

BF UTILITIES

BFUL/NSE/BSE/

August 6, 2016

The Manager,
Listing Department
National Stock Exchange of India Ltd.
Exchange Plaza, Bandra-Kurla Complex
Bandra (E),
Mumbai – 400 051
SYMBOL – BFUTILITIE

The General Manager
Corporate Relationship Department,
BSE Limited
Phiroze Jeejeebhoy Tower
Dalal Street, Fort,
Mumbai – 400 001.
Scrip Code – 532430

Dear Sirs,

Re: Consolidated Audited Financial Results for the year ended 31st March, 2016.

Please find enclosed herewith the copy of Consolidated Audited Financial Results for the year ended 31st March, 2016

Thanking You,

Yours Faithfully,
For BF Utilities Limited



B. S. Mitkari
Company Secretary

Encl : As Above

CIN:L40108PN2000PLC015323



KALYANI
GROUP COMPANY

Correspondence Address:
Cyber City, Tower 15, Level 6, Office 602,
Magarpatta City, Hadapsar, Pune 411013.
Phone: +91-20-6629 2550/26

BF UTILITIES LIMITED

Regd. Office : Mundhwa, Pune Cantonment, Pune 411 036


(Rs. In Lakhs)

STATEMENT OF AUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH, 2016

| Sr. | Particulars | Consolidated Results for the year ended | |
|--|--|---|--------------------|
| | | 31 March, 2016 | 30 September, 2015 |
| | | (Audited) | (Audited) |
| 1 | Income from operations | | |
| (a) | Net Sales / Income from Operations | 30,146.60 | 51,891.75 |
| (b) | Other Operating Income | - | - |
| | Total Income from operations (net) (a+b) | 30,146.60 | 51,891.75 |
| 2 | Expenses | | |
| (a) | Cost of materials consumed | NA | NA |
| (b) | Purchase of stock-in-trade | NA | NA |
| (c) | Changes in inventories of finished goods, work-in-progress and stock in trade | (1.62) | 0.81 |
| (d) | Employee benefits expense | 3,515.74 | 3,856.22 |
| (e) | Depreciation and amortisation expense | 2,301.45 | 2,797.85 |
| (f) | <u>Other Expenses</u> | | |
| | Cost of Sale of Land and Land Development Operation, Maintenance | 384.24 | 4,816.57 |
| | Administrative and other Expenses | 2,440.01 | 3,539.74 |
| | Legal & Professional Charges | 2,195.75 | 1,633.29 |
| | | 737.86 | 711.03 |
| | Total expenses (a+b+c+d+e+f) | 11,573.43 | 17,355.51 |
| 3 | Profit / (Loss) from operations before other income, finance costs and exceptional items (1-2) | 18,573.17 | 34,536.24 |
| 4 | Other Income | 435.02 | 320.52 |
| 5 | Profit / (Loss) from ordinary activities before finance costs & exceptional items (3+4) | 19,008.19 | 34,856.76 |
| 6 | Finance costs | 19,414.25 | 23,138.28 |
| 7 | Profit / (Loss) from ordinary activities after finance costs but before exceptional items (5-6) | (406.06) | 11,718.48 |
| 8 | (Expenditure)/ income Exceptional items (net) | 1,022.79 | 330.55 |
| 9 | Profit / (Loss) from ordinary activities before tax, (7+8) | 616.73 | 12,049.03 |
| 10 | Tax expenses | 296.91 | 106.47 |
| 11 | Net Profit / (Loss) from ordinary activities after tax (9-10) | 319.82 | 11,942.56 |
| 12 | Extraordinary items | - | - |
| 13 | Adjustment in respect of previous year : Expenses / Taxation | - | (125.66) |
| 14 | Net Profit / (Loss) for the period / year (11-12-13) | 319.82 | 12,068.22 |
| 15 | Minority Interest | 12.65 | 5,921.67 |
| 16 | Profit / (Loss) attributable to the consolidated group. | 307.17 | 6,146.55 |
| 17 | Paid up equity share capital (Face Value of Rs.5/- each) | 1,883.38 | 1,883.38 |
| 18 | Reserves excluding Revaluation Reserves as per balance sheet of previous accounting year | (24,651.19) | (24,710.34) |
| 19 i | Earning per share (before extraordinary items) (of Rs. 5/- each)(not annualised): | | |
| | (a) Basic and (b) diluted | 0.82 | 16.32 |
| 19 ii | Earning per share (after extraordinary items) (of Rs. 5/- each)(not annualised): | | |
| | (a) Basic and (b) diluted | 0.82 | 16.32 |
| See accompanying notes to the consolidated financial results | | | |

For BF UTILITIES LIMITED

DIRECTOR


B.B. Hattarkj
DIN : 00145710

BF Utilities Limited

**Consolidated Segmentwise Revenue, Results, and Capital Employed for the
Year Ended 31 March, 2016**

(Rs. In Lakhs)

| Particulars | Year ended 31-Mar-16 | Year ended 30-Sep-15 |
|---|-------------------------|-------------------------|
| | (Audited) | (Audited) |
| Segment Revenue | | |
| a. Wind Mills | 520.64 | 1,916.27 |
| b. Infrastructure | 30,056.63 | 50,287.07 |
| Total | 30,577.27 | 52,203.34 |
| Less : Inter segment revenue | - | - |
| Net sales / income from operations | 30,577.27 | 52,203.34 |
| Segment results | | |
| Profit / (Loss) (before tax and interest from each segment) | | |
| a. Wind Mills | (10.95) | 635.79 |
| b. Infrastructure | 19,050.62 | 34,273.36 |
| Total | 19,039.67 | 34,909.15 |
| Less : i) Interest and Finance Charges | 19,414.25 | 23,138.28 |
| ii) Other unallocable expenditure net off unallocable income | 31.48 | 52.39 |
| Total Profit / (Loss) before tax and Exceptional Items | (406.06) | 11,718.48 |
| Exceptional Item | 1,022.79 | 330.55 |
| Total Profit / (Loss) before tax | 616.73 | 12,049.03 |
| Capital Employed (Segment Assets - Segment Liabilities) | | |
| a. Wind Mills | 2,191.72 | 991.76 |
| b. Infrastructure | 199,494.89 | 200,475.28 |
| c. Other - Unallocable | 1,545.62 | 1,602.57 |
| Total | 203,232.23 | 203,069.61 |

FOR BF UTILITIES LIMITED

Pune
Dated : 6 August, 2016

DIRECTOR

B. B. Hattarki
DIN : 00145710

Consolidated Statement of Assets and Liabilities

(Rs. In Lakhs)

| Particulars | Consolidated As At | |
|--|--------------------|--------------------|
| | 31-Mar-2016 | 30-Sep-2015 |
| | (Audited) | (Audited) |
| A EQUITY AND LIABILITIES | | |
| 1 Shareholders' funds | | |
| (a) Share Capital | 1,883.38 | 1,883.38 |
| (b) Reserves and Surplus | (24,651.19) | (24,710.34) |
| Sub-total-Shareholders' funds | (22,767.81) | (22,826.96) |
| 2 Minority Interest | 39,054.05 | 39,041.39 |
| 3 Non-current liabilities | | |
| (a) Long-term borrowings | 181,064.49 | 181,835.17 |
| (b) Deferred tax liabilities (net) | 429.27 | 1,366.37 |
| (c) Other long-term liabilities | 3,759.08 | 3,513.24 |
| (d) Long-term provisions | 7.15 | 335.56 |
| Sub-total-Non current liabilities | 185,259.99 | 187,050.34 |
| 4 Current liabilities | | |
| (a) Short-term borrowings | 3,167.00 | 2,517.00 |
| (b) Trade payables | 1,557.26 | 1,254.45 |
| (c) Other current liabilities | 15,899.84 | 14,460.29 |
| (d) Short-term provision | 1,709.36 | 2,196.28 |
| Sub-total-Current liabilities | 22,333.46 | 20,428.02 |
| | | |
| TOTAL - EQUITY AND LIABILITIES | 223,879.69 | 223,692.79 |
| B ASSETS | | |
| 1 Non-current assets | | |
| (a) Fixed assets | 144,137.43 | 146,388.85 |
| (b) Goodwill on consolidation | 635.09 | - |
| (c) Other non-current assets | 4,428.30 | 4,782.29 |
| (d) Non-current investments | 192.56 | 192.56 |
| (e) Long-term loans and advances | 36,248.87 | 37,995.50 |
| Sub-total - Non-current assets | 185,642.25 | 189,359.20 |
| 2 Current Assets | | |
| (a) Current investments | 2,659.51 | 6.64 |
| (b) Inventory | 17,212.07 | 17,203.13 |
| (c) Trade receivables | 96.91 | 284.77 |
| (d) Cash and bank balance | 1,238.21 | 1,069.11 |
| (e) Short-term loans and advances | 13,391.65 | 13,711.47 |
| (f) Other current assets | 3,639.09 | 2,058.47 |
| Sub-total - Current assets | 38,237.44 | 34,333.59 |
| | | |
| TOTAL - ASSETS | 223,879.69 | 223,692.79 |

For BF UTILITIES LIMITED



DIRECTOR

B. B. Hattarki

DIN: 00145710

Notes:

- 1 The above results were reviewed by the Audit Committee and approved by the Board of Directors of the Company at its meeting held on 6 August, 2016.
- 2 These consolidated financials are prepared on the basis of financials of the Company for 6 months period (1 October 2015 to 31 March 2016) and for all the subsidiaries for 12 months (1 April 2015 to 31 March 2016).
- 3 Certain litigations by and against the Company and subsidiaries of the Company are pending in various Courts, and the matter is subjudice. No cognizance thereof is taken in the above results, pending final outcome of the cases.

Without qualifying their opinion, the auditors have given emphasis in their reports on consolidated financial statements.

- 4 The Company is required to apply for Open Access Permission to Maharashtra State Electricity Distribution Co. Ltd., (MSEDCL) every financial year. Upon receipt of the Open Access Permission, the credit notes are issued by MSEDCL for power generated at the Company's Wind Farm at Satara which are subsequently adjusted in the power bill of the customer in Pune.

The Company's appeal no.9/2015 with MERC with respect to issue of Open Access Permission for the period April 2014 to March 2015 has been decided in favour of the Company by MERC on February 8, 2016. MSEDCL has subsequently granted Open Access Permission and Credit Notes for the relevant year.

Pending final adjustments in the power bill by MSEDCL, and based on earlier years' experience, the Company has continued to recognise revenue from power generation during 2014-15 at average power tariff rate of the previous year.

Without qualifying their opinion, the auditors have given emphasis in their reports on consolidated financial statements.

- 5 Nandi Economic Corridor Enterprise Ltd (NECE) has advanced an amount of 1,227,243,251 (Rs. 1,150,454,871 as at 31 March 2015) to Nandi Engineering Limited (NEL) for undertaking development of toll roads and townships and has given Inter-corporate deposits of Rs. 98,422,294 (Rs. 160,793,546 as at 31 March 2015) to NEL, (including interest accrued but not due of Rs. 11,678,748 (as at 31 March 2015: Rs. 10,793,546)), which remain outstanding at the balance sheet date of NECE. These have been considered as good and recoverable in these financial statements by the Management of NECE based on the future additional work that is expected to be contracted to NEL once NECE receives / acquires the requisite land parcels.

The auditors have qualified their reports on consolidated financial statements as they are unable to form an opinion on the recoverability of the said amounts.

- 6 In respect of NECE, It had been reported in print media that in September 2014, the Karnataka Legislative Assembly has constituted a House Committee Assembly Panel (House Committee) consisting of members of Legislative Assembly, to study the alleged violations in implementation of the Framework Agreement in the construction of Peripheral Road, development of townships and utilities undertaken by NECE. Further, it had also been reported in the print media that the House Committee has been advised to conduct comprehensive enquiry and submit its report and recommendations within 3 months and study the High Court and Supreme Court rulings on the BMIC Project issues and the alleged violations by NICE in the implementation of Framework Agreement.

As on date of the NECE financials, NECE has not received any communication from the aforesaid House Committee regarding the alleged violations. NECE has also obtained a legal opinion in this regard and as per the said opinion, the constitution of the House Committee will be unconstitutional, illegal, invalid and any findings / report, if given by the aforesaid House Committee would also be illegal and untenable in law. Further, NECE had faced similar situations in the past, where NECE has received favourable orders from the Hon'ble High Court and the Supreme Court.

Based on the aforesaid legal opinion, the Management of NECE has evaluated the above developments and in its assessment, since every aspect of the implementation of the BMIC Project has been judicially scrutinized in earlier instances by the Hon'ble High Court of Karnataka and Hon'ble Supreme Court of India and as the Hon'ble Courts have pronounced detailed favorable judgments regarding the same, including upholding the

process adopted by NICE/ NECE in implementing the BMIC Project as per FWA , the Management of NECE is of the view that NECE has followed the FWA in letter and spirit and that all concerned laws have been adhered to in implementing the BMIC Project. As such, NECE intends to legally contest any matters that may arise in this regard to safeguard its interests.

NECE's township development activities carried out as part of the BMIC Project are dependent upon receiving necessary approvals from the Bangalore Mysore Infrastructure Corridor Area Planning Authority.

Based on the above, in the opinion of the Management of NECE, the requisite regulatory approvals are expected to be received by NECE in the normal course of business for the township development activities of NECE and, hence, there would be no adverse effect on the operations of NECE.

Without qualifying their opinion, the auditors have given emphasis in their reports on consolidated financial statements.

- 7 NECE had been incurring losses in prior years resulting in substantial erosion of its net-worth. NECE also faces shortage of funds required to meet day-to-day business operations should the necessary approvals not be received for its township development activities.

The Company and Nandi Infrastructure Corridor Enterprise Ltd (NICE) have entered into a Sponsor Support Agreement with the Senior Lenders of NECE, under which they have undertaken to financially support NECE in meeting any shortfall in the Operation and Maintenance of the Integrated Toll Road Project consisting of Toll Road and Township Development, as defined in the Agreement.

NECE believes that with a combination of the following mitigation plans, it would be able to meet all its obligations in the normal course of business:

- (i) the business plans of NECE which, inter alia, considers:
 - a) its internal cash accruals from Toll revenues;
 - b) disposal / development of parcels of land where approvals have been received;
 - c) disposal / development of parcels of land subject to receipt of approvals, which is expected to be received pursuant to the favorable orders of the Hon'ble High Court of Karnataka;
- (ii) legally contesting any matters that may arise consequent to the reported constitution of the Assembly Panel to study the implementation of the Framework Agreement as stated in; and
- (iii) the undertaking provided by the Company and NICE under the Sponsor Support Agreement with the Senior Lenders of NECE, under which the said companies have undertaken to financially support NECE in meeting any shortfall in the Operation and Maintenance of the Integrated Toll Road Project consisting of Toll Road and Township Development, as defined in the Agreement.

Accordingly, NECE has prepared their financial statements on a going concern basis

Without qualifying their opinion, the auditors have given emphasis in their reports on consolidated financial statements.

- 8 In case of NECE, Section A of the BMICP includes development of 13 Kms of Expressway. Of the above, NECE has completed a portion of Expressway as at the Balance sheet date of NECE and is awaiting for allotment of land parcels from the GoK in order to complete the balance portion of the Expressway. The cost incurred in developing the bituminous road and related infrastructure amounting to Rs. 1,087,549,619 as at March 31, 2016 (Rs. 1,087,549,619 as at March 31, 2015) has been classified in their financial statements as Capital work-in progress. NECE is confident of recovering the above costs through collection of tolls from the utilization of the Expressway, once the requisite land parcels are received from the GoK and the balance portion of the Expressway is completed and accordingly no provisions for impairment are recognised in this regard.

Without qualifying their opinion, the auditors have given emphasis in their reports on consolidated financial statements.

9 In respect of Managerial Remuneration paid by NECE:

- (a) During the year ended March 31, 2016, the NECE's application for seeking approval of remuneration to the Managing Director of NECE for the period December 1, 2013 to November 30, 2016, has been rejected by the Ministry of Corporate Affairs ("MCA") vide its letter dated January 20, 2016. The letter also alleges that the MCA's approval of the remuneration to the Managing Director of NECE for the period December 1, 2010 to November 30, 2013 has been tampered with. On further investigation by NECE, it has been noted that the alleged fraudulent act of tampering the MCA's letter by increasing the amount of remuneration payable to the Managing Director of NECE has been committed in an earlier year by a Consultant of NECE who was entrusted with the responsibility of assisting NECE in obtaining the approval from the MCA. NECE has subsequently initiated appropriate actions against the Consultant.

In the absence of the original approval from the MCA for the period December 1, 2010 to November 30, 2013, NECE has, based on a reading of the communications with the MCA on the above subject and the MCA's letter dated January 20, 2016, inferred that the managerial remuneration approved by the MCA for the period December 1, 2010 to November 30, 2013 was a sum of Rs. 14,717,115 per annum.

Accordingly, NECE has determined that excess managerial remuneration paid for the period December 1, 2010 to November 30, 2013 amounted to Rs. 130,994,619 and the same has been reversed in the Statement of Profit and Loss under Exceptional items and NECE is in the process of obtaining refund of the same. In addition, for the period December 1, 2013 to March 31, 2014, based on the effective capital of NECE in terms of Schedule XIII to the Companies Act, 1956, NECE has determined that Rs. 17,860,662 was the remuneration in excess of the limits specified in the said Schedule and the same has also been reversed in the Statement of Profit and Loss under Exceptional items and NECE is in the process of obtaining refund of the same.

- (b) In respect of the financial year 2015-16, remuneration paid to the Managing Director of NECE is in excess of limits laid out under Schedule V to the Companies Act, 2013 for the year ended March 31, 2016, amounting to Rs. 3,099,286 is also being considered to be held in trust by the Managing Director of NECE as at the balance sheet date of NECE and NECE is in the process of obtaining refund of the same.

The aggregate of amounts held in trust by the Managing Director of NECE as on the balance sheet date of NECE on account of the aforesaid remuneration in excess of the limits / approvals is Rs. 151,954,567 (included under Other current assets). The said amount would be recovered from the Managing Director of NECE in accordance with the provisions of the Companies Act, 2013.

- (c) In respect of the NECE's financial year 2014-15, NECE paid remuneration amounting to Rs. 39,999,996 to the Managing Director of NECE. In ascertaining the limits up to which remuneration can be paid for the said year under section 198 of the Companies Act, 2013, NECE has been legally advised that as per the existing provisions of the Companies Act, 2013, losses incurred by NECE prior to April 1, 2014 are not required to be deducted when determining the profits under section 198 based on which the managerial remuneration may be paid. Based on the aforesaid legal advice, NECE has determined that the remuneration paid for the financial year 2014-15 is within the limits prescribed under the Companies Act, 2013.

Without qualifying their opinion, the auditors have given emphasis in their reports on consolidated financial statements.

10 In respect of Nandi Highway Developers Ltd. (NHDL), during the year April 2015 to March 2016, NHDL noticed misappropriation of funds by an ex-employee while in services with NHDL. Investigations conducted so far reveal that a sum of Rs 121.7 Million has been misappropriated over the past few years. Further investigations are in progress. NHDL has initiated necessary legal steps for recovery of the misappropriated funds.

With regard to the above, a sum of Rs.46.5 Million has been charged off to the Profit & Loss Account under the head "Extraordinary Items" during the year in the books of NHDL.

Management of NHDL has through its vigil mechanism identified the above misappropriation. Adequate disclosures, adjustments and rectifications have been made in the current financial statements of NHDL

wherever necessary. Since the matters relating to financial irregularities are sub-judice and interrogations are on-going, any further adjustments/disclosures, if required, would be made in financials of NHDL as and when the outcome of the above uncertainties are known and the consequential adjustments / disclosures are identified. Management of NHDL has taken adequate steps to ensure that such irregularities are not repeated.

Without qualifying their opinion, the auditors have given emphasis in their reports on consolidated financial statements.

- 11 The Company has reclassified previous year's / period's figures to confirm to current period's classification, however, the previous year's / period's figures are not comparable to those of Current period, since the current period's figures are for six months.

For BF Utilities Ltd.



Director

B. B. Hattarki

Pune - August 6, 2016

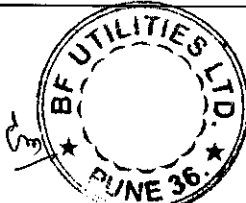
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ANNEXURE I

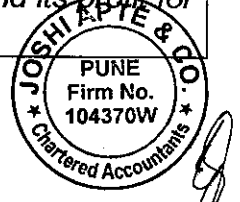
Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Standalone and Consolidated separately) – for Consolidated Financial Results

| Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2016 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] | | | | |
|--|-------|--|--|--|
| I | SI No | Particulars | Audited Figures (as reported before adjusting for qualifications) Rs. In Lacs | Adjusted Figures (audited figures after adjusting for qualifications) Rs. In Lacs |
| | 1 | Turnover / Total income | 31604.41 | 31604.41 |
| | 2 | Total Expenditure | 31284.59 | 31284.59 |
| | 3 | Net Profit/(Loss) | 319.82 | 319.82 |
| | 4 | Earnings Per Share | 0.82 | 0.82 |
| | 5 | Total Assets | 223879.69 | 223879.69 |
| | 6 | Total Liabilities | 207593.45 | 207593.45 |
| | 7 | Net Worth | 16286.24 | 16286.24 |
| | 8 | Any other financial item(s) (as felt appropriate by the management) | Nil | Nil |
| II | A | <p>Details of Audit Qualification:</p> <p>Basis of Qualified Opinion</p> <p>1. As stated in Note No. 5, NECE has advanced an amount of Rs. 1,227,243,251 (Rs. 1,150,454,871 as at 31 March 2015) to Nandi Engineering Limited (NEL) for undertaking development of toll roads and townships and has given Inter-corporate deposits of Rs. 98,422,294 (Rs. 160,793,546 as at 31 March 2015) to NEL (including interest accrued but not due thereon of Rs. 11,678,748 (As at 31 March 2015 Rs. 10,793,546)), which remain outstanding at the balance sheet date of NECE. These have been considered as good and recoverable by the Management of NECE based on the future additional work expected to be contracted to NEL. In the absence of sufficient appropriate audit evidence to assess the recoverability of these advances and inter-corporate deposits, we are unable to form an opinion on the recoverability of the carrying value of these balances and consequent adjustment that may be required on the Statement.</p> <p>Qualified Opinion</p> <p>2. In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, the Statement is presented in accordance with the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March, 2016, and its profit for the year ended on that date.</p> | | |


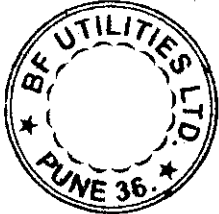


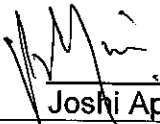
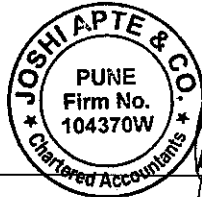
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| | | | |
|-----|---------------------------|---|---|
| | B | Type of Audit Qualification : Qualified Opinion / Disclaimer of Opinion / Adverse Opinion – <i>Disclaimer of Opinion</i> . | |
| | C | Frequency of qualification : Whether appeared first time / repetitive / since how long continuing – <i>2nd time – since September 30, 2015</i> . | |
| | D | For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: <i>Impact is not quantified by the auditor</i> . | |
| | E | For Audit Qualification(s) where the impact is not quantified by the auditor: | |
| | (i) | Management's estimation on the impact of audit qualification: | Unable to estimate impact. |
| | (ii) | If management is unable to estimate the impact, reasons for the same: | Since the impact is contingent on the future additional work expected to be contracted by NECE to NEL, the impact can not be estimated |
| | (iii) | Auditors' Comments on (i) or (ii) above: | i) Unable to estimate impact. ii) Since the impact is contingent on the future additional work expected to be contracted by NECE to NEL, the impact can not be estimated |
| III | Signatories: | | |
| | CEO: |  _____ B. S. Mitkari |  |
| | CFO: |  _____ S. S. Joshi | |
| | Audit Committee Chairman: |  _____ S. S. Vaidya | |
| | Statutory Auditor: |  _____ Joshi Apte & Co. |  |

Place : Pune
Date : 6th August, 2016

INDEPENDENT AUDITOR'S REPORT ON CONSOLIDATED FINANCIAL RESULTS OF THE COMPANY PURSUANT TO REGULATION 33 OF SEBI GUIDELINES

TO THE BOARD OF DIRECTORS OF BF UTILITIES LIMITED

1. We **Joshi Apte & Co.** Chartered Accountants have audited the accompanying Statement of Consolidated Financial Results of **BF UTILITIES LIMITED** ("the Holding Company") for the year comprising of six months' period ended 31 March 2016 and its subsidiaries for the year comprising of twelve months' period ended 31 March 2016 (the Holding Company and its subsidiaries together referred to as "the Group") ("the Statement"), being submitted by the Holding Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. This Statement, which is the responsibility of the Holding Company's management and approved by the Board of Directors, has been prepared on the basis of related consolidated financial statements which are in accordance with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, as applicable and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement.
2. We conducted our audit in accordance with the Standards on Auditing issued by Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether Statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Holding Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. Basis of Qualified Opinion

As stated in Note No. 5, NECE has advanced an amount of Rs. 1,227,243,251 (Rs. 11,504,54,871 as at 31 March 2015) to Nandi Engineering Limited (NEL) for undertaking development of toll roads and townships and has given Inter-corporate deposits of Rs. 98,422,294



Auditors Report on consolidated financial results of the Company Pursuant to regulation 33 of SEBI Guidelines – BF UTILITIES LTD. for the year end 31 March 2016

at 31 March 2015) to NEL (including interest accrued but not due thereon of Rs. 11,678,748 (As at 31 March 2015 Rs. 10,793,546)), which remain outstanding at the balance sheet date of NECE. These have been considered as good and recoverable by the Management of NECE based on the future additional work expected to be contracted to NEL. In the absence of sufficient appropriate audit evidence to assess the recoverability of these advances and inter-corporate deposits, we are unable to form an opinion on the recoverability of the carrying value of these balances and consequent adjustment that may be required on the Statement.

4. Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, these Consolidated Financial Results:

- (i) are presented in accordance with the requirements of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for the financial year ended on 31st March, 2016.

5. Emphasis of Matter

Without qualifying our opinion we draw attention to the following matters in the Notes to the Statement:

- (a) We draw attention to Note No.3 to the Statement. As mentioned therein there are certain litigations by and against the Company and the subsidiaries of the Company that are yet to be decided by various courts and the matter is subjudice. No cognizance thereof is taken in the preparation of the financial statements, pending the final outcome of these cases.

Note No. 3-

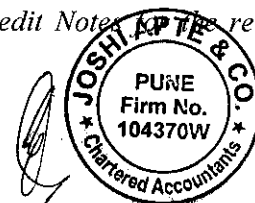
Certain litigations by and against the Company and the subsidiaries of the Company are pending in various Courts and the matter is subjudice. No cognizance thereof is taken in the above results, pending final outcome of the cases.

- (b) As stated in note no. 4 to the Statement, Pending final adjustments in the power bill by MSEDCL, and based on earlier years' experience, the Company has continued to recognise revenue from power generation during 2014-15 at average power tariff rate of the previous year.

Note No. 4-

The Company is required to apply for Open Access Permission to Maharashtra State Electricity Distribution Co. Ltd., (MSEDCL) every financial year. Upon receipt of the Open Access Permission, the credit notes are issued by MSEDCL for power generated at the Company's Wind Farm at Satara which are subsequently adjusted in the power bill of the customer in Pune.

The Company's appeal no.9/2015 with MERC with respect to issue of Open Access Permission for the year 2014-15 has been decided in favour of the Company by MERC on February 8, 2016. MSEDCL has subsequently granted Open Access Permission and Credit Notes for the relevant year.



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Pending final adjustments in the power bill by MSEDCL, and based on earlier years' experience, the Company has continued to recognise revenue from power generation during 2014-15 at average power tariff rate of the previous year.

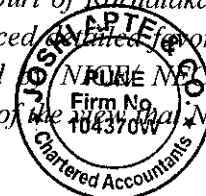
- (c) We draw attention to Note No. 6 to the Statement regarding the reported constitution of an House Committee consisting of members of the Karnataka Legislative Assembly, to study alleged violations in implementation of the Framework Agreement ('FWA') in the construction of Peripheral Road, development of Townships and Utilities undertaken by NECE as part of the Bangalore Mysore Infrastructure Corridor Project ('BMIC Project'). As explained in the said Note, based on the legal opinion obtained by NECE in this regard, the Management of NECE has evaluated the above development and, in their assessment, since every aspect of the implementation of the BMIC Project has been judicially scrutinized in earlier instances by the Hon'ble High Court of Karnataka and Hon'ble Supreme Court of India and the Hon'ble Courts have pronounced detailed favourable judgments regarding the same, including upholding the process adopted by NECE in implementing the BMIC Project as per FWA, they are of the view that NECE has followed the FWA in letter and spirit and that all concerned laws have been adhered to in implementing the BMIC Project. Accordingly, NECE intends to legally contest any matter that may arise consequent to the reported constitution of the Assembly Panel to study the implementation of the FWA.

Note No. 6-

In respect of NECE, It had been reported in print media that in September 2014, the Karnataka Legislative Assembly has constituted a House Committee Assembly Panel (House Committee) consisting of members of Legislative Assembly, to study the alleged violations in implementation of the Framework Agreement in the construction of Peripheral Road, development of townships and utilities undertaken by NECE. Further, it had also been reported in the print media that the House Committee has been advised to conduct comprehensive enquiry and submit its report and recommendations within 3 months and study the High Court and Supreme Court rulings on the BMIC Project issues and the alleged violations by NICE in the implementation of Framework Agreement.

As on date of the NECE financials, NECE has not received any communication from the aforesaid House Committee regarding the alleged violations. NECE has also obtained a legal opinion in this regard and as per the said opinion, the constitution of the House Committee will be unconstitutional, illegal, invalid and any findings / report, if given by the aforesaid House Committee would also be illegal and untenable in law. Further, NECE had faced similar situations in the past, where NECE has received favourable orders from the Hon'ble High Court and the Supreme Court.

Based on the aforesaid legal opinion, the Management of NECE has evaluated the above developments and in its assessment, since every aspect of the implementation of the BMIC Project has been judicially scrutinized in earlier instances by the Hon'ble High Court of Karnataka and Hon'ble Supreme Court of India and as the Hon'ble Courts have pronounced detailed favourable judgments regarding the same, including upholding the process adopted by NECE in implementing the BMIC Project as per FWA, the Management of NECE is of the view that NECE



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has followed the FWA in letter and spirit and that all concerned laws have been adhered to in implementing the BMIC Project. As such, NECE intends to legally contest any matters that may arise in this regard to safeguard its interests.

NECE's township development activities carried out as part of the BMIC Project are dependent upon receiving necessary approvals from the Bangalore Mysore Infrastructure Corridor Area Planning Authority.

Based on the above, in the opinion of the Management of NECE, the requisite regulatory approvals are expected to be received by NECE in the normal course of business for the township development activities of NECE and, hence, there would be no adverse effect on the operations of NECE.

- (d) We draw attention to Note No. 7 to the Statement with regard to the basis of preparation of the NECE financials on the basis of going concern. As mentioned therein, NECE had been incurring losses in prior years resulting in substantial erosion of its net-worth. NECE also faces shortage of funds required to meet day-to-day business operations should NECE not receive the necessary approvals for township development activities. The financial statements have been prepared on the assumption that NECE will continue as a going concern based on the mitigation plans of the Management of NECE which, inter alia, includes (i) the business plans of NECE (which, inter alia, envisage the receipt of requisite approvals for disposal / development of parcels of land), (ii) NECE's intention to legally contest any matter that may arise pursuant to the constitution of the Assembly Panel to study the implementation of the FWA referred to in paragraph (c) above and (iii) the consideration of the undertaking provided by NICE and BFUL to extend financial support to NECE as stated in the Note No.7. The ability of NECE to continue as a going concern is dependent on the successful completion and outcome of the aforesaid mitigation plans.

Note No. 7-

NECE had been incurring losses in prior years resulting in substantial erosion of its net-worth. NECE also faces shortage of funds required to meet day-to-day business operations should the necessary approvals not be received for its township development activities.

The Company and Nandi Infrastructure Corridor Enterprise Ltd (NICE) have entered into a Sponsor Support Agreement with the Senior Lenders of NECE, under which they have undertaken to financially support NECE in meeting any shortfall in the Operation and Maintenance of the Integrated Toll Road Project consisting of Toll Road and Township Development, as defined in the Agreement.

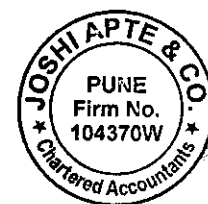
NECE believes that with a combination of the following mitigation plans, it would be able to meet all its obligations in the normal course of business:

(i) the business plans of NECE which, inter alia, considers:

(a) its internal cash accruals from Toll revenues;

(b) disposal / development of parcels of land where approvals have been received;

(c) disposal / development of parcels of land subject to receipt of approvals, which is expected



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to be received pursuant to the favorable orders of the Hon'ble High Court of Karnataka;

- (ii) legally contesting any matters that may arise consequent to the reported constitution of the Assembly Panel to study the implementation of the Framework Agreement as stated in; and*
- (iii) the undertaking provided by the Company and NICE under the Sponsor Support Agreement with the Senior Lenders of NECE, under which the said companies have undertaken to financially support NECE in meeting any shortfall in the Operation and Maintenance of the Integrated Toll Road Project consisting of Toll Road and Township Development, as defined in the Agreement.*

Accordingly, NECE has prepared their financial statements on a going concern basis

- (e) We draw attention to Note No. 8 to the Statement. As stated therein, no provisions for impairment has been recognised in respect of an amount of Rs. 1,087,549,619 incurred towards development of portion of the Expressway that has been included under Capital work in progress in the consolidated financial statements, for the reasons stated therein.

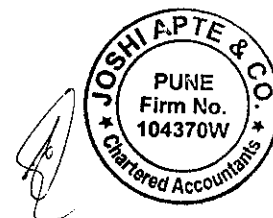
Note No. 8

In case of NECE, Section A of the BMICP includes development of 13 Kms of Expressway. Of the above, NECE has completed a portion of Expressway as at the Balance sheet date of NECE and is awaiting for allotment of land parcels from the GoK in order to complete the balance portion of the Expressway. The cost incurred in developing the bituminous road and related infrastructure amounting to Rs. 1,087,549,619 as at March 31, 2016 (Rs. 1,087,549,619 as at March 31, 2015) has been classified in their financial statements as Capital work-in progress. NECE is confident of recovering the above costs through collection of tolls from the utilization of the Expressway, once the requisite land parcels are received from the GoK and the balance portion of the Expressway is completed and accordingly no provisions for impairment are recognised in this regard.

- (f) We draw attention to paragraphs (a) and (b) of Note No. 9 of the Statement regarding the excess managerial remuneration paid by NECE to its Managing Director due to a fraudulent act committed by a Consultant of NECE who was entrusted with the responsibility of assisting NECE in obtaining approvals for remuneration from the Ministry of Corporate Affairs, the consequential accounting treatment of the same in the Statement with regard to the excess remuneration for the period December 1, 2010 to March 31, 2014 and the accounting treatment of the managerial remuneration for the financial year 2015-16 in excess of the limits specified in the erstwhile Companies Act, 1956 and the Companies Act, 2013, respectively. An aggregate amount of Rs. 151,954,567 is recoverable from the Managing Director of NECE on account of the aforesaid excess managerial remuneration and is included under Other Current Assets in the Balance Sheet. The management of NECE has initiated action against the aforesaid Consultant as detailed in Note 9.

Note No. 9

In respect of Managerial Remuneration paid by NECE:



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- a) *During the year ended March 31, 2016, the NECE's application for seeking approval of remuneration to the Managing Director of NECE for the period December 1, 2013 to November 30, 2016, has been rejected by the Ministry of Corporate Affairs ("MCA") vide its letter dated January 20, 2016. The letter also alleges that the MCA's approval of the remuneration to the Managing Director of NECE for the period December 1, 2010 to November 30, 2013 has been tampered with. On further investigation by NECE, it has been noted that the alleged fraudulent act of tampering the MCA's letter by increasing the amount of remuneration payable to the Managing Director of NECE has been committed in an earlier year by a Consultant of NECE who was entrusted with the responsibility of assisting NECE in obtaining the approval from the MCA. NECE has subsequently initiated appropriate actions against the Consultant.*

In the absence of the original approval from the MCA for the period December 1, 2010 to November 30, 2013, NECE has, based on a reading of the communications with the MCA on the above subject and the MCA's letter dated January 20, 2016, inferred that the managerial remuneration approved by the MCA for the period December 1, 2010 to November 30, 2013 was a sum of Rs. 14,717,115 per annum.

Accordingly, NECE has determined that excess managerial remuneration paid for the period December 1, 2010 to November 30, 2013 amounted to Rs. 130,994,619 and the same has been reversed in the Statement of Profit and Loss under Exceptional items and NECE is in the process of obtaining refund of the same. In addition, for the period December 1, 2013 to March 31, 2014, based on the effective capital of NECE in terms of Schedule XIII to the Companies Act, 1956, NECE has determined that Rs. 17,860,662 was the remuneration in excess of the limits specified in the said Schedule and the same has also been reversed in the Statement of Profit and Loss under Exceptional items and NECE is in the process of obtaining refund of the same.

- b) *In respect of the financial year 2015-16, remuneration paid to the Managing Director of NECE is in excess of limits laid out under Schedule V to the Companies Act, 2013 for the year ended March 31, 2016, amounting to Rs. 3,099,286 is also being considered to be held in trust by the Managing Director of NECE as at the balance sheet date of NECE and NECE is in the process of obtaining refund of the same.*

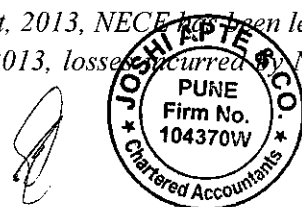
The aggregate of amounts held in trust by the Managing Director of NECE as on the balance sheet date of NECE on account of the aforesaid remuneration in excess of the limits / approvals is Rs. 151,954,567 (included under Other current assets). The said amount would be recovered from the Managing Director of NECE in accordance with the provisions of the Companies Act, 2013.

- (g) We draw attention to paragraph (c) of Note No. 9 of the Statement, where based on legal advice, NECE has determined that the managerial remuneration paid for the financial year 2014-15 is within the limits prescribed under the Companies Act, 2013.

Note No. 9

In respect of Managerial Remuneration paid by NECE:

- c) *In respect of the NECE's financial year 2014-15, NECE paid remuneration amounting to Rs. 39,999,996 to the Managing Director of NECE. In ascertaining the limits up to which remuneration can be paid for the said year under section 198 of the Companies Act, 2013, NECE has been legally advised that as per the existing provisions of the Companies Act, 2013, losses incurred by NECE*



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prior to April 1, 2014 are not required to be deducted when determining the profits under section 198 based on which the managerial remuneration may be paid. Based on the aforesaid legal advice, NECE has determined that the remuneration paid for the financial year 2014-15 is within the limits prescribed under the Companies Act, 2013.

- (h) We draw attention to Note No. 10 of the Statement, during the year, NHDL noticed misappropriation of funds by an ex-employee while in services with NHDL. Investigations conducted so far reveal that a sum of Rs 121.7 Million has been misappropriated over the past few years. Further investigations are in progress. NHDL has initiated necessary legal steps for recovery of the misappropriated funds. With regard to the above, a sum of Rs.46.5 Million has been charged off to the Profit & Loss Account under the head “Extraordinary Items” during the period. Management of NHDL has through its vigil mechanism identified the above misappropriation. Adequate disclosures, adjustments and rectifications have been made in the current financial statements wherever necessary. Since the matters relating to financial irregularities are sub-judice and interrogations are on-going, any further adjustments/disclosures, if required, would be made in financials of NHDL as and when the outcome of the above uncertainties are known and the consequential adjustments / disclosures are identified. Management of NHDL has taken adequate steps to ensure that such irregularities are not repeated.

Note No.10

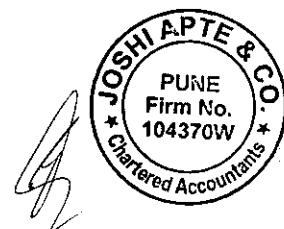
In respect of Nandi Highway Developers Ltd. (NHDL), during the year April 2015 to March 2016, NHDL noticed misappropriation of funds by an ex-employee while in services with NHDL. Investigations conducted so far reveal that a sum of Rs 121.7 Million has been misappropriated over the past few years. Further investigations are in progress. NHDL has initiated necessary legal steps for recovery of the misappropriated funds.

With regard to the above, a sum of Rs.46.5 Million has been charged off to the Profit & Loss Account under the head “Extraordinary Items” during the year in the books of NHDL.

Management of NHDL has through its vigil mechanism identified the above misappropriation. Adequate disclosures, adjustments and rectifications have been made in the current financial statements of NHDL wherever necessary. Since the matters relating to financial irregularities are sub-judice and interrogations are on-going, any further adjustments/disclosures, if required, would be made in financials of NHDL as and when the outcome of the above uncertainties are known and the consequential adjustments / disclosures are identified. Management of NHDL has taken adequate steps to ensure that such irregularities are not repeated.

6. Other Matters

We did not audit the financial statements of the Subsidiaries and step-down subsidiaries, whose financial statements reflects total revenue, total assets to the extent they are included in the consolidated financial statements of the Group are as given below:



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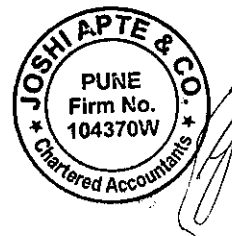
(Amount in Rupees)

| Name | Extent of Share in | |
|---|--------------------|----------------|
| | Revenue | Assets |
| Avichal Resources Pvt. Ltd. | 664,043 | 1,898,969 |
| Nandi Highway Developers Limited | 496,703,450 | 1,178,546,194 |
| Nandi Economic Corridor Enterprises Limited | 2,507,619,480 | 20,622,138,654 |
| Nandi Infrastructure Corridor Enterprises Limited | 7,976,165 | 1,396,520,680 |

These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion on the consolidated financial statements to the extent they have been derived from such financial statements is based solely on the report of such other auditors.

Our opinion on the consolidated financial statements 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.

FOR JOSHI APTE & CO.
Chartered Accountants
ICAI Firm Registration No. 104370W



[Handwritten Signature]
per P. J. Apte

Partner
Membership no.: 033212

Place: Pune
Date: 6 August, 2016