

BF UTILITIES LIMITED



KALYANI

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**BOARD OF
DIRECTORS**

B. N. KALYANI
Chairman

A. B. KALYANI

G. K. AGARWAL

B. B. HATTARKI

S. S. VAIDYA

BANKERS

AXIS Bank Limited

IDBI Bank Limited

ICICI Bank Limited

HDFC Bank Limited

AUDITORS

Joshi Apte & Co., Chartered Accountants

REGISTERED OFFICE

BF Utilities Limited
Mundhwa, Pune Cantonment,
Pune 411 036, Maharashtra, India
Phone : (020) 26822552 / 67042300
Fax : (020) 26823061
E-mail : bfutilitiesltd@vsnl.net

Members who wish to obtain all the Notices, Annual Reports and other communications from the Company on email, are requested to update their email id's in their Depository Account. Shareholders holding shares in Physical form, and wish to avail the above information on email, can send their request to the Company, with the details of their email id's



BF UTILITIES LIMITED

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

NOTICE

NOTICE is hereby given that the 12th Annual General Meeting of the Members of BF Utilities Limited will be held at Kalyani Steels Limited, Mundhwa, Pune 411 036 on Saturday, 30th Day of March, 2013 at 10.30 A.M. (IST) to transact the following business :

ORDINARY BUSINESS :

1. To receive, consider and adopt the Balance Sheet as at 30th September, 2012 and the Profit and Loss Account for the year ended 30th September, 2012 and the Report of the Directors' and the Auditors' thereon.
2. To appoint a Director in place of Mr. B. N. KALYANI, who retires by rotation but being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. G. K. AGARWAL, who retires by rotation but being eligible, offers himself for re-appointment.
4. To consider and, if thought fit, to pass, with or without modifications, the following resolution as an ORDINARY RESOLUTION :

"Resolved that the Company's Auditors, M/s. Joshi Apte & Co., Chartered Accountants, (Firm Registration No. 104370W) be and they are hereby re-appointed as Auditors of the Company to hold the office from the conclusion of this Meeting until the conclusion of the next Annual General Meeting of the Company and that the Board of Directors be and is hereby authorised to fix their remuneration for the period."

NOTES :

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM, IN ORDER TO BE EFFECTIVE, MUST BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LESS THAN 48 HOURS BEFORE COMMENCEMENT OF THE MEETING.
2. Members who hold shares in dematerialised form are requested to bring their CLIENT ID AND DP ID numbers for easy identification of attendance at the meeting.
3. Members holding shares in dematerialised form are requested to intimate any change in their address, bank details etc. to their respective DPs and those holding shares in physical form are to intimate the above said changes to the Registrar & Share Transfer Agent of the Company.
4. The Share Transfer Books and the Register of Members of the Company will remain closed on Saturday, 30th March, 2013.
5. Members who wish to obtain all the Notices, Annual Reports and other communications from the Company on email, are requested to update their email id's in their Depository Account. Shareholders holding shares in Physical form, and wish to avail the above information on email, can send their request to the Company, with the details of their email id's.

Mundhwa,
Pune Cantonment,
Pune 411 036.
9th February, 2013

By Order of the Board of Directors
For BF Utilities Limited

B. S. Mitkari
Sr. VP-Finance & Company Secretary

Management Discussion And Analysis

Wind Power Development - International Scenario

Despite the continued dismal state of US economy, it managed to add 13 GW of windmill capacities in the year 2012, just a whisker below China. Chinese aggregate windmill capacities surpassed 75 GW whereas that of US crossed 60 GW.

Europe led the race for offshore windmill capacities with a total of 1,166 MW contributing 90% of the global additions. UK topped the list with 854 MW additions. The economic crisis in the EU has also seen lost jobs and investor confidence. In Europe, the onshore capacities are also being installed in the eastern and central regions like Bulgaria, Poland and Romania. Although commercial banks are active in financing windmill projects in these regions, these projects are facing challenges from regulatory risks and inadequate grid capacities.

The much awaited extension of Kyoto Protocol upto the year 2020 has not been able to bring cheer to the global carbon market. The buyers (designated nations) of carbon credits are required to declare by year 2015 their GHG reduction commitments for the period upto 2020. Due to the economic crisis in the EU, most of these buyers are reluctant to make commitments and this has led to uncertainty in the markets and has resulted in steep fall in the carbon prices. The prices are expected to remain in this range for some time to come.

Wind Power Development - Domestic Scenario

In India, the aggregate windmill capacity touched 18.4 GW with the help of 2.3 GW of new capacities during the calendar year 2012.

The withdrawal of accelerated depreciation benefit and generation based incentive (GBI) for windpower projects in the country has affected the growth of the domestic industry. The accelerated depreciation benefit was a key driver for growth of the wind industry in the country during the last decade. As a result, a total of only about 850 MW of windmill capacities have been added during the six months (April-September 2012) as compared to 1400 MW during the same period of the previous year. After series of representations by the associations of windmill industry for restoration of these incentives, it is hoped that the union government will act favourably and bring some solace to the industry.

The trading of Renewable Energy Certificates RECs with increased volumes in the early part of the year was seen as a positive sign for the RE sector. But most of the REC obligatories spread over the country failed to show willingness to comply with their REC targets and this has pushed the REC prices and traded volumes to lower levels. In order to meet the purpose of the REC mechanism and to revive the REC trading activity, the respective Regulatory authorities have advised the obligatories to meet their targets in time or face penalty to the extent of their shortfall. Although, this is expected to increase volumes in the REC trading in the coming months, the oversupply of RECs is expected to continue and this will keep the price under pressure.

Performance of Company's Windmill Projects

The windmill projects of your company have performed satisfactorily during the year. The generation from the projects has been as good as the previous year with higher realisations.

During the year, the trading of (RECs) generated by the projects has helped your company earn additional revenue. The income from RECs in the next year is expected to be subdued due to lower rates owing to oversupply of RECs in the market. The CDM market has also witnessed a free fall in the last few months. The prices of Certified Emission Reductions (CERs) in the international market have crashed to below 1 Euro.

On the issue of grant of open access for wheeling of windpower to third parties within the state, the Regulatory Commission, in a recent order, has clarified certain aspects which will pave the way for open access for windpower projects in the state. Also, the new Regulations for distribution open access are expected to consider the infirm nature of the RE. This is expected to provide the much needed boost for the windmill projects in the state.

Cautionary Statement

Statement in this management discussions and analysis describing the Company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning of applicable laws and regulations. Actual results might differ substantially or materially from those expressed or implied. Important developments that could affect the Company's operations include a downtrend in the industry-global or domestic or both, significant changes in political and economic environment in India, tax laws, litigations, labour relations and interest costs.

CORPORATE GOVERNANCE

BF Utilities is committed to the highest level of transparency, in all facets of its operations and interaction with its stakeholders. This report on Corporate Governance is to fulfill this commitment.

The SEBI code on Corporate Governance has been incorporated in the Listing Agreement of Stock Exchanges, with whom BF Utilities's Equity Shares are listed. Certain provisions in the Companies Act, 1956 also deal with Corporate Governance.

This Chapter of the report, plus the information given under 'Management Discussion and Analysis' and 'Shareholder Information' constitutes the report on Corporate Governance for 2011-2012.

1. BOARD LEVEL ISSUES :

● Composition of the Board

As on 30th September, 2012 the Board of Directors of BF Utilities is composed of five Directors. The Board of Directors of Company comprises the Chairman, who is promoter non-executive director and other four non-executive directors, of whom two are independent. In respect of compliance with Corporate Governance norms i.e. Clause-49 with respect to Independent Directors, the Company is in the process of complying the same. Details are given in Table 1.

● Number of Board Meetings

During the year, Four Board meetings were held. These were on 23rd November, 2011, 10th February, 2012, 15th May, 2012 and 13th August, 2012. The maximum gap between any two Board Meetings was less than four months.

● Directors' Attendance Record and Directorships

Table 1 gives the composition of the Board, the category of the Directors, their attendance record and the number of directorships.

Table 1 - Details about Board of Directors of the Company						
Name of Director	Category	Number of meetings held	Number of meetings attended	Whether attended last AGM	Number of directorships of public limited companies	Materially significant pecuniary or business relationship with the Company
B. N. KALYANI (Chairman)	Promoter, Non- executive	4	3	Yes	13	None
A. B. KALYANI	Non- executive	4	3	Yes	11	None
G. K. AGARWAL	Non- executive	4	4	Yes	1	None
B. B. HATTARKI	Non- executive Independent ***	4	4	Yes	8	None
S. S. VAIDYA	Non- executive Independent ***	4	4	Yes	10	None

*** Independent Director means a director who apart from receiving director's remuneration does not have any other pecuniary relationship or transactions with the company, its promoters, its management or its subsidiaries, which in the judgement of the board may affect independence of judgement of director.

None of the Directors is a member of more than ten Board-level committees of public companies in which they are Directors, nor is chairman of more than five such committees.

● Information Supplied to the Board

Among others, information supplied to the Board includes ;

- Annual operating plans and budgets, capital budgets, updates.
- Quarterly results for the Company and its operating divisions or business segments.
- Minutes of meetings of committees.
- Compliance of regulatory, statutory nature or listing requirements and shareholder services.

The Board is presented with detailed notes along with the agenda papers.

● Directors with materially pecuniary or business relationship with the Company

There has been no materially relevant pecuniary transaction or relationship between the Company and its non-executive and/or independent Directors during the year 2011- 12.

● **Remuneration of Directors**

The details of the remuneration paid to Directors is given in Table- 2.

Name of Director	Relationship with other directors	Sitting Fees (in Rs.)	Salaries and perquisites (in Rs.)	Commissions (in Rs.)	Total (in Rs.)
B. N. KALYANI (Chairman)	*	15,000	Nil	Nil	15,000
A. B. KALYANI	*	15,000	Nil	Nil	15,000
G. K. AGARWAL	None	20,000	Nil	Nil	20,000
B. B. HATTARKI	None	20,000	Nil	Nil	20,000
S. S. VAIDYA	None	20,000	Nil	Nil	20,000

The Company does not have a Remuneration Committee.

* None of the employees is related to any of the Directors of the Company except Mr. A. B. Kalyani, son of Mr. B. N. Kalyani, Chairman of the Company.

● **Audit Committee**

The Audit Committee performs the following functions :

1. Reviewing of the Company's financial reporting process and disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
2. Reviewing with management the annual financial statement before submission to the Board;
3. Reviewing with the management, external and internal auditors, the adequacy of internal control systems;
4. Discussing with internal auditors any significant finding and follow up on such issues;
5. Discussing with the external auditors before the audit commences on the nature and scope of audit, as well as having post audit discussion to ascertain any area of concern;
6. Reviewing any changes in accounting policies or practices as compared to last completed financial year and commenting on any deviation from accounting standards;
7. Reviewing details of related party transactions exceeding 1% of last year's turnover;
8. Reviewing the company's financial and risk management policies;

The Audit Committee consists of qualified and non-executive directors. It comprises of Mr. S. S. Vaidya (Chairman), Mr. B. B. Hattarki and Mr. A. B. Kalyani. The internal auditor is M/s. P. V. Deo & Co., Chartered Accountants, Pune. The committee met four times during the course of the year on 23rd November, 2011, 10th February, 2012, 15th May, 2012 and 13th August, 2012. Table 3 gives attendance record. The Chairman of the Board is invited to attend the meetings of the Audit Committee as a permanent invitee. The committee has access to all records of the Company.

Name of the Director	No. of meetings	Meetings attended
Mr. S. S. Vaidya	4	4
Mr. A. B. Kalyani	4	3
Mr. B. B. Hattarki	4	4

2. MANAGEMENT :

- **Management Discussion and Analysis**

This annual report has a detailed chapter on management discussion and analysis.

- **Disclosures by Management to the Board**

All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors do not participate in the discussion nor do they vote on such matters.

3. SHAREHOLDERS :

- **Disclosures regarding Appointment or Re-appointment of Directors.**

Two Directors - Mr. B. N. Kalyani and Mr. G. K. Agarwal - are retiring by rotation and being eligible offer themselves for re-appointment. Their details are given below :

- ❖ Mr. B. N. Kalyani is Chairman and Managing Director of Bharat Forge Limited Born on 7th January, 1949. Mr. Kalyani is a Mechanical Engineer from the Birla Institute of Technology, Pilani. He also has an M. S. from the Massachusetts Institute of Technology, USA. Mr. Kalyani also serves on the Boards of BF Investment, The Ugar Sugar Works, Hikal, Nandi Infrastructure Corridor Enterprises, Kalyani Lemmerz, Kalyani Carpenter Metal Centres, Kalyani Steels, Automotive Axles, Merritor HVS (India), Khed Developers etc..

- ❖ Mr. G. K. Agarwal (60) is the Deputy Managing Director of Bharat Forge Ltd. and has a B.E. (Mechanical) and M.B.A. He has over 37 years of work experience. He is also Director on the Board of Directors of CDP Bharat Forge GmbH, Bharat Forge Aluminiumtechnik GmbH & Co. KG & Bharat Forge Hong Kong Ltd.

- **Communication to shareholders**

The quarterly results of the Company's performance are published in leading newspapers such as Financial Express, all India edition (English) and Loksatta, Pune edition (Marathi).

- **Investor Grievances**

The Company has constituted the 'Shareholders'/Investors' Grievance Committee' for redressing shareholders'/investors' complaints. The Committee comprises of Mr. B. B. Hattarki (Chairman), Mr. A. B. Kalyani and Mr. S. S. Vaidya, all non-executive Directors. The status on complaints is also reported to the Board of Directors, as an agenda item. Mr. B. S. Mitkari, Sr.VP-Finance & Company Secretary, is the compliance officer.

- **Share Transfer**

The Company has constituted the 'Directors Executive Committee'. The Committee comprises of Mr. B. B. Hattarki (Chairman), Mr. A. B. Kalyani and Mr. G. K. Agarwal all non-executive Directors. The committee meets at a regular interval to consider and approve the transfer, transmission, consolidation, sub-division, issue of duplicate certificates and requests of dematerialisation of Company's shares. There are no legal proceedings against the Company on any share transfer matter.

- **Details of Non-Compliance**

There have been no instances of non-compliance on any matter relating to the capital market during the year under report.

- **General Body Meetings**

Financial Year	Date	Time	Venue
2008-09	30 th June, 2010	10.30 A. M.	Training Centre, Kalyani Steels Limited.
2009-10	29 th March, 2011	10.30 A. M.	Training Centre, Kalyani Steels Limited.
2010-11	13 th February, 2012	10.30 A. M.	Kalyani Steels Limited.
2011-12 (EGM)	5 th January, 2013	11.00 A. M.	Kalyani Steels Limited.

SHAREHOLDER INFORMATION

- **Annual General Meeting**

Date :- 30th March, 2013, At 10.30 A.M.

Venue :- Kalyani Steels Limited, Mundhwa, Pune - 411036, Maharashtra, India

- **Financial Calendar**

1st October to 30th September

- **Book Closure**

The books will be closed on 30th March, 2013 as annual closure for the purpose of AGM.

➤ **Dividend Date**

The Board has not recommended any dividend on Equity Shares.

➤ **Listing**

National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Pune Stock Exchange Ltd.

➤ **Stock Codes**

NSE : BFUTILITIE

BSE : 532430

PSE : BFUTI - 160284

➤ **Stock Data**

Table 1 below gives the monthly high and low prices and volumes of the Company's Equity Shares at Bombay Stock Exchange Ltd. and National Stock Exchange of India Ltd., for the year 2011-12.

Table 1: High and Low Prices & Trading Volumes at BSE and NSE

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Oct-11	506.65	414.20	3024205	507.00	414.00	6277065
Nov-11	528.70	333.15	3609565	529.00	333.00	8999438
Dec-11	392.80	259.20	3549432	392.55	258.65	7945443
Jan-12	386.00	268.10	5179521	410.10	268.00	11191710
Feb-12	463.00	361.25	5001499	462.85	363.20	12273112
Mar-12	445.90	351.75	3924200	445.90	351.35	10533459
Apr-12	448.70	377.20	6127792	448.70	362.60	16181023
May-12	433.70	361.20	3783954	433.85	362.05	10804828
Jun-12	430.00	354.35	4829059	453.35	353.75	13278959
Jul-12	490.10	378.50	5479105	489.30	378.60	16332286
Aug-12	451.40	386.50	3177416	451.70	386.60	10560867
Sep-12	435.00	390.35	2709592	434.90	390.15	8435307

➤ **Share Transfer Agents and Share Transfer System**

M/s. Link Intime India Private Limited, 202, Akshay Complex, Near Ganesh Mandir, Dhole Patil Road, Pune 411 001 are the Registrar and Transfer Agents of the Company. They carry out the transfer, transmission, consolidation, sub-division, issue of duplicate certificates and requests of dematerialisation of Company's shares on behalf of the Company. The complaints received from shareholders, investors etc., are redressed promptly. During the year under report, twenty three complaints were received from the shareholders, all of which were resolved.

➤ **Shareholding pattern**

The following tables 2 & 3 give the Pattern of Shareholding as on 30th September, 2012.

Table 2 Pattern of shareholding by ownership as on 30 September, 2012

Company	No. of shares held	Shareholding %
Promoters	24872975	66.03
Financial Institutions	0	0.00
Mutual Funds	30559	0.08
Nationalised Banks	52979	0.14
Insurance Companies	129655	0.34
Foreign Institutional Investors/ Foreign Banks	635561	1.69
Private Corporate Bodies	4241144	11.26
Indian Public	7547610	20.04
NRIs	157145	0.42
TOTAL	37667628	100

Table 3 Pattern of shareholding by share class as on 30 September, 2012

Shareholding class	No. of shareholders	No. of shares held	Shareholding %
Up to 5000	45203	5957658	15.82
5001 to 10000	113	826362	2.19
10001 to 20000	50	705010	1.87
20001 to 30000	16	395341	1.05
30001 to 40000	10	328969	0.88
40001 to 50000	7	324958	0.86
50001 to 100000	15	1024481	2.72
100001 and above	20	28104849	74.61
TOTAL	45434	37667628	100.00

➤ **Dematerialisation**

As on 30th September, 2012 dematerialised shares accounted for 93.48% of the total equity.

➤ **Site Location**

The Company's Wind Farm is located at Village Maloshi, Boposhi and Kadve Khurd, Taluka Patan, District Satara, in the state of Maharashtra, India.

➤ **Investors Correspondence Address**

1. Secretarial Department
BF Utilities Ltd.,
Mundhwa, Pune Cantonment, Pune - 411 036 Maharashtra, India.
Phone No. 020 - 67042618, 26822552, Fax No.26823061,
E-mail : bfutilitiesltd@vsnl.net
2. Link Intime India Private Limited
Registrar & Transfer Agents
202, Akshay Complex, Off Dhole Patil Road,
Near Ganesh Mandir, Pune 411 001.
Phone No.: 020-26161629 Fax No.020-26163503
Email : pune@linkintime.co.in

AUDITORS' CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To the Members of *BF Utilities Limited*

We have examined the compliance of conditions of Corporate Governance by BF Utilities Limited, for the year ended September 30, 2012, as stipulated in Clause 49 of the Listing Agreement of the said Company with stock exchanges in India.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance (as stipulated in Clause 49 of the Listing Agreement), issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

We certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Agreement, **except that the composition of independent directors is below 50% of the Board of Directors.**

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Joshi Apte & Co.
Firm Registration Number: 104370W
Chartered Accountants

Place : Pune
Date : February 09, 2013

Prakash Apte
Partner
Membership Number: 33212

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER, 2012

To,

The Members,

Your Directors have pleasure in presenting their 12th Annual Report on the business and operations of the Company together with the Audited Statement of Accounts for the year ended 30th September, 2012.

1. FINANCIAL HIGHLIGHTS :

	(Rs. in Million)	
	Year ended 30 th Sept., 2012	Year ended 30 th Sept., 2011
Sales	364.05	223.70
Other Income	7.26	0.51
Profit before Interest and Depreciation	262.90	132.36
Less : Interest	42.29	28.83
Depreciation	60.92	60.84
Profit/(Loss) before tax	159.69	42.69
Provision for Taxation		
a) Current Tax	34.00	24.00
b) Deferred Tax	(4.86)	9.72
Net Profit/(Loss)	130.55	8.97
Balance of Profit/(Loss) from previous year	350.30	373.02
Add/(Less)- Adjustments relating to earlier year	-	(31.69)
Surplus retained in Profit & Loss Account	480.85	350.30

For the year ended 30th September, 2012, your Company achieved a total sales of Rs.364.05 Million (previous year Rs.223.70 Million) and earned a profit of Rs.159.69 Million (previous year loss of Rs.42.69 Million).

2. DIVIDEND :

Your Directors do not recommend any dividend on the equity shares for the year ended 30th September, 2012.

3. CONSOLIDATED FINANCIAL STATEMENTS :

Pursuant to Clause 32 of the Listing Agreement with the Stock Exchanges, read with the applicable Accounting Standards, issued by the Institute of Chartered Accountants of India, financial statements relating to Subsidiaries, as defined under the said Standards, are merged with the Accounts of the Company and the Consolidated Financial Statements are attached to these Account. The details are given under Note '1' to the said Consolidated Financial Statements.

4. SUBSIDIARIES :

The Statement pursuant to Section 212 of the Companies Act, 1956 is attached to these Accounts. The Company undertakes that Annual Accounts of

the subsidiary companies and the related detailed information shall be made available to shareholders of the Company and subsidiary companies seeking such information at any point of time. The Annual Accounts of the subsidiary Companies shall also be kept for inspection by any shareholders in the Head Office of the Company and of the subsidiary companies concerned. The Company shall furnish a hard copy of details of accounts of subsidiaries to any shareholder on demand. The details about subsidiary companies is included elsewhere in this Annual Report. In view of this and also as per General Circular No.2/2011 dated 8th February, 2011 issued by Ministry of Corporate Affairs, the accounts of subsidiary companies are not enclosed to this Annual Report.

5. PARTICULARS OF EMPLOYEES :

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, the names and other particulars of the employees are set out in the Annexure of the Directors' Report. However, in terms of the provisions of Section 219(1)(b)(iv) of the Companies Act, 1956, the Report and the Accounts are being sent to all the Shareholders of the Company excluding the aforesaid Annexure. Any Shareholder interested in obtaining a copy of said Annexure may write to the Company Secretary at the Registered Office of the Company.

6. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO :

The additional information required under the provisions of Section 217(1)(e) of the Companies Act, 1956 read with Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, and forming part of the Report is reproduced hereunder :

I. CONSERVATION OF ENERGY : Since the Company is in the business of Generation of Power through non-conventional sources, this part is not applicable.

II. TECHNOLOGY ABSORPTION :

1. Research and development (R&D) :

The company continuously conducts R&D activities in-house using the existing manpower and other resources on continuous basis. The capital and recurring expenses on R&D activities is not separately identified.

2. Technology Absorption, Adaptation and Innovation :

The Company has not imported any technology.

III. FOREIGN EXCHANGE EARNINGS AND OUTGO :

Total Foreign Exchange Used and Earned :

Used : Rs.6,029,505/-.

Earned : Rs.2,540,566/-.

7. DIRECTORS :

In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. B. N. Kalyani and Mr. G. K. Agarwal, Directors of the Company, retire by rotation at the ensuing Annual General Meeting and, being eligible, they offer themselves for re-appointment.

8. DIRECTORS' RESPONSIBILITY STATEMENT :

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed :

- (i) That in the preparation of the accounts for the financial year ended 30th September, 2012, the applicable accounting standards have been followed along with proper explanation relating to material departures ;
- (ii) That the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the company for the year under review ;
- (iii) That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities ;
- (iv) That the Directors have prepared the annual accounts for the financial year ended 30th September, 2012 on a 'going concern' basis.

9. AUDITORS :

M/s. Dalal & Shah, Chartered Accountants, resigned as the Statutory Auditors of the Company on

30th November, 2012, vide their letter dated 29th November, 2012, received to the Company on 30th November, 2012. The Company had appointed M/s. Joshi Apte & Co., Chartered Accountants as the Statutory Auditors of the Company to fill up the casual vacancy caused due to resignation of M/s. Dalal & Shah, in the Extra Ordinary General Meeting held on 5th January, 2013. M/s. Joshi Apte & Co, hold office as Statutory Auditors of the Company upto the conclusion of the ensuing Annual General Meeting.

You are requested to reappoint M/s. Joshi Apte & Co., Chartered Accountants, as the Statutory Auditors for the current year to hold the office from the conclusion of the ensuing Annual General Meeting until the conclusion of next Annual General Meeting.

Your directors wish to place on record their appreciation for the positive co-operation received from the Central Government, Government of Maharashtra, Financial Institutions and the Bankers. The directors also wish to place on record their appreciation of the unstinted efforts and contributions made by the Management Team and the employees of the Company at all levels.

The Directors express their special thanks to Mr. B. N. Kalyani, Chairman for his untiring efforts for the progress of the Company.

For and on behalf of the
Board of Directors

PUNE
Dated : 9th February, 2013

B. N. KALYANI
Chairman

AUDITORS' REPORT

AUDITORS' REPORT TO THE MEMBERS OF BF UTILITIES LIMITED

To,
The Members of
BF Utilities Limited, Pune.

1. We have audited the attached Balance Sheet of BF Utilities Limited (the "Company") as at 30th September 2012, and the related Profit and Loss Account and Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These financial statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) order, 2003 (the said order) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on matters specified in paragraph 4 and 5 of the said order.
4. Without qualifying our opinion, we hereby draw attention to the fact that, the prior year financial statements have been audited by a firm of Chartered Accountants other than Joshi Apte & Co.
5. Further to our comments in the Annexure referred to in paragraph 3 and 4 above, we report that:
 - (a) We have 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 appears from our examination of those books;
 - (c) The Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report are in agreement with the books of account;
 - (d) In our opinion, the Balance Sheet, Profit and Loss Account and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of Section 211 of the Act;
 - (e) On the basis of written representations received from the directors, as on 30th September 2012 and taken on record by the Board of Directors, none of the directors is disqualified as on 30th September 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of Section 274 of the Act;
 - (f) In our opinion and to the best of our information and according to the explanations given to us, the said financial statements together with the notes thereon and attached thereto given in the prescribed manner, the information required by the Act, and gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30th September 2012;
 - (ii) in the case of the Profit and Loss Account, of the profit for the year ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

For Joshi Apte & Co.
Firm Registration Number: 104370W
Chartered Accountants

Pune
February 09, 2013

Prakash Apte
Partner
Membership Number: 33212

ANNEXURE TO AUDITORS' REPORT

Referred to in paragraph 3 of the Auditors' Report of even date to the members of BF Utilities Limited on the financial statements for the year ended 30th September 2012

1. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.
(b) The fixed assets have been physically verified by the Management according to a phased program designed to cover all the items over a period of 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies between the book records and the physical inventory have been noticed.
(c) In our opinion and according to the information and explanations given to us, a substantial part of fixed assets has not been disposed of by the Company during the year.
2. (a) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the register maintained under Section 301 of the Act.
(b) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under Section 301 of the Act.
3. 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, 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, no major weakness have been noticed or reported.
4. According to the information and explanations given to us, there have been no contracts or arrangements referred to in Section 301 of the Act during the year to be entered in the register required to be maintained under that Section. Accordingly, the question of commenting on transactions made in pursuance of such contracts or arrangements does not arise.
5. The Company has not accepted any deposits from the public within the meaning of Sections 58A and 58AA of the Act and the rules framed there under.
6. In our opinion, the Company has an internal audit system commensurate with its size and nature of its business.
7. We have broadly reviewed the books of account maintained by the Company in respect of products, where, pursuant to the Rules made by the Central Government of India, the maintenance of cost records has been prescribed under clause (d) of sub-section (1) of Section 209 of the Act, and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
8. (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income tax, sales-tax, wealth tax, service tax, custom duty, excise duty, cess and other material statutory dues applicable to it.
(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, wealth-tax, service-tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
9. The Company has no accumulated losses as at 30th September 2012 and it has not incurred any cash losses in the financial year ended on that date or in the immediately preceding financial year.
10. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of dues to any financial institution or bank or debenture holders as at the balance sheet date.
11. The Company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
12. The provisions of any special statute applicable to chit fund/ nidhi / mutual benefit fund/ societies are not applicable to the Company.
13. In our opinion, the Company has maintained proper records of transactions and contracts relating to dealing or trading in shares, securities, debentures and other investments during the year and timely entries have been made therein. Further, such securities have been held by the Company in its own name or are in the process of transfer in its name, except to the extent of the exemption granted under Section 49 of the Act.
14. In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company, for loans taken by others from banks or financial institutions during the year,

are not prejudicial to the interest of the Company. The Company has also given an undertaking for loans taken/ to be taken from financial institutions on behalf of the subsidiary, which considering the Company is a parent promoter and being informed by the management that the undertaking is given to ensure financial and operational continuance of the project undertaken by it as detailed in Note no 26 to the Financial Statements, It is not at present prejudicial to the interest of the Company.

15. In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans have been applied for the purposes for which they were obtained.
16. On the basis of an overall examination of the balance sheet of the Company, in our opinion and according to the information and explanations given to us, there are no funds raised on a short-term basis which have been used for long-term investment.
17. The Company has not made any preferential allotment of shares to parties and companies covered in the register maintained under Section 301 of the Act during the year.
18. The Company has not issued any debentures and hence the Company has not created any security or charge in respect thereof.
19. The Company has not raised any money by public issues during the year.
20. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.
21. Considering the nature of the business conducted by the Company, the other clauses, viz, paragraph 4 (ii) and 4(iii) (c), (d), (e), (f) and (g) of paragraph 4 of the Companies (Auditor's Report) Order 2003, as amended by the Companies (Auditor's Report) (Amendment) Order, 2004, are not applicable in the case of the Company for the current year, and hence in our opinion there is no matter which arises to be reported in the aforesaid clauses of the order.

For Joshi Apte & Co.
Firm Registration Number: 104370W
Chartered Accountants

Pune
February 09, 2013

Prakash Apte
Partner
Membership Number: 33212

Balance Sheet as at 30th September, 2012

Particulars	Note No.	As at 30th	As at 30th
		September, 2012	September, 2011
		Rs.	Rs.
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	2	188,338,140	188,338,140
(b) Reserves and Surplus	3	480,853,046	350,296,683
		<u>669,191,186</u>	<u>538,634,823</u>
2 Non-current liabilities			
(a) Long-term borrowings	4	907,609,060	974,837,571
(b) Deferred tax liabilities (net)	5	65,283,020	70,145,520
(c) Other long-term liabilities	6	200,000,000	200,000,000
(d) Long-term provisions	7	-	-
		<u>1,172,892,080</u>	<u>1,244,983,091</u>
3 Current liabilities			
(a) Short-term borrowings	8	65,800,000	126,300,000
(b) Trade payables	9	36,323,268	29,830,664
(c) Other current liabilities	10	86,702,804	85,039,287
(d) Short-term provisions	11	175,525,629	151,912,993
		<u>364,351,701</u>	<u>393,082,944</u>
TOTAL		<u><u>2,206,434,967</u></u>	<u><u>2,176,700,858</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		441,376,290	500,062,869
(ii) Intangible assets		-	-
(iii) Capital Work-in-progress		-	-
(iv) Intangible assets under development		-	-
(b) Non-current investments	13	1,055,632,690	1,036,410,120
(c) Long-term loans and advances	14	370,000,000	370,000,000
		<u>1,867,008,980</u>	<u>1,906,472,989</u>
2 Current Assets			
(a) Current investments	15	701,889	-
(b) Trade receivables	16	61,947,100	-
(c) Cash and bank balance	17	169,363,336	35,203,194
(d) Short-term loans and advances	18	56,211,566	45,711,773
(e) Other current assets	19	51,202,096	189,312,902
		<u>339,425,987</u>	<u>270,227,869</u>
TOTAL		<u><u>2,206,434,967</u></u>	<u><u>2,176,700,858</u></u>
Summary of Significant accounting policies followed by the Company	1		

In terms of our Report of even date
For JOSHI APTE & CO.
Firm Registration No. 104370W
Chartered Accountants

On behalf of the Board of Directors

PRAKASH APTE
Partner
Membership No. 33212
Pune, 9 February, 2013

B.S. MITKARI
Sr. V.P Finance
& Company Secretary
Pune, 9 February, 2013

B. B. HATTARKI
Director

S. S. VAIDYA
Director

Statement of Profit and loss for the year ended 30 September 2012

Particulars	Note No.	Year ended 30th	Year ended 30th
		September, 2012	September, 2011
		Rs.	Rs.
I. Revenue from operations (net)	20	364,047,875	232,923,300
II. Other income	21	7,260,103	729,009
III. Total Revenue (I + II)		371,307,978	233,652,309
IV. Expenses :			
Employee benefits expense	22	12,290,816	6,444,989
Finance costs	23	42,290,970	34,041,154
Depreciation and Amortization expense	12	60,917,003	60,840,358
Other expenses	24	96,115,326	89,636,610
Total expenses		211,614,115	190,963,111
V. Profit before tax (III-IV)		159,693,863	42,689,198
VI. Tax expense :			
(a) Current tax (MAT)		34,000,000	24,000,000
(b) Deferred tax (See Note No. 5)		(4,862,500)	9,718,915
		29,137,500	33,718,915
VII. Profit /(Loss) for the year after taxation		130,556,363	8,970,283
VIII. Adjustments relating to earlier years :			
Excess / (Short) Provision for Taxation and tax payments		-	(1,040,384)
Excess / (Short) Provision for Deferred Taxes on recomputation (See Note No. 5(a))		-	(30,651,301)
IX Profit /(Loss) for the year after taxation and adjustments relating to earlier years		130,556,363	(22,721,402)
X Earning per equity share:			
(a) Basic & Diluted	25	3.47	(0.60)
Summary of Significant accounting policies followed by the Company	1		

In terms of our Report of even date
For JOSHI APTE & CO.
Firm Registration No. 104370W
Chartered Accountants

On behalf of the Board of Directors

PRAKASH APTE
Partner
Membership No. 33212
Pune, 9 February, 2013

B.S. MITKARI
Sr. V.P Finance
& Company Secretary
Pune, 9 February, 2013

B. B. HATTARKI
Director

S. S. VAIDYA
Director

Cash Flow Statement For The Year Ended 30th September, 2012

Particulars	Year ended 30th Sept., 2012		Year ended 30th Sept., 2011	
	Rs.	Rs.	Rs.	Rs.
A				
Cash Flow From Operating Activities				
Profit/ (Loss) before taxation		159,693,863		42,689,198
Add Interest / Depreciation / Other Non Cash Expenses				
Depreciation	60,917,003		60,840,358	
Finance Cost	39,609,168		34,041,154	
Loss on sale of fixed assets	72,755		-	
Diminution in Value of Investments	8,501		-	
CERs Written off	17,938,606		9,440,565	
Exchange (Gain)/Loss	(235,045)		(214,861)	
		<u>118,310,988</u>		<u>104,107,216</u>
Less Interest / Dividend / Other Adjustments				
Profit on sale of Fixed Assets	-		36,132	
Provision no longer required	133,276		103,587	
Dividend	1,452		-	
Interest	6,890,090		231,301	
Profit on sale of Investments	-		112,090	
		<u>(7,024,818)</u>		<u>(483,110)</u>
Operating Profit before Working Capital Changes :		<u>270,980,033</u>		<u>146,313,304</u>
(Increase) / Decrease Working Capital				
(Increase) / Decrease in Current Assets :				
(Increase) / Decrease in Sundry Debtors	(61,947,100)		-	
(Increase) / Decrease in Other current assets and loans and advances	110,600,529		(114,014,269)	
	<u>48,653,429</u>		<u>(114,014,269)</u>	
Increase / (Decrease) in Current Liabilities :				
Liabilities	(11,418,108)		(69,000,132)	
	<u>(11,418,108)</u>		<u>(69,000,132)</u>	
		<u>37,235,321</u>		<u>(183,014,401)</u>
Cash Generated from operations		<u>308,215,354</u>		<u>(36,701,097)</u>
Direct taxes paid		<u>(24,937,886)</u>		<u>(1,951,184)</u>
Net Cash Flow from Operating Activities		<u>283,277,468</u>		<u>(38,652,281)</u>
B				
Cash Flow from Investing Activities				
Additions to Fixed Assets / Other Adjustments				
Purchase of Investment		(53,755,619)		-
Additions to Fixed Assets		(2,314,608)		(111,375)
Sales proceeds of assets		11,429		175,000
Non Operating Income				
Dividend	1,452		-	
Interest	6,197,013		30,137	
Profit on sale of Investments	-		112,090	
		<u>6,198,465</u>		<u>142,227</u>
Net Cash Flow from Investing Activities		<u>(49,860,333)</u>		<u>205,852</u>
C				
Cash Flow from Financing Activities				
Secured loans (Net of Repayment)		-		7,849,428
Unsecured Loans		(106,449,530)		89,129,289
Finance Cost paid		(44,985,815)		(29,488,107)
Net Cash from Finance Activities		<u>(151,435,345)</u>		<u>67,490,610</u>
Net changes in cash and cash equivalents (A+B+C)		<u>81,981,790</u>		<u>29,044,181</u>
Cash and cash equivalents as on 30th September 2011		35,203,194		6,159,013
Cash and cash equivalents as on 30th September 2012 *		117,184,984		35,203,194

* Refer Note No. 17 for Cash and Cash Equivalents

In terms of our Report of even date
For JOSHI APTE & CO.
Firm Registration No. 104370W
Chartered Accountants

On behalf of the Board of Directors

PRAKASH APTE
Partner
Membership No. 33212
Pune, 9 February, 2013

B.S. MITKARI
Sr. V.P Finance
& Company Secretary
Pune, 9 February, 2013

B. B. HATTARKI
Director

S. S. VAIDYA
Director

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

Basis of Preparation

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except further change in accounting policy as explained below:

During the year ended September 30, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on nature of business and activities carried out by the Company, time between acquisition of assets and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

1 Summary of significant Accounting Policies followed by the Company :

I System of Accounting:

- i) The Company follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- ii) Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.
- iii) The preparation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in accompanying financial statements are based upon Management's evaluations of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from estimates and assumptions used in preparing the accompanying financial statements. Any revisions to accounting estimates are recognized prospectively in current and future periods.

II Fixed Assets and depreciation:

A. Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. Fixed Assets are shown net of accumulated depreciation (except free hold land).

B. Expenditure on New Projects and Expenditure during Construction etc. :

In case of new projects or expansion at the existing units of the Company, expenditure incurred including interest and financing costs of specific borrowings, prior to commencement of commercial production is being capitalised to the cost of assets.

C. Depreciation:

Fixed Assets:

- i) Depreciation on Buildings, Plant & Machinery, Electrical Installations, and Office Equipments is being provided on 'Straight Line Method' basis in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the said Act.
- ii) Depreciation in respect of Furniture & Fittings, Vehicles is being provided on 'Written down value' basis in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to the said Act.
- iii) Depreciation on additions to assets during the year is being provided at their respective rates on pro-rata basis from the date of acquisition/installation.
- iv) Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis up to the date on which such assets are sold, discarded or demolished.

III Impairment of Assets :

The Company tests for impairments at the close of the accounting period, if and only if, there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value amount of

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

an Asset, i.e. the net realisable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the Asset, the difference is provided for as impairment. However, if subsequently, the position reverses and the recoverable amount becomes higher than the carrying value, then the provision to the extent of the difference is reversed, but not higher than the amount provided for.

IV Investments:

- i) **Non-Current Investments :** Investments are valued at cost of acquisition. Trade and Strategic investments made by the Company are of a long Term nature and hence diminution in the value of investments are generally not considered to be of other than temporary nature. However where, in the opinion of the management, considering the facts and circumstances prevailing at the balance sheet date, diminution, if any, is determined to be other than temporary, provision for the same is made and investments are stated net of such provisions.
- ii) **Current Investment :** Current Investments are stated at cost less provision for diminution, as necessary, if any.

V Revenue Recognition : -

Revenue recognition is generally postponed if the receipt can not be estimated with reasonable certainty.

- a) Income from Electricity generated is accounted on the basis of electricity wheeled into MSEB grid and jointly certified.
- b) Interest is accrued over the period and the amount of loan/investment.
- c) Dividend is accrued in the year in which it is declared, whereby right to receive is established.
- d) Profit/Loss on sale of investment is recognised on contract date.
- e) Income from Certified Emission Reduction units is accrued in the year of generation of wind power if the receipt of and value of units is reasonably certain.
- f) Income from Renewable Energy Certificates is accrued in the year of generation of power (See Note No. 36)

VI Borrowing Cost : - Interest on borrowings is recognised in the Statement of Profit & Loss except interest incurred on borrowings specifically received for projects are capitalized to the cost of asset until such time the asset is ready to be put to use for intended purpose.

Borrowing Costs include foreign exchange differences on the long term foreign currency loan to the extent they are attributable to interests differential on the said loans.

VII Foreign Currency Transactions : - Foreign Currency transactions are recognised on the basis of foreign exchange rate on the date of transaction.

Foreign Currency Conversions : - Current Assets and other liabilities in foreign currency and foreign currency exposure in respect of foreign currency loans other than for financing fixed assets outstanding at the close of the financial year are valued at the contracted and/or appropriate exchange rates at the close of the year. The loss or gain due to fluctuation of exchange rates is charged to Statement of Profit and Loss.

VIII Employee Benefits :

- i) **Employee Benefit in the form of Provident Fund and Pension Scheme** whether in pursuance of law or otherwise which are defined contributions are accounted on accrual basis and charged to Statement of Profit & Loss.
- ii) **Gratuity:**

Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The employee's gratuity is a defined benefit funded plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and the shortfall in the fair value of the Plan Assets is recognized as an obligation.
- iii) **Superannuation:**

Defined contribution to Life Insurance Corporation of India for employees covered under Superannuation scheme are accounted at the rate of 15% of such employee's annual salary.
- iv) **Privilege Leave Benefits:**

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

The Company presents the entire leave as a current liability in the Balance Sheet, since it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

IX Taxation :

Provision for taxation is made on the basis of taxable profits computed on current year profit in accordance with Income Tax Act. Deferred Tax resulting from timing differences is accounted for at the applicable rate of tax to the extent the timing differences are expected to crystallize, after ignoring deferred tax adjustments originating and reversing during tax holiday period, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Asset can be realized.

X Provisions:

Necessary Provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

XI Research & development Expenditure:

Research & development expenditure is charged to Revenue under the natural head of account in the year in which it is incurred. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the Company, is considered as an intangible asset.

2 Share Capital :

Particulars	As at 30 September 2012		As at 30 September 2011	
	No.of Shares	Rs.	No.of Shares	Rs.
<u>Authorised</u>				
Equity Shares of Rs. 5/- each.	60,000,000	300,000,000	60,000,000	300,000,000
<u>Issued, Subscribed & fully paid up</u>				
Equity shares of Rs. 5/- each fully paid up	37,667,628	188,338,140	37,667,628	188,338,140
Total		188,338,140		188,338,140

2 (a) Reconciliation of Shares outstanding at the beginning and at the end of the Year

Particulars	As at 30 September 2012		As at 30 September 2011	
	No.of Shares	Rs.	No.of Shares	Rs.
At the beginning of the year	37,667,628	188,338,140	37,667,628	188,338,140
Issued / reduction if any during the year	-	-	-	-
Outstanding at the end of the year	37,667,628	188,338,140	37,667,628	188,338,140

2 (b) Terms / rights attached to equity shares :

The Company has only one class of Equity Shares having a par value of Rs. 5/- per share. Equity Shares are parri passu in all respect and each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend, as and when proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

2 (c) Details of Shareholder holding more than 5% shares in the Company

Name of the Shareholder	Equity Shares			
	As at 30th September 2012		As at 30th September 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
i) Ajinkya Investment & Trading Company	10,292,103	27.32	10,292,103	27.32
ii) Kalyani Investment Company Ltd.	6,062,342	16.09	6,062,342	16.09
iii) KSL Holdings Pvt. Ltd.	4,353,472	11.56	4,353,472	11.56

3 Reserves & Surplus :

Particulars	As at 30th September 2012 Rs.	As at 30th September 2011 Rs.
Surplus in statement of Profit & Loss :		
As per last Account	350,296,683	373,018,085
Add / (Less) Net Profit / (net Loss) for the year	130,556,363	(22,721,402)
Total	480,853,046	350,296,683

4 Long Term Borrowings

Particulars	Non-Current		Current maturities	
	As at 30th September, 2012 Rs.	As at 30th September, 2011 Rs.	As at 30th September, 2012 Rs.	As at 30th September, 2011 Rs.
Secured :				
Term Loan from Bank				
Rupee Term Loan from Axis Bank Ltd. (See Note No. 4(a))	200,000,000	200,000,000	-	-
	200,000,000	200,000,000	-	-
Unsecured :				
Deferred payment liabilities				
Sales tax deferral obligation collected under Government of Maharashtra package scheme of incentive by a beneficiary under an arrangement (See Note No. 4 (b))	707,609,060	774,837,571	67,228,511	45,949,530
	707,609,060	774,837,571	67,228,511	45,949,530
Less : Shown Under "Other current liabilities" (See Note No. 10)	-	-	67,228,511	45,949,530
	707,609,060	774,837,571	-	-
Total	907,609,060	974,837,571	-	-

4 (a) Rupee Term Loan from Axis Bank Ltd.

Balance outstanding Rs. 200,000,000 (Previous year Rs. 200,000,000)

Above loan is secured by first charge on the movable and immovable assets of Wind Mill Project located at village Boposhi and Maloshi, Dt. Satara.

Bullet repayment on completion of 36 months from the date of first disbursement i.e from 28 July, 2011 and interest of Base rate +4.25% p.a., payable monthly.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

4 (b) Sales Tax deferral

Balance outstanding Rs. 774,837,571 (Previous year Rs. 820,787,101)

Repayable 1/5th of amount every year after 10 year of the benefit availed.

Repayment Schedule

Year	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
2011-12	-	45,949,530
2012-13	67,228,511	67,228,511
2013-14	92,507,491	92,507,491
2014-15	112,874,898	112,874,898
2015-16	113,483,324	113,483,324
2016-17	110,924,345	110,924,345
2017-18	102,845,366	102,845,366
2018-19	77,566,386	77,566,386
2019-20	52,287,250	52,287,250
2020-21	31,920,000	31,920,000
2021-22	13,200,000	13,200,000
Total	774,837,571	820,787,101

5 Deferred Tax Liabilities (net)

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
I Deferred Tax Liabilities :		
On account of timing difference :		
a) Depreciation (See Note No. 5 (a))	93,061,766	93,943,143
Total	93,061,766	93,943,143
II Deferred Tax Assets :		
On account of timing difference :		
a) Disallowance u/s 43B	27,778,746	23,797,623
Total	27,778,746	23,797,623
Deferred Tax liability (Net) (I - II)	65,283,020	70,145,520

5 (a) As required by and in accordance with Accounting Standard 22 - 'Taxes on Income' prescribed by Companies (Accounting Standards) Amendment Rules, 2006, the Company recognises Deferred Tax which result from timing differences after ignoring Deferred Tax adjustments originating and reversing during the tax holiday period. The Deferred tax adjustments reversing outside the Tax holiday period have been recomputed consequent to the company's claim of determining the Tax holiday period with reference to the date of each phase of implementation as against the earlier intended period with reference to a single date of implementation for the Wind Power generation business.

6 Other Long Term Liabilities

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
<u>Unsecured</u>		
Interest free Security Deposit received from Related party (See Note No:-31)	200,000,000	200,000,000
Total	200,000,000	200,000,000

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

7 Long Term Provisions		
Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Provision for employee benefits (if any):	-	-
Total	-	-
8 Short Term Borrowings		
Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Unsecured Loan Repayable on demand from other parties Rate of interest 8% p.a.	65,800,000	126,300,000
Total	65,800,000	126,300,000
9 Trade Payable		
Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Total outstanding dues other than Micro & Small Enterprises	26,222,022	19,729,418
Capital Creditors	10,101,246	10,101,246
Total	36,323,268	29,830,664
Note :		
On the basis of information available with the Company, regarding the status of suppliers as defined under the "Micro, Small and Medium Enterprises Development Act, 2006", there are no suppliers covered under above mentioned Act.		
10 Other Current Liabilities		
Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
a. Current maturities of Long term borrowings (See Note No. 4)	67,228,511	45,949,530
b. Interest accrued but not due on borrowings	-	5,376,647
c. Advance from customer	-	32,574,396
d. Statutory dues payable including Tax deducted at source	1,118,600	1,138,714
e. Payable against purchase of investments	18,355,693	-
Total	86,702,804	85,039,287
11 Short Term Provisions		
Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Provision for employee benefits :		
Leave encashment (See Note No. 34)	538,746	835,915
Gratuity (See Note No. 34)	727,146	239,276
Provident Fund : - BFUL Staff Provident Fund Trust	99,432	-
Other Provisions :		
Tax Provision (Net of tax paid in advance)	31,121,733	22,059,619
Electricity Duty (See Note No. 33)	90,081,761	86,617,409
Wheeling & Transmission Charges (See Note No. 33)	52,956,811	42,160,774
Total	175,525,629	151,912,993

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

12 Fixed Assets

Amounts in Rupees											
Sr. No.	Particulars	Gross Block			Depreciation				Net Block		
		As At 30/09/2011	Additions during the year	Deductions during the year	As At 30/09/2012	Up to 30/09/2011	On Deductions & Adjustments	For the Year	Up to 30/09/2012	As At 30/09/2012	As At 30/09/2011
Tangible Assets :											
1	Land	15,199,252	-	-	15,199,252	-	-	-	-	15,199,252	15,199,252
2	Building	13,108,730	-	-	13,108,730	2,433,404	-	213,673	2,647,077	10,461,653	10,675,326
3	Plant & Machinery	1,144,688,812	-	-	1,144,688,812	671,091,663	-	60,439,569	731,531,232	413,157,580	473,597,149
4	Electrical Installation	14,000	638,688	-	652,688	13,999	-	68,593	82,592	570,096	1
5	Furniture & Fixtures	25,000	-	-	25,000	17,850	-	1,293	19,143	5,857	7,150
6	Office Equipments	1,122,122	147,187	133,510	1,135,799	733,331	49,326	98,507	782,512	353,287	388,791
7	Vehicles	813,725	1,528,733	-	2,342,458	618,525	-	95,368	713,893	1,628,565	195,200
	Total A	1,174,971,641	2,314,608	133,510	1,177,152,739	674,908,772	49,326	60,917,003	735,776,449	441,376,290	500,062,869
	Previous year Total	1,175,568,381	111,375	708,115	1,174,971,641	614,637,661	569,247	60,840,358	674,908,772	500,062,869	
In-Tangible Assets :											
1	Intangible Asset	-	-	-	-	-	-	-	-	-	-
	Total B	-	-	-	-	-	-	-	-	-	-
	Previous year Total	-	-	-	-	-	-	-	-	-	-
	Grand Total (A + B)	1,174,971,641	2,314,608	133,510	1,177,152,739	674,908,772	49,326	60,917,003	735,776,449	441,376,290	500,062,869
	Previous year Grand Total	1,175,568,381	111,375	708,115	1,174,971,641	614,637,661	569,247	60,840,358	674,908,772	500,062,869	-
Capital Work In Progress											
1	Tangible Asset	-	-	-	-	-	-	-	-	-	-
2	Intangible Asset	-	-	-	-	-	-	-	-	-	-
	Total	-	-	-	-	-	-	-	-	-	-
	Previous year Total	-	-	-	-	-	-	-	-	-	-

Note : Refer para 2 of Summary of Significant accounting policies referred to in Note No. 1.

13 Non Current Investments

Particulars	Face Value Rs.	As at 30th September 2012		As at 30th September 2011	
		No. of Shares	Rs.	No. of Shares	Rs.
Trade Investments, at cost					
In equity shares - fully paid					
Unquoted Instruments					
In Subsidiary companies :					
Nandi Infrastructure Corridor Enterprises Ltd. (74.52% of holding)	10	77,569,111	775,691,110	77,569,111	775,691,110
* Nandi Highway Development Ltd. (69.53% of holding)	10	26,071,902	260,719,010	26,071,902	260,719,010
			1,036,410,120		1,036,410,120
In Associate Company :					
Hospet Bellari Highways Private Ltd. (35% of holding)	10	3,500	35,000	-	-
			35,000		-
In Others (Non Trade), at cost					
Mokshayoug Access India Pvt. Ltd.	10	608,824	18,310,382	-	-
SKH Metals Ltd.	10	25,000	877,188	-	-
			19,187,570		-
Total			1,055,632,690		1,036,410,120

* 2,551,127 (P.Y. 2,551,127) shares pledged with Banks for loans taken by Related Party

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

14 Long Term Loans & Advances

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Unsecured, considered good (unless otherwise stated)		
Loans and Advances to Related Parties (See Note No. 35)		
Advances for purchase of Land	370,000,000	370,000,000
Total	370,000,000	370,000,000

15 Current Investments

Particulars	Face Value Rs.	As at 30th September 2012		As at 30th September 2011	
		Number	Rs.	Number	Rs.
In equity shares - fully paid, at cost or Market value whichever is lower					
Quoted :					
# Ahmednagar Forging Ltd.	10	300	49,152	-	-
MM Forging Ltd.	10	400	36,920	-	-
EL Forging Ltd.	10	100	799	-	-
Finolex Industries Ltd.	10	84	4,204	-	-
Hindalco Industries Ltd.	1	140	18,160	-	-
NIIT Technologies Ltd.	10	112	6,129	-	-
#ITC Ltd.	1	3,600	595,026	-	-
			710 390		-
Less : Diminution in value of investment			(8,501)		-
Total			701,889		-
		Book Value		Market Value	
		As at 30th September 2012	As at 30th September 2011	As at 30th September 2012	As at 30th September 2011
QUOTED		701,889	-	1,115,094	-
UNQUOTED		1,055,632,690	1,036,410,120	NA	-
TOTAL		1,056,334,579	1,036,410,120	1,115,094	-

Investments are in the process of being transferred in the name of the Company.

16 Trade Receivables

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Unsecured, considered good unless stated otherwise :		
Outstanding for the period exceeding 6 months from date they are due for payment.	-	-
Others	61,947,100	-
Total	61,947,100	-

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

17 Cash & Bank Balance

Particulars	As at 30th September 2012		As at 30th September 2011
	Rs.	Rs.	Rs.
i) Cash & Cash Equivalents			
a) Cash on Hand		541	4,094
b) Balances with Banks - in Current Accounts	15,559,235		2,699,100
in Fixed Deposits (Less than three months maturity)	101,625,208		32,500,000
		117,184,443	35,199,100
		117,184,984	35,203,194
ii) Other Bank Balances			
Balances with banks			
Fixed Deposits (Maturity more than three months but less than twelve months)		52,178,352	-
Total		169,363,336	35,203,194

18 Short Term Loans & Advances

Particulars	As at 30th September 2012		As at 30th September 2011
	Rs.	Rs.	Rs.
Loans & advances to related parties		-	-
Others (See Note No. 33 (B))		56,211,566	45,711,773
Total		56,211,566	45,711,773

19 Other Current Assets

Particulars	As at 30th September 2012		As at 30th September 2011
	Rs.	Rs.	Rs.
a) Energy Credit Receivable	23,037,694		164,085,339
b) CER Receivable (See Note No. 32)	9,863,404		25,026,399
c) REC Income Receivable	17,406,757		-
d) Interest Receivable	894,241		201,164
Total		51,202,096	189,312,902

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

20 Revenue from Operations

Particulars	Year ended	Year ended
	30th September 2012	30th September 2011
	Rs.	Rs.
a) Wind Power Generated	244,553,844	213,209,827
b) Certified Emission Reduction Units (CER) (See Note No 32)	2,540,566	19,713,473
c) Renewable Energy Certificate Units (REC) (See Note No 36)	116,953,465	-
Total	364,047,875	232,923,300

21 Other income

Particulars	Year ended	Year ended
	30th September 2012	30th September 2011
	Rs.	Rs.
Dividend Received	1,452	-
Interest on Bank Fixed Deposits	6,890,090	231,301
Profit on Sale of Investments	-	112,090
Profit on Sale of Fixed Assets	-	36,132
Provision no longer required	133,376	103,587
Exchange Gain /Loss (net)	235,045	214,861
Miscellaneous Income	140	31,038
Total	7,260,103	729,009

22 Employee Benefits Expense

Particulars	Year ended	Year ended
	30th September 2012	30th September 2011
	Rs.	Rs.
Salaries, allowances etc.	11,284,527	5,622,277
Contribution to Provident & other funds	863,859	791,032
Staff Welfare	142,430	31,680
Total	12,290,816	6,444,989

23 Finance Cost

Particulars	Year ended	Year ended
	30th September 2012	30th September 2011
	Rs.	Rs.
Interest on Loans	35,267,223	25,664,884
Interest others	4,308,433	3,163,770
Interest on shortfall of advance tax	2,681,802	-
Upfront / Processing fees	-	5,212,500
Bank charges etc.	33,512	-
Total	42,290,970	34,041,154

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

24 Other Expense

Particulars	Year ended 30th September 2012		Year ended 30th September 2011
	Rs.	Rs.	Rs.
Operating Expenses			
Operations, Maintenance & CDM Expenses - Wind Mills		29,760,661	23,880,610
Lease Rent - Land		670,773	600,000
Insurance		920,498	810,996
Electricity Duty (See Note No. 33)		8,795,003	8,293,910
Wheeling & Transmission Charges (See Note No.33)		10,796,037	3,589,854
Overhauling / Repairs to Machinery		-	19,550,000
Other Operating Expenses		2,649,079	1,625,188
CERs Written off		17,938,606	9,440,565
		71,530,657	67,791,123
Administrative Expenses			
Insurance - others		118,338	29,292
Rates & Taxes		926,832	399,939
Repairs & Maintenance (others)		20,930	13,027
Director's sitting fees		90,000	95,000
Payment to Auditors :			
Audit Fee	782,400		772,100
Tax Audit fee	110,300		110,300
for Review of Quarterly Results, Financial Statements and Certification Work.	584,225		1,196,755
Reimbursement of expenses	20,605		46,422
		1,497,530	2,125,577
Project expenses Written off		9,113,399	-
Diminution in value of investments		8,501	-
Forward Contract premium		-	1,936,689
Loss on sale of asset		72,755	-
Miscellaneous Expenses including Printing, Stationery Postage, Travelling, Telephone, Bank Charges, etc.		3,233,721	5,222,369
Professional & Consultancy Expenses		9,502,663	12,023,594
		24,584,669	21 845 487
Total		96,115,326	89,636,610

25 Earning Per Equity Share

Particulars	Year ended 30th September 2012		Year ended 30th September 2011
Earning per Share: (Face Value of Rs.5/-)			
Net Profit after Taxation	Rs.	130,556,363	8,970,283
Add / (Less) Prior Period Adjustments	Rs.	-	(31,691,685)
Net Profit after Prior Period Adjustments	Rs.	130,556,363	(22,721,402)
Number of Shares Issued and Subscribed	Nos.	37,667,628	37 667 628
Basic and Diluted	Rs.	3.47	(0.60)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

Particulars of Contingent liabilities	As at 30th September 2012	As at 30th September 2011
	Rupees	Rupees
26. Contingent Liabilities not provided for in respect of		
a) Claims against the Company not acknowledged as debt.	59,858,522	59,858,522
b) Guarantee given by the Company on behalf of other Company (See Note No 28)	300,000,000	300,000,000

27. Commitments:

- A. The Company as a Promoter of Nandi Economic Corridor Enterprises Ltd (NECE) has given an undertaking to Infrastructure Development Finance Co. Ltd (IDFC) in connection with the loan of Rs. 13,200 million (previous year Rs. 13,200 million) advanced to NECE by IDFC, whereby the company has undertaken to ensure continuance of the project undertaken by NECE, continued Promoters contributions as per the Financial plan, with adequate technical, financial and managerial support at the least until the final settlement date.

Further the company has committed to meet the shortfall in resources of NECE by way of Promoters contribution in terms of the Financing Plan which can be in the form of Equity / Preference Share Capital and / or granting of interest free unsecured loan until the final settlement date, which together with current contributions would be subordinate to the funds borrowed from IDFC and shall not be repaid until the final settlement date. The company has further agreed to ensure that the Borrower adheres to the land sale / Development Plan as mentioned in the Common Loan Agreement.

- B. The Company, as a promoter and indirect holding company of Nandi Economic Corridor Enterprises Ltd. (NECE) has signed definitive agreements on 24th December 2010, in relation to foreign direct investment of Rs. 500 crores in NECE.

Pursuant to these definitive agreements, NECE has allotted convertible "Securities" to AIRRO (Mauritius) Holdings V (Investor), on the terms and conditions contained in the definitive agreements, whereby the investor would get a shareholding between 8.33% and 16.29% in NECE.

28. The Company has given security to Axis Bank Limited to the extent of Rs. 30 Crores for securing the term loan facility granted by it to Nandi Highway Developers Limited (a subsidiary of the Company) by way of hypothecation of movable assets and equitable mortgage of fixed assets pertaining to Wind Mill project of the Company located in village Boposhi and Maloshi, Dist Satara.

29. Foreign currency income & expenditure accounted on accrual basis	Year ended 30th September 2012	Year ended 30th September 2011
	Rupees	Rupees
A Expenditure in Foreign Currency :		
Interest on Foreign Currency Term Loan	-	2,388,840
Others - Project Expenses	6,029,505	374,398
Total	6,029,505	2,763,238
B Earnings in Foreign Currency		
Certified Emission Reduction (Carbon Credits)	2,540,566	19,713,473
Un-hedged Foreign Currency #	Year ended 30th September 2012	Year ended 30th September 2011
CER receivable (EURO)	144,731	375,514
Rate as on year end	Rs. 68.15 per Euro	Rs. 66.65 per Euro
CER receivable (INR)	9,863,404	25,026,399

In view of the nature of the transaction CER receivables are un-hedged.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

30. Segment information based on Consolidated Financial Statements, as required by Accounting Standard 17 "Segment Reporting" as prescribed by Companies (Accounting Standards) Rules 2006 is set out in a separate statement annexed thereto.
31. Related party disclosures have been set out in a separate statement annexed to this schedule. The related parties, as defined by Accounting Standard 18' Related Party Disclosures' prescribed by Companies (Accounting Standards) Rules, 2006, in respect of which the disclosures have been made, have been identified and taken on record by the Board.
32. Consequent to completion of the renewal of registration of the wind power generation project as a Clean Development Mechanism (CDM) project with UNFCCC, the Company has accrued income in respect of Certified Emission Reduction (CER) units, which are to be received on completion of further formalities. Income accrued for the year is Rs.2,540,566/- (Previous year Rs. 19,713,473/-). After considering the CER received during the current year and the exchange rate fluctuations, CERs Written off of Rs. 17,938,606/- (Previous year Rs. 9,440,565/-). Income receivable as at 30th September 2012 amounts to Rs 9,863,404/- (Previous year Rs. 25,026,399/-).
33. The disclosures required by Accounting Standard 29 "Provision, Contingent Liabilities and Contingent Assets" prescribed by Companies (Accounting Standards) Rules, 2006 are as follows.

	Class of Provision	Carrying amount as on 1 October, 2011	Provision made / Increase (Decrease) in Provision	Amounts used during the year	Amount reversed during the year	Carrying amount as on 30th September, 2012
		Rs.	Rs.	Rs.	Rs.	Rs.
A.	Electricity Duty	86,617,409	8,795,003	5,330,651	-	90,081,761
	(Previous Year)	78,323,499	8,293,910	-	-	86,617,409
B.	Wheeling & Transmission Charges	42,160,774	10,796,037	-	-	52,956,811
	(Previous Year)	38,570,920	3,589,854	-	-	42,160,774
	Total (A + B)	128,778,183	19,591,040	5,330,651	-	143,038,572

Nature of Provisions

- A. In terms of various notifications / circulars issued by Government of Maharashtra, electricity duty is payable in respect of wind power sold to third parties. However in absence of clarity on the entire subject and also in view of various other issues the Company as a matter of prudence and without prejudice to dispute the claim, has made a provision for Electricity duty.
- B. All the Wind Power Projects have completed the tenure of wheeling agreement with the distribution licensee viz. Maharashtra State Electricity Distribution Company Limited (MSEDCL). All the projects of wheeling energy are under the open access provisions issued by the Hon' able Maharashtra Electricity Regulatory Commission (MERC). As a matter of prudence and without prejudice the Company has made a provision for wheeling and Transmission charges under open access.

Expected timing of resulting outflow:

- A. Since the matter is yet to be resolved / clarified in respect of applicability of Electricity duty for Wind Power Generation, the timing of outflow can not be determined.
- B. Short Term Loans & Advances includes Wheeling and Transmission charges of Rs. 52,956,811/- have been paid to the distribution licensee under protest, as the matter is pending in appeal with the MERC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

34. Liability for employee benefit has been determined by an actuary, appointed for the purpose, in conformity with the principles set out in the Accounting Standard - 15 (Revised) Employee Benefit, prescribed by Companies (Accounting Standards) Rules, 2006 the details of which are as hereunder:

A Funded Scheme (Gratuity)

(Amount in Rupees)

	Particulars	As at 30th Sept, 2012	As at 30th Sept, 2011
(I)	Amount Recognised in the Balance Sheet :		
	a) Present Value of Funded Obligations	2,612,776	1,108,101
	b) Fair Value of Plan Assets	1,885,630	868,825
	c) Net Liability /(Asset) recognised in the Balance Sheet		
	Amounts in Balance Sheet		
	Liability	727,146	239,276
	Asset	-	-
	Net Liability	727,146	239,276
(II)	Amount to be Recognised in the Statement of Profit and Loss :		
	a) Current Service Cost	205,877	127,664
	b) Past Service Cost	-	-
	c) Interest on Defined Benefit Obligations	142,477	50,615
	d) Expected Return on Plan Assets	(99,718)	(52,684)
	e) Net Actuarial (Gains)/Loss recognised in the year	(15,386)	214,245
	f) Total, included in "Employee Benefit Expense"	233,250	339,840
(III)	Change in Defined Benefit Obligation and reconciliation thereof		
	a) Opening Defined Benefit Obligation	1,108,101	640,701
	b) Acquisition adjustments	1,176,127	-
	c) Interest Cost	142,477	50,615
	d) Past Service Cost	-	-
	e) Current Service Cost	205,877	127,664
	f) Settlement Cost (Credit)	-	-
	g) Benefits Paid	-	-
	h) Actuarial Losses/(Gains)	(19,806)	289,121
	i) Closing Defined Benefit Obligation	2,612,776	1,108,101
(IV)	Change in the fair value of Plan Assets and the reconciliation thereof		
	a) Fair Value of Plan Assets at the beginning of the year	868,825	663,653
	b) Acquisition adjustments	921,507	-
	c) Expected Return on Plan Assets	99,718	52,684
	d) Add : Contributions by employer	-	77,612
	e) Assets distributed on Settlement	-	-
	f) Less : Benefit Paid	-	-
	g) Add / (Less) : Actuarial Gains /(Losses) on Plan Assets	(4,420)	74,876
	h) Fair Value of Plan Assets at the end of the year	1,885,630	868,825
	i) Actual Return on Plan assets	95,298	127,560
(V)	Principal Actuarial Assumptions :		
	Discount Rate	8.20%	8.40%
	Rate of return on Plan Assets (p.a.)	7.50%	7.50%
	Salary Escalation	7.50%	7.50%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

B Experience History

(Amount in Rupees)

Particulars	As at 30th Sept, 2012	As at 30th Sept, 2011	As at 30th Sept, 2010	As at 30th Sept, 2009
Present Value of Obligation	2,612,776	1,108,101	640,701	1,321,169
Plan Assets	1,885,630	868,825	663,653	1,990,270
Surplus / (Deficit)	(727,146)	(239,276)	22,952	669,101
Experience adjustments on plan liabilities (loss) / gain	40,232	(324,243)	118,634	-
Experience adjustments on plan assets (loss) / gain	(4,420)	74,876	74,932	-

C Provident Fund

The Provident Fund contribution is made to BFUL Staff Provident Fund Trust. In terms of guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident Fund Liability based on assumptions listed below and determined that there is shortfall, the same is provided in the accounts as at 30 September, 2012. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are

Particulars	As at 30 Sept, 2012	As at 30 Sept, 2011
Remaining term of maturity	6.20 Years	-
Expected guaranteed interest rate	8.25%	-
Discount Rate for the remaining term of maturity of interest portfolio	8.20%	-

D Unfunded Scheme (Compensated Absences)

Particulars	As at 30 Sept, 2012	As at 30 Sept, 2011
Present Value of unfunded obligations	Rs. 538,746	835,915
Expenses recognised in Profit and Loss Account	-	-
Discount Rate	8.20%	8.40%
Salary Escalation Rate	7.50%	7.50%

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

35. Advance for purchase of land is given to Nandi Economic Corridor Enterprises Limited (NECE), Subsidiary Company. Land is yet to be transferred in the name of the Company.
36. During the accounting year 2010-11, the Company registered its 18.33 MW Wind Power project located in Satara District, as an eligible project for issuance of Renewable Energy Certificates (RECs). The Company had filed necessary applications for issuance of RECs with respect to Wind Power generated subsequent to such registration. The Company, during the year accrued 55,091 RECs of which 43,310 REC's were sold on Indian Energy Exchange.
37. Disclosures required as per Clause 32 of the Listing Agreement have been set out in a separate statement annexed hereto.
38. The financial statement for the year ended 30 September, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification issued by Ministry of Company Affairs dated 28 February, 2011; the financial statements for the year ended 30 September, 2012 are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of financial statements.

In terms of our Report of even date
For JOSHI APTE & CO.
Firm Registration No. 104370W
Chartered Accountants

On behalf of the Board of Directors

PRAKASH APTE
Partner
Membership No. 33212
Pune, 9 February, 2013

B.S. MITKARI
Sr. V.P Finance
& Company Secretary
Pune, 9 February, 2013

B. B. HATTARKI
Director

S. S. VAIDYA
Director

Annexure referred to in Note No. 30 of Notes forming part of the Financial Statements.

Disclosure of Segment information as required by AS 17 'Segment Reporting':

Segment wise Revenue, Results, and Capital Employed based on Consolidated Financial Statements for the Year Ended 30th September, 2012

Sr. No.	Particulars	Year ended 30th Sept 2012	Year ended 30th Sept 2011
		Rs.	Rs.
1	Segment Revenue		
	a. Wind Energy	371,306,526	233,652,309
	b. Infrastructure	1,444,789,252	1,046,224,391
	Total	1,816,095,778	1,279,876,700
	Less : Inter segment revenue	-	-
	Net sales / income from operations	1,816,095,778	1,279,876,700
2	Segment results		
	Profit / (Loss) (before tax and interest from each segment)		
	a. Wind Energy	221,690,235	89,498,270
	b. Infrastructure	152,363,301	(21,857,396)
	Total	374,053,536	67,640,874
	Less : i) Interest and Finance Charges	1,793,815,351	2,043,519,103
	ii) Other unallocable expenditure net off unallocable income	(300,484,766)	(24,388,929)
	Total Profit / (Loss) before tax	(1,119,277,049)	(1,951,489,300)
3	Total Carrying Amount of Segment Assets		
	a. Wind Energy	780,100,388	770,290,738
	b. Infrastructure	18,922,970,408	16,137,661,748
	c. Others - Unallocable (including temporary deployment in Mutual Funds)	761,583,396	4,031,506,724
	Total	20,464,654,192	20,939,459,210
4	Total Amount of Segment Liabilities		
	a. Wind Energy	381,845,764	398,773,795
	b. Infrastructure	1,147,982,622	981,144,047
	c. Others - Unallocable	64,203,385	31,887,508
	Total	1,594,031,771	1,411,805,350
5	Capital Employed (Segment Assets - Segment Liabilities)		
	a. Wind Energy	398,254,624	371,516,943
	b. Infrastructure	17,774,987,786	15,156,517,701
	c. Others - Unallocable	697,380,011	3,999,619,216
	Total	18,870,622,421	19,527,653,860
6	Total Cost incurred during the year to acquire Segment Assets that are expected to be used during more than one period.		
	a. Wind Energy	2,314,608	111,375
	b. Infrastructure	935,634,789	690,214,098
	Total	937,949,397	690,325,473
7	Depreciation & Amortisation		
	a. Wind Energy	60,917,003	60,840,358
	b. Infrastructure	377,360,279	340,716,737
	Total	438,277,282	401,557,095

Annexure referred to in Note No. 31 of the Financial Statements.

Disclosure of Related Parties as required by Accounting Standard 18 :

Sr No	Name of Related Party	Nature of Relationship
1	Nandi Infrastructure Corridor Enterprise Ltd.	Subsidiary Company
2	Nandi Highway Developers Ltd.	Subsidiary Company
3	Nandi Economic Corridor Enterprises Ltd.	Subsidiary Company
4	Bharat Forge Limited	Common Control
5	Hospet Bellari Highways Pvt. Ltd.	Associate

Disclosure of Transactions with Related Parties as required by Accounting Standard 18 :

Sr No	Name of Related Party	Nature of Relationship	Nature of Transaction	2011-12		2010-11	
				Transaction Value	Outstanding amount carried in Balance Sheet	Transaction Value	Outstanding amount carried in Balance Sheet
				Rs.	Rs.	Rs.	Rs.
1	Nandi Infrastructure Corridor Enterprise Ltd.	Subsidiary Company	Investment in Equity	-	775,691,110	-	775,691,110
2	Nandi Highway Developers Ltd.	Subsidiary Company	Investment in Equity	-	260,719,010	-	260,719,010
3	Nandi Economic Corridor Enterprises Ltd.	Subsidiary Company	Advance for Purchase of Land	-	370,000,000	-	370,000,000
4	Bharat Forge Limited	Common Control	Sale of Power Security Deposit	244,553,844	61,947,100 (200,000,000)	213,209,827	(32,574,396) (200,000,000)
5	Hospet Bellari Highways Pvt. Ltd.	Associate	Investment in Equity	35,000	35,000	-	-

Annexure referred to Note No. 37 Of Notes forming part of the Financial Statements

Disclosures required as per Clause 32 of the Listing Agreement

Name of the Company	Loans and Advances Given		Investments
	Amount Outstanding as at 30th Sept. 12	Maximum Balance outstanding during the year	Amount Outstanding as at 30th Sept. 12
	Rs.	Rs.	Rs.
Subsidiaries :			
Nandi Infrastrucute Corridor Enterprise Limited	-	-	775,691,110
Nandi Highway Developers Limited	-	-	260,719,010
Nandi Economic Corridor Enterprises Ltd.	370,000,000	370,000,000	-
Associates			
Hospet Bellari Highways Private Ltd.	-	-	35,000

Note : There are no loans and advances in the nature of loans to firms / companies in which Directors are interested.

CONSOLIDATED FINANCIAL STATEMENTS

AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF BF UTILITIES LIMITED

THE BOARD OF DIRECTORS BF UTILITIES LIMITED

1. We have audited the attached Consolidated Balance Sheet of BF Utilities Limited (the "Company") and its subsidiaries; hereinafter referred to as the "Group" (refer Note 1 to the attached Consolidated Financial Statements) as at 30th September 2012, the related Consolidated Profit and Loss Account and the Consolidated Cash Flow Statement for the year ended on that date annexed thereto, which we have signed under reference to this report. These Consolidated Financial Statements are the responsibility of the Company's Management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of following Subsidiaries, whose 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:

(Amounts in Rupees)

Name of Subsidiary	Extent of Share in		
	Revenue	Assets	Cash flows
Nandi Highway Developers Limited	316,294,790	1,060,486,314	(30,488,226)
Nandi Economic Corridor Enterprises Limited	1,408,012,035	18,570,169,420	(288,753,757)
Nandi Infrastructure Corridor Enterprises Limited	316,75,170	1,199,126,221	1,199,863

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.

4. We report that the Consolidated Financial Statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - Consolidated Financial Statements notified under sub-section 3C of Section 211 of the Companies Act, 1956.
5. Without qualifying our opinion, we draw attention to:
 - i) Note no. 31 of the financial statements, in respect of certain litigations by and against the subsidiaries of the Company which are pending in various courts and the matter is subjudice. No cognisance thereof is taken in the Consolidated Financial Statements as on 30th September 2012, pending outcome of the cases.
 - ii) Prior year financial statements have been audited by a firm of Chartered Accountants other than Joshi Apte & Co.
6. Based on our audit and on consideration of reports of other auditor's on separate financial statements and on the other financial information of the components of the Group as referred to above, and to the best of our information and according to the explanations given to us, in our opinion, the attached Consolidated Financial Statements gives a true and fair view in conformity with the accounting principles generally accepted in India:
 - a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 30th September 2012;
 - b) in the case of the Consolidated Profit and Loss Account, of the loss of the Group for the year ended on that date and
 - c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

For Joshi Apte & Co
Firm Registration Number: 104370W
Chartered Accountants

Pune
February 09, 2013

Prakash Apte
Partner
Membership Number: 33212

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Balance Sheet as at 30th September, 2012

Particulars	Note No.	As at 30th September, 2012 Rs.	As at 30th September, 2011 Rs.
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share Capital	2	188,338,140	188,338,140
(b) Reserves and Surplus	3	<u>(1,988,025,261)</u>	<u>(1,502,130,477)</u>
		<u>(1,799,687,121)</u>	<u>(1,313,792,337)</u>
2 Minority Interest (Refer Note No. 29 a)		4,537,221,428	5,206,816,351
3 Non-current liabilities			
(a) Long-term borrowings	4	15,934,776,583	15,392,234,796
(b) Deferred tax liabilities (net)	5	65,283,020	70,145,520
(c) Other long-term liabilities	6	429,517,424	290,144,300
(d) Long-term provisions	7	6,523,339	4,305,775
		<u>16,436,100,366</u>	<u>15,756,830,391</u>
4 Current liabilities			
(a) Short-term borrowings	8	65,800,000	126,300,000
(b) Trade payables	9	114,846,893	73,940,968
(c) Other current liabilities	10	896,714,624	912,893,730
(d) Short-term provisions	11	213,605,496	176,230,831
		<u>1,290,967,013</u>	<u>1,289,365,529</u>
TOTAL		<u><u>20,464,601,686</u></u>	<u><u>20,939,219,934</u></u>
B ASSETS			
1 Non-current assets			
(a) Fixed assets	12		
(i) Tangible assets		1,504,468,779	1,509,127,696
(ii) Intangible Assets		10,919,254,868	10,415,606,453
(iii) Capital Work-in-progress		1,426,234,926	2,282,946,602
(iv) Intangible Assets under development		-	-
(b) Non-current investments	13	19,223,070	500
(c) Long-term loans and advances	14	3,127,974,767	813,182,816
(d) Other non-current assets	15	1,841,200	5,165,792
		<u>16,998,997,610</u>	<u>15,026,029,859</u>
2 Current Assets			
(a) Current investments	16	742,395,826	4,031,506,224
(b) Inventory	17	1,612,462,347	642,643,726
(c) Trade receivables	18	63,949,744	1,190,361
(d) Cash and bank balances	19	685,873,388	877,268,347
(e) Short-term loans and advances	20	305,016,260	164,175,105
(f) Other current assets	21	55,906,511	196,406,312
		<u>3,465,604,076</u>	<u>5,913,190,075</u>
TOTAL		<u><u>20,464,601,686</u></u>	<u><u>20,939,219,934</u></u>
Summary of Significant accounting policies followed by the Company	1		

In terms of our Report of even date
For JOSHI APTE & CO.
Firm Registration No. 104370W
Chartered Accountants

On behalf of the Board of Directors

PRAKASH APTE
Partner
Membership No. 33212
Pune, 9 February, 2013

B.S. MITKARI
Sr. V.P Finance
& Company Secretary
Pune, 9 February, 2013

B. B. HATTARKI
Director

S. S. VAIDYA
Director

CONSOLIDATED FINANCIAL STATEMENTS

Statement of Consolidated Profit and loss for the year ended 30 September 2012

Particulars	Note No.	Year ended 30th	Year ended 30th
		September, 2012	September, 2011
		Rs.	Rs.
I. Revenue from operations (net)	22	1,808,837,127	1,279,129,716
II. Other income	23	318,452,846	27,356,490
III. Total Revenue (I + II)		2,127,289,973	1,306,486,206
IV. Expenses :			
Cost of Land	24	-	-
Employee benefits expense	25	280,633,535	165,866,166
Finance costs	26	1,793,815,351	2,043,519,103
Depreciation expense	12	438,277,282	401,557,094
Other expenses	27	733,840,854	647,033,143
Total expenses		3,246,567,022	3,257,975,506
V. Profit before tax (III-IV)		(1,119,277,049)	(1,951,489,300)
VI. Tax expense :			
(a) Current tax		40,780,198	72,477,462
(b) Deferred tax		(4,862,500)	9,718,915
Net Tax		35,917,698	82,196,377
VII. Profit /(Loss) for the year after taxation		(1,155,194,747)	(2,033,685,677)
VIII. Adjustments relating to earlier years :			
Excess / (Short) Provision for Taxation and tax payments		(294,960)	(1,040,384)
Excess / (Short) Provision for Deferred Taxes on recomputation		-	(30,651,301)
IX Profit /(Loss) for the year after taxation and adjustments relating to earlier years		(1,155,489,707)	(2,065,377,362)
X Minority Interest		(669,594,923)	(1,030,685,496)
XI Profit /(Loss) for the year after taxation and adjustments relating to earlier years		(485,894,784)	(1,034,691,866)
XII Earning per equity share:			
(a) Basic & Diluted	28	(12.90)	(27.47)
Summary of Significant accounting policies followed by the Company	1		

In terms of our Report of even date
For JOSHI APTE & CO.
Firm Registration No. 104370W
Chartered Accountants

On behalf of the Board of Directors

PRAKASH APTE
Partner
Membership No. 33212
Pune, 9 February, 2013

B.S. MITKARI
Sr. V.P Finance
& Company Secretary
Pune, 9 February, 2013

B. B. HATTARKI
Director

S. S. VAIDYA
Director

CONSOLIDATED FINANCIAL STATEMENTS

Consolidated Cash Flow Statement For The Year Ended 30th September, 2012

Particulars	Year ended 30th Sept., 2012		Year ended 30th Sept., 2011	
	Rs.	Rs.	Rs.	Rs.
A				
Cash Flow From Operating Activities				
Profit/ (Loss) before taxation		(1,119,277,049)		(1,952,688,988)
Add				
Interest / Depreciation / Other Non Cash Expenses				
Depreciation	438,277,282		401,557,095	
Preliminary & Pre-operative Expenses w/off	3,381,792		3,381,792	
Interest	1,805,133,549		2,053,953,240	
Loss on sale of fixed assets	265,487		-	
Diminution in value of investments	8,501		-	
Adjustment for Expenses relating to earlier years	-		1,199,689	
Provision for doubtful advances	4,253,418		95,026,554	
Exchange (Gain) / Loss	(235,045)		(214,861)	
CERs Written off	17,938,606		9,440,565	
		2,269,023,590		2,564,344,074
Less				
Interest / Dividend / Other Adjustments				
Provision no longer required	133,376		103,587	
Interest	16,712,278		20,804,004	
Dividend from Mutual Funds	67,391,779		19,453,108	
Profit on sale of Investments	211,520,728		112,090	
Profit on Sale of Assets	-		56,194	
		(295,758,161)		(40,528,983)
Operating Profit before Working Capital Changes:		853,988,380		571,126,103
(Increase) / Decrease Working Capital				
(Increase) / Decrease in Current Assets :				
(Increase) / Decrease in Inventory	(969,818,621)		(266,317,056)	
(Increase) / Decrease in Sundry Debtors	(62,759,383)		(534,315)	
(Increase) / Decrease in Other current assets and loans and advances	(2,337,533,730)		(296,625,988)	
	(3,370,111,734)		(563,477,359)	
Increase / (Decrease) in Current Liabilities : Liabilities	31,231,234		103,317,327	
	31,231,234		103,317,327	
		(3,338,880,500)		(460,160,032)
Cash Generated from operations		(2,484,892,120)		110,966,071
Direct taxes paid		(27,114,974)		(9,317,759)
Net Cash Flow from Operating Activities		(2,512,007,094)		101,648,312
B				
Cash Flow from Investing Activities				
Additions to Fixed Assets / Other Adjustments				
(Increase)/Decrease in Investment, net		3,236,056,668		(4,025,923,269)
Additions to Fixed Assets		(81,237,721)		(700,658,130)
Sales proceeds of assets		417,129		511,000
Non Operating Income				
Interest	17,285,294		20,804,004	
Dividend from Mutual Funds	67,391,779		18,084,839	
Profit on sale of Investments	211,520,728		112,090	
		296,197,801		39,000,933
Net Cash Flow from Investing Activities		3,451,433,877		(4,687,069,466)
C				
Cash Flow from Financing Activities				
Secured loans (Net of Repayment)		624,751,408		2,387,049,428
Unsecured Loans		(121,430,640)		229,174,259
Interest Paid		(1,686,320,862)		(1,974,781,509)
Adjustment to Net Worth :				
Issue of Equity Shares by Subsidiary	-		10,000	
Issue of Preference Shares by Subsidiary	-		4,999,853,100	
Share issue expenses	-		(153,923,500)	
Premium paid on redemption of Non Convertible Debentures	-		(353,733,754)	
Share Premium Received	-		136,900	
		-		4,492,342,746
Net Cash from Finance Activities		(1,183,000,094)		5,133,784,924
Net changes in cash and cash equivalents (A+B+C)		(243,573,311)		548,363,770
Cash and cash equivalents as on 30th September 2011		877,268,347		328,904,577
Cash and cash equivalents as on 30th September 2012 *		633,695,036		877,268,347
* Refer Note No. 19 for Cash and Cash Equivalents				

In terms of our Report of even date
For JOSHI APTE & CO.
Firm Registration No. 104370W
Chartered Accountants

On behalf of the Board of Directors

PRAKASH APTE
Partner
Membership No. 33212
Pune, 9 February, 2013

B.S. MITKARI
Sr. V.P Finance
& Company Secretary
Pune, 9 February, 2013

B. B. HATTARKI
Director

S. S. VAIDYA
Director

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

1. The Consolidated Financial Statements are prepared on the following basis.

The Consolidated Financial Statements include results of following Subsidiaries and Associate of BF Utilities Limited, The names, country of incorporation or residence, proportion of ownership interest and reporting dates are as under:

a) Subsidiaries position as on 30th September 2012

Name of Subsidiaries	Country of Incorporation	Parent Company's Ultimate holding percentage	Financial Year ends on
a. Nandi Infrastructure Corridor Enterprises Limited	India	74.52%	31/3/2012
b. Nandi Economic Corridor Enterprises Limited	India	48.27%	31/3/2012
c. Nandi Highway Developers Limited	India	69.53%	31/3/2012

b) Associate position as on 30th September 2012

Name of Associate	Country of Incorporation	Parent Company's Ultimate holding percentage	Financial Year ends on
Hospet Bellari Highways Pvt. Ltd	India	35.00%	31/3/2012

The financial statements in respect of all subsidiary companies are drawn for the year ended 31 March, 2012, whereas the financial statements for BF Utilities are drawn for the year ended 30 September, 2012. The effect of significant transaction and other events that occur between 1 April 2012 and 30 September 2012 is considered in the consolidated financial statements if it is of a material nature.

The consolidated financial statements of the Company and its subsidiaries (the "Group") are prepared in accordance with generally accepted accounting principles applicable in India, and the Accounting Standard (AS)-21 on 'Consolidated Financial Statements', notified by Companies (Accounting Standards) Rules, 2006, to the extent possible in the same format as that adopted by the Company for its separate financial statements.

The financial statements of the Company and its subsidiary companies have been combined on line by line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra group balances and intra group transactions except where cost cannot be recovered. Any excess of the cost to the Company of its investment in a subsidiary and the Company's portion of equity of subsidiary at the date at which investment in the subsidiary is made, is described as goodwill and recognised separately as an asset in the consolidated financial statements. The Group's investment in its Associate is accounted for using the equity method. An Associate is an entity in which the Group has significant influence.

The Consolidated financials statements have been prepared substantially in the same format adopted by the parent to the extent possible, as required by the Accounting Standard (AS)-21 'Consolidated Financial Statements' prescribed by Companies (Accounting Standards) Rules, 2006

Basis of Preparation

These financial statements of Group have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. These financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) [Companies (Accounting Standards) Rules, 2006, as amended] and the other relevant provisions of the Companies Act, 1956.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year except further change in accounting policy as explained below:

During the year ended September 30, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. Based on nature of business and activities carried out by the Company, time between acquisition of assets and their realisation in cash and cash equivalent, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

1 Summary of significant Accounting Policies followed by the Group :

I System of Accounting:

- i) The Group follows the mercantile system of accounting and recognises income and expenditure on an accrual basis except those with significant uncertainties.
- ii) Financial Statements are based on historical cost. These costs are not adjusted to reflect the impact of the changing value in the purchasing power of money.
- iii) The preparation of Financial Statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. The estimates and assumptions used in a Grouping financial statements are based upon Management's evaluations of the relevant facts and circumstances as of the date of the financial statements. Actual results may differ from estimates and assumptions used in preparing the Grouping financial statements. Any revisions to accounting estimates are recognized prospectively in current and future periods.

II Fixed Assets and depreciation:

A. Fixed Assets are stated at their original cost of acquisition including incidental expenses related to acquisition and installation of the concerned assets. Fixed Assets are shown net of accumulated depreciation (except free hold land).

B. Expenditure on New Projects and Expenditure during Construction etc. :

In case of new projects or expansion at the existing units of the Group, expenditure incurred including interest and financing costs of specific borrowings, prior to commencement of commercial production is being capitalised to the cost of assets.

C. Depreciation:

Fixed Assets:

- i) Depreciation on Buildings, Plant & Machinery, Electrical Installations, and Office Equipments is being provided on 'Straight Line Method' basis in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the said Act.
- ii) Depreciation in respect of Furniture & Fittings, Vehicles is being provided on 'Written down value' basis in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV to the said Act.
- iii) Depreciation on additions to assets during the year is being provided at their respective rates on pro-rata basis from the date of acquisition/installation.
- iv) Depreciation on assets sold, discarded or demolished during the year, is being provided at their respective rates on pro-rata basis up to the date on which such assets are sold, discarded or demolished.
- v) Toll road assets- stage I of BMICP created under Built owned operate and transfer (BOOT) is amortised on Straight Line basis over the toll concession period.
- vi) Project under which assets are not ready for their intended use are carried at cost comprising direct cost, related incidental expenses and attributable or eligible interest.

III Impairment of Assets :

The Group tests for impairments at the close of the accounting period, if and only if, there are indications that suggest a possible reduction in the recoverable value of an asset. If the recoverable value amount of an Asset, i.e. the net realisable value or the economic value in use of a cash generating unit, is lower than the carrying amount of the Asset, the difference is provided for as impairment. However, if subsequently, the position reverses and the recoverable amount becomes higher than the then carrying value, the provision to the extent of the then difference is reversed, but not higher than the amount provided for.

IV Investments:

- i) Non-Current Investments : Investments are valued at cost of acquisition. Trade and Strategic investments made by the Group are of a long Term nature and hence diminution in the value of investments are generally not considered to be of a permanent nature. However where, in the opinion of the management, considering the facts and circumstances prevailing at the balance sheet date, diminution, if any, is determined to be of a non temporary nature, provision for the same is made and investments are stated net of such provisions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

- ii) Current Investment : Current Investments are stated at cost less provision for diminution, as necessary, if any.
- V Revenue Recognition : -
Revenue recognition is generally postponed if the receipt can not be estimated with reasonable certainty.
- a) Income from Electricity generated is accounted on the basis of electricity wheeled into MSEB grid and jointly certified.
- b) Interest is accrued over the period and the amount of loan/investment.
- c) Dividend is accrued in the year in which it is declared, whereby right to receive is established.
- d) Profit/Loss on sale of investment is recognised on contract date.
- e) Income from Certified Emission Reduction units is accrued in the year of generation of wind power if the receipt of and value of units is reasonably certain.
- f) Income from Renewable Energy Certificates is accrued in the year of generation of power.
- g) Income from toll road is recognised on the basis of actual collection.
- VI Borrowing Cost : - Interest on borrowings is recognised in the Statement of Profit & Loss except interest incurred on borrowings specifically received for projects are capitalized to the cost of asset until such time the asset is ready to be put to use for intended purpose.
- Borrowing Costs include foreign exchange differences on the long term foreign currency loan to the extent they are attributable to interests differential on the said loans.
- VII Foreign Currency Transactions : - Foreign Currency transactions are recognised on the basis of foreign exchange rate on the date of transaction.
- Foreign Currency Conversions : - Current Assets and other liabilities in foreign currency and foreign currency exposure in respect of foreign currency loans other than for financing fixed assets outstanding at the close of the financial year are valued at the contracted and/or appropriate exchange rates at the close of the year. The loss or gain due to fluctuation of exchange rates is charged to Statement of Profit and Loss.
- VIII Employee Benefits :
- i) Employee Benefit in the form of Provident Fund and Pension Scheme whether in pursuance of law or otherwise which are defined contributions are accounted on accrual basis and charged to Statement of Profit & Loss.
- ii) Gratuity:
Payment for present liability of future payment of gratuity is being made to approved gratuity fund, which fully cover the same under cash accumulation policy of the Life Insurance Corporation of India. The employee's gratuity is a defined benefit funded plan. The present value of the obligation under such defined benefit plan is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance Sheet and the shortfall in the fair value of the Plan Assets is recognized as an obligation.
- iii) Superannuation:
Defined contribution to Life Insurance Corporation of India for employees covered under Superannuation scheme are accounted at the rate of 15% of such employee's annual salary.
- iv) Privilege Leave Benefits:
The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term and short term compensated absences are provided for based on the actuarial valuation using the projected unit credit method and estimates at the reporting date. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.
- IX Taxation :
Provision for taxation is made on the basis of taxable profits computed on current year profit in accordance with Income Tax Act. Deferred Tax resulting from timing differences is accounted for at the applicable rate of tax to the extent the timing differences are expected to crystallize, after ignoring deferred tax adjustments originating and reversing during tax holiday period, in case of Deferred Tax Liabilities with reasonable certainty and in case of Deferred tax Assets with virtual certainty that there would be adequate future taxable income against which Deferred Tax Asset can be realized.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

X Provisions:

Necessary Provisions are made for present obligations that arise out of past events prior to the Balance Sheet date entailing future outflow of economic resources. Such provisions reflect best estimates based on available information.

XI Research & development Expenditure:

Research & development expenditure is charged to Revenue under the natural head of account in the year in which it is incurred. However, expenditure incurred at development phase, where it is reasonably certain that outcome of research will be commercially exploited to yield economic benefits to the Group, is considered as an intangible asset.

XII Inventory

Stock of Land and related developments are valued at lower of cost or net realisable value. Cost is the aggregate of Land cost and development cost which includes materials, contract works, direct expenses and apportioned borrowing cost.

XIII The Group prepares its segment information in conformity with accounting policies adopted for preparing and presenting the financial statements of the Group as a whole.

2 Share Capital :

Particulars	As at 30 September 2012		As at 30 September 2011	
	No. of Shares	Rs.	No. of Shares	Rs.
<u>Authorised</u>				
Equity Shares of Rs. 5/- each.	60,000,000	300,000,000	60,000,000	300,000,000
<u>Issued, Subscribed & fully paid up</u>				
Equity shares of Rs. 5/- each fully paid up	37,667,628	188,338,140	37,667,628	188,338,140
Total		188,338,140		188,338,140

2 (a) Reconciliation of Shares outstanding at the beginning and at the end of the Year

Particulars	As at 30 September 2012		As at 30 September 2011	
	No. of Shares	Rs.	No. of Shares	Rs.
At the beginning of the year	37,667,628	188,338,140	37,667,628	188,338,140
Issued / reduction if any during the year	-	-	-	-
Outstanding at the end of the year	37,667,628	188,338,140	37,667,628	188,338,140

2 (b) Terms / rights attached to equity shares :

The Company has only one class of Equity Shares having a par value of Rs. 5/- per share. Equity Shares are parri passu in all respect and each equity shareholder is entitled to one vote per share. The Company declares and pays dividends in Indian Rupees. The dividend, as and when proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting except in case of interim dividend.

In the event of Liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

2 (c) Details of Shareholder holding more than 5% shares in the Company

Name of the Shareholder	Equity Shares			
	As at 30th September 2012		As at 30th September 2011	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
i) Ajinkya Investment & Trading Company	10,292,103	27.32	10,292,103	27.32
ii) Kalyani Investment Company Ltd.	6,062,342	16.09	6,062,342	16.09
iii) KSL Holdings Pvt. Ltd.	4,353,472	11.56	4,353,472	11.56

3 Reserves & Surplus :

Particulars	As at 30th September 2012 Rs.	As at 30th September 2011 Rs.
Security Premium Account		
Opening balance	359,395,376	496,011,927
Add : Premium on shares issued during the year	-	66,077
	359,395,376	496,078,004
Less : Utilised during the year for :		
Premium on redemption of debentures	-	62,388,982
Preference share issue expenses	-	74,293,646
Closing Balance	359,395,376	359,395,376
Surplus in statement of Profit & Loss :		
As per last Account	(1,861,525,853)	(826,833,987)
Add / (Less) Net Profit / (net Loss) for the year	(485,894,784)	(1,034,691,866)
Closing Balance	(2,347,420,637)	(1,861,525,853)
Total	(1,988,025,261)	(1,502,130,477)

4 Long Term Borrowings

Particulars	Non-Current		Current maturities	
	As at 30th September 2012	As at 30th September 2011	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.	Rs.	Rs.
Secured :				
Term Loan from Bank				
Rupee Term Loan from Axis Bank Ltd. (Refer Note i below)	809,791,224	885,039,816	-	-
Rupee Term Loan from The Jammu & Kashmir Bank Ltd (Refer Note ii below)	1,000,000,000	1,000,000,000	-	-
Rupee Term Loan from The Bank of India (Refer Note ii below)	3,000,000,000	-	-	-
From others				
Rupee Term Loan from IDFC Ltd.	8,500,000,000	11,500,000,000	-	-
Rupee Term Loan from Aditya Birla Finance Ltd.	700,000,000	-	-	-
Total A	14,009,791,224	13,385,039,816	-	-

4 (a) Rupee Term Loan from Axis Bank Ltd.

- i) Balance outstanding Rs. 200,000,000 (Previous year Rs. 200,000,000) in BF Utilities Limited - BFUL.

Above loan is secured by first charge on the movable and immovable assets of Wind Mill Project located at village Boposhi and Maloshi, Dt. Satara.

Bullet repayment on completion of 36 months from the date of first disbursement i.e from 28 July, 2011 and interest of Base rate +4.25% p.a., payable monthly.

Balance outstanding Rs. 609,791,224 (Previous year Rs. 685,039,816) in Nandi Highway Developers Limited - NHDL.

The Term Loans of Rs. 600,000,000 and Rs. 275,000,000 disbursed by UTI Bank Ltd.(Axis Bank Ltd.) are in terms of the Term Loan Agreements executed by the Company on September 29, 2004 and October 25, 2004 respectively.

The repayment of the principal amount of the above Term Loans, payment of all interest, fees, costs, charges, expenses and other monies payable by the Company in respect thereof shall be secured by a first mortgage and charge on the Company's immovable properties being Flat No. 16 admeasuring approximately 500 Square feet on the third floor of Building A-1 on land bearing S.No. 49/12 situate at Village Ghorpadi within the limits of Pune city in the State of Maharashtra and first charge by way of hypothecation on all the movable properties and the other assets of the Company, including without limitation, all Receivables, General Assets and on the Company's rights under any Projects Documents and all bank accounts of the Company, both present and future.

Collateral Security:

The above Term Loans are further secured in the form of Collateral Security from M/s. Bharat Forge Ltd. to the extent of Rs. 140,000,000 by way of Corporate Guarantee and from BF Utilities Ltd. to the extent of Rs. 30 Crores by way of hypothecation of movable assets and equitable mortgage of fixed assets pertaining to Wind Mill project of the Company located in village Boposhi and Maloshi, Dist Satara.

The above Term Loans are to be repaid in 138 unequal monthly installments commencing from April 30, 2005 and ending on September 30, 2016.

- ii) Term loan (in Nandi Economic Corridor Enterprises Limited - NECE) from banks and from others (together referred to as 'Senior Lenders') is secured by a first charge:

- by way of mortgage of land, building and all fixed assets both present and future of NECE.
- on all the movable properties of NECE.
- on all the right, title, interest benefit, claims and demands, whatsoever of NECE in respect of project documents, including all gurantees and bonds received.
- on all the rights, title, interest benefits, claims and demands, inrespect of the project accounts and all bank and other accounts of NECE.

The Term loan is also secured by pledge of shares held by Nandi Infrastructure Corridor Enterprises Limited - NICE in NECE.

The Term loan from the senior lenders are repayable in 45 unequal quarterly installments commencing from January 2014.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

Particulars	Non-Current		Current maturities	
	As at 30th September 2012	As at 30th September 2011	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.	Rs.	Rs.
Unsecured :				
Loan from Others	1,217,376,299	1,232,357,409	-	-
Total B	1,217,376,299	1,232,357,409	-	-
Deferred payment liabilities				
Sales tax deferral obligation collected under Government of Maharashtra package scheme of incentive by a beneficiary under an arrangement	707,609,060	774,837,571	67,228,511	45,949,530
Total C	707,609,060	774,837,571	67,228,511	45,949,530
Less : Shown Under "Other current liabilities" D	-	-	67,228,511	45,949,530
Total E = (C-D)	707,609,060	774,837,571	-	-
Total (A + B + E)	15,934,776,583	15,392,234,796	-	-

Unsecured loans from others includes from BF Investments Limited, outstanding amount Rs. 1,160,520,067/- (Previous Year Rs. 1,159,220,067/-) carry interest at 12% per annum and repayable once the fund position of the NECE permits. The unsecured loans shall not be repayable unless the secured term loans are repaid in full and exit is provided to the holders of 0.01% CCPS

In accordance with the terms and conditions agreed with the above mentioned Senior Lenders, interest on unsecured loan is payable when Debt Service Coverage Ratio (DSCR) is equal to or more than 1.2 times. Since the DSCR for the current and previous year of NECE is less than 1.2 times, interest accrue on such unsecured loan amounting to Rs. 193,970,973 as at March 31, 2012 (Rs. 68,645,547 as at March 31, 2011), net of TDS, has not been paid and the same has been disclosed as 'Interest accrued but not due' in note 6.

4 (b) Sales Tax deferral

Balance outstanding Rs. 774,837,571 (Previous year 820,787,101)

Repayable 1/5th of amount every year after 10 years of the benefit availed.

Repayment Schedule

Year	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
2011-12	-	45,949,530
2012-13	67,228,511	67,228,511
2013-14	92,507,491	92,507,491
2014-15	112,874,898	112,874,898
2015-16	113,483,324	113,483,324
2016-17	110,924,345	110,924,345
2017-18	102,845,366	102,845,366
2018-19	77,566,386	77,566,386
2019-20	52,287,250	52,287,250
2020-21	31,920,000	31,920,000
2021-22	13,200,000	13,200,000
Total	774,837,571	820,787,101

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

5 **Deferred Tax Liabilities (net)**

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
I Deferred Tax Liabilities :		
On account of timing difference :		
a) Depreciation (See Note No. 5 (a))	93,061,766	93,943,143
Total	93,061,766	93,943,143
II Deferred Tax Assets :		
On account of timing difference :		
a) Disallowance u/s 43B	27,778,746	23,797,623
Total	27,778,746	23,797,623
Deferred Tax liability (Net) (I - II)	65,283,020	70,145,520

5 (a) As required by and in accordance with Accounting Standard 22 - 'Taxes on Income' prescribed by Companies (Accounting Standards) Amendment Rules, 2006, the Company recognises Deferred Tax which result from timing differences after ignoring Deferred Tax adjustments originating and reversing during the tax holiday period. The Deferred tax adjustments reversing outside the Tax holiday period have been recomputed consequent to the company's claim of determining the Tax holiday period with reference to the date of each phase of implementation as against the earlier intended period with reference to a single date of implementation for the Wind Power generation business.

6 **Other Long Term Liabilities**

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Other :		
Unsecured interest free Security Deposit received from Related party	200,000,000	200,000,000
Security Deposit received from others	955,155	488,155
Other payables	3,364,395	4,154,593
Interest accrued but not due on borrowings	216,029,603	78,104,177
Retention money payable	9,168,271	7,397,375
Total	429,517,424	290,144,300

7 **Long Term Provisions**

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Others	97,368	97,368
Compensated absences	6,425,971	4,208,407
Total	6,523,339	4,305,775

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

8 Short Term Borrowings

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Unsecured		
Loan Repayable on demand from other parties, Rate of interest @ 8% p.a.	65,800,000	126,300,000
Total	65,800,000	126,300,000

9 Trade Payable

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Total outstanding dues other than Micro & Small Enterprises	104,745,647	63,839,722
Capital creditors	10,101,246	10,101,246
Total	114,846,893	73,940,968

Note :

On the basis of information available with the Company, regarding the status of suppliers as defined under the "Micro Small and Medium Enterprises Development Act 2006", there are no suppliers covered under above mentioned Act.

10 Other Current Liabilities

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
a. Current maturities of Long term borrowings	67,228,511	45,949,530
b. Interest accrued but not due on borrowings	64,525,465	83,638,204
c. Advance from customer	720,625,000	736,199,396
d. Income received in advance	-	5,555,555
e. Statutory dues payable including Tax deducted at source	25,571,474	41,322,864
f. Payable against purchase of Investments	18,355,693	-
g. Other payables	408,481	228,181
Total	896,714,624	912,893,730

11 Short Term Provisions

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Provision for employee benefits :		
Leave encashment	2,814,929	2,490,698
Gratuity	674,640	-
PF Trust	99,432	-
Other Provisions :		
Tax Provision (Net of tax paid in advance)	45,847,692	31,887,508
Electricity Duty	90,081,761	86,617,409
Wheeling & Transmission Charges	52,956,811	42,160,774
Others	21,130,231	13,074,442
Total	213,605,496	176,230,831

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

12 Fixed Assets

Particulars	Amounts in Rupees									
	Gross Block				Depreciation				Net Block	
	As At 30/09/2011	Additions during the year	Deductions during the year	As At 30/09/2012	Up to 30/09/2011	On Deductions & Adjustments	For the Year	Up to 30/09/2012	As At 30/09/2012	As At 30/09/2011
Tangible Assets :										
Land	31,583,596	1,349,018	-	32,932,614	-	-	-	-	32,932,614	31,583,596
Roads	957,825,176	-	-	957,825,176	132,990,609	-	14,831,922	147,822,531	810,002,645	824,834,567
Building	71,284,212	34,904,882	-	106,189,094	8,255,874	-	1,176,821	9,432,695	96,756,399	63,028,338
Plant & Machinery	1,232,880,238	6,501,782	161,200	1,239,220,820	739,039,012	161,200	65,491,112	804,368,924	434,851,896	493,841,226
Electrical Installation	14,000	638,688	-	652,688	13,999	-	68,593	82,592	570,096	1
Furniture & Fixtures	8,104,516	10,067,266	1,426,133	16,745,649	3,337,684	1,426,133	3,548,775	5,460,326	11,285,323	4,766,832
Office Equipments	58,392,434	14,261,968	1,227,200	71,427,202	13,607,942	1,143,016	5,638,632	18,103,558	53,323,644	44,784,492
Vehicles	61,569,169	25,745,434	766,399	86,548,204	15,280,526	167,967	6,689,483	21,802,042	64,746,162	46,288,643
Total	2,421,653,341	93,469,038	3,580,932	2,511,541,447	912,525,646	2,898,316	97,445,338	1,007,072,668	1,504,468,779	1,509,127,695
Previous year Total	2,375,108,059	48,148,315	1,699,069	2,421,557,305	823,091,601	1,244,263	90,673,808	912,638,700	1,509,036,129	
Intangible Assets										
Toll Road Assets Stage 1	11,062,378,821	844,480,359	-	11,906,859,180	646,811,824	-	340,816,161	987,627,985	10,919,231,195	10,415,566,997
Computer software	157,010	-	-	157,010	117,554	-	15,783	133,337	23,673	39,456
Total Intangible Assets	11,062,535,831	844,480,359	-	11,907,016,190	646,929,378	-	340,831,944	987,761,322	10,919,254,868	10,415,606,453
Previous Year	10,420,377,048	642,158,783		11,062,535,831	336,050,592		310,881,049	646,929,378	10,415,606,453	
Total Assets	13,484,189,172	937,949,397	3,580,932	14,418,557,637	1,559,455,024	2,898,316	438,277,282	1,994,833,990	12,423,723,647	11,924,734,148
Previous Year	12,795,485,107	690,307,098	1,699,069	13,484,093,136	1,159,142,193	1,244,263	401,554,857	1,559,568,078	11,924,642,582	

13 Non Current Investments

Particulars	Face Value Rs.	As at 30th September 2012		As at 30th September 2011	
		Number	Rs.	Rs.	Rs.
<u>In Government Securities / Trust</u>					
National Securities Certificate			500	500	
<u>In Equity Shares of Associate Company</u>	10	3,500	35,000	-	
Hospet Bellari Highways Private Ltd. (35% of holding)					
<u>In Equity Shares</u>					
Mokshayoug Access India Pvt. Ltd.	10	608,824	18,310,382	-	
SKH Metals Ltd.	10	25,000	877,188	-	
			19,187,570	-	
Total			19,223,070	500	

14 Long Term Loans & Advances

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Unsecured, considered good (unless otherwise stated)		
Loans and Advances :		
Advances for purchase of Land	500,283,158	118,387,740
Capital Advance	44,769,645	-
Security Deposits	6,790,226	6,388,021
Other Loans and Advances :		
Others		
MAT Credit Entitlement	48,924,149	14,010,492
Other Advances	3,491,813	3,696,808
Advance towards Land acquisition and projects	2,523,715,776	666,936,551
Advance to Suppliers / service providers		
Unsecured, considered good	-	3,763,204
Doubtful	95,476,616	95,026,554
	95,476,616	98,789,758
Less : Provision for doubtful advance	(95,476,616)	(95,026,554)
	-	3,763,204
Total	3,127,974,767	813,182,816

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

15 Other non-current assets

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Rental Deposits	1,841,200	1,784,000
Preliminary and pre-operative expenses	-	3,381,792
Total	1,841,200	5,165,792

16 Current Investments

Particulars	As at 30 September 2012			As at 30 September 2011		
	Face Value Rs.	No. of Shares	Rs.	Face Value Rs.	No. of Shares	Rs.
A <u>In Government & Trust Securities</u> Indira Vikas Patra			200			200
B <u>In Equity Shares</u> In equity shares - fully paid, at cost or Market value whichever is lower Quoted :						
# Ahmednagar Forging Ltd.	10	300	49,152	-	-	-
MM Forging Ltd.	10	400	36,920	-	-	-
EL Forging Ltd.	10	100	799	-	-	-
Finolex Industries Ltd.	10	84	4,204	-	-	-
Hindalco Industries Ltd.	1	140	18,160	-	-	-
NIIT Technologies Ltd.	10	112	6,129	-	-	-
# ITC Ltd.	1	3,600	595,026	-	-	-
Punjab National Bank	10	943	367,770	10	943	367,770
			1 078 160			367,770
C <u>In Mutual Funds</u>			741,325,967			4,033,225,486
Total (A + B + C)			742,404,327			4,033,593,456
Less : Diminution in value of investment			(8,501)			(2,087,232)
Total			742,395,826			4,031,506,224

	As at 30 September 2012	As at 30 September 2011		As at 30 September 2012	As at 30 September 2011
<u>Book Value</u>	Rs.	Rs.	<u>Market Value</u>	Rs.	Rs.
QUOTED	1,069,659	367,770	QUOTED	1,906,931	1,143,576
UNQUOTED	760,549,237	4,031,138,954	UNQUOTED	748,743,390	4,031,137,462
TOTAL	761,618,896	4,031,506,724	TOTAL	750,650,321	4,032,281,038

17 Inventory

Particulars	As at 30th September 2012	As at 30th September 2011
	Rs.	Rs.
Land and related development cost	1,612,462,347	642,643,726
Total	1,612,462,347	642,643,726

18 Trade Receivables

Unsecured, considered good unless stated otherwise :		
Outstanding for the period exceeding 6 months from date they are due for payment.	1,058,125	1,058,125
Others	62,891,619	132,236
Total	63,949,744	1,190,361

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

19 Cash & Bank Balances

Particulars	As at 30th September 2012		As at 30th September 2011
		Rs.	Rs.
i) Cash & Cash Equivalents			
a) Cash on Hand		12,863,135	6,273,528
b) Balances with Banks - in Current Accounts	311,564,959		559,876,594
in Fixed Deposits (Less than three months maturity)	309,266,942		303,413,246
		620,831,901	863,289,840
		633,695,036	869,563,368
ii) Other Bank Balances			
Balances with banks			
Fixed Deposits (Maturity more than three months but less than twelve months) (For previous year, in earmarked accounts; balance held as margin money)		52,178,352	7,704,979
Total		685,873,388	877,268,347

20 Short Term Loans & Advances

Particulars	As at 30th September 2012		As at 30th September 2011
		Rs.	Rs.
Loans & advances		213,130,594	26,130,405
Others		70,437,506	105,441,476
Deposits		-	1,766,802
Advance to suppliers / service providers			
Unsecured, considered good		21,448,160	30,836,422
Doubtful		3,803,356	-
		25,251,516	30,836,422
Provision for doubtful advance		(3,803,356)	-
		21,448,160	30,836,422
Total		305,016,260	164,175,105

21 Other Current Assets

Particulars	As at 30th September 2012		As at 30th September 2011
		Rs.	Rs.
a) Energy Credit Receivable		23,037,694	164,085,339
b) CER Receivable		9,863,404	25,026,399
c) REC Income Receivable		17,406,757	-
d) Interest Receivable		2,216,864	2,789,880
f) Excess of Gratuity fund over defined benefit value of funded obligations		-	1,122,902
g) Unamortised expenses Preliminary expenses and share issue expenses		3,381,792	3,381,792
Total		55,906,511	196,406,312

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

Particulars	Year ended	Year ended
	30th September 2012	30th September 2011
	Rs.	Rs.
22 Revenue from Operations		
a) Wind Power Generated	244,553,844	213,209,827
b) Certified Emission Reduction Units (CER)	2,540,566	19,713,473
c) Renewable Energy Certificate Units (REC)	116,953,465	-
d) Toll Road Revenue	1,412,260,725	1,045,723,386
e) Income from Contract work undertaken	31,554,487	-
f) Parking fees	974,040	483,030
Total	1,808,837,127	1,279,129,716
23 Other Income		
Dividend Received	67,391,779	19,453,108
Interest on Bank Fixed Deposits	15,585,556	6,786,029
Interest - others	1,126,722	17,975
Profit on Sale of Investments, net	211,520,728	112,090
Profit on Sale of Fixed Assets	-	56,194
Provision no longer required	133,376	103,587
Exchange gain / loss (Net)	235,045	214,861
Rental Income	22,429,740	-
Miscellaneous Income	29,900	612,646
Total	318,452,846	27,356,490
24 Cost of Land		
Opening Stock	640,968,726	376,074,780
Add : Cost of Purchase of Land and Development cost incurred	969,818,621	264,893,946
	1,610,787,347	640,968,726
Less : Closing Stock	1,610,787,347	640,968,726
Cost of Land Sold	-	-
25 Employee Benefits Expense		
Salaries, allowances etc.	235,780,366	130,618,800
Contribution to Provident & other funds	28,820,802	19,480,539
Staff Welfare	16,032,367	15,766,827
Total	280,633,535	165,866,166
26 Finance Cost		
Interest on Loans	1,777,780,948	1,519,906,507
Interest others	4,308,433	3,163,770
Interest on shortfall of advance tax	2,681,802	-
Upfront / Processing fees	-	5,212,500
Other borrowing cost	8,724,957	514,834,233
Bank charges etc.	319,211	402,093
Total	1,793,815,351	2,043,519,103

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

27 Other Expenses

Particulars	Year ended		Year ended
	30th September 2012		30th September 2011
	Rs.	Rs.	Rs.
Operating Expenses			
Operations, Maintenance & CDM Expenses - Wind Mills		29,760,661	23,880,610
Lease Rent - Land		670,773	600,000
Insurance		920,498	810,996
Electricity Duty		8,795,003	8,293,910
Wheeling & Transmission Charges		10,796,037	3,589,854
Overhauling / Repairs to Machinery		-	19,550,000
Other Operating Expenses		2,649,079	1,625,188
CERs Written off		17,938,606	9,440,565
Cost of subcontract work		32,198,456	-
Road Repairs & Maintenance		168,257,580	19,245,012
Toll road operation expense		164,272,568	112,804,312
Security charges		30,665,280	30,870,160
Electricity and water charges		12,352,377	11,077,635
Rent including lease rentals		7,044,760	6,933,040
		486,321,678	248,721,282
Administrative Expenses			
Insurance - others		4,202,238	2,177,391
Rates & Taxes		7,251,809	7,490,216
Building Repairs & Maintenance		785,336	459,646
Plant & Machinery Repairs & Maintenance		2,317,332	2,337,228
Repairs & Maintenance (others)		5,755,321	3,636,645
Director's sitting fees		90,000	95,000
Payment to Auditors :			
Audit Fee	2,862,698		2,433,030
Tax Audit fee	391,200		718,882
for Review of Quarterly Results, Financial Statements and Certification Work.	584,225		1,196,755
Reimbursement of expenses	114,610		835,087
		3,952,733	5,183,754
Project expenses Written off		9,113,399	-
Forward Contract premium		-	1,936,689
Advertisement and business promotion		48,589,012	7,126,260
Design and engineering		3,747,161	29,172,100
Rehabilitation expenses		8,388,748	63,325,201
Provision for doubtful advances		4,253,418	95,026,554
Provision for diminution in value of current investments		8,501	2,087,232
Amortisation of preliminary and share issue expenses		3,381,792	3,381,795
Loss on sale of assets		265,487	-
Miscellaneous Expenses including Printing, Stationery Postage, Travelling, Telephone, Bank Charges, etc.		74,564,660	50,157,562
Sponsorship		11,106,533	-
Professional & Consultancy Expenses		59,745,696	124,718,588
		247,519,176	398,311,861
Total		733,840,854	647,033,143

28 Earning Per Equity Share

Particulars		Year ended 30th September 2012	Year ended 30th September 2011
Earning per Share: (Face Value of Rs.5/-)			
Net Profit after Taxation	Rs.	(1,155,194,747)	(2,033,685,677)
Add / (Less) Prior Period Adjustments	Rs.	(294,960)	(31,691,685)
Minority Interest	Rs.	669,594,923	1,030,685,496
Net Profit after Prior Period Adjustments	Rs.	(485,894,784)	(1,034,691,866)
Number of Shares Issued and Subscribed	Nos.	37,667,628	37,667,628
Basic and Diluted	Rs.	(12.90)	(27.47)

29. Significant notes to financial statements of subsidiaries which provide better understanding to these financial statements:

Nandi Economic Corridor Enterprises Ltd

a. 1) 0.01% Compulsory Convertible Cumulative Preference Shares (CCPS)

During the year ended 31st March 2011 the company had allotted 49,998,531 0.01% Compulsory Convertible Cumulative Preference Shares (CCPS) of Rs.100 each amounting Rs.499,98,53,100/- to AIRRO (Mauritius) Holding V (Investor) in terms of the Shareholders Agreement between the Sponsors, Promoters, the Company and the Investors (Agreement) specifying their respective rights, duties and obligations.

These CCPS carry a Fix Cumulative dividend of @0.01% and also have a right to participate along with Equity shareholders in any dividends declared by the company on the Equity Shares, without the approval of the CCPS holders as if such CCPS has been converted into Equity Shares in terms of the Agreement.

The CCPS are convertible into equity shares any time prior to listing of the Company's shares on the BSE or NSE, in terms of the agreement, to result in a minimum shareholding of 8.33% or maximum shareholding of 16.29% to the investor. The CCPS shall, if not already converted, be mandatorily converted on the 8th Anniversary of the Closing date i.e., 13th March, 2019.

In event of failure to initiate and conclude an Initial Public Offering (IPO) within the agreement time frame, the CCPS holders have rights and remedies as specified in the Agreement.

2) 7% Cumulative Redeemable Preference shares (7% CRPS)

Redemption:

7% CRPS are not redeemable until the entire "Senior Loan" (i.e. The aggregate principal amount of rupee term loans from banks and financial institutions) is paid in full with all interest premia and other sums as may be payable in respect thereof and those sums under the "Common Loan Agreement" have been paid in full and a full, unconditional and complete discharge is given by the senior lenders, and the exit is provided to the holders of 0,01% Cumulative Compulsorily Convertible Preference Shares as per the shareholders agreement dated December 24, 2010.

Minority Interest in the consolidated financial statements includes Preference share capital issued as aforesaid.

b. Additions to Toll Road Assets include Rs.317,364,444/- representing the additional costs in respect of work completed in prior years, arising out of claims raised by contractors on account of differential sales tax, machinery idle charges, freight charges etc. and escalations in certain specified material costs like Steel, Cement, Bitumen, diesel etc. which have been accepted and settled during the year.

The same has been amortised over the balance unexpired concession period as defined in the Framework Agreement signed with the Government of Karnataka.

- c.**
- i) As on 31st March, 2012, the company has received advances for sale of land / joint development in terms of agreements entered with various parties.
 - ii) Security Deposits represents amount received in terms of agreements for sale of land / joint development etc.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

These deposits are from a parties with whom the Company has entered / likely to enter into definitive agreements for sale of land / joint development etc.

In case the delay in sale of land / joint development, the same would be settled mutually in terms of the said agreements.

- iii) Out of the total advances for sale of land / Security deposits an amount of Rs.36 Crores represents receipts under cancelled agreement.

30. Due to the diversity in the nature of business and business environment the Subsidiaries operate in, the Accounting Policies most appropriate to each, for reporting Financial Statement have been adopted, hence no adjustments have been made to bring about any uniformity in the Accounting Policies in reporting consolidated Financial Statement. However, a statement of unique Accounting Policies followed by each of the entities has been disclosed in a Statement annexed hereto.

31. Certain litigations by and against the subsidiaries of the Company are pending in various courts and the matter is subjudice. No cognizance thereof is taken in the preparation of consolidated financial statement, pending final outcome of the cases.

32. Employee Benefits:

Defined Benefit Plan

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefit. The contributions payable to those plans by the Company are at rates specified in the rules of the schemes.

A. Gratuity

The Company offers the following benefit plan to its employees. The following tables sets out the funded status of the defined benefit plan and amount recognised in the financial statements.

Particulars	As at 30 Sept, 2012 Rupees	As at 30 Sept, 2011 Rupees
(I) Amount Recognised in the Balance Sheet :		
a) Present Value of Funded Obligations	62,23,568	31,02,128
b) Fair Value of Plan Assets	55,48,928	42,25,030
c) Net Liability /(Asset) recognised in the Balance Sheet		
Amounts in Balance Sheet		
Liability	674,640	-
Asset	-	11,22,902
Net Liability / (Asset)	674,640	(11,22,902)
(II) Amount to be Recognised in the Statement of Profit and Loss :		
a) Current Service Cost	12,70,994	998,535
b) Past Service Cost	(22,389)	-
c) Interest on Defined Benefit Obligations	389,632	147,131
d) Expected Return on Plan Assets	(350,327)	(242,526)
e) Net Actuarial (Gains)/Loss recognised in the year	232,623	48,284
f) Total, included in "Employee Benefit Expense"	15,20,533	951,424

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

Particulars	As at 30 Sept, 2012 Rupees	As at 30 Sept, 2011 Rupees
(III) Change in Defined Benefit Obligation and reconciliation thereof		
a) Opening Defined Benefit Obligation	31,02,128	18,47,149
b) Acquisition adjustments	11,76,127	-
c) Interest Cost	389,632	-
d) Past Service Cost	-	-
e) Current Service Cost	12,70,994	998,535
f) Settlement Cost (Credit)	-	-
g) Benefits Paid	-	(13,847)
h) Actuarial Losses/(Gains)	284,687	123,160
i) Closing Defined Benefit Obligation	62,23,568	31,02,128
(IV) Change in the fair value of Plan Assets and the reconciliation thereof		
a) Fair Value of Plan Assets at the beginning of the year	42,25,030	15,51,363
b) Acquisition adjustments	921,507	-
c) Expected Return on Plan Assets	350,327	242,526
d) Add : Contributions by employer	-	23,70,112
e) Assets distributed on Settlement	-	-
f) Less : Benefit Paid	-	(13,847)
g) Add / (Less) : Actuarial Gains /(Losses) on Plan Assets	52,064	74,876
h) Fair Value of Plan Assets at the end of the year	55,48,928	42,25,030
i) Actual Return on Plan assets	289,423	317,402
(V) Principal Actuarial Assumptions (Holding/Subsidiary company):		
Discount Rate	8.20%/8.50%	8.40%/8.00%
Rate of return on Plan Assets (p.a.)	7.50%/7.50%	7.50%/9.00%
Salary Escalation	7.50%/7.00%	7.50%/7.00%

B. Actuarial Valuation Experience Adjustment:

(Amount in Rupees)

Particulars	As at 30 Sept, 2012	As at 30 Sept, 2011	As at 30 Sept, 2010	As at 30 Sept, 2009	As at 30 Sept, 2008
Present Value of Obligation	(62,23,568)	(31,02,568)	(18,47,163)	(19,71,428)	(169,399)
Plan Assets	5,548,928	4,225,030	1,551,363	2,368,825	-
Surplus / (Deficit)	(674,640)	11,22,902	(295,810)	397,397	(169,399)
Experience adjustments on plan liabilities (loss) / gain	582,267	(490,204)	187,848	93,831	-
Experience adjustments on plan assets (loss) / gain	60,904	74,876	74,932	-	-

Note:

Future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

The composition of the plan assets held by the funds managed by the insurer is not provided since the information is not available. Details disclosed above is to the extent information is available with the Company.

The above disclosure pertains to the employees of the Company and does not include details of the employees of holding company who are working with the Company on deputation.

C. Provident Fund

The Provident Fund contribution is made to BFUL Staff Provident Fund Trust (in case of holding company). In terms of guidance note issued by the Institute of Actuaries of India, the actuary has provided a valuation of Provident Fund Liability based on assumptions listed below and determined that there is shortfall as at 30 September, 2012. The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are as follows:

Particulars	As at 30 September 2012	As at 30 September 2011
Remaining term of maturity	6.20 Years	-
Expected guaranteed interest rate	8.25 %	-
Discount Rate for the remaining term of maturity of interest portfolio	8.20 %	-

33. Related Parties

Disclosure of transactions with Related Parties as required by the Accounting Standard 18 "Related Party Disclosures" prescribed by Companies (Accounting Standards) Amendment Rules, 2006, Related Parties as defined under clause 3 of the Accounting Standard have been identified on the basis of the information available with the Company.

Details of related parties

Description of relationship	Names of related parties
Entries where control of KMP exists	Nandi Engineering Limited (NEL) AKK Developers Private Limited (AKKDPL) AKK Entertainment Limited (AKKEL) Ashok Kheny Production Private Limited (AKPPL) Bonick Developers Private Limited (BDPL) Ashok Kheny Infrastructure Limited (AKIL) Ashok Kheny Motors Private Limited (AKMPL) SAB Engineering Inc., USA (SEI) Bhalchandra Investment Limited * Mundhwa Investment Limited * Forge Investment Limited * Jalakumbhi Invest. & Finance Limited * Jalakamal Invest. & Finance Limited * Bharat Forge Limited HospetBellari Highways Private Limited
Key Managerial Personnel (KMP)	Mr. Ashok Kheny, Managing Director
Relative of KMP	Mr. ShivkumarKheny

* Since merged in BF Investment Limited.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

Related Party Disclosures:

Disclosure of Transactions with Related Parties as required by Accounting Standard 18:

(Amount in Rupees)

Nature of Transaction	Year	Entries where Control Exists	Key Management Personnel (KMP)	Enterprise over which KMP have significant Influence	Relative of KMP
Transactions					
Purchase of Goods	2011-12	46,931,599			
	2010-11	55,13,639			
Sale of Power	2011-12	24,45,53,844			
	2010-11	21,32,09,827			
Managerial Remuneration	2011-12		77,974,663		
	2010-11		12,099,333		
Services Rendered	2011-12	31,629,486			
	2010-11	Nil			
Contractual Billing	2011-12			793,587,038	
	2010-11			1,039,657,621	
Receiving of Services	2011-12		1,260,000		
	2010-11		1,260,000		
Rent Paid	2011-12				1,558,344
	2010-11				1,388,882
Balances					
Advance Outstanding	2011-12			693,028,453	
	2010-11			119,805,598	
Amt. Payables	2011-12	40,910,270			
	2010-11	80,00,928			
Receivable as on	2011-12	67,082,558			
	2010-11	56,020,408			
Security Deposit	2011-12	200,000,000			
	2010-11	200,000,000			
Advance Received	2011-12	Nil			
	2010-11	32,574,396			
Investment In Equity	2011-12	35,000			
	2010-11	Nil			

34. Consolidated Contingent liabilities and Commitments:

(Amount in Rupees)

Sr.No.	Particulars	2011-12	2010-11
i)	Claims against the Company not acknowledged as debt	131,534,171	130,519,554
ii)	Counter indemnity given to Bank	627,000	7,112,000
iii)	7% Dividend on Cumulative Preference Shares issued to Nandi Engineering Limited*	174,088,418	131,388,418
iv)	Estimated amount of Contracts remaining to be executed on capital account and not provided for (net of advances)	1,533,606,661	916,628,500
v)	0.01% Dividend on Compulsory Convertible Preference Shares Issued to AIRRO (Mauritius) Holding V	524,643	24,657
vi)	Any claims which may arise from Contractors / Suppliers in respect of completed portion of toll road	Amount Unascertainable	Amount Unascertainable
vii)	Guarantee given by Company on behalf of Others	300,000,000	300,000,000
viii)	Electricity Duty	90,081,761	86,617,409
ix)	Wheeling & Transmission Charges	52,956,811	42,160,774

*The preference shares will be redeemed by the Company after 7 years from the date of allotment, subject to the provisions of Companies Act, 1956.

- A. As the Balance Sheet date, there are various cases pending against the Nandi Economic Corridor Enterprises Ltd. -NECE challenging the execution of the Bangalore-Mysore Infrastructure Corridor Project - BMICP (the 'Project'). The Company has been legally advised that none of these pending litigation or threatened litigation is likely to affect the execution of project. Any costs that may arise out of such pending / threatened litigation will be accounted in the year in which such costs are determinable.
- B. The NECE is required to lay a Concreted Toll Road at a specified time during the Toll concession period as part of obligations under the FWA.
- C. The Company as a Promoter of NECE has given an undertaking to Infrastructure Development Finance Co. Ltd (IDFC) in connection with the loan of Rs. 13,200,000,000 (previous year Rs. 13,200,000,000) advanced to NECE by IDFC, whereby the company has undertaken to ensure continuance of the project undertaken by NECE, continued Promoters contributions as per the Financial plan, with adequate technical, financial and managerial support at the least until the final settlement date.

Further the Company has committed to meet the shortfall in resources of NECE by way of Promoters contribution in terms of the Financing Plan which can be in the form of Equity / Preference Share Capital and / or granting of interest free unsecured loan until the final settlement date, which together with current contributions would be subordinate to the funds borrowed from IDFC and shall not be repaid until the final settlement date. The Company has further agreed to ensure that the Borrower adheres to the land sale / Development Plan as mentioned in the Common Loan Agreement.

- D. The Company, as a promoter and indirect holding company of Nandi Economic Corridor Enterprises Ltd. (NECE) has signed definitive agreements on 24th December 2010, in relation to foreign direct investment of Rs. 500 crores in NECE.

Pursuant to these definitive agreements, NECE has allotted convertible "Securities" to AIRRO (Mauritius) Holdings V (Investor), on the terms and conditions contained in the definitive agreements, whereby the investor would get a shareholding between 8.33% and 16.29% in NECE.

E. Electricity Duty and Wheeling and Transmission Charges:

Nature of Provisions

- A. In terms of various notifications / circulars issued by Government of Maharashtra, electricity duty is payable in respect of wind power sold to third parties. However in absence of clarity on the entire subject and also in view of various other issues the Company as a matter of prudence and without prejudice to dispute the claim, has made a provision for Electricity duty.
- B. All the Wind Power Projects have completed the tenure of wheeling agreement with the distribution licensee viz. Maharashtra State Electricity Distribution Company Limited (MSEDCL). All the projects of wheeling energy are under the open access provisions issued by the Hon' able Maharashtra Electricity

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

Regulatory Commission (MERC). As a matter of prudence and without prejudice the Company has made a provision for wheeling and Transmission charges under open access.

Expected timing of resulting outflow:

- A. Since the matter is yet to be resolved / clarified in respect of applicability of Electricity duty for Wind Power Generation, the timing of outflow cannot be determined.
- B. Short Term Loans & Advances includes Wheeling and Transmission charges of Rs. 52,956,811/- have been paid to the distribution licensee under protest, as the matter is pending in appeal with the MERC.

35. Foreign currency income & expenditure

	Foreign currency income & expenditure accounted on accrual basis	Year ended 30 September 2012	Year ended 30 September 2011
		Rupees	Rupees
A	Expenditure in Foreign Currency :		
	Interest on Foreign Currency Term Loan	-	2,388,840
	Travelling and Conveyance	4,328,805	1,151,500
	Others - Project Expenses	6,029,505	374,298
	Total	10,358,310	2,763,238
B	Earnings in Foreign Currency		
	Certified Emission Reduction (Carbon Credits)	2,540,566	19,713,473
	Un-hedged Foreign Currency #	Year ended 30 September 2012	Year ended 30 September 2011
	CER receivable (EURO)	144,731	375,514
	Rate as on year end	Rs. 68.15 per Euro	Rs. 66.65 per Euro
	CER receivable (INR)	9,863,404	25,026,399

In view of the nature of the transaction CER receivables are un-hedged.

36. CIF Value of Imports:

Sr. No.	Particulars	30 September 2012	30 September 2011
1	Plant and Machinery	Rs. 1,727,313	-

37. Consequent to completion of the renewal of registration of the wind power generation project as a Clean Development Mechanism (CDM) project with UNFCCC, the Company has accrued income in respect of Certified Emission Reduction (CER) units, which are to be received on completion of further formalities. Income accrued for the year is Rs.2,540,566/- (Previous year Rs. 19,713,473/-). After considering the CER received during the current year and the exchange rate fluctuations, CERs Written off of Rs. 17,938,606/- (Previous year Rs. 9,440,565/-). Income receivable as at 30th September 2012 amounts to Rs 9,863,404/- (Previous year Rs. 25,026,399/-).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2012 :

38. Payment to Auditors

(Amount in Rupees)

Particulars	2011-12	2010-11
Audit Fee	2,862,698	2,433,030
Tax Audit Fee	391,200	718,882
For Review of Quarterly Results, Financial Statements and Certification Work	584,225	1,196,755
Others	114,610	835,087
Total	3,952,733	5,183,754

39. Summarized Statement of Financials of Subsidiary Companies in terms of Section 212(8) of the Companies Act, 1956 is annexed.

40. The Consolidated Financial Statements for the year ended 30 September, 2011 had been prepared as per the then applicable, pre-revised Schedule VI to the Companies Act, 1956. Consequent to the notification of Revised Schedule VI under Companies Act, 1956, the financials for the year ended are prepared as per Revised Schedule VI. Accordingly, the previous year figures have also been reclassified to conform to this year's classification. The adoption of Revised Schedule VI for previous year figures does not impact recognition and measurement principles followed for preparation of consolidated Financial Statements.

In terms of our Report of even date
For JOSHI APTE & CO.
Firm Registration No. 104370W
Chartered Accountants

On behalf of the Board of Directors

PRAKASH APTE
Partner
Membership No. 33212
Pune, 9 February, 2013

B.S. MITKARI
Sr. V.P Finance
& Company Secretary
Pune, 9 February, 2013

B. B. HATTARKI
Director

S. S. VAIDYA
Director

**Annexure referred to in Note No. 30 of the Consolidated Financial Statements
for the Year ended 30th September, 2012**

Unique Accounting Policies followed by the Subsidiary Company :

1 Fixed Assets and Depreciation

Nandi Economic Corridor Enterprises Limited

Toll Road asset:

Toll Road assets are carried at cost less accumulated Amortisation. Cost includes land acquisition cost, direct and indirect expenses incurred on procurement / construction of roads, bridges, culverts, including toll plazas, other equipment and Utilities.

Cost of Toll Road assets has been amortised over the unexpired concession period as defined in the Framework Agreement signed with the Government of Karnataka

Nandi Highway Developers Limited

Depreciation on Road and Buildings is being provided on "Straight Line Method" basis in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956 in the manner and at the rates specified in Schedule XIV of the said Act.

Minimum Alternative Tax (MAT) Credit entitlement

The MAT entitlement account reflects current year payment as well as previous year payment

2 Revenue Recognition

Nandi Economic Corridor Enterprises Limited

a) Toll Income is recognised on the basis of actual collections upto the end of second shift i.e. 10:00 PM on 31st March.

b) Income from sale of land is recognised when the possession of land is transferred alongwith all risks associated with it.

3 Inventory Valuation

Nandi Economic Corridor Enterprises Limited

Costs of inventory i.e . Land has been computed to include all costs of purchase and other related costs.

Statement showing details relating to subsidiaries as required by the General Circular No. 2/2011 of Central Government.

Rupees

Sr. No	Particulars	Name of Subsidiary		
		Nandi Infrastructure Corridor Enterprise Ltd.	Nandi Economic Corridor Enterprise Ltd.	Nandi Highway Developers Ltd.
a)	Capital	1,25,09,36,880	7,14,98,63,100	37,50,00,060
b)	Reserves & Surplus	2,03,86,856	(4,58,00,60,863)	2,21,27,208
c)	Total Assets	1,33,91,26,221	18,57,01,69,420	1,06,04,86,314
d)	Total Liabilities	6,78,02,485	16,00,03,67,183	66,33,59,046
e)	Details of Investment (Except in case of investment in subsidiaries)	3,67,970	74,13,25,967	500
f)	Turnover	4,56,75,170	1,40,80,12,035	31,62,94,790
g)	Profit before Taxation	1,26,17,636	(1,30,42,23,452)	1,23,39,944
h)	Provision for Taxation	43,11,252	-	24,68,946
i)	Profit after Taxation	83,06,384	(1,30,42,23,452)	98,70,998
j)	Proposed Dividend	-	-	-

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956
RELATING TO SUBSIDIARY COMPANIES**

Sr. No.	NAME OF THE SUBSIDIARY COMPANY	Nandi Infrastructure Corridor Enterprises Ltd.	Nandi Economic corridor Enterprises Ltd.	Nandi Highway Developers Ltd.
1	Financial Year of the Subsidiary ended on	31st March, 2012	31st March, 2012	31st March, 2012
2	No. of Shares of subsidiary company held by BF Utilities Ltd. on the above date and extent of interest in subsidiary of BF Utilities Ltd.			
	- Equity Shares of Rs.10/-each	7,75,69,111	NIL *	2,60,71,902
	- Extent of BF Utilities Ltd.is interest	74.52%	48.27%	69.53%
3	Net aggregate amount of profits less losses of subsidiary for the above financial year of the subsidiary so far as they concerns members of BF Utilities Limited			
	i) Dealt with in the accounts of BF Utilities Limited (Rs. '000)	NIL	NIL	NIL
	ii) Not dealt with in the account of BF Utilities Limited (Rs. '000)	6,190	(6,29,549)	6,863
4	Net aggregate amount of profits less losses for previous financial years of subsidiary since it became subsidiary so far as it concerns members of BF Utilities Limited			
	i) Dealt with in the accounts of BF Utilities Limited (Rs. '000)	NIL	NIL	NIL
	ii) Not dealt with in the account of BF Utilities Limited (Rs. '000)	9,002	(19,40,667)	8,522
5	Changes in the interest of BF Utilities Ltd. between the end of the subsidiary's financial year and September 30. 2011			
	Number of shares acquired	-	-	-
	Material changes between the end of the subsidiary's financial year and September 30, 2011 (Rs. '000)			
	i) Fixed assets (net additions)	-	-	-
	ii) Investments	-	-	-
	iii) Moneys lent by the subsidiary	-	-	-
	iv) Money borrowed by the subsidiary company other than for meeting current liabilities	-	-	-

* Shares held by Nandi Infrastructure Corridor Enterprises Ltd.

On behalf of the Board of Directors

B.S. MITKARI
Sr. V.P Finance & Company Secretary
Pune, 9 February, 2013

B. B. HATTARKI
Director

S. S. VAIDYA
Director

BF UTILITIES LIMITED

Registered Office : Mundhwa, Pune Cantonment, Pune 411 036

I hereby record my presence at the 12th Annual General Meeting being held at Kalyani Steels Limited at Mundhwa, Pune 411 036 on Saturday, 30th Day of March, 2013 at 10.30 a. m.

Name of the Member : _____
(In Capital Letters)

Name of the Proxy : _____
(In Capital Letters)

Member's / Proxy Signature :

Registered Folio No.: _____ DP ID : _____ Client ID : _____

Note: Shareholder/ Proxy holder wishing to attend the meeting must bring this Attendance Slip to the meeting and hand over the same at the entrance duly signed.



PROXY

BF UTILITIES LIMITED

Registered Office : Mundhwa, Pune Cantonment, Pune 411 036

I/We _____

of _____ being a Member(s) of BF UTILITIES LIMITED, Pune,

hereby appoint _____

of _____ or failing him/her _____

of _____ as my/our proxy to attend and vote for me/us on my/our behalf at the 12th Annual General Meeting of the Company to be held on Saturday, 30th Day of March, 2013 at 10.30 a.m.

Signed at _____ this _____ day of _____ 2013.

Registered Folio No. : _____ DP ID : _____

No. of Shares : _____ Client ID : _____

Please affix
Revenue
Stamp of
proper value

Signature(s) of Member(s)
across the stamp.

Note : The Proxy must be deposited with the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.



Book - Post



KALYANI

BF UTILITIES LIMITED

MUNDHWA, PUNE CANTONMENT, PUNE 411 036
MAHARASHTRA, INDIA.