## **BFUTILITIES**

BFUL/NSE/BSE/

September 2, 2017

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 31<sup>st</sup> March, 2017.

Please find enclosed herewith the copy of Consolidated Audited Financial Results for the year ended 31<sup>st</sup> March, 2017.

Thanking You,

Yours Faithfully, For BF Utilities Limited

B. S. Mitkari

Company Secretary

Encl: As Above



Correspondence Address: Cyber City, Tower 15, Level 6, Office 602, Magarpatta City, Hadapsar, Pune 411013. Phone: +91-20-6629 2650726

Email: bfutilitiesItd@vsnl.net Website: www.bfutilities.com

#### **BF UTILITIES LIMITED**

Regd. Office: Mundhwa, Pune Cantonment, Pune 411 036 CIN: L40108PN2000PLC015323

	STATEMENT OF AUDITED CONSOLIDATED DESIGN TO FOR THE VEAD FAIR	ED 246T MADOU	Rs. In Lakhs	
Sr.	STATEMENT OF AUDITED CONSOLIDATED RESULTS FOR THE YEAR END Particulars	Year / Period Ended		
No.	1 1111	Teal / Fell	ou Lilueu	
		31/03/2017	31/03/2016	
		(Audited)	(Audited)	
1	Revenue from operations	33,523.29	30,146.60	
2	Other income	495.25	435.02	
3	Total revenue (1+2)	34,018.54	30,581.62	
4	Expenses			
	Cost of sale of land and land development	70.28	384.24	
	Changes in inventories	(20.39)	(1.62	
	Employee benefit expenses	4,265.95	3,515.74	
	Finance costs	19,344.93	19,414.25	
	Depreciation and amortization expense	2,724.86	2,301.45	
	Other expenses	7,506.58	5,373.62	
	Total expenses	33,892.21	30,987.68	
5	Profit / (Loss) before tax and exceptional items (3-4)	126.33	(406.06	
6	(Expenditure)/ income Exceptional and Extra ordinary items (net)	-	1,022.79	
7	Profit / (Loss) before tax (5 + 6)	126.33	616.73	
8	Tax expense:			
	a) Current tax	754.40	389.24	
	b) Deferred tax	(116.88)	(92.33	
		637.52	296.91	
9	Profit / (Loss) for the year after taxation (7-8)	(511.19)	319.82	
10	Adjustments relating to earlier years :			
	Excess / (Short) provision for taxation and tax payments	(2.66)	-	
	Net Profit / (Loss) for the year (9+10)	(513.85)	319.82	
12	Minority Interest	(1,326.38)	12.65	
	Profit / (Loss) attributable to the consolidated group. (11-12)	812.53	307.17	
14	Earnings per share:			
	(Face value of Rs. 5 each)			
	Basic & Diluted	2.16	0.82	
	Paid-up Equity Share Capital (Face value of Rs. 5 each)	1,883.38	1,883.38	
	Reserves excluding Revaluation Reserve	11,219.07	(24,651.19	
		1		

For BF UTILITIES LIMITED

Place : Pune Date : 2 September, 2017

DIRECTOR

B.B. HATTARKI

DIN : 00145710

#### **BF Utilities Limited**

# Consolidated Segmentwise Revenue, Results, and Capital Employed for the Year Ended 31 March, 2017

(Rs. In Lakhs)

			(Rs. In Lakhs)
Particulars		Year ended	Year ended
·		31-Mar-17	31-Mar-16
		(Audited)	(Audited)
Segment Revenue			
a. Wind Mills		2,128.92	520.64
b. Infrastructure		31,398.47	30,056.63
	Total	33,527.39	30,577.27
Less : Inter segment revenue		-	-
Net sales / income from operations		33,527.39	30,577.27
·			
Segment results			
Profit / (Loss) (before tax and interest from each segment	)		
a. Wind Mills	,	1,134.24	(10.95)
b. Infrastructure		17,860.88	19,050.62
	Total	18,995.12	19,039.67
		,	,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,,
Less : i) Interest and Finance Charges		19,344.93	19,414.25
ii) Other unallocable expenditure net		(476.14)	31.48
off unallocable income		(,	
Total Profit / (Loss) before tax and Exceptional Items		126.33	(406.06)
Exceptional Item			1,022.79
Total Profit /(Loss) before tax		126.33	616.73
Capital Employed			
Segment Assets			
a. Wind Mills		4,888.52	6,127.59
b. Infrastructure		211,686.34	216,137.45
c. Unallocable		3,291.90	1,614.65
o. Chanocabic	Total	219,866.76	223,879.69
	TOtal	219,000.70	223,079.09
Segment Liablities			
a. Wind Mills		2 047 25	2 025 07
b. Infrastructure		3,947.35	3,935.87
c. Unallocable		19,461.58	16,642.56
C. Chailocable	Total	534.85	69.03
	rotal	23,943.78	20,647.46
Conital ampleyed (Commant Assets, Ossessed Listing)			
Capital employed (Segment Assets - Segment Liabilities)		044.47	0.404.70
a. Wind Mills		941.17	2,191.72
b. Infrastructure		192,224.76	199,494.89
c. Other - Unallocable		2,757.05	1,545.62
		10	
	Total	195,922.98	203,232.23

FOR BF UTILITIES LIMITED

Pune

Dated: 2 September, 2017

(\* UTULE STO

DIRECTOR B.B. HATTARK

DIN: 00145710

## Consolidated Statement of Assets and Liabilities

(Rs. In Lakhs)

Particulars	Consolidated As At		
	31-Mar-2017	31-Mar-2016	
	(Audited)	(Audited)	
A EQUITY AND LIABILITIES			
1 Shareholders' funds		·	
(a) Share Capital	1,883.38	1,883.38	
(b) Reserves and Surplus	11,219.08	(24,651.19)	
Sub-total-Shareholders' funds	13,102.46	(22,767.81)	
2 Minority Interest	3,255.54	39,054.05	
		,	
3 Non-current liabilities	:		
(a) Long-term borrowings	174,661.34	181,064.49	
(b) Deferred tax liabilities (net)	312.39	429.27	
(c) Other long-term liabilities	4,632.90	3,759.08	
(d) Long-term provisions	147.95	38.44	
Sub-total-Non current liabilities	179,754.58	185,291.28	
4 Current liabilities			
(a) Short-term borrowings	2,983.00	3,167.00	
(b) Trade payables	1,432.05	1,557.26	
(c) Other current liabilities	17,758.84	16,036.95	
(d) Short-term provision	1,580.28	1,647.51	
Sub-total-Current liabilities	23,754.17	22,408.72	
TOTAL FOLLOW AND LIABILITIES			
TOTAL - EQUITY AND LIABILITIES	219,866.75	223,986.24	
B ASSETS			
1 Non-current assets			
(a) Fixed assets	141,915.27	144,137.43	
(b) Goodwill on consolidation	635.09	635.09	
(c) Other non-current assets	4,074.31	4,428.30	
(d) Non-current investments	9.45	192.56	
(e) Long-term loans and advances	34,900.68	36,469.16	
Sub-total - Non-current assets	181,534.80	185,862.54	
2 Current Assets			
(a) Current investments	2,281.16	2,659.52	
(b) Inventory	17,162.18	17,212.07	
(c) Trade receivables	950.74	96.92	
(d) Cash and bank balance	2,397.09	1,238.21	
(e) Short-term loans and advances	13,385.11	13,202.64	
(f) Other current assets	2,155.67	3,714.34	
Sub-total - Current assets	38,331.95	38,123.70	
TOTAL - ASSETS	219,866.75	223,986.24	

For BF UTILITIES LIMITED

DIRECTOR

B.B. HATTARKI DIN! 00145710

#### Notes:

- The above results were reviewed by the Audit Committee and approved by the Board of Directors of BF Utilities Ltd. (BFUL / the Company) at its meeting held on 2 September 2017.
- 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 preparation of the consolidated financial statements, pending final outcome of the cases. The operations of wind farm of the Company were partially affected due to the local issues at the wind farm site and disputes with the service provider thereby adversely affecting power generation. The management has taken all possible steps to restore the operations.

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

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, was decided in favor of the Company by MERC on February 8, 2016.

During the Current year, MSEDCL has given Credit with respect to the said power (Generated during period April 2014 to March 2015) in the power bills of consumer. Consequent to Final adjustment in the power bill by MSEDCL, the Company, as a normal accounting practice, has recognised the differential revenue based on actual power tariff rate during the current year.

### 4 In respect of Nandi Economic Corridor Limited (NECE)

#### A. Basis of preparation

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 tabled its report during November 2016 in the Karnataka Legislative Assembly, wherein NECE and various department of GoK (Government of Karnataka) have been accused of violation of several terms of FWA and recommendations have been made to initiate appropriate actions which includes recovery of excess land given for the project, recovery of illegal toll collected by NECE and further probe by National Agencies such as Central Bureau of Investigation (CBI), Enforcement of Directorate, central vigilance commission or investigative agencies of equal standing.

While NECE has still not been provided with any notice of the formation of the committee or its reports, the Management of NECE has assessed the findings of said Committee reported in the print media and is of the opinion that the allegations made therein are baseless, politically motivated and hence lack legal withstanding. Further, NECE had faced similar situations in the past, where NECE has received favorable orders from the Hon'ble High Court and the Supreme Court. NECE has also obtained a legal opinion in this regard and as per the said opinion, the constitution of the House Committee itself is unconstitutional, illegal, invalid and any findings / report, given by the aforesaid House Committee would also be illegal and untenable in law.

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.

#### B. Going concern assumption

NECE has been incurring losses 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 for its project.

BFUL and Nandi Infrastructure Corridor Enterprises Limited (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 findings of the Assembly Panel; and
- (iii) The undertaking provided by BFUL 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, as defined in the Agreement.

Accordingly, these consolidated financial statements have been prepared on a going concern basis.

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

NECE has advanced amounts aggregating to Rs. 1,227,682,883 (Previous Year Rs.1,227,243,251) to Nandi Engineering Limited (NEL) for undertaking development of toll roads and townships and has given Inter-corporate deposits Rs. 58,250,000 (Previous Year Rs. 98,422,294) to NEL, [including interest accrued but not due of Rs. NIL (Previous Year Rs. 11,678,748)]. These have been considered as good and recoverable in these consolidated financial statements by the Management of the 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.

With respect to financials of NICE and Nandi Highway Developers Limited (NHDL), Based on the audit procedures carried out by consolidation auditors, the work of the other auditors' of NHDL and NICE cannot be used with respect to certain required statutory disclosures in their respective audited financial statements; and since they have not been able to perform sufficient additional procedures regarding the financial information of the component audited by the other auditors', consolidation auditors qualify their opinion and they are unable to quantify the effect of the inadequate disclosures on the Consolidated Financial Statements of the Company with respect to NHDL and NICE.

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

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

For BF Utilities Ltd.

Director

Pune - 2 September, 2017.

B. B. HATTARKI

DIN! 00 145710

# 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") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") for the year ended 31 March 2017 ("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, read with Rule 7 of the Companies (Accounts) Rules, 2014 issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements)Regulations,2015. Holding Company's management's responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial results that give a true and fair view and are free from material misstatements, whether due to fraud or error. 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. 6 of the Statement, Based on the audit procedures carried out by us, the work of the other auditors' of Nandi Highway Developers Limited (NHDL) and Nandi Infrastructure Corridor Enterprises Limited (NICE) cannot be used with respect to certain required statutory disclosures in their respective audited financial statements; and since we have not been able to perform sufficient additional procedures regarding the financial information of the component audited by the other auditors', we qualify our opinion and we are unable to quantify the effect of the inadequate disclosures on the Consolidated Financial Statements of the Company with respect to NHDL and NICE.
- As stated in Note No.5 of the Statement, Nandi Economic Corridor Enterprises ii. Limited (NECE) has advanced an amount aggregating to Rs. 1,227,682,883 as on 31 March 2017 (Rs. 1,227,243,251 as at 31 March 2016) to Nandi Engineering Limited (NEL) for carrying out the development of toll roads and townships and has given Inter-corporate deposits of Rs. 58,250,000 as on 31 March 2017 (Rs. 98,422,294 as at 31 March 2016) to NEL (including interest accrued but not due thereon of Rs. Nil as on 31 March 2017 (As at 31 March 2016 Rs. 11,678,748). 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 consolidated financial statements. This matter was also qualified in our report on the consolidated financial statements for the year/period ended March 31,2016.

### 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:

are presented in accordance with the requirements of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and

give a true and fair view of the net profit and other financial information for the financial (ii) year ended on 31st March, 2017.

#### 5. Emphasis of Matter

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

We draw attention to Note No.2 of the Statement. As mentioned therein there are certain litigations (a) 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. The operations of windfarm were partially affected due to local issues at windfarm site and dispute with service provider.

Note No. 2-



# 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 2017

Certain 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 preparation of the consolidated financial statements, pending final outcome of the cases. The operations of wind farm of the Company were partially affected due to the local issues at the wind farm site and disputes with the service provider thereby adversely affecting power generation. The management has taken all possible steps to restore the operations.

(b) We draw attention to Note No. 4 A of the Statement regarding the reported constitution of an House Committee consisting of members of the Karnataka Legislative Assembly, and its findings on the 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 favorable 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 findings of the Assembly Panel.

#### Note No.4A-

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 tabled its report during November 2016 in the Karnataka Legislative Assembly, wherein NECE and various department of GoK (Government of Karnataka) have been accused of violation of several terms of FWA and recommendations have been made to initiate appropriate actions which includes recovery of excess land given for the project, recovery of illegal toll collected by NECE and further probe by National Agencies such as Central Bureau of Investigation (CBI), Enforcement of Directorate, central vigilance commission or investigative agencies of equal standing.

While NECE has still not been provided with any notice of the formation of the committee or its reports, the Management of NECE has assessed the findings of said Committee reported in the print media and is of the opinion that the allegations made therein are baseless, politically motivated and hence lack legal withstanding. Further, NECE had faced similar situations in the past, where NECE has received favorable orders from the Hon'ble High Court and the Supreme Court. NECE has also obtained a legal opinion in this regard and as per the said opinion, the constitution of the House Committee itself is unconstitutional, illegal, invalid and any findings / report, given by the aforesaid House Committee would also be illegal and untenable in law.

Based on the aforesaid legal opinion, the Management of NECE has evaluated the above



# 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 2017

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.

(c) We draw attention to Note No. 4 B of the Statement with regard to the basis of preparation of the NECE financials on the basis of going concern. As mentioned therein, NECE had being 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 its development activities for its project. The consolidated 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 reported findings of the Assembly Panel to study the implementation of the FWA referred to in above paragraph and (iii) the consideration of the undertaking provided by Nandi Infrastructure Corridor Enterprises Limited (NICE) and BF Utilities Limited (BFUL) to extend financial support to NECE as stated in the Note No.36 B. 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.4 B-

NECE has been incurring losses 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 for its project.

BFUL and Nandi Infrastructure Corridor Enterprises Limited (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:



# 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 2017

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 findings of the Assembly Panel; and

(iii) The undertaking provided by BFUL 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, as defined in the Agreement.

Accordingly, these consolidated financial statements have been prepared on a going concern

### 6. Other Matters

We did not audit the financial statements financial information of three subsidiaries and step-down subsidiary, whose financial statements reflect total revenue, total assets and cash flows to the extent they are included in the consolidated financial statements of the Group are as given below:

(Amount in Rupees)

Name	Exte	Extent of Share in		
Nume	Revenue	Assets	Cash flows	
Avichal Resources Priva	ite 600,000	2,322,434	480,278	
Limited Nandi Highw	yay 545,634,226	1,03,85,28,135	(41,808,955)	
Developers Limited				
Nandi Economic Corric	dor 2,641,761,044	20,421,787,299	11,646,296	
Enterprises Limited				
Nandi Infrastructi	ure 70,24,306	1,41,40,19,807	44,200	
Corridor Enterpr	ise			
Limited	·			

These financial statements and other financial information 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 the subsidiaries and our report in terms of sub-sections (3) and (11) of section 143 of the Act, in so far as it relates to subsidiaries, is based solely on the report of other auditors.



# 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 2017

Our opinion on the consolidated financial statements is modified to the extent of qualified opinion stated above 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



er P. J. Apte

Partner Membership no.: 033212

Place: Pune

Date: 2 September 2017

#### 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, 2017 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]

1	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	34,018.54	34,018.54
	2	Total Expenditure	34,532.39	34,532.39
	3	Net Profit/(Loss)	(513.85)	(513.85)
	4	Minority Interest	(1,326.38)	(1,326.38)
	5	Profit after minority interest	812.53	812.53
	6	Earnings Per Share	2.16	2.16
	7	Total Assets	219,866.75	219,866.75
	8	Total Liabilities	203,508.75	203,508.75
	9	Net Worth	16,358.00	16,358.00
	10	Any other financial item(s) (as felt appropriate by the management)	Nil	Nil

II A Details of Audit Qualification:

### Basis of Qualified Opinion

- 1. As stated in Note No. 6 of the Statement, Based on the audit procedures carried out by us, the work of the other auditors' of Nandi Highway Developers Limited (NHDL) and Nandi Infrastructure Corridor Enterprises Limited (NICE) cannot be used with respect to certain required statutory disclosures in their respective audited financial statements; and since we have not been able to perform sufficient additional procedures regarding the financial information of the component audited by the other auditors', we qualify our opinion and we are unable to quantify the effect of the inadequate disclosures on the Consolidated Financial Statements of the Company with respect to NHDL and NICE
- 2. As stated in Note No.5 of the Statement, Nandi Economic Corridor Enterprises Limited (NECE) has advanced an amount aggregating to Rs. 1,227,682,883 as on 31 March 2017 (Rs. 1,227,243,251 as at 31 March 2016) to Nandi Engineering Limited (NEL) for carrying out the development of toll roads and townships and has given Inter-corporate deposits of Rs. 58,250,000 as on 31 March 2017 (Rs. 98,422,294 as at 31 March 2016) to NEL (including interest accrued but not due thereon of Rs. Nil as on 31 March 2017 (As at 31 March 2016 Rs. 11,678,748). 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 intercorporate 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 consolidated financial statements. This matter was also qualified in our report on the consolidated financial statements for the year/period ended March 31,2016. 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: a) are presented in accordance with the requirements of regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and b) give a true and fair view of the net profit and other financial information for the financial year ended on 31st March, 2017.

	В	<b>Type of Audit Qualification :</b> Qualified Opinion / Disclaimer of Opinion / Adverse Opinion – Qualified <i>of Opinion</i> .			
	С	Frequency of qualification: Whether appeared first time / repetitive / since how long continuing –			
	<u> </u>	point no. 1. 1st time – in March 31, 2017.			
	- The state of the	point no. 2. 3rd time – since September 30, 2015.			
THE WALL	D	For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views: Impact is not quantified by the auditor.			
	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:  1. Since the impact is due to inadequate disclosures in the financial statemer of NICE and NHDL, impact cannot be estimated.	nts		



	·				
			Since the impact is contingent on future additional work expected to contracted by NECE to NEL, the impact can not be estimated		
	(iii	) Auditors' Comments or	n (i) or (ii) i) Unable to estimate impact.		
THE PROPERTY LAND		above:	ii) Since the impact is due to inade disclosures in the financial stateme NICE and NHDL, impact canno estimated.	ents of	
met with			iii) Since the impact is contingent on the additional work expected to be cont by NECE to NEL, the impact can estimated.	tracted	
111	Signat	ories:			
	CEO:	<del></del>	B. S. Mitkari		
	CFO	;	S. S. Joshi * TILITIES		
	Addit Committee Chairman .		S. S. Vaidya		
	Statu	tory Auditor :	Joshi Apte & Co.  PUNE Firm No. 104370W		
	Place : Pune Date : 2 September, 2017				