



भारत इलेक्ट्रॉनिक्स
BHARAT ELECTRONICS

भारत इलेक्ट्रॉनिक्स लिमिटेड

(भारत सरकार का उद्यम, रक्षा मंत्रालय)

पंजीकृत कार्यालय :

आउटर रिंग रोड, नागवारा, बेंगलूर - 560 045, भारत

Bharat Electronics Limited

(Govt. of India Enterprise, Ministry of Defence)

Registered Office : Outer Ring Road,

Nagavara, Bangalore - 560 045, INDIA.

CIN : L32309KA1954GOI000787

टेलीफैक्स/Telefax : +91 (80) 25039266

ई-मेल/E-mail : secretary@bel.co.in

वेब/Web : www.bel-india.com

To

Manager (Listing)

National Stock Exchange of India Ltd.,

Exchange Plaza, Plot No. C/1,G Block,

Bandra-Kurla Complex, Bandra (E)

Mumbai – 400 051

No. 17565/6/SE/NSEC/SEC

29th May 2017

Dear Sir/Madam,

Sub: Audited Standalone and Consolidated Financial Results for the quarter/year ended 31st March 2017.

Pursuant to Regulation 33(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith the Audited Standalone and Consolidated Financial Results of the Company for the quarter/ year ended 31st March, 2017 along with Auditors' Report and declaration under regulation 33(3)(d) of the SEBI (LODR) Regulations, 2016.

This is for your information and record.

Thanking you,

Yours faithfully,

For Bharat Electronics Ltd.

S Sreenivas

Company Secretary



Encls: As stated above.



QUALITY. TECHNOLOGY. INNOVATION.

BHARAT ELECTRONICS LIMITED

(CIN: L32309KA1954GOI000787)

Registered & Corporate Office: Outer Ring Road, Nagavara, Bengaluru – 560 045.

E-mail: secretary@bel.co.in, Website: www.bel-india.com. Ph: 080-25039300 / 25039266 Fax: 080-25039266

Statement of standalone & consolidated audited results for the quarter and year ended 31 March, 2017

(₹ in Lakhs)

Sl. No	Particulars	Standalone					Consolidated	
		Quarter ended			Year ended		Year ended	
		31.3.2017 (Refer Note 9)	31.12.2016 (Unaudited)	31.3.2016 (Refer Note 9)	31.3.2017 (Audited)	31.3.2016 (Audited)	31.3.2017 (Audited)	31.3.2016 (Audited)
1	Income from operations							
	(a) Gross sales/income from operations	407,428	209,147	333,568	882,470	754,117	888,894	757,413
	(b) Other operating income	15,248	9,983	7,914	31,574	15,420	31,740	15,511
	Total income from operations	422,676	219,130	341,482	914,044	769,537	920,634	772,924
2	Expenses							
	(a) Cost of materials consumed	164,951	122,704	134,214	432,941	372,141	434,189	371,071
	(b) Purchases of stock-in-trade	24,960	6,299	14,185	50,281	33,936	50,281	33,936
	(c) Changes in inventories of finished goods, work-in-progress and scrap	16,120	(26,017)	3,920	(41,913)	(23,420)	(42,006)	(23,271)
	(d) Excise duty	23,908	14,922	19,128	52,856	36,751	55,236	37,547
	(e) Employee benefits expense	56,113	34,319	33,658	154,831	125,726	155,944	126,721
	(f) Depreciation and amortisation expense	5,711	4,546	4,891	19,152	17,221	21,163	19,196
	(g) Other expenses	38,661	18,626	45,771	88,877	87,227	89,729	87,989
	Total expenses	330,424	175,399	255,767	757,025	649,582	764,536	653,189
3	Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2)	92,252	43,731	85,715	157,019	119,955	156,098	119,735
4	Other income	9,086	7,760	13,833	47,101	53,708	43,447	53,949
5	Profit from ordinary activities before finance costs and exceptional items (3 + 4)	101,338	51,491	99,548	204,120	173,663	199,545	173,684
6	Finance costs	89	1,064	411	1,178	451	1,288	602
7	Profit before exceptional items, share of net profit of associates accounted under equity method & tax (5-6)	101,249	50,427	99,137	202,942	173,212	198,257	173,082
8	Share of net profit of associates accounted under equity method	-	-	-	-	-	2,634	3,315
9	Profit before exceptional items & tax (7+8)	101,249	50,427	99,137	202,942	173,212	200,891	176,397
10	Exceptional items	-	-	-	-	-	-	-
11	Profit from ordinary activities before tax (9 + 10)	101,249	50,427	99,137	202,942	173,212	200,891	176,397
12	Tax expense (including deferred tax)	22,075	13,073	24,669	48,180	42,476	48,554	42,722
13	Net profit for the period after tax (11 - 12)	79,174	37,354	74,468	154,762	130,736	152,337	133,675
14	Other Comprehensive Income / (Loss) (net of tax)	(7,065)	480	(70)	(9,185)	(2,236)	(9,255)	(2,240)
15	Total Comprehensive Income for the period after tax (13 + 14)	72,109	37,834	74,398	145,577	128,500	143,082	131,435
16	Net Profit / (Loss) attributable to							
	a) Owners of the Company	79,174	37,354	74,468	154,762	130,736	152,358	133,739
	b) Non Controlling Interest	-	-	-	-	-	(21)	(64)

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Sl. No	Particulars	Standalone					Consolidated	
		Quarter ended			Year ended		Year ended	
		31.3.2017 (Refer Note 9)	31.12.2016 (Unaudited)	31.3.2016 (Refer Note 9)	31.3.2017 (Audited)	31.3.2016 (Audited)	31.3.2017 (Audited)	31.3.2016 (Audited)
	Other Comprehensive Income attributable to							
	a) Owners of the Company	(7,065)	480	(70)	(9,185)	(2,236)	(9,255)	(2,240)
	b) Non Controlling Interest	-	-	-	-	-	-	-
	Total Comprehensive Income attributable to							
	a) Owners of the Company	72,109	37,834	74,398	145,577	128,500	143,103	131,499
	b) Non Controlling Interest	-	-	-	-	-	(21)	(64)
17	Paid-up equity share capital (Face Value of ₹ 1/- each) Refer Note 5 & 6	22,336	22,336	24,000	22,336	24,000	22,336	24,000
18	Reserve excluding Revaluation Reserves as per balance sheet of previous accounting year	-	-	-	728518	874360	751241	900616
19	Earnings per share (Basic & Diluted) (₹) (not annualised)	3.39	1.67	3.10	6.64	5.45	6.53	5.57

See accompanying notes to the financial results. Figures of previous period (s) have been regrouped / rearranged wherever required.

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M. Putama



Notes:

1. Statement of Assets & Liabilities as at 31 March 2017 is given below.

(₹ in Lakhs)

Particulars	Standalone		Consolidated	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
A ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	125,476	97,578	134,128	105,937
(b) Capital work-in-progress	36,389	22,187	41,419	22,195
(c) Investment property	12	13	12	13
(d) Other intangible assets	43	69	15,970	17,247
(e) Intangible assets under development	29,242	20,784	32,862	20,784
(f) Investment under equity method			18,387	22,017
(g) Financial assets	52,850	37,518	39,219	29,967
(h) Deferred tax assets (Net)	53,228	46,078	52,894	45,860
(i) Inventories	4,925	4,535	4,925	4,535
(j) Other non current assets	11,301	4,805	12,908	8,610
Sub total - Non current assets	313,466	233,567	352,724	277,165
(2) Current assets				
(a) Inventories	485,576	413,212	488,167	415,701
(b) Financial assets	845,827	1,115,941	847,823	1,117,080
(c) Other current assets	60,753	49,682	61,116	50,484
(d) Current tax assets (Net)	9,991	-	9,801	-
Sub total - Current assets	1,402,147	1,578,835	1,406,907	1,583,265
TOTAL - ASSETS	1,715,613	1,812,402	1,759,631	1,860,430
B EQUITY AND LIABILITIES				
(1) Equity				
(a) Equity share capital	22,336	24,000	22,336	24,000
(b) Other equity	728,518	874,360	751,241	900,616
Equity attributable to the owners of the company	750,854	898,360	773,577	924,616
Non controlling interest			1,372	477
Sub Total - Equity	750,854	898,360	774,949	925,093
(2) Non-current liabilities				
(a) Government grants - deferred	827	472	17,238	18,123
(b) Financial liabilities	1,739	215	1,739	215
(c) Provisions	89,242	69,933	89,373	70,019
(d) Other non current liabilities	1,469	1,876	1,469	1,877
Sub total - Non current liabilities	93,277	72,496	109,819	90,234
(3) Current liabilities				
(a) Government grants - deferred	20	3	20	3
(b) Financial liabilities	194,116	159,265	197,127	162,336
(c) Other current liabilities	636,558	653,815	636,232	653,525
(d) Provisions	40,788	21,789	41,484	22,573
(e) Current tax liability (Net)	-	6,674	-	6,666
Sub total - Current liabilities	871,482	841,546	874,863	845,103
TOTAL- EQUITY AND LIABILITIES	1,715,613	1,812,402	1,759,631	1,860,430

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2 Transition to Indian Accounting Standards (Ind AS).

The Company's financial results for the quarter and period ended 31 March 2017 are in accordance with Ind AS notified by MCA under the Companies (Indian Accounting Standards) Rules, 2015.

Reconciliation of Net Profit for the figures of previous period on account of transaction from the previous GAAP to Ind AS is given below:

Particulars	Standalone		Consolidated Financial Statements
	For the quarter ended 31 March, 2016	For the year ended 31 March, 2016	For the year ended 31 March, 2016
1. Net profit after tax under previous GAAP	79,451	135,767	138,649
2. Employee benefits - actuarial loss on defined benefit plan reclassified to OCI	(6,272)	(3,420)	(3,423)
3. Others	(1,649)	(4,283)	(4,256)
4. Tax impact on above adjustments	2,938	2,672	2,704
5. Net Profit for the period after tax under Ind AS (1+2+3+4)	74,468	130,736	133,674
6. Other Comprehensive Income (OCI) (net of tax)	(70)	(2,236)	(2,239)
7. Total Comprehensive Income after tax under Ind AS (5+6)	74,398	128,500	131,435

Reconciliation of total equity for the figures of previous period on account of transaction from the previous GAAP to Ind AS is given below:

Particulars	Standalone	Consolidated Financial Statements
	As at 31 March 2016	As at 31 March 2016
1. Total equity under previous GAAP	873383	899082
2. Deferment of Dividend and tax thereon	41884	41884
3. Other adjustment	(25,752)	(24,685)
4. Deferred tax adjustment on these changes	8845	8812
5. Total equity under Ind AS	898360	925093

- 3 Ministry of Corporate Affairs (MCA) has exempted the companies engaged in defence production from the requirement of Segment Reporting.
- 4 The audited annual results of Subsidiary Company viz. BEL Optronics Devices Ltd. (100 % shareholding), BEL Thales Systems Ltd (74 % shareholding) are included in Consolidated Financial Results for the year 2016-17. The associate viz. GE BE Pvt. Ltd. has consolidated under Equity method [26 % Shareholding]. The consolidated financial results have been prepared as per Indian Accounting Standards Ind AS 110 and Ind AS 28.
- 5 The company has bought back 16637207 shares of ₹ 10 each at a premium of ₹ 1295/- per share under Buy Back Scheme during Oct 16. Consequent to buyback of equity shares, the earning per share (EPS) has been calculated by using the weighted average number of shares outstanding during the period. The number of equity shares considered for EPS is 2332083730.
- 6 The company has sub divided the equity shares from face value of ₹ 10/- per share to ₹ 1/- per share during the month of March 2017. Consequent to sub division, the earnings per share (EPS) have been adjusted for all the previous reported periods.
- 7 An interim dividend of ₹ 3/- per equity share of ₹ 10/- each for the year 2016-17 was paid in the month of February, 2017 and second interim dividend of 90 paise per equity share of ₹ 1 each was paid in the March 2017.
- 8 A Final Dividend of ₹ 1.05 per equity share for the financial year 2016-17 has been recommended by the Board of Directors at the meeting held on 29 May 2017.
- 9 The figures of fourth quarter are the balancing figures between the audited figures of the full financial year and the published figures up to the third quarter of the respective financial years.
- 10 The financial results for the year ended 31 March 2017 have been audited by the statutory auditors of the company.
- 11 The audited results for the year ended 31 March 2017 is subject to supplementary audit by the Comptroller and Auditor General of India u/s 143 (6) of the Companies Act, 2013.
- 12 The above statement of financial results were reviewed by the Audit Committee and approved by the Board of Directors at the Meeting held on 29th May 2017.

Place: Bengaluru
Date: 29th May 2017



for and on behalf of Board of Directors

M V Gowtama
M V Gowtama
Chairman & Managing Director

V. uk.



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECTRONICS LIMITED

Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of **BHARAT ELECTRONICS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income) and, the Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information, in which are incorporated the Returns for the year ended on that date audited by the branch auditors of the Company's branches at Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam.

Management's Responsibility for the Standalone Ind AS financial statements

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

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



Auditor's Responsibility

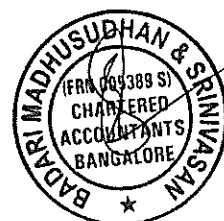
Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.



Opinion

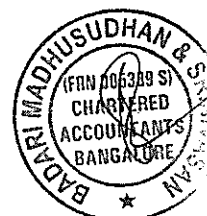
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally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

- a) in the case of the balance sheet, of the state of affairs(financial position) of the Company as at 31 March 2017,
- b) in the case of the statement of profit and loss, of the profit (financial performance including other comprehensive income), for the year ended on that date; and
- c) in the case of the cash flow statement and statement of changes in equity, of the cash flows and the changes in equity, for the year ended on that date.

Other Matters

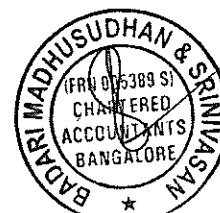
- a) The comparative financial information of the Company for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us whose report for the year ended 31st March 2016 and 31st March 2015 dated 15th July 2016 and 29th May 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.
- b) We did not audit the Ind AS financial statements of six branches included in the standalone Ind AS financial statements of the Company whose financial statements reflect total assets of Rs 3,93,636 lakhs as at 31st March, 2017 and total income of Rs 3,37,985 lakhs for the year ended on that date, as considered in the standalone Ind AS financial statements. The financial statements of these branches have been audited by the branch auditors, appointed by Comptroller & Audit General of India, 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 Units, is based solely on the report of such branch auditors.
- c) We draw attention to Note No. 30(15) regarding disclosure of segment information as required under Ind AS 108.

Our opinion is not modified in respect of these matters.



Report on Other Legal and Regulatory Requirements

1. As required by Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section 11 of section 143 of the Companies Act, 2013 and based on the comments in the auditors' report of the respective branches, we give in the annexure a statement on the matters specified in paragraph 3 and 4 of the Order to the extent applicable (Annexure I).
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. The audit of the accounts of Bangalore, Hyderabad and Chennai branches and Corporate Office has been carried out by us. In the case of New York and Singapore Offices and other offices not visited by us, and in respect of which the accounts are maintained at Corporate Office, the returns / records received from the said offices have been verified and found to be adequate for the purpose of our audit.
 - c) The reports on the accounts of the Unit's offices of the Company audited under Section 143 (8) of the Act by Branch auditors (in respect of Ghaziabad, Panchkula, Kotdwara, Pune, Navi Mumbai and Machilipatnam Units) 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, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account of the Company.
 - e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - f) In accordance with Notification No. G.S.R 463(E), dated June 5th, 2015, the requirement of Section 164(2) of the Companies Act, 2013 is not applicable to Government Companies.
 - g) With respect to the adequacy of the internal financial controls over financial reporting of the Company's financial statements and the operating effectiveness of such controls, a separate report is annexed (Annexure II).



- 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 standalone Ind AS financial statements as at March 31, 2017 – Refer Note 30 (10) to the standalone Ind AS financial statements.
- ii. The Company has made requisite provisions for material foreseeable losses, for long-term contracts, including derivative contracts, if any, in the standalone Ind AS financial statements as required under the applicable laws or accounting standards - Refer Note 21 to the standalone Ind AS 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 under Section 143 (5) of the Act, which is applicable to the Company, findings on the directions issued by Comptroller and Auditor General of India is annexed (Annexure III).
4. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – Refer Note 30(19) to the standalone Ind AS financial statements.

FOR BADARI, MADHUSUDHAN & SRINIVASAN,
CHARTERED ACCOUNTANTS
FR NO. 005389S

(S. RAJENDIRAN)
PARTNER
Membership No. 021883



Place: Bangalore
Date: May 29, 2017

ANNEXURE I TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in paragraph 1 in Report on Other Legal and Regulatory Requirements of the Independent Auditor's Report of even date to the members of the company on the standalone Ind AS financial statements for the year ended March 31, 2017, we report that:

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

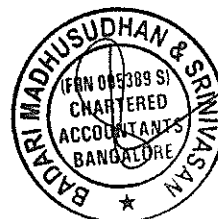
(b) As explained to us and based on our examination of records, the Management has generally carried out the physical verification of a portion of the Fixed Assets in accordance with their phased programme of physical verification, which is considered reasonable, having regard to the size of the Company and nature of its fixed assets. In accordance with the programme, certain fixed assets were verified during the year and discrepancies, if any, were properly dealt with on such verification during the year. As informed to us, no material discrepancies have been noticed on such verification during the year.

(c) As explained to us and based on our examination of records, the title deeds of immovable properties are held in the name of the company. We draw your attention to Note No. 1 & 3 to the standalone Ind AS financial statements.

- (ii) The raw materials, stores and spare parts, tools, work-in-progress, semi-finished goods and finished goods inventory (excluding stock with third parties and material in transit) have been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable and adequate in relation to the size of the Company and the nature of its business.

As informed to us, no material discrepancies have been noticed on such verification. The discrepancies noticed on verification between the physical stocks and the book records have been properly dealt in the books of account.

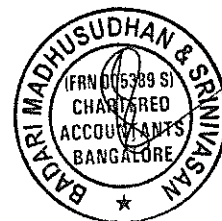
In respect of materials with sub-contractors, confirmations have been received generally and reconciled with the book records. However, in case of such items for which no confirmations have been received, which are not significant, the company has dealt with the same by making adequate provision in the books of account.



- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to one subsidiary company covered in the register maintained under section 189 of the Companies Act 2013 ("Act"). The Company has not granted loans to firms or other parties covered in the register maintained under Section 189 of the Act.
- (a) According to the information and explanations given to us and based on the audit procedures conducted by us, we are of the opinion that the terms and conditions of loans granted by the company to its subsidiary covered in the register maintained under section 189 of the Companies Act, 2013 are not, prima facie, prejudicial to the company's interest.
- (b) In case of the loans granted to the Company listed in the register maintained under section 189 of the Act, the borrower has been regular in the payment of interest and repayment of principal as stipulated.
- (c) There are no overdue amounts in respect of the loan granted to the subsidiary company listed in the register maintained under section 189 of the Act.
- (iv) The provisions of section 185 and 186 of the Companies Act, 2013 in respect of loans, investments, guarantees, and security, are not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit from public in the current year as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.

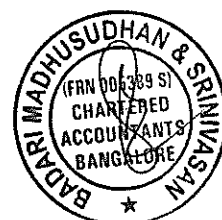
All deposits have matured and settled except for Rs.36.95 lakhs, out of which Rs.36.50 lakhs is retained as per Garnishee Order of Lokayukta, Bangalore and the balance of Rs.0.45 lakhs though matured is unpaid due to legal issues.

In our opinion and according to the information and explanations given to us and based on our examination of records, the Company has complied with the provisions of Section 73 and other relevant provisions of the Act and the Companies (Acceptance of Deposits) Rules, 2014.



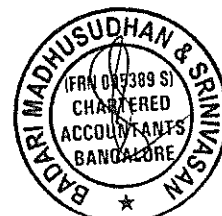
- (vi) The Company pursuant to sub-section (1) of section 148 of the Companies Act, 2013 for the maintenance and audit of cost records prescribed by the Central Government has maintained cost records. We are of the opinion that, prima facie, the prescribed cost accounts and cost records have been made and maintained. However, we have not carried out any detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is regular in remittance of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues. According to the information and explanation given to us, no undisputed statutory dues are outstanding as at 31 March 2017, for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no disputed amounts that remain unpaid as at 31 March 2017 for a period of more than six months from the date they became payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Service-tax, Custom Duty, Excise Duty, Cess and other applicable statutory dues with the exception of the following:

Name of statute	Nature of dues	Financial year to which amount relates	Amount (Rs in Lakhs)	Forum where dispute is pending
Sales Tax Act, Bihar	Disputed Tax under Bihar Sales Tax	1995-96 to 1997-98	66.44	Commissioner of Commercial Taxes(Appeals), Chirkunda, Bihar
CST Act 1956/Karnataka VAT Act, 2003	Sales Tax	2008-09 to 2015-16	*89,812.85	Various levels of Appellate Authorities
Andhra Pradesh State VAT Act	Sales Tax	2005-06 to 2007-08, 2009-10	68.24	Various levels of Appellate Authorities
Finance Act, 1994-Service Tax	Service Tax	2007-08 to 2009-10	147.97	Various levels of Appellate Authorities
Central Excise Act	MODVAT Credit, Excise Duty, Excise Duty Interest	1991-92, 2016-17	290.8	Various levels of Appellate Authorities
Customs Act	Customs Duty	2012-13, 2015-16	148.68	Various levels of Appellate Authorities

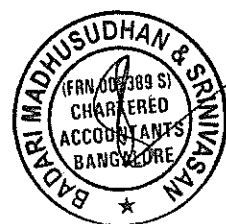


Income Tax Act	Income Tax	2007-08 to 2016-17	134.41	TDS Circle, LTU, Bangalore
CST	CST	2005-06 to 2007-08	1,346.14	Sales Tax Appellate Tribunal
Sales Tax Act	Sales Tax	1980-81, 2007-08 to 2009-10, 2013-14	424.07	Various levels of Appellate Authorities
Vacant Land Tax	Vacant Land Tax	1998-99 to 2003-04	10.35	Director, Directorate of Town Panchayat, Chennai
Urban Land Tax	Urban Land Tax	1984-85 to 2002-03	41.44	Principal Commissioner and Commissioner of Land Reforms, Chennai
Commercial Tax	Sales Tax	1989-90, 1991-92	4.19	Various levels of Appellate Authorities
ESI Act, 1948	Interest & damages towards late deposits, contribution	1992-93, 1998-2001	33.95	Punjab & Haryana High Court (Chandigarh) and Andhra Pradesh High Court
Income Tax Act, 1961	Disallowances as per Assessment Orders	2008-09, 2009-10, 2011-12 to 2013-14	2,398.66	Various levels of Appellate Authorities, Bangalore
Labour Act	Dispute on Payment of Compensation	2010-11	2	Delhi High Court
Trade Tax	Rates of Taxes	2000-01, 2001-02	361.15	Uttarakhand High Court, Nainital
Total disputed amount			95,291.34	
Total amount paid under protest pending final orders			11,223.97	

* The rectified demand value is considered for the year 2008-09 and 2010-11 as per Karnataka High Court Order, however, rectified order is yet to be received from the Karnataka Commercial Tax Department.



- (viii) On the basis of examination of records of the Company and information and explanations given to us, the Company has not defaulted in repayment of dues to a bank, financial institution or others.
- (ix) The requirement relating to application of moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans for the purposes for which they were raised are not applicable to the Company.
- (x) During the course of our examination of the books of account 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, we have neither come across any instance of fraud by the Company or any fraud on the Company or by its officers or employees has been noticed or reported during the year nor have we been informed of any such case by the Management, that causes the standalone Ind AS financial statements to be materially misstated.
- (xi) The provisions in relation to disbursement of managerial remuneration as mandated by section 197 read with Schedule V to the Companies Act, 2013 is not applicable.
- (xii) The provisions in relation to compliance of Nidhi Company with the Net Owned Funds to Deposits in the ratio of 1: 20 to meet out the liability maintenance of ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability is not applicable to the Company.
- (xiii) On the basis of examination of records of the Company and information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 and the details have been disclosed in the standalone Ind AS Financial Statements vide Note No. 31 as required by the applicable Indian accounting standards.
- (xiv) The provisions in relation to preferential allotment or private placement of shares or fully or partly convertible debentures during the year under pursuant to the requirement of section 42 of the Companies Act, 2013 are not applicable, since no such issues have been made by the Company.



- (xv) According to the information and explanations given to us and on the basis of examination of records, the Company has not entered into any non-cash transactions with directors or persons connected with him and therefore, the provisions of section 192 of Companies Act, 2013 are not applicable.
- (xvi) The requirement of registration under section 45-IA of the Reserve Bank of India Act, 1934 is not applicable to the Company.

for **BADARI, MADHUSUDHAN & SRINIVASAN,**
CHARTERED ACCOUNTANTS
FR NO. 005389S


(S. RAJENDIRAN)
PARTNER
Membership No. 021883



Place: Bangalore
Date: May 29, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE

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 Bharat Electronics Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

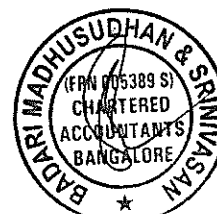
The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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 issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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



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

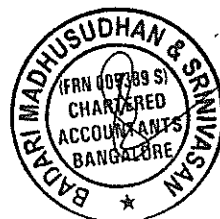
Meaning of Internal Financial Controls over Financial Reporting

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

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Opinion

In our opinion, 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

for Badari, Madhusudhan & Srinivasan,
Chartered Accountants
FR No. 005389S

(S.Rajendiran)
Partner
Membership No. 021883



Place: Bangalore
Date: May 29, 2017

ANNEXURE III TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE

Report under Section 143(5) of the Companies Act, 2013

Sl.No	Directions/Sub-directions	Action Taken	Impact on Financial Statement
1	Whether the company has clear title/lease for freehold and leasehold respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available?	Yes, the Company holds clear title/lease for freehold and leasehold lands. However, 1) In case of Freehold land measuring 1036.81 acres, (Bangalore Complex and Hyderabad Units), sale deeds are pending finalization. 2) Title deeds of land measuring 14.02 acres (Bangalore Complex, Panchkula and Kotdwara Units) are under litigation. 3) Disputed Demand of Rs. 5.12 crores for additional compensation from TSIIC towards land aggregating to 22.375 acres included in Contingent Liabilities.	Nil
2	Whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons therefore and the amount involved.	The total write off during the year aggregating to Rs.7899.77 lakhs as detailed in the annexure.	Annexure A
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities?	Yes, proper records are maintained for the inventories lying with third parties and there is no such case of gift received from Govt. or other authorities.	Nil

for **Badari, Madhusudhan & Srinivasan,**
Chartered Accountants
FR No. 005389S

(S.Rajendiran)
Partner
Membership No. 021883

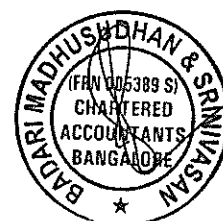


Place: Bangalore
Date: May 29, 2017

Annexure – A

Amount (Rs. In lakhs)

Sl.No	Particulars	Total Amount written off	Write off Against Provision/Accumulated Depreciation	Impact in P/L
1.	Bad debts/LD/advances written off	7228.25	7224.41	3.84
2.	Write off of Raw materials, Stores & Components	669.88	638.93	30.95
3.	Fixed Assets / Capital Work in Progress write off	1.64	1.64	-
Total Write Off		7899.77	7864.98	34.79





INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHARAT ELECTRONICS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **BHARAT ELECTRONICS LIMITED** ("the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its share of profit of its Associate, comprising of the consolidated Balance Sheet as at 31st March, 2017, the consolidated Statement of Profit and Loss (including other comprehensive income), the consolidated Cash Flow Statement and the consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group and Associate is in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group and Associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and Associate company 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 consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.



Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS 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 thereunder.

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

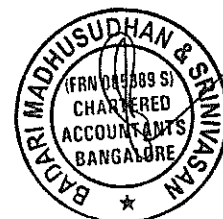
An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS 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 (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

Opinion

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

a) in the case of the consolidated balance sheet, of the state of affairs of the Group and its Associate as at 31st March 2017,



b) in the case of the consolidated statement of profit and loss, of the profit (financial performance including other comprehensive income) for the year ended on that date; and

c) in the case of the consolidated cash flow statement and statement of changes in equity, of the cash flows and the changes in equity, for the year ended on that date.

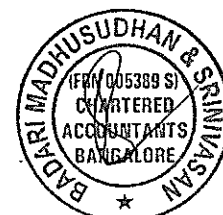
Other Matters

- a) The comparative financial information of the Group and its Associate for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by us whose report for the year ended 31st March 2016 and 31st March 2015 dated 15th July 2016 and 29th May 2015 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us. (The comparative financial information for the year ended 31st March 2016 and the transition date opening balance sheet as at 1st April 2015 in respect of two Subsidiaries and one Associate included in these consolidated Ind AS financial statements, prepared in accordance with Ind AS have been audited by other auditors and have been relied upon by us).
- b) We did not audit the Ind AS financial statements of two subsidiaries viz BEL Optronics Devices Limited & BEL Thales System Limited, and one Associate viz. GEBE Private Limited.

The financial statements of Subsidiaries reflect total assets of Rs.51,607 lakhs as at 31st March, 2017, total income of Rs.14,913 lakhs and net cash outflows of Rs. 1898 lakhs for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Subsidiaries' share of net profit (including Other Comprehensive Income) of Rs.335 lakhs for the year ended 31st March, 2017 after adjusting loss of Rs. 82 lakhs of the subsidiary BEL Thales Systems Limited, whose financial statements have not been audited by us.

The consolidated Ind AS financial statements reflects assets of the Associate of Rs 18,387 lakhs as "Investment under Equity Method" and includes Associate's share of net profit (including Other Comprehensive Income) of Rs 2634 lakhs, whose financial statements have not been audited by us. We draw attention to Note No. 30(20) regarding re-designation of GE BE Private Limited from a Jointly controlled entity to Associate.

These Ind AS financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these Subsidiaries and Associate 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 subsidiaries and Associate, is based solely on the reports of the other auditors.



- c) We draw attention to Note No. 30(15) regarding disclosure of segment information as required under Ind AS 108.

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

Report on Other Legal and Regulatory Requirements

1. 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 Companies Act, 2013 is not applicable on consolidated financial statements.

2. As required by Section 143(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 Ind AS financial statements.

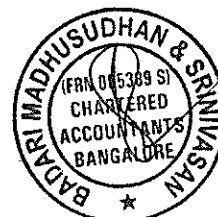
(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with, by this Report is in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.

(d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder.

(e) In accordance with Notification No. G.S.R 463(E), dated June 5th, 2015, the requirement of Section 164(2) of the Companies Act, 2013 is not applicable to Government Companies.

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



(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 Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group– Refer Note No 30(12) to the consolidated Ind AS financial statements.
 - ii. The Group has made requisite provisions for material foreseeable losses, for long-term contracts, including derivative contracts, if any, in the consolidated Ind AS financial statements as required under the applicable laws or accounting standards - Refer Note No 21 to the consolidated Ind AS financial statements.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Group incorporated in India.
3. The Group has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Group and as produced to us by the Management – Refer Note No 30(16) to the consolidated Ind AS financial statements.

for **BADARI, MADHUSUDHAN & SRINIVASAN,**
CHARTERED ACCOUNTANTS
FR NO. 005389S

(S.RAJENDIRAN)
PARTNER
Membership No. 021883



Place: Bangalore
Date: May 29, 2017

**ANNEXURE I TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON
THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF
BHARAT ELECTRONICS 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 Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **Bharat Electronics Limited** ("the Holding Company") and its subsidiary companies and Associate, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate company, which are 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 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 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.

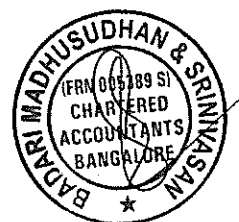
Meaning of Internal Financial Controls over Financial Reporting

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 authorizations of management and directors of the company; and
- (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Opinion

In our opinion, the Holding Company, its subsidiary companies and Associate company, which are companies 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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 two subsidiary companies and one Associate company, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

for **BADARI, MADHUSUDHAN & SRINIVASAN,**
CHARTERED ACCOUNTANTS
FR NO. 005389S

(S. RAJENDIRAN)
PARTNER
Membership No. 021883



Place: Bangalore

Date: May 29, 2017

भारत इलेक्ट्रॉनिक्स लिमिटेड

(भारत सरकार का उद्यम, रक्षा मंत्रालय)

पंजीकृत कार्यालय

आउटर रिंग रोड, नागवारा, बेंगलूर - 560 045. भारत

Bharat Electronics Limited

(A Govt. of India Enterprise, Ministry of Defence)

Registered Office :

Outer Ring Road, Nagavara,

Bangalore - 560 045, INDIA.

फोन/Phone : +91 80 25039300 / 25039242

फैक्स/Fax : +91 80 25039233

वेब/Web : www.bel-india.com

CIN: L32309KA1954GOI000787

To,
BSE Limited
National Stock Exchange of India Limited

29th May 2017

Dear Sirs/Madam,

Sub: Declaration Pursuant to Regulation 33(3)(d) of the Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2016.

DECLARATION

I, Koshy Alexander, Chief Financial Officer of Bharat Electronics Limited (CIN: L32309KA1954GOI000787) having its Registered Office at Outer Ring Road, Nagavara, Bengaluru-560 045, hereby declare that, the Statutory Auditors of the Company, Badari, Madhusudhan & Srinivasan, Chartered Accountants (FRN: 005389S) have issued an Audit Report with unmodified opinion on Audited Financial Results of the Company (Standalone & Consolidated) for the quarter and year ended on 31 March, 2017.

This Declaration is given in compliance to Regulation 33(3)(d) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2016, vide notification No. SEBI/LAD-NRO/GN/201 6-17/001 dated May 25, 2016 and Circular no. CIR/CFD/CMD/56/2016 dated May 27, 2016.

Kindly take this declaration on your records.

Yours Sincerely,

For Bharat Electronics Limited


Koshy Alexander
Chief Financial Officer

