)
	(68.47)	(0.39)
Cash generated from operations	52.60	25.26
Direct taxes paid/refunded	-	-
Net cash flow from/used in operating activities	52.60	25.26
B. Cash flow from investing activities		
Purchase of tangible fixed assets	(20.43)	(16.26)
Other interest	5.00	8.79
Net cash flow from/used in investing activities	(15.43)	(7.47)
C. Cash flow from financing activities		
Proceeds from short-term borrowings	(13.97)	6.17
Repayment of short-term borrowings	-	-
Interest expense on bank borrowings	(23.49)	(23.85)
Dividend paid for equity shares	-	-
Dividend distribution tax paid on equity shares	-	-
Net cash flow from/used in financing activities	(37.46)	(17.68)
Effect foreign exchange cash and cash equivalents	-	-
Net increase decrease cash and cash equivalents	(0.29)	0.11
Cash and Cash Equivalents, Opening Balance	1.59	1.48
Cash and Cash Equivalents, Closing Balance	1.30	1.59

Significant Accounting Policies and Notes form part of Financial Statements

As per our report attached

For and on behalf of the Board of Directors

For H.S. SHIVARAM & CO.

Chartered Accountants

H.S.SHIVARAM

Membership No: 021369

R. H. MURALIDHARADirector
(DIN 07363484)**B. R. VISWANATHA**Chairman of the Board
(DIN 07363486)Bengaluru
19.05.2016**S.V. RAVISEKHAR RAO**
Company Secretary



NOTES FORMING PART OF FINANCIAL STATEMENT

Basis of Preparation of Accounts

Assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company's operating cycle is considered as twelve months for the purpose of current / non current classification of assets and liabilities.

Figures are grouped and regrouped where ever required.

Note No. 1 : Share Capital

(₹ in Lakhs)

	As at 31st March 2016		As at 31st March 2015	
	Number	Amount	Number	Amount
Authorised :				
Equity Shares of ₹100 each	380,000	380.00	380,000	380.00
9.5% Redeemable cum Preference Share at ₹100 each	20,000	20.00	20,000	20.00
Issued :				
Equity Shares of ₹100 each	283,500	283.50	283,500	283.50
Subscribed :				
Equity Shares of ₹100 each	278,966	278.97	278,966	278.97
Paid-up :				
Equity Shares of ₹100 each	278,966	278.97	278,966	278.97
Share Capital	278,966	278.97	278,966	278.97

Note No. 1B:

Terms/Rights attached to equity Shares

The Company has only one class of equity shares having a par value of ₹100 per share. Each holder of equity share is entitled to one vote per share in the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be proportion to the number of equity shares held by the shareholders.

Note No. 1D:

(₹ in Lakhs)

Reconciliation of Opening and Closing Outstanding Shares	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	Amount	No. of Shares	Amount
<i>Particulars</i>				
Outstanding as on Opening Date	278,966	278.97	278,966	278.97
Outstanding as on Closing Date	278,966	278.97	278,966	278.97

**Note No. 1E:**

(₹ in Lakhs)

Equity Shares held by shareholders having 5% or more	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	%	No. of Shares	%
<i>Name of the Shareholder</i>				
BEML Limited (Holding Company)	269,376	96.56	269,376	96.56

Note No. 2 : Reserves & Surplus

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Capital Reserve		
Opening Balance	0.16	0.16
Closing Balance	0.16	0.16
Securities Premium Account		
Opening Balance	0.02	0.02
Closing Balance	0.02	0.02
Capital Redemption Reserve		
Opening Balance	10.00	10.00
Closing Balance	10.00	10.00
Balance in the Statement of profit and Loss		
Opening Balance	126.77	156.18
Additions/(deletions) during the year	44.67	(21.68)
Deductions during the year	-	(7.73)
Closing Balance	171.44	126.77
Reserves and Surplus	181.62	136.95

**Note No. 3 : Deferred Tax (Net)**

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Deferred Tax Liabilities (DTL)		
Related to Fixed Assets	75.78	86.64
Effects on change in valuation	-	-
Total DTL (A)	75.78	86.64
Deferred Tax Assets (DTA)		
Effects on change in valuation	-	3.34
Leave Encashment	0.38	1.00
Pay revision	8.80	5.90
Gratuity Liability	45.74	36.47
Total DTA (B)	54.92	46.71
Net Total (A-B)	20.86	39.93

Note No. 4 : Long Term Provisions

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Provision for employee benefits		
for Gratuity	83.84	34.81
Total	83.84	34.81

Note No. 5 : Short Term Borrowings

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Loan from Banks (Secured)		
Cash Credit	179.27	193.24
(Secured by first charge by way of hypothecation of inventories, book debts and all other movable assets)		
Total	179.27	193.24

Note No. 6 : Micro and Small Enterprises

The information under MSMED Act, 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 the MSE certificate provided by the vendors.



(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Amount due and Payable at the year end		
- Principal	24.75	1.62
- Interest on above Principal	-	-
Payments made during the year after the due date		
- Principal	170.88	-
- Interest	-	-
Interest due and payable for principals already paid	1.46	-
Total Interest accrued and remained unpaid at year end	1.46	-

Note No. 7 : Other Current Liabilities

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Unclaimed dividends *	1.05	1.35
Other Payables		
a. Staff related dues	37.11	18.76
b. Statutory dues	12.35	42.59
c. Deposits & EMD received	35.12	28.96
d. BEML Limited (Holding Company)	202.26	589.34
e. Other dues	0.08	0.09
f. Interest due to MSE	1.46	-
Total	289.43	681.09

* Includes unclaimed dividend and interest earned on the account

Note No. 8 : Short Term Provisions

(₹ in Lakhs)

<i>Nature</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Provision for employee benefits		
for Gratuity	64.19	83.22
for Leave Salary	1.24	3.22
Provision for Pay revision	94.92	63.66
Provision for IT	6.02	-
Total	166.37	150.10

Movement in provision for employee benefits

(₹ in Lakhs)

<i>Particulars</i>	<i>As on 01.04.15</i>	<i>Addition</i>	<i>Utilisation</i>	<i>As on 31.03.16</i>
Gratuity	118.03	55.70	25.70	148.03
Leave Salary	3.22	10.13	12.11	1.24
Pay revision	63.66	31.26	-	94.92
Total	184.91	97.09	37.81	244.19

**Note No. 9 : Fixed Assets**

(₹ in Lakhs)

	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at	Additions	Deduction / Re-classification & Adjustments	Inter division Transfers	As at	As at	For the Year	Deduction/Re-classification & Adjustments	Transferred to General Reserve (see Note No. 23 E)	As at	As at	As at
	31.03.2015	During the Year	During the Year	During the Year	31.03.2016	31.03.2015	During the Year	During the Year	During the Year	31.03.2016	31.03.2016	31.03.2015
Tangible Assets												
Land *												
Free Hold	0.56	-	-	-	0.56	-	-	-	-	-	0.56	0.56
Roads & Drains	16.62	-	-	-	16.62	3.15	3.05	-	-	6.20	10.42	13.47
Water Supply Installations	4.38	-	-	-	4.38	4.37	-	-	-	4.37	0.01	0.01
Buildings	154.87	-	-	-	154.87	80.46	4.52	-	-	84.98	69.89	74.41
Plant, Machinery and Equipment	1,419.73	20.02	-	-	1,439.75	670.05	61.76	-	-	731.81	707.94	749.68
Furniture & Fixtures	13.76	-	-	-	13.76	13.47	0.25	-	-	13.72	0.04	0.29
Vehicles	23.48	-	-	-	23.48	21.86	1.21	-	-	23.07	0.41	1.62
Office Equipment	40.02	0.41	-	-	40.43	39.67	0.17	-	-	39.84	0.59	0.35
Total Tangible Assets	1,673.42	20.43	-	-	1,693.85	833.03	70.96	-	-	903.99	789.86	840.39
Previous Year	1,657.16	16.26	-	-	1,673.42	747.45	77.86	-	7.73	833.03	840.39	909.71

* Includes 3 acres of land leased to M/s Sri Sharada Engineering Works Pvt. Ltd., for a period of 30 years (since 1998).

Depreciation is charged on straight line method adopting 'Useful Lives' as per Schedule II of the Companies Act 2013 (or such shorter useful lives which in the opinion of the management are appropriate, except for assets whose unit cost does not exceed ₹5000/- depreciation is charged at the rate of hundred percent in the year of capitalization.

Note No. 10 : Capital Work-in-Progress

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Machinery under erection	8.79	8.79
Total	8.79	8.79
Less : Provision for doubtful Advance	8.79	8.79
Total	-	-

Note No. 11 : Long-Term Loans and Advances

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Unsecured, considered good		
Capital Advances *	5.12	5.12
Security Deposits	55.57	55.57
Other Loans and Advances	7.35	7.35
Advance Payment of Taxes	10.64	4.60
TDS receivable from the deductees	1.02	0.53
Total	79.70	73.17

* Refund short received from M/s KIADB, Bangalore against advance made for allotment of additional land.

Note No. 12 : Inventories

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Raw materials & Components	107.52	143.40
Stores and Spares	54.08	42.56
Work-in-Progress	445.97	559.75
Finished Goods	20.18	36.50
Patterns	16.34	12.24
Canteen Materials	0.29	0.29
Total	644.38	794.74



- a. Work-in-Progress includes materials lying with sub contractors ₹12.68 Lakhs (Previous year ₹19.12 lakhs) for which confirmation from the parties have been obtained fully.
- b. The closing stock of work-in-progress and finished goods are stated at lower of predetermined cost, which approximates to actuals, and net realisable value. The difference between the actual cost of production and the standard cost is not material.
- c. The inventory does not include the value of materials received free of cost from customers and held in trust for utilisation in manufacture of their products.

Note No. 13 : Trade Receivables

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Unsecured, considered good		
Outstanding for period exceeding six months	-	-
Others	-	0.02
Total	-	0.02

Note No. 14 : Cash and Cash Equivalents

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Balances with Banks- Unclaimed dividend*	1.05	1.35
Cash on hand	0.25	0.24
Total	1.30	1.59

* Balances with banks - Unclaimed dividend account balance includes interest.

Note No. 15 : Short Term Loans and Advances

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Unsecured, Considered good		
Balances with Govt. departments for Customs Duty, Excise Duty etc including receivables	9.23	38.11
Other Loans and advances		
Staff advance*	2.49	3.96
Pre paid expenses & Other advances	11.10	15.35
Advances recoverable in cash or in kind for value to be received	0.10	-
Total	22.92	57.42

* Staff Advance includes ₹0.39 lakhs due by officers.

**Note No. 16 : Other Current Assets**

(₹ in Lakhs)

<i>Particulars</i>	<i>As at 31st March 2016</i>	<i>As at 31st March 2015</i>
Interest Accrued on Mescom Deposit	5.00	5.00
Total	5.00	5.00

Notes to Profit and Loss Statement**Note No. 17 : Revenue from Operations**

(₹ in Lakhs)

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
Sale of products:		
Sale of Castings (net of rejected casting)	3,218.08	3,066.72
Revenue Including Excise Duty	3,218.08	3,066.72
Less :Excise Duty	355.05	334.96
Revenue from operations	2,863.03	2,731.76

Note No. 18 : Other Income

(₹ in Lakhs)

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
Miscellaneous Income	7.50	13.40
Total	7.50	13.40

Note No. 19 : Cost of Materials Consumed

(₹ in Lakhs)

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
Opening Stock		
- Raw Material & components	185.96	399.20
	185.96	399.20
Add: Purchases		
- Raw Material & components	1,543.17	1,506.42
	1,543.17	1,506.42
Less: Closing stock		
- Raw Material & components	161.62	185.96
	161.62	185.96
Total Consumption of Materials	1567.53	1719.66

**Note No. 20 : Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade**

(₹ in Lakhs)

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
Opening Stock		
Work-in-progress	559.75	448.32
Finished Stock	36.50	64.64
	596.25	512.96
Closing Stock		
Work-in-progress	445.97	559.75
Finished Stock	20.18	36.50
	466.15	596.25
Increase / (Decrease)		
Work-in-progress	113.78	(111.43)
Finished Stock	16.32	28.14
Total	130.10	(83.29)

Note No. 21 : Employee benefits expense

(₹ in Lakhs)

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
Salaries, Wages & Bonus	384.84	457.32
Leave Salary	10.13	6.53
Contribution to:		
- Gratuity Fund	55.70	26.48
- Provident Fund and Other Funds	30.80	34.18
Staff welfare expenses	52.72	61.43
Total Employee benefits	534.19	585.94

Salaries & wages includes ₹94.92 lakhs (previous year ₹63.66) towards expenses provided for wage revision which is due from 01.01.2013.



A. Accounting Standard 15 (Revised) (Employee Benefits)

a. Leave Salary

This is a funded defined benefit plan categorized under other long term employee benefits in terms of Revised Accounting Standard 15. The defined benefit obligation for compensated absence has been actuarially valued and liability provided accordingly.

(₹ in Lakhs)

Changes in the Present value of obligation	Current year	Previous year
Present value of obligation at beginning of the year	38.17	37.24
Interest Cost	2.98	2.91
Current Service Cost	2.09	2.10
Benefits Paid	(16.46)	(8.70)
Actuarial (gain)/loss on obligations	7.90	4.63
Present value of obligation at the end of the year	34.68	38.17
Changes in the Fair value of Plan assets		
Fair value of plan assets at beginning of the year	34.95	37.45
Expected return on plan assets	2.85	3.10
Contributions	3.10	3.10
Benefits paid	(7.46)	(8.70)
Actuarial (gain)/loss on plan assets	(0.00)	(0.00)
Fair value of plan assets at the end of the year	33.44	34.95
Reconciliation of obligations and fair value of plan assets		
Present value of obligation at the end of the year	34.68	38.17
Fair value of plan assets at the end of the year	33.44	34.95
Funded Status	(1.24)	(3.22)
Liability Existing	-	-
Liability recognized during the year	1.24	3.22
Expenses recognized during the year		
Current Service Cost	2.09	2.10
Interest Cost	2.98	2.91
Expected return on plan assets	(2.67)	(3.10)
Actuarial (gain)/loss on obligation	7.74	4.63
Contributions	-	-
Net Cost	10.13	6.53
Investment Details	%	%
Investment with LIC	100	100
Actuarial Assumptions	Leave Salary	
	Current year	Current year
	(Funded)	(Funded)
Mortality Table (LIC)	IALM 2006-08	IALM 2006-08
	(Ultimate)	(Ultimate)
Discount rate	7.80%	7.80%
Rate of return on plan assets	7.80%	9.00%
Rate of escalation salary	5.00%	3.50%

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.

**b. Gratuity**

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.

(₹ in Lakhs)

Changes in the Present value of obligation	Current year	Previous year
Present value of obligation at beginning of the year	291.42	312.52
Interest Cost	22.73	24.38
Current Service Cost	9.19	9.80
Benefits Paid	(92.66)	(63.14)
Actuarial (gain)/loss on obligations	35.74	7.85
Present value of obligation at the end of the year	266.43	291.42
Changes in the Fair value of Plan assets		
Fair value of plan assets at beginning of the year	173.39	195.14
Expected return on plan assets	11.96	15.56
Contributions	25.70	25.83
Benefits paid	(92.66)	(63.14)
Actuarial (gain)/loss on plan assets	-	-
Fair value of plan assets at the end of the year	118.39	173.39
Reconciliation of obligations and fair value of plan assets		
Present value of obligation at the end of the year	266.43	291.42
Fair value of plan assets at the end of the year	118.39	173.39
Funded Status	(148.03)	(118.03)
Liability Existing	-	-
Liability recognized during the year	148.03	118.03
Expenses recognized during the year		
Interest Cost	22.73	24.38
Current Service Cost	9.19	9.80
Expected return on plan assets	(11.38)	(15.56)
Actuarial (gain)/loss on obligation	35.16	7.85
Contributions	-	-
Net Cost	55.70	26.48
Investment Details	%	%
Investment with LIC	100	100
Actuarial Assumptions		Gratuity
	Current year	Current year
	(Funded)	(Funded)
Mortality Table (LIC)	IALM 2006-08	2006-08
	(Ultimate)	(Ultimate)
Discount rate	7.80%	7.80%
Rate of return on plan assets	7.80%	9.00%
Rate of escalation salary	5.00%	3.50%

The estimates of rate of escalation in salary considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary.

**Note No. 22 : Finance costs**

(₹ in Lakhs)

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
Interest expense		
- Interest to Banks		
On Cash Credit & Short term Loans	21.62	22.03
- Interest on others	1.87	1.82
Total Interest Cost	23.49	23.85

Note No. 23 : Other expenses

(₹ in Lakhs)

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
Machining / Fettling charges	121.78	121.28
Power and fuel	283.57	282.12
Moulding Charges	50.43	51.69
<u>Repairs and Maintenance</u>		
Plant & Machinery	5.00	1.20
Building	0.60	0.19
Others	0.81	0.87
Stationery	1.34	1.49
Insurance	1.98	0.73
Rates and Taxes	3.14	3.18
Bank Charges	0.27	0.94
Postage , Telegram, Telephone and Telex	2.13	3.60
Selling Expenses	18.51	19.07
Remuneration to Auditors	1.11	1.03
Legal and Professional Charges	4.99	4.73
Travelling Expenses	6.47	5.55
Directors Expenses	1.70	2.35
Publicity & Public relation	0.13	-
Vehicle Maintenance	4.56	4.95
Board meeting Expenses	0.04	-
Guest House Maintenance	0.27	0.12
Expenses on CSR Activities	-	0.06
Miscellaneous Expenses	2.63	1.65
Provision for doubtful debts	-	-
Sales Tax on SRN	2.99	0.28
ED on FGI	(1.81)	(1.34)
Total Other Expenses	512.64	505.74

**b. Break up of Remuneration to Auditors**

(₹ in Lakhs)

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
(a) Towards Audit Fee	0.66	0.60
(b) Half yearly Limited review	0.30	0.30
(e) Travel & out of pocket expenses	0.15	0.13
Total	1.11	1.03

Note No. 24 : Other Disclosures**A. Basic / Diluted Earnings Per Equity Share**

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
Net Profit / (Loss) after Tax (₹ Lakhs)	44.67	(21.68)
Average Number of Shares	278,966	278,966
Earnings Per Share (Basic and Diluted) – Face Value ₹100/- Per Share(₹)	16.01	(7.77)

B. Accounting Standard 18 (Related Party Transactions)**Name of the Holding Company M/s.BEML Limited****Details of Transactions**

(₹ in Lakhs)

<i>Particulars</i>	<i>For the year ended 31st March 2016</i>	<i>For the year ended 31st March 2015</i>
Sales	3,216.58	3,221.85
Purchases	677.25	837.57
Salaries charged to VIL for BEML personnel deputed	61.55	54.87
Amount payable towards suppliers - Closing Balance	202.26	589.34

C. Contingent liabilities**Notes :**

Contingent liability ₹8,86,000/- against pending case between the Company and M/s Sharada Engineering Works Private Limited not provided in the books of account.


Additional Information on Financial Statements as per Schedule II of Companies Act, 2013

<i>Particulars</i>	<i>(₹ in Lakhs)</i>	
	<i>31st March 2016</i>	<i>31st March 2015</i>
i) Goods purchased under broad heads		
1. Scrap	707.80	761.34
2. Other Raw materials (specify)	575.11	514.44
3. Components and spares procured from outside (Name of the item to be specified separately where the value exceed 10% of value of Goods purchased)	260.26	230.64
Total	1543.17	1506.42
ii) Raw materials consumed under broad heads		
1. Scrap	740.53	869.73
2. Other Raw materials (specify)	580.34	637.34
3. Components and aggregates procured from outside (Name of the item to be specified separately where the value exceed 10% of value of material consumption)	246.66	212.59
Total (To Tally with cost of material consumed as per P&L A/c)	1567.53	1719.66
iii) Purchases for Trading under broad heads		
1. Product A		
2. Product B		
Total (To Tally with Purchase of Stock in Trade as per P&L A/c)	Nil	Nil
iv) Work-in-progress under broad heads		
1. Earth Moving Equipment	402.59	516.37
2. Rail & Metro Products	15.54	15.54
3. Defence Products	27.84	27.84
4. Traded Products		
5. Manufacturing Spare parts		
6. Others (specify)		
Total (To Tally with closing stock of WIP as per Accounts)	445.97	559.75
v) CIF - Value of Imports		
1. Raw Materials	-	-
2. Components & Spares	-	-
3. Capital Goods	18.82	-
4. Others	-	-
Total	18.82	-



		(₹ in Lakhs)	
<i>Particulars</i>	<i>31st March 2016</i>	<i>31st March 2015</i>	
vi) Expenditure in Foreign currency			
1. Royalty			
2. Knowhow fee			
3. Commission			
4. Foreign Travel			
5. Interest			
6. Service Charges			
7. Professional and consultation			
8. Others			
Total		Nil	Nil
vii) Value of Imported and Indigenous materials consumed			
	% of Sub-total		% of Sub-total
1. Raw materials			
Imported		0.00	0.00
Indigenous	100%	1320.87	100% 1507.07
Sub-total		1320.87	1507.07
2. Components and Spare parts			
Imported		0.00	0.00
Indigenous	100%	246.66	100% 212.59
Sub-total		246.66	212.59
3. Others			
Imported		0.00	0.00
Indigenous		0.00	0.00
Sub-total		0.00	0.00
Total (To Tally with total material consumption as per P&L A/c)		1567.53	1719.66
viii) Earnings in Foreign exchange			
1. Export of goods (FOB)			
2. Export of Services			
3. Commission			
4. Royalty			
5. Knowhow fee			
6. Professional consultation fee			
7. Interest			
8. Dividend			
9. Others (Nature to be specified)		Nil	Nil
Total			
ix) Amount remitted in foreign currency towards dividend			
1. Total number of non-resident shareholders.		Nil	Nil
2. Total number of Shares held by them.			
3. Amount of dividend due.			
4. Year / Years to which the dividend relates.			



INDEPENDENT AUDITOR'S REPORT

To the Members of M/s VIGNYAN INDUSTRIES LIMITED, Tarikere - 577 228

Report on the Financial Statements

Pursuant to the Observations made by the Comptroller and Auditor General of India under section 143(6)(b) of the Companies Act 2013, the report is revised to incorporate the observations in paragraph (ii), (vi) and (vii) (a) & (b) of the Annexure – A to the Independent Auditor's Report for the year 2015-16. This report is in Supersession of our earlier report dated 23.05.2016. We state as below:

We have audited the accompanying financial statements of M/s **VIGNYAN INDUSTRIES LTD**, which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

We 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 there under.

We conducted our audit 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 financial statements are free from material misstatement.

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



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the '**Annexure A**' & '**Annexure B**', a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) On the basis of the written representations received from the directors as on March 31, 2016, taken on record by the Board of Directors, none of the directors are disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) In our opinion, the company has, in all material respects, an adequate internal financial controls, system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the company; and
 - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - (i) The Company does not have any pending litigations which would impact its financial position;
 - (ii) The Company did not have any long term contracts including derivative contract for which there were any material foreseeable losses;
 - (iii) There were no amounts that were required to be transferred to the investor education protection fund by the Company.
3. As required by Section 143(5) of the Act, we give our separate Report in "**Annexure C**".

For H.S.SHIVARAM & Co.,

Sd/-

H S Shivaram

Chartered Accountants

Firm's registration number: 005298s

Membership number: 021369

Date: 25.06.2016



ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT FOR THE YEAR 2015-16

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
- (b) The Fixed Assets were physically verified by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company holds immovable properties in its name as on March 31, 2016.
- (ii) Inventory except Work in progress has been physically verified by the Management at reasonable intervals during the year and no material discrepancies have been noticed on such verification. As informed to us, physical verification of work in progress is carried out during First week of April 2016 and the Reconciliation of figures is yet to be done. Hence, the impact of the same on the Accounts for the year is not ascertainable.
- (iii) The Company has not granted any loans, guarantees and security, secured or unsecured, to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) The company has not given any Loans, made investments, given guarantees and or Security as per the Provisions of section 185 and 186 of the Companies Act 2013.
- (v) The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- (vi) 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 sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) According to the information and explanation given to us and the records of the Company examined by us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable to the appropriate authorities.
- (b) As per the explanation given to us and as per examination of records by us, the Company has not deposited any amounts applicable to any dispute to income tax, or service tax, or duty of customs or duty of excise or value added tax.
- (viii) According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any Financial Institution, Bank, Government or dues as at the balance sheet date.
- (ix) According to the records of the Company examined by us and the information and explanation given to us, the Company has not raised money by way of public offer in the previous year and cash credit taken during the year were applied for the purposes for which those were raised.



- (x) To the best of our knowledge, there are no frauds noticed or reported during the year by the Company or on the Company by its officers or employees.
- (xi) According to the information and explanations given to us and based on our examination of the records of the Company, Management remuneration is not applicable.
- (xii) The Company is not a Nidhi company and therefore the provisions of clause 3 (xii) of the Order are not applicable to the company.
- (xiii) According to the records of the Company examined by us and the information and explanation given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details thereof have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.
- (xiv) The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore clause 3(xiv) is not applicable to the Company.
- (xv) 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, clause 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For H.S.SHIVARAM & Co.,

Sd/-

H S Shivaram
Chartered Accountants

Firm's registration number: 005298s
Membership number: 021369
Date: 25.06.2016



ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT FOR THE YEAR 2015-16

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

We have audited the internal financial controls over financial reporting of Vignyan Industries Limited, as of March 31, 2016 in conjunction with our audit of the financial statements for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the 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 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 authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting.

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

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

In our opinion, the company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31st, 2016, based on the internal control over financial reporting criteria established by the company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

For H.S.SHIVARAM & Co.,

Sd/-

H S Shivaram
Chartered Accountants

Firm's registration number: 005298s
Membership number: 021369
Date: 25.06.2016


ANNEXURE “C” TO THE INDEPENDENT AUDITOR’S REPORT FOR THE YEAR 2015-16.

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

<i>Sl. No.</i>	<i>Directions</i>	<i>Comments</i>
1	Whether the Company has clear title / lease deeds for freehold and leasehold respectively? If not please state the area of freehold and leasehold land for which title / lease deeds are not available?	The Company has clear title / lease deeds for freehold and leasehold respectively.
2	Whether there are any cases of waiver / write off of debts / loans /interest etc., if yes, the reasons there for and amount involved.	As informed to us, there are no cases of waiver/write off of debts/loans/interest during the year 2015-16.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift from Govt. or other authorities.	In our opinion, Company maintains adequate records for issue and receipt of materials to third parties and as informed to us, Company has not received any asset as a gift from Government or other authorities.

For H.S.SHIVARAM & Co.,

Sd/-

H S Shivaram
Chartered Accountants

Firm's registration number: 005298s

Membership number: 021369

Date: 25.06.2016



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 2016.

The preparation of financial statements of M/s. Vignyan Industries Limited, Tarikere for the year ended 31 March 2016 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 is the responsibility of the management of the company. The statutory auditor appointed by the Comptroller and Auditor General of India under Section 139(5) of the Act is responsible for expressing opinion on the financial statements under section 143 of the Act based on independent audit in accordance with standards on auditing prescribed under section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated **23 May 2016 and revised report dated 25 June 2016.**

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 143(6)(a) of the Act of the financial statements of M/s. Vignyan Industries Limited, Tarikere for the year ended 31 March 2016. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records. **In view of the revisions made in (ii), (iv), (vii)(a), (vii)(b) of Annexure A and inclusion of Annexure C containing the directions issued by the Comptroller & Auditor General of India and compliance thereto under section 143(5) of the Companies Act, 2013 to the Independent Auditors Report as a result of my audit observations highlighted during supplementary audit,** I have no further comments to offer upon or supplement to statutory auditors' report under section 143(6) (b) of the Act.

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

Sd/-

(E.P. Nivedita)

Pr. Director of Commercial Audit

Place : Bengaluru

Date : 15 July 2016.



VIGNYAN INDUSTRIES LIMITED

(CIN : U51101KA1963PLC001510)

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

ADMISSION SLIP

52nd ANNUAL GENERAL MEETING

I hereby record my presence at the 52nd Annual General Meeting held on **Thursday**, the **1st September, 2016** at **12.00 Hours** at the Registered Office of the Company at Haliyur, B.H. Road, Tarikere Post.

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 Post - 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 poll) for me/us and on my/our behalf at the 52nd Annual General Meeting of the Company, to be held on **Thursday, the 1st September, 2016 at 12.00 Hours** at Tarikere and at any adjournment thereof in respect of such resolutions as are indicated below:

<i>Resolutions</i>	<i>Votes For</i>	<i>Votes Against</i>
1. Approval of Audited Financial Statements for the year 2015-16		
2. Re-election of Shri G Sudhindra, as Director		
3. Re-election of Dr. S Venkateswaran, as Director		
4. Fixation of remuneration of the Statutory Auditors for 2016-17		
5. Appointment of Shri B R Viswanatha as Additional Director		
6. Appointment of Shri R H Muralidhara as Additional 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 52nd 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

