भारत हेवी इलेक्ट्रिकल्स लिमिटेड
Bharat Heavy Electricals Limited

FROM: I.P. SINGH, COMPANY SECRETARY,
BHEL, SIRI FORT, NEW DELHI – 110049
CIN: L74899DL1964GOI004281

TO:

1. CORP. RELATIONSHIP DEPTT.
BOMBAY STOCK EXCHANGE LIMITED, MUMBAI
(Through BSE Listing Centre)

2. LISTING DEPTT.
NATIONAL STOCK EXCHANGE OF INDIA LTD, MUMBAI
(Through NEAPS)

SUB: OUTCOME OF THE BOARD MEETING HELD ON 27th MAY, 2016

1. The Board of Directors of the company has approve the Financial Statements for the quarter and year ended 31.03.2016. A copy of the said results is enclosed alongwith the Audit Report & Form A.

2. Further, the Board has recommended final dividend @ 20% (Rs. 0.40 per share) out of free reserves, on the paid up share capital of the company, for the year 2015-16. Final Dividend, if declared by the company in the Annual General Meeting shall be paid/ dispatched on 07.10.2016.

3. The Board has also decided to hold the next (52nd) Annual General Meeting of the Company on Thursday, 22nd September, 2016. In this regard, the Register of Members together with the Register of Share Transfers of BHEL will be closed from 16th September, 2016 to 22nd September, 2016 (both days inclusive) to ascertain the names of the Members to whom the Final Dividend for the financial year 2015-16 will be payable, if declared in the Annual General Meeting.

Regards,

No. AA/SCY/SEs
Dated: 27.05.2016

(I.P. Singh)
Company Secretary
inder@bhel.in
www.bhel.com

BHARAT HEAVY ELECTRICALS LIMITED
AUDITED FINANCIAL RESULTS
FOR THE QUARTER/ YEAR ENDED 31st MARCH 2016

PART - I

₹ Crores

SL. NO.	PARTICULARS	Standalone Results					Consolidated Results	
		3 Months Ended 31.03.2016 # Audited (Note 7)	Preceding 3 Months Ended 31.12.2015 Unaudited	Corresponding 3 months ended 31.03.15 in prev.yr. Audited (Note 7)	Current Year Ended 31.03.2016 # Audited	Previous Year ended 31.03.2015 Audited	For year ended 31.03.2016 Audited	For year ended 31.03.2015 Audited
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
1	Income from Operations							
	Sales/Income from Operations	10339.65	5552.92	12995.07	26586.51	30947.04	27314.00	31554.76
	Less: Excise Duty / Service Tax	547.61	322.79	626.64	1448.63	1405.07	1456.35	1407.24
a	Net Sales/Income from Operations	9792.04	5230.13	12368.43	25137.88	29541.97	25857.65	30147.52
b	Other Operating Income	212.73	95.44	376.76	492.11	700.17	492.95	700.23
	Total Income from Operations	10004.77	5325.57	12745.19	25629.99	30242.14	26350.60	30847.75
2	Expenses							
a	Cost of materials consumed (including erection & engineering)	5600.50	3349.35	6601.73	15929.17	17258.28	16574.99	17775.44
b	Changes in inventories of finished goods, work-in-progress and stock in trade	804.53	100.06	958.91	210.50	(338.04)	208.58	(339.50)
c	Employee benefits expense	1155.56	1442.43	915.15	5541.15	5450.00	5567.49	5475.48
d	Depreciation and amortisation expense	242.80	225.45	282.13	935.64	1077.32	942.53	1082.01
e	Other expenses	2080.37	2072.47	2587.61	5907.62	5386.84	5929.50	5406.96
	Total Expenses	9883.76	7189.76	11345.53	28524.08	28834.40	29223.09	29400.39
3	Profit/(Loss) from Operations before Other Income, finance costs and Exceptional Items (1-2)	121.01	(1864.19)	1399.66	(2894.09)	1407.74	(2872.49)	1447.36
4	Other Income	413.87	170.56	16.02	1450.08	834.03	1459.60	842.65
5	Profit/(Loss) from ordinary activities before finance costs and Exceptional Items (3 + 4)	534.88	(1693.63)	1415.68	(1444.01)	2241.77	(1412.89)	2290.01
6	Finance costs	13.96	5.23	26.53	26.82	91.65	27.69	92.43
7	Profit/(Loss) from ordinary activities after finance costs but before Exceptional Items (5 - 6)	520.92	(1698.86)	1389.15	(1470.83)	2150.12	(1440.58)	2197.58
8	a. Prior Period Items	(5.88)	0.00	(10.11)	(5.88)	(10.11)	(5.90)	(10.29)
	b. Exceptional Items	-	-	-	-	-	-	-
9	Profit/(Loss) from ordinary activities before tax (7 + 8)	515.04	(1698.86)	1379.04	(1476.71)	2140.01	(1446.48)	2187.29
10	a. Tax expense (incl.deferred tax)	172.96	(596.87)	434.92	(545.79)	664.95	(531.59)	681.08
	b. Tax (Earlier years)	(17.50)	0.00	55.77	(17.50)	55.77	(17.50)	55.77
11	Net Profit/(Loss) from ordinary activities after tax (9 - 10)	359.58	(1101.99)	888.35	(913.42)	1419.29	(897.39)	1450.44
12	Extraordinary Item (net of tax expense)	-	-	-	-	-	-	-
13	Net Profit/(Loss) for the period (11 ± 12)	359.58	(1101.99)	888.35	(913.42)	1419.29	(897.39)	1450.44
14	Share of profit / (loss) of associates	-	-	-	-	-	-	-
15	Minority Interest	-	-	-	-	-	-1.46	-1.94
16	Net Profit/(Loss) after taxes, minority interest and share of profit /(loss) of associates (13 ± 14 ± 15)	359.58	(1101.99)	888.35	(913.42)	1419.29	(895.93)	1452.38
17	Paid-up equity share capital (Face Value Rs 2 per share)	489.52	489.52	489.52	489.52	489.52	489.52	489.52
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year				32563.83	33595.08	32682.98	33717.08
19	Basic & Diluted Earnings Per Share (before & after extraordinary items)	1.47 (not annualised)	(4.50) (not annualised)	3.63 (not annualised)	(3.73)	5.80	(3.66)	5.93

Segmentwise Revenue, Results and Capital Employed

₹ Crores

SL. NO.	PARTICULARS	Standalone Results					Consolidated Results	
		3 Months Ended 31.03.2016 # Audited (Note 7)	Preceding 3 Months Ended 31.12.2015 Unaudited	Corresponding 3 months ended 31.03.15 in prev.yr. Audited (Note 7)	Current Year Ended 31.03.2016 # Audited	Previous Year ended 31.03.2015 Audited	For year ended 31.03.2016 Audited	For year ended 31.03.2015 Audited
1	Segment Revenue							
A	Power	8101.18	4402.14	10240.08	20714.73	23983.54	21402.80	24574.17
B	Industry	2238.47	1150.78	2754.99	5871.78	6963.50	5911.20	6980.59
	Total	10339.65	5552.92	12995.07	26586.51	30947.04	27314.00	31554.76
	Inter segmental revenue	-		-	-		-	-
	Sales / Income from operations	10339.65	5552.92	12995.07	26586.51	30947.04	27314.00	31554.76
2	Segment Results (Profit/(Loss) before Tax & Finance Cost)							
A	Power	949.63	(1165.60)	1311.88	(27.66)	2961.65	(5.22)	3014.97
B	Industry	(97.42)	(97.23)	266.35	(235.16)	341.72	(238.84)	336.54
	Total	852.21	(1262.83)	1578.23	(262.82)	3303.37	(244.06)	3351.51
	Less: Finance Cost	13.96	5.23	26.53	26.82	91.65	27.69	92.43
	Other unallocable expenditure net of income	323.21	430.80	172.66	1187.07	1071.71	1174.73	1071.79
	Total Profit before Tax	515.04	(1698.86)	1379.04	(1476.71)	2140.01	(1446.48)	2187.29
3	Capital Employed (Segment Assets - Segment Liabilities)							
A	Power				15489.89	16575.00	16277.04	17100.47
B	Industry				3816.69	4847.48	3821.73	4849.50
C	Unallocated				10471.95	10012.79	9211.49	9222.04
	Total				29778.53	31435.27	29310.26	31172.01

NOTES:

1. STATEMENT OF ASSETS AND LIABILITIES

₹ Crores

	Particulars	Standalone		Consolidated	
		At the end of 31.03.2016 #	At the end of 31.03.2015	At the end of 31.03.2016	At the end of 31.03.2015
A	**EQUITY AND LIABILITIES**				
1	**Shareholders' fund**				
a	Share capital	489.52	489.52	489.52	489.52
b	Reserves & surplus	32563.83	33595.08	32682.98	33717.08
	Sub-total Shareholders' funds	**33053.35**	**34084.60**	**33172.50**	**34206.60**
2	**Share application money pending allotment**	-	-		
3	**Minority Interest**	-	-	**0.77**	**2.23**
4	**Non-current liabilities**				
a	Long-term borrowings	126.29	61.00	2441.00	1733.62
b	Other long term liabilities	4587.89	5358.84	4592.58	5359.02
c	Long term provisions	7986.03	6802.30	8005.18	6817.18
	Sub-total Non Current liabilities	**12700.21**	**12222.14**	**15038.76**	**13909.82**
5	**Current Liabilities**				
a	Short-term borrowings	-	-	15.10	98.79
b	Trade payables	8702.05	8798.94	9050.18	9087.71
c	Other current liabilities	8779.73	9123.31	8891.77	9266.65
d	Short-term provisions	3454.76	4238.14	3474.97	4274.19
	Sub-total Current liabilities	**20936.54**	**22160.39**	**21432.02**	**22727.34**
	TOTAL - EQUITY AND LIABILITIES	**66690.10**	**68467.13**	**69644.05**	**70845.99**
B	**ASSETS**				
1	**Non Current Assets**				
a	Fixed Assets	4278.55	4658.32	7245.43	6843.31
b	Non-current investments	663.40	417.67	5.91	5.91
c	Deferred tax assets (net)	3134.83	2220.73	3145.92	2229.42
d	Long-term loans and advances	900.22	1218.83	949.08	1278.60
e	Other non-current assets	11174.07	11413.82	11246.45	11447.40
	Sub-total Non Current assets	**20151.07**	**19929.37**	**22592.79**	**21804.64**
2	**Current assets**				
a	Inventories	9637.39	10105.10	9657.29	10116.87
b	Trade receivables	24428.98	26223.50	24757.48	26520.12
c	Cash and Bank balances	10085.99	9812.70	10198.49	9948.90
d	Short term loans and advances	2264.59	2221.43	2313.99	2278.95
e	Other current assets	122.08	175.03	124.01	176.51
	Sub-total Current assets	**46539.03**	**48537.76**	**47051.26**	**49041.35**
	TOTAL ASSETS	**66690.10**	**68467.13**	**69644.05**	**70845.99**

 # Subject to audit u/s 143(6) of the Companies Act, 2013 by the C&AG of India

The figures have been regrouped, wherever necessary.

2 **The consolidated financial statements have been prepared in accordance with Accounting Standard-21 on "Consolidated Financial Statements" and Accounting Standard-27 on "Financial Reporting of interest in Joint Ventures".**

3 **The above results have been reviewed by the Audit Committee and were taken on record by the Board of Directors in their meeting held on 27-05-2016.**

4 **Provisions of Rs.1069.34 cr towards net dues & Rs. 120.20 cr towards WIP/FG inventory have been made during the year in respect of projects on hold in line with the guidelines formulated in this regard.**

5 **The Board of Directors has recommended a final dividend of Rs 0.40 per share (Face Value Rs. 2 per share) .**

6 **The company has an outstanding order book position of Rs. 110730 cr as at the end of 2015-16. Orders worth Rs. 7429 cr have been excluded during the year (Rs. 3783 cr excluded in Q-IV) from the order oustanding which are not likely to commence and this has no impact on revenue.**

7 **Figures of last quarter are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year**

For Bharat Heavy Electricals Limited

(Atul Sobti)
Chairman & Managing Director

Place : New Delhi
Dated : 27.05.2016

WAHI & GUPTA
Chartered Accountants
Hotel REX Building (OBC Building)
5-Netaji Subhash Marg
Daryaganj
New Delhi 110002

DSP & Associates
Chartered Accountants
783, Desh Bandhu Gupta Road
Near Faiz Road Crossing
Karol Bagh
New Delhi 110005

S B A & Company
Chartered Accountants
87, Lala Lajpat Rai Colony
Near Punjabi Bag
Raisen Road
Bhopal 462023

INDEPENDENT AUDITORS' REPORT

To the Members of Bharat Heavy Electricals Limited

Report on the Financial Statements

We have audited the accompanying financial statements of **Bharat Heavy Electricals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information in which are incorporated the returns for the year ended on that date audited by us for 16 branches and 18 branches audited by the branch auditors of the company.

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 of these standalone 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 standalone financial statements based on our audit.

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

We conducted our audit 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.

Opinion

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

(a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2016;

(b) In the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and

(c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Other Matter

We did not audit the financial statements/information of 18 (Eighteen) branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs 37337.65 crores as at 31st March, 2016 and total revenue of Rs. 13006.97 crores for the year ended on that date, as considered in the standalone financial statements. The financial statements/information of these branches have been audited by the branch auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of these branches, is based solely on the report of such branch auditors.

Our opinion is not modified in respect of this matter.

WAHI GUPTA NEW DELHI CHARTERED ACCOUNTANTS

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

Report on Other Legal and Regulatory Requirements

(1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;

(c) The reports on the accounts of the branch offices of the Company audited under Section 143 (8) of the Act by branch auditors have been sent to us and have been properly dealt with by us in preparing this report.

(d) 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 and with the returns received from the branches not visited by us.

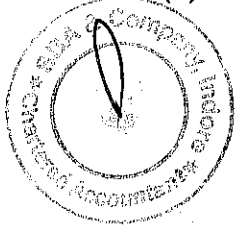
(e) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(f) Being a Government Company, Section 164(2) of the Companies Act, 2013 regarding 'whether any director is disqualified from being appointed as a director' is not applicable to the Company in view of Notification no. G.S.R. 463(E) dtd. 05-06-2015

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 31 (5) to the financial statements.



ii. The Company has made provision, as required under the applicable law and accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 31 (11) to the financial statements.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(3) As required by section 143(5) of the Act, we have considered the directions issued by the Comptroller and Auditor General of India, the action taken thereon and its impact on the accounts and financial statements of the company –Refer Annexure C attached.

For Wahi & Gupta
Chartered Accountants
FRN 002263N

(CA YK Gupta)
Partner
M.No.016020

For DSP & Associates
Chartered Accountants
FRN 006791N

(CA Sanjay Jain)
Partner
M.No.084906

For SBA & Company
Chartered Accountants
FRN 004651C

(CA Vikas Jain)
Partner
M.No. 078245

Date: May 27, 2016
Place: New Delhi

"Annexure A" to Independent Auditors' Report

(Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the accounts of Bharat Heavy Electricals Limited ("the Company"), for the year ended March 31, 2016)

i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

(b) According to the information and explanations given to us, physical verification of fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and nature of its business and no material discrepancies were noticed on such verification to the extent verification was made during the year.

(c) The details of title deeds of immovable properties not held in the name of the company are given in note 31(2)(a) (i to iii) to the Financial Statements.

ii) As explained to us physical verification of inventory has been conducted by the management under Perpetual Inventory Programme at regular intervals during the year except for stock of work in progress and finished goods in few units where these are verified at the year end with reference to the inspection reports and production reports of the Production Planning Department of such units. In regard to stocks lying with contractors/fabricators and other parties, confirmations were received in few cases only. In our opinion the frequency of verification is reasonable.

iii) According to the information given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore clauses (iii) (a), (iii) (b) and (iii)(c) of Paragraph 3 of the Order are not applicable to the Company.

iv) The Company has complied with the provisions of the section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security.

v) According to the information and explanations given to us, the Company has not accepted any deposits from public during the year within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules

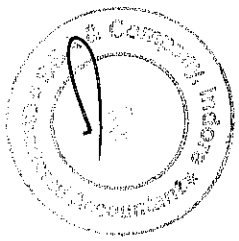
WAHI & CO. NEW DELHI CHARTERED ACCOUNTANTS
DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules 2014 prescribed by the Central Government under section 148(1) of the Companies Act, 2013 and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate and complete.

vii) (a) According to the information and explanations given to us, in our opinion, the Company is generally regular in depositing with appropriate authorities 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 it .

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of 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 were outstanding as at March 31, 2016 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, the particulars of Income Tax, Sales Tax, Service Tax, duty of Customs, duty of Excise and Value Added Tax which have not been deposited on account of dispute are as under:



(Rs. in Crores)

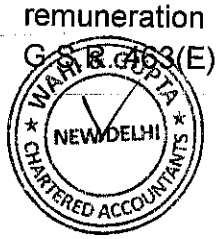
Sl. No.	Name of the Statute	Nature of the Dues	Pending Amount	Amount paid under protest	Forum where dispute is pending
1	Central Sales Tax Act, Value Added Tax and Sales Tax Act of various States	Sales Tax, VAT	30.97	3.81	Assessing Officer
			398.59	58.31	Dy. Commissioner / Jt. Commissioner/ Commissioner (Appeals)
			378.08	133.27	Appellate Tribunal
			43.47	22.33	High Court
			2.87	2.83	Supreme Court
			399.34	26.05	Various Appellate Authorities
2	Income Tax Act, 1961	Income Tax	0.81	-	Assessing Officer
			0.05	-	Commissioner(Appeals)
			0.10		High Court
3	Central Excise Act, 1944	Excise Duty	41.84	4.37	Commissioner (Appeals)
			369.86	13.69	Appellate Tribunal
			55.70	4.96	High Court
			0.55	0.55	Supreme Court
			-	-	Various Appellate Authorities
4	Service Tax under the Finance Act, 1994	Service Tax	1.56	0.74	Commissioner (Appeals)
			468.51	6.54	Appellate Tribunal
			15.10	-	High Court
			0.77	0.06	Various Appellate Authorities
5	Customs Act,1962	Custom duty	0.10	-	Assessing Officer

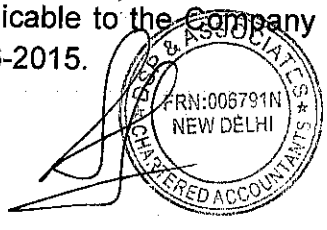
viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, government. The company has not issued any debentures.

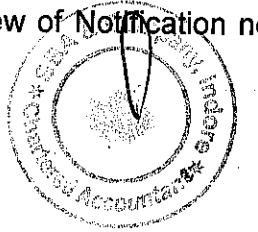
ix) Provisions of clause no. (ix) relating to utilization of moneys raised by way of initial public offer or further public offer including debt instruments and term loans is not applicable to the Company as no such moneys raised during the year.

x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

xi) Being a Government Company, provision of clause no. (xi) regarding section 197 of the Companies Act, 2013 relating to managerial remuneration is not applicable to the Company in view of Notification no. G.S.R.463(E) dtd. 05-06-2015.







xii) Provisions of clause no. (xii) regarding Nidhi Company is not applicable to the Company;

xiii) According to the records of the Company examined by us and the information and explanations given to us, the related party transactions are in compliance with section 177 and 188 of the Companies Act, 2013 and have been disclosed in the Financial Statements.

xiv) Provision of clause no. (xiv) reg. preferential allotment or private placement of shares or fully or partly convertible debentures during the year is not applicable to the Company as no such preferential allotment or private placement took place during the year.

xv) The company has not entered into any non-cash transactions with directors or persons connected with him.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India. Act, 1934.

For Wahi & Gupta
Chartered Accountants
FRN 002263N

(CA Y K Gupta)
Partner
M.No.016020

For DSP & Associates
Chartered Accountants
FRN 006791N

(CA Sanjay Jain)
Partner
M.No.084906

For SBA & Company
Chartered Accountants
FRN 004651C

(CA Vikas Jain)
Partner
M.No. 078245

Date: May 27, 2016
Place: New Delhi

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF BHARAT HEAVY ELECTRICALS LIMITED

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 M/s Bharat Heavy Electricals Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

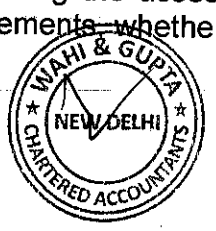
Management's Responsibility for Internal Financial Controls

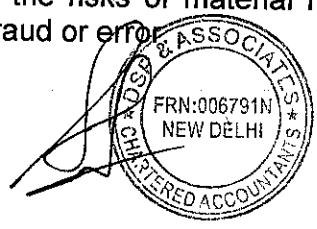
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

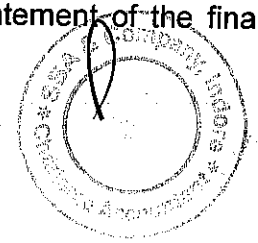
Auditors' Responsibility

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

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







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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Wahi & Gupta
Chartered Accountants
FRN 002263N

(CA YK Gupta)
Partner
M.No.016020

For DSP & Associates
Chartered Accountants
FRN 006791N

(CA Sanjay Jain)
Partner
M.No.084906

For SBA & Company
Chartered Accountants
FRN 004651C

(CA Vikas Jain)
Partner
M.No. 078245

Date: May 27, 2016
Place: New Delhi

"Annexure C"

Directions indicating the areas to be examined by the Statutory Auditors during the course of audit of annual accounts of Bharat Heavy Electricals Limited (Standalone) for the year 2015-16 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013

Sl No	Areas Examined	Suggested Replies
1	Whether the Company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title / lease deeds are not available.	a) Clear Title/lease deeds : - No b) If answer to (a) above is No, then : (i) Freehold area (Acres) : 8455.87 (ii) Leasehold area (Acres) : 477.40 (Note :In respect of freehold land as above, almost in all the cases, the same is acquired from State Governments on right to use basis and is categorized under freehold)
2	Whether there are any cases of waiver/write off of debts/ loans/ interest etc. If yes, the reasons thereof and amount involved.	Debtors amounting to Rs. 23.59 Crores have been written-off during the FY 2015-16 on account of LD levied & recovered by the customers and due to various disallowance/ recoveries made by customer. These are old cases and necessary approval for write off have been taken from competent authorities.
3	Whether proper records are maintained for inventories lying with third parties and assets received as gift/grant(s) from the Govt. or other authorities.	Proper records are being maintained for the inventories lying with third parties & assets received as gift/grant(s) from Govt. or other authorities. However, during the year there is no case of assets received as gift/grant(s) from Govt. or other authorities.

For Wahi & Gupta
Chartered Accountants
FRN 002263N

(CA Y K Gupta)
Partner
M.No.016020

Date: May 27, 2016
Place: New Delhi

For DSP & Associates
Chartered Accountants
FRN 006791N

(CA Sanjay Jain)
Partner
M.No. 084906

For SBA & Company
Chartered Accountants
FRN 004651C

(CA Vikas Jain)
Partner
M.No. 078245

WAHI & GUPTA
Chartered Accountants
Hotel REX Building (OBC Building)
5-Netaji Subhash Marg
Daryaganj
New Delhi 110002

DSP & Associates
Chartered Accountants
783, Desh Bandhu Gupta Road
Near Faiz Road Crossing
Karol Bagh
New Delhi 110005

S B A & Company
Chartered Accountants
87, Lala Lajpat Rai Colony
Near Punjabi Bag
Raisen Road
Bhopal 462023

INDEPENDENT AUDITOR'S REPORT

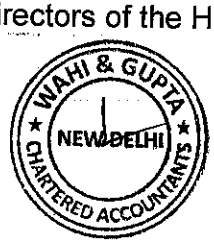
TO
THE MEMBERS OF
BHARAT HEAVY ELECTRICALS LIMITED

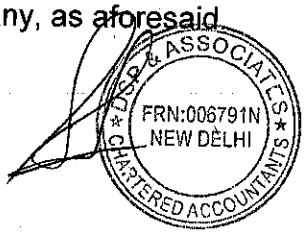
Report on the Consolidated Financial Statements

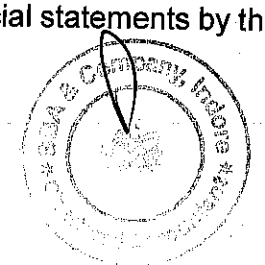
We have audited the accompanying consolidated financial statements of **BHARAT HEAVY ELECTRICALS LIMITED** hereinafter referred to as "the Holding Company")and its subsidiary (the Holding Company and its one subsidiary together referred to as "the Group") and four jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Jointly controlled entities 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. The respective Board of Directors of the companies included in the Group and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.







Auditor's Responsibility

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

While conducting the 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its jointly controlled entities as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of one jointly controlled entity and one subsidiary, whose financial statements reflect total assets of Rs. 250.48 crores as at 31st March, 2016, total revenues of Rs.330.10 crores and net cash flows amounting to (-) Rs. 13.91 crores for the year ended on that date, as

WALKER GUPTA NEW DELHI CHARTERED ACCOUNTANTS
FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiary and jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary and jointly controlled entity , is based solely on the reports of the other auditors.

(b) We did not audit the financial statements of three jointly controlled entities, whose financial statements reflect total assets of Rs 3376.39 crores as at 31st March, 2016, total revenues of Rs. 401.49 crores and net cash flows amounting to (-) Rs. 9.28 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entities, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

The accounts of Powerplant Performance Improvements Ltd. a Joint Venture of BHEL have not been consolidated as the said company is under liquidation and full amount of equity investment has been provided. The accounts of Latur Power Company Ltd. have not been consolidated as the said company is under liquidation. However full amount of equity investment in Latur Power Company Ltd. has been realized.

Report on Other Legal and Regulatory Requirements

1. As required by Section143 (3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in

WAHI & GUPTA NEW DELHI CHARTERED ACCOUNTANTS
FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated 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) Being a Government Company, Section 164(2) of the Companies Act, 2013 regarding 'whether any director is disqualified from being appointed as a director' is not applicable to the Company in view of Notification no. G.S.R. 463(E) dtd. 05-06-2015.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and jointly controlled entities and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(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 Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entities– Refer Note 31(7) to the consolidated financial statements.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts – Refer Note 31(10) to the consolidated financial statements in respect of such items as it relates to the Group and jointly controlled entities and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and jointly controlled companies incorporated in India.

For Wahi & Gupta
Chartered Accountants
FRN 002208N

(CA Y K Gupta)
Partner
M.No.016020

For DSP & Associates
Chartered Accountants
FRN 006791N

(CA Sanjay Jain)
Partner
M.No.084906

For SBA & Company
Chartered Accountants
FRN 004651C

(CA Vikas Jain)
Partner
M.No. 078245

Date: May 27, 2016
Place: New Delhi

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BHARAT HEAVY ELECTRICALS LIMITED

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of Bharat Heavy Electricals Limited (hereinafter referred to as "the Holding Company") as of that date. We did not audit the financial statements of one Subsidiary and four Jointly Control Entities out of which one Jointly Control Entity and one Subsidiary have been audited by the other Auditor and three Jointly Control Entities are unaudited.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary company and jointly controlled companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI 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 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, 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.

Opinion

In our opinion, the Holding Company, its one subsidiary company and four jointly controlled entities, which are entities incorporated in India, have, 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 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.

WAHI & GUPTA NEW DELHI CHARTERED ACCOUNTANTS

DSP & ASSOCIATES FRN 006791N NEW DELHI CHARTERED ACCOUNTANTS

Company, Indore Chartered Accountants

Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one subsidiary company and four jointly controlled entities, which are companies incorporated in India, is based on the corresponding report of the auditor of one jointly controlled entity and one subsidiary company incorporated in India and management certificate of other three jointly controlled entities incorporated in India.

For Wahi & Gupta
Chartered Accountants
FRN 002263N

(CA Y K Gupta)
Partner
M.No.016020

For DSP & Associates
Chartered Accountants
FRN 006791N

(CA Sanjay Jain)
Partner
M.No.084906

For SBA & Company
Chartered Accountants
FRN 004651C

(CA Vikas Jain)
Partner
M.No. 078245

Date: May 27, 2016
Place: New Delhi

FORM A

(for audit report with unmodified opinion)

1.	*Name of the Company:*	*Bharat Heavy Electricals Limited*
2.	*Annual financial statements for the year ended*	*31st March, 2016.*
3.	*Type of Audit observation*	*Un-Modified/ Emphasis of Matters*
4.	*Frequency of observation*	*Not Applicable*

For Bharat Heavy Electricals Limited

(T. Chockalingam)
Director (Finance)

(Atul Sobti)
Chairman & Managing Director

(A.N. Roy)
Chairman Audit Committee

For Wahi & Gupta
Chartered Accountants
FRN 002263N

(CA Y K Gupta)
Partner
M.No.016020

For DSP & Associates
Chartered Accountants
FRN 006791N

(CA Sanjay Jain)
Partner
M.No.084906

For SBA & Company
Chartered Accountants
FRN 004651C

(CA Vikas Jain)
Partner
M.No. 078245

FORM A

(for audit report with unmodified opinion)

Consolidated Financial Statement

1.	*Name of the Company:*	*Bharat Heavy Electricals Limited*
2.	*Annual financial statements for the year ended*	*31st March, 2016.*
3.	*Type of Audit observation*	*Un-Modified/ Emphasis of Matters*
4.	*Frequency of observation*	*Not Applicable*

For Bharat Heavy Electricals Limited

(T. Chockalingam)
Director (Finance)

(Atul Sobti)
Chairman & Managing Director

(A.N. Roy)
Chairman Audit Committee

For Wahi & Gupta
Chartered Accountants
FRN 002263N

(CA Y K Gupta)
Partner
M.No.016020

For DSP & Associates
Chartered Accountants
FRN 006791N

(CA Sanjay Jain)
Partner
M.No.084906

For SBA & Company
Chartered Accountants
FRN 004651C

(CA Vikas Jain)
Partner
M.No. 078245