

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

INDEPENDENT AUDITORS' REPORT

To the Members of Bharat Heavy Electricals Limited

Report on the Financial Statements

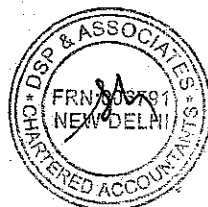
We have audited the accompanying financial statements of **Bharat Heavy Electricals Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2015, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information in which are incorporated the returns for the year ended on that date audited by us for 11 branches and 24 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 but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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:

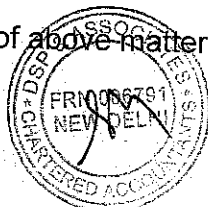
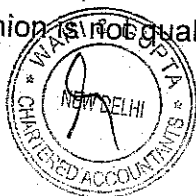
- (a) In the case of the Balance Sheet, of the state of affairs of the company as at March 31, 2015;
- (b) In the case of the Statement of Profit and Loss, of the Profit for the year ended on that date; and
- (c) In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to :

Amount outstanding in projects under hold for more than 3 years amounting to Rs. 1845 crores (Refer note no. 31(26))

Our opinion is not qualified in respect of above matter.



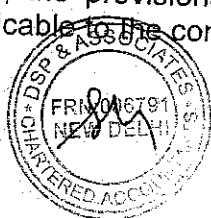
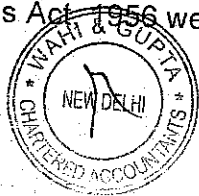
Other Matter

We did not audit the financial statements/information of 24 (Twenty Four) branches included in the standalone financial statements of the Company whose financial statements / financial information reflect total assets of Rs. 46378.71 crores as at 31st March, 2015 and total revenue of Rs. 24922.28 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.

Report on Other Legal and Regulatory Requirements

- (1) As required by the Companies (Auditor's Report) Order, 2015 ("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) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors appointed during 2014-15 is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act. Prior to 01-04-2014, in terms of notification no. GSR 829(E) dated 21.10.2013 issued by the department of Company Affairs, Govt. of India, the provisions of section 274(1)(g) of the Companies Act, 1956 were not applicable to the company



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

- i. The Company 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 (Annexure B)

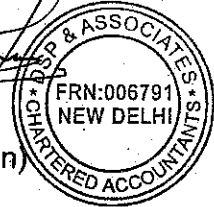
For Wahi & Gupta
Chartered Accountants
FRN 002263N



(CA Anuj Gupta)
M.No.076560

Date: 26/05/15
Place: New Delhi

For DSP & Associates
Chartered Accountants
FRN 006791N

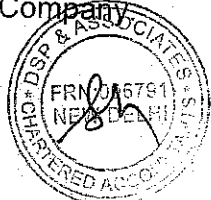
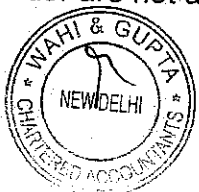


(CA Sanjay Jain)
M.No.084906

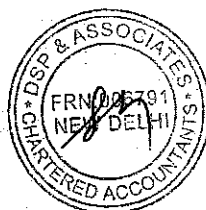
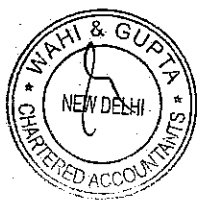
Annexure (A) to Independent Auditors' Report

(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, 2015)

- 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.
- ii)
 - (a) 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.
 - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
 - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and discrepancies noticed on physical verification of inventories were not material with regard to the size and nature of operations of the Company and have been properly dealt with in the books of account.
- iii) According to the information given to us, the Company has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore clauses (iii) (a) and (iii)(b) of Paragraph 3 of the Order are not applicable to the Company.



- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the Company, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control systems.
- 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 2014.
- 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, Wealth 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, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Cess and any other statutory dues were outstanding as at March 31, 2015 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, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax and Cess which have not been deposited on account of dispute are as under:

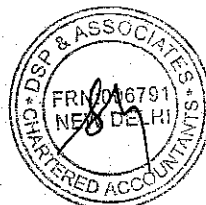
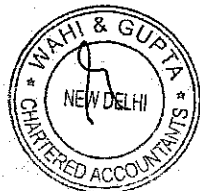


(Rs. in Crores)

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, Work Contract Tax Act, Lease Tax, Entry Tax Act and Sales Tax Act of various States	Sales Tax, Entry Tax & Work Contract Tax	89.55	25.15	Assessing Officer
			302.03	35.96	Dy. Commissioner / Jt. Commissioner/ Commissioner (Appeals)
			378.77	80.28	Appellate Tribunal
			409.35	107.49	High Court
			3.43	3.38	Supreme Court
			360.81	20.25	Various Appellate Authorities
2	Income Tax Act, 1961	Income Tax	1.17	-	Assessing Officer
			15.01	0.70	Commissioner (Appeals)
			0.32	-	High Court
3	Central Excise Act, 1944	Excise Duty	54.12	9.47	Commissioner (Appeals)
			359.63	8.44	Appellate Tribunal
			45.89	5.50	High Court
4	Service Tax under the Finance Act, 1994	Service Tax	77.96	2.13	Commissioner (Appeals)
			366.51	2.23	Appellate Tribunal
			14.47	-	High Court
5	Customs Act, 1962	Custom duty	2.93	2.83	Assessing Officer
6	The Building and Other Construction Workers Welfare Cess Act, 1996	Cess	11.78	2.50	High Court

(d) The company has transferred the amount required to be transferred to Investor Education and Protection Fund within time in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

- viii) The Company has no accumulated losses as at March 31, 2015 and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- ix) 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 dues to financial institutions, banks or debenture holders.
- x) In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- xi) As per information and explanations given to us, the Company has not obtained any term loan during the year.



- xii) 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 on or by the Company has been noticed or reported during the year.

For Wahi & gupta
Chartered Accountants
FRN 002263N

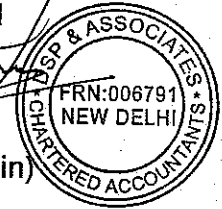


A handwritten signature in black ink, appearing to be "Anuj Gupta".

(CA Anuj Gupta)
M.No.076560

Date: 26/05/15
Place: New Delhi

For DSP & Associates
Chartered Accountants
FRN 006791N



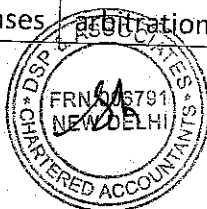
A handwritten signature in black ink, appearing to be "Sanjay Jain".

(CA Sanjay Jain)
M.No.084906

Annexure B

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 2014-15 issued by the Comptroller & Auditor General of India under Section 143(5) of the Companies Act, 2013

Sl No	Areas Examined	Observation/Finding
1	If the company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	Department of Disinvestment (DoD) under Ministry of Finance have informed BHEL that a disinvestment of 5% paid up equity capital thro' Offer for Sale of Shares by promoters (GOI) thro' stock exchange mechanism as SEBI Rules & Regulations has been considered. Towards this Merchant Bankers/Selling Brokers have been appointed by DoD. BHEL participation towards this have been (a) Preparation of a presentation material about company & hosting on BHEL's web site (b) Participation in Road Shows planned by DoD along with Merchant Bankers/Selling Brokers. DoD is the agency for this disinvestment and the procedures & time lines are in their purview.
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved	Debtors amounting to Rs. 31.24 crore have been written-off during the FY 2014-15 on account of LD levied & recovered by the customers. Rs.31.43 Crore written off during the FY 2014-15 due to various disallowance/ recoveries made by customer on accounts of rejections/defects, shortages, transport charges, difference in Taxes, counter claims etc. 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 & assets received as gift from Govt. or other authorities	Proper records are being maintained for the inventories lying with third parties & assets received as gift from Govt. or other authorities. However, during the year there is no case of assets received as gift from Govt. or other authorities.
4	A report on age-wise analysis of pending legal/arbitration cases	Age-wise analysis of pending legal & arbitration cases and pending industrial



including the reasons of pendency and existence/ effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.

dispute cases are as under :

Particulars	No. of Cases
Less than 1 year	184
More than 1 year and less than 2 years	167
More than 2 years and less than 3 years	154
More than 3 years	664
Total	1169

Reasons for their pendency is that the legal cases entail procedural rules being adhered to and are finally heard/ disposed of by the Court at their own turn. There exists an effective monitoring mechanism for expenditure on all legal cases (foreign and local). A sum of Rs 19.44 crore has been incurred as legal fees and expenses which is only 0.06 % of turnover.



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INDEPENDENT AUDITOR'S REPORT

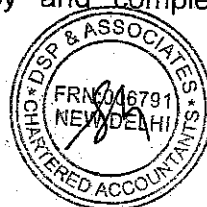
TO
THE MEMBERS OF
BHARAT HEAVY ELECTRICALS LIMITED

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 subsidiary together referred to as "the Group") and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2015, 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



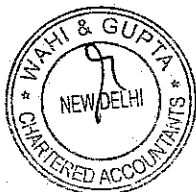
records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the 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 but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.



Emphasis of Matter

We draw attention to :

For Parent company amount outstanding in projects under hold for more than 3 years amounting to Rs. 1845 crores (Refer note no. 31(21))

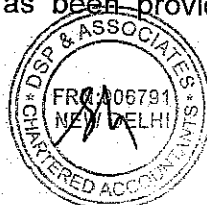
Our opinion is not qualified in respect of above matter.

Other Matters

- (a) We did not audit the financial statements of 1 subsidiary, and 2 jointly controlled entity, whose financial statements reflect total assets of Rs. 262.37 crores as at 31st March, 2015, total revenues of Rs.324.10 crores and net cash outflows amounting to Rs. 0.76 crores for the year ended on that date, as 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 2 jointly controlled entities, whose financial statements reflect total assets of Rs 2578.08 crores as at 31st March, 2015, total revenues of Rs. 296.43 crores and net cash outflows amounting to Rs. 6.92 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.

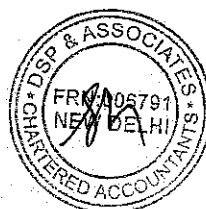
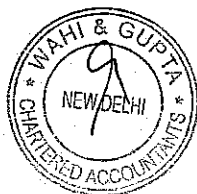
The accounts of Powerplant Performance Improvements Ltd. a Joint Venture of BHEL have not been consolidated as the said company is under liquidation and full amount of equity investment has been provided. The accounts of Latur



Power company Ltd. have not been consolidated as the said company is under liquidation and full amount of equity investment has been realized

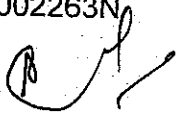
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company, subsidiary companies and jointly controlled companies incorporated in India, we give in the Annexure 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, 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 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) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India appointed during FY 2014-15 is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act. Prior to 01-04-2014, in terms of notification no. GSR 829(E) dated 21.10.2013 issued by the department of Company Affairs, Govt. of India, the provisions of section 274(1)(g) of the Companies Act, 1956 were not applicable to the company
 - (f) 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:

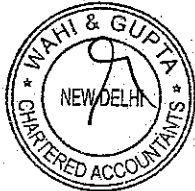


- i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and jointly controlled entities— Refer Note 31(7) to the consolidated financial statements.
- ii. Provision has been made in the consolidated financial statements, 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 002263N

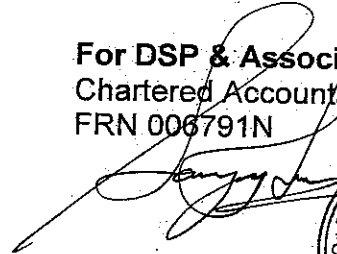


(CA Anuj Gupta)
M.No.076560

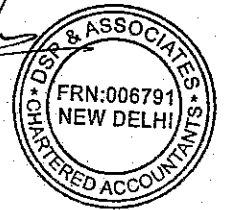


Date: 26/05/15
Place: New Delhi

For DSP & Associates
Chartered Accountants
FRN 006791N



(CA Sanjay Jain)
M.No.084906



Annexure to Independent Auditors' Report

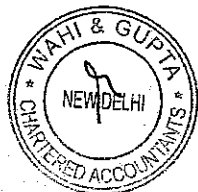
(Referred to in Paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date on the accounts of Holding company, subsidiary company and jointly controlled companies incorporated in India, for the year ended March 31, 2015)

- i) (a) The Group including its jointly controlled entities has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.

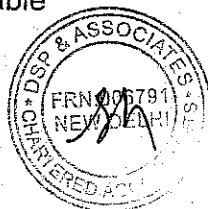
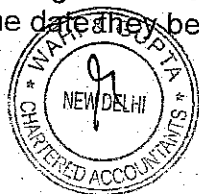
(b) According to the information and explanations given to us, physical verification of fixed assets is being conducted in a phased manner by the management under a programme designed to cover all the fixed assets over a period of three years, which, in our opinion, is reasonable having regard to the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

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Group including its jointly controlled entities and the nature of its business.

(c) In our opinion and according to the information and explanations given to us, the Group including its jointly controlled entities has maintained proper records of its inventories and discrepancies noticed on physical verification of inventories were not material with regard to the size and nature of operations of the Group including its jointly controlled entities and have been properly dealt with in the books of account.



- iii) According to the information given to us, the Group including its jointly controlled entities has not granted any loans, secured or unsecured to companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore clauses (iii) (a) and (iii)(b) of Paragraph 3 of the Order are not applicable to the Group including its jointly controlled entities.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Group including its jointly controlled entities and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. Further on the basis of our examination of the books and records of the Group including its jointly controlled entities, and according to the information and explanations given to us, we have neither come across nor have been informed of any continuing failure to correct major weaknesses in the internal control systems.
- v) According to the information and explanations given to us, the Group including its jointly controlled entities 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 2014.
- vi) We have broadly reviewed the books of account and records maintained by the Group including its jointly controlled entities 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 Group including its jointly controlled entities is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth 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, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Cess and any other statutory dues were outstanding as at March 31, 2015 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, Wealth Tax, Service Tax, duty of Customs, duty of Excise, Value Added Tax and Cess 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, Work Contract Tax Act, Lease Tax, Entry Tax Act and Sales Tax Act of various States	Sales Tax, Entry Tax & Work Contract Tax	89.55	25.15	Assessing Officer
			302.06	35.96	Dy. Commissioner / Jt. Commissioner/ Commissioner (Appeals)
			378.85	80.33	Appellate Tribunal
			409.35	107.49	High Court
			3.43	3.38	Supreme Court
			360.81	20.25	Various Appellate Authorities
2	Income Tax Act, 1961	Income Tax	1.17	-	Assessing Officer
			15.01	0.70	Commissioner(Appeals)
			0.32	-	High Court
3	Central Excise Act, 1944	Excise Duty	54.12	9.47	Commissioner (Appeals)
			359.63	8.44	Appellate Tribunal
			45.89	5.50	High Court
4	Service Tax under the Finance Act, 1994	Service Tax	77.96	2.13	Commissioner (Appeals)
			368.93	2.33	Appellate Tribunal
			14.47	-	High Court
5	Customs Act, 1962	Custom duty	2.93	2.83	Assessing Officer
6	The Building and Other Construction Workers Welfare Cess Act, 1996	Cess	11.78	2.50	High Court

(d) The Group including its jointly controlled entities has transferred the amount required to be transferred to Investor Education and Protection Fund within time in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and rules made thereunder.

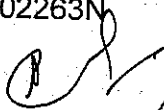
- viii) The Group including its jointly controlled entities has no accumulated losses as at March 31, 2015 and has not incurred any cash losses during the financial year covered by our audit and the immediately preceding financial year.
- ix) According to the records of the Group including its jointly controlled entities examined by us and the information and explanations given to us,



the Group including its jointly controlled entities has not defaulted in repayment of dues to financial institutions, banks or debenture holders.

- x) In our opinion and according to the information and explanations given to us, the Group including its jointly controlled entities has not given guarantees for loans taken by others from banks or financial institutions.
- xi) As per information and explanations given to us, the Group including its jointly controlled entities has not obtained any term loan during the year.
- xii) During the course of our examination of the books and records of the Group including its jointly controlled entities, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, no fraud on or by the Group including its jointly controlled entities has been noticed or reported during the year.

For Wahi & gupta
Chartered Accountants
FRN 002263N

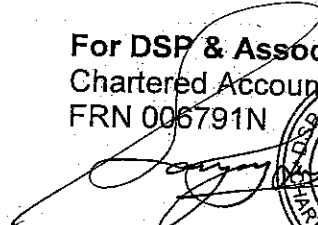


(CA Anuj Gupta)
M.No.076560



Date: 26/05/15
Place: New Delhi

For DSP & Associates
Chartered Accountants
FRN 006791N



(CA Sanjay Jain)
M.No.084906

