FORM A

Format of covering letter of the annual report to be filed with the stock exchanges

1.	Name of the Company	GVK Power & Infrastructure Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit observation	Emphasis of Matter ("EOM") on Standalone and Consolidated financial statements. Also refer **Form B** for qualification on Standalone & Consolidated Financial Statements.
4.	Frequency of observation	<u>**Standalone financial statements**</u> a) EOM regarding application made by the Company for the waiver of excess managerial remuneration paid to a director (Refer Page number 106 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the year ended March 31, 2012. b) EOM with respect to carrying value of investments in the subsidiary companies, (Refer Page number 107 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the year ended March 31, 2013.
		<u>**Consolidated financial statements**</u> a) EOM regarding pending confirmation and approval by the Appellate Tribunal for Electricity (APTEL) for the increase in capital cost. (Refer Page number 48 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the year ended March 31, 2006. b) EOM regarding recoverable minimum alternate tax, disincentives recoverable and other receivables. (Refer Page number 48 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the year ended March 31, 2006 for minimum alternate tax and other receivables and in the year ended March 31, 2014 for disincentives recoverable.

GVK Power & Infrastructure Ltd. *

		c) EOM regarding application for prior approval to Central Government under section 295 of the Companies Act, 1956. During the current year Central Government returned application and advised subsidiary companies to comply with provisions of Sec 185 of Companies Act, 2013. (Refer Page number 48 of the annual report annexed herewith for detailed EOM) **Frequency of observation:** First time reported in the year ended March 31, 2013. d) EOM regarding carrying value of fixed assets of the subsidiary companies and continuation of operation in foreseeable future despite continued losses. (Refer Page number 48 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the year ended March 31, 2013. e) EOM regarding application made by the Company for the waiver of excess managerial remuneration paid to a director (Refer Page number 48 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the year ended March 31, 2012.

GVK Power & Infrastructure Ltd.

5.	To be signed by-	
	CEO/Managing Director	Dr G V K Reddy Chairman & Managing Director
	CFO/Person in-charge of Finance	A Issac George Director & CFO
	Auditor of the company	S R Batliboi & Associates LLP Chartered Accountants ICAI Firm Registration Number: 101049W per Vikas Kumar Pansari Partner Membership Number: 93649 Date: July 18, 2014
	Audit Committee Chairman	Ch G Krishna Murthy Director

Form B

Format of covering letter of the annual report to be filed with the stock exchanges

1.	Name of the Company	GVK Power & Infrastructure Limited
2.	Annual financial statements for the year ended	March 31, 2014
3.	Type of Audit qualification	Qualified opinion on Standalone & consolidated financial statements. Also refer **Form A** for Emphasis of Matter on Standalone and Consolidated Financial Statements.
4.	Frequency of qualification	First time reported as a qualification in the current year ended March 31, 2014.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	**<u>Standalone financial statements</u>** Qualification on termination notice served by GVK Oil & Gas Ltd, a subsidiary involved in Oil & gas activity on Ministry of petroleum & Natural Gas for termination of production sharing contract. (Refer Page No 106 of the annual report annexed herewith for detailed qualification). **<u>Consolidated financial statements</u>** Qualification on termination notice served by GVK Oil & Gas Ltd, a subsidiary involved in Oil & gas activity on Ministry of petroleum & Natural Gas for termination of production sharing contract. (Refer Page No 47 of the annual report annexed herewith for detailed qualification). Please refer page number 21 of the annual report annexed herewith for the Management response to the qualification in the Directors report.
6.	Additional comments from the board/audit committee chair:	None.

GVK Power & Infrastructure Ltd. *

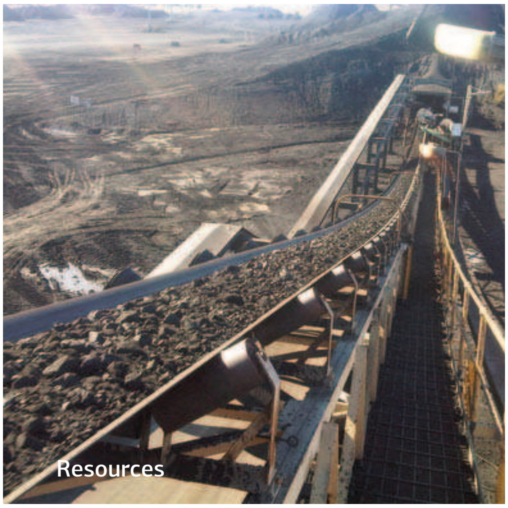
7.	To be signed by-	
	CEO/Managing Director	Dr G V K Reddy Chairman & Managing Director
	CFO/Person in-charge of Finance	A Issac George Director & CFO
	Auditor of the company	S R Batliboi & Associates LLP Chartered Accountants ICAI Firm Registration Number: 101049W per Vikas Kumar Pansari Partner Membership Number: 93649 Date: July 18, 2014
	Audit Committee Chairman	Ch G Krishna Murthy Director

GVK Power & Infrastructure Limited

20th Annual Report 2013 - 2014

New Terminal 2, MIAL, Mumbai

GVK Jegurupadu CCPP

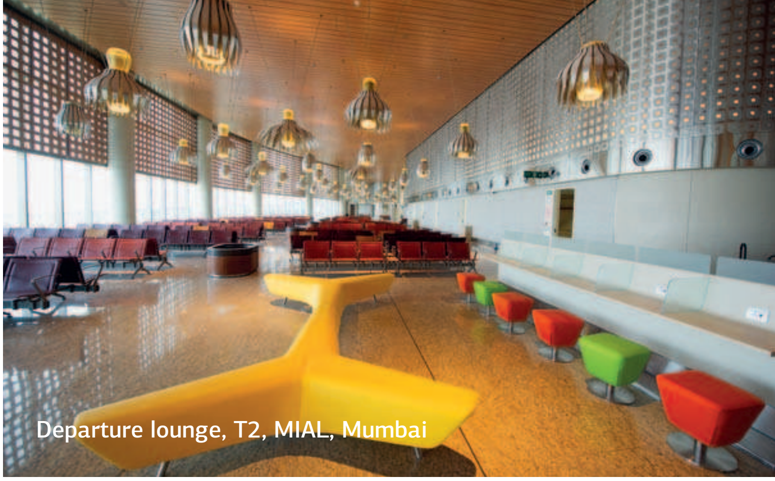


Resources

GVK Jaipur-Kishangarh Expressway

New Terminal 1A, BIAL, Bengaluru


Art wall, T2, MIAL, Mumbai


Departure lounge, T2, MIAL, Mumbai


Chek-in hall, T2, MIAL, Mumbai


Art wall, T2, MIAL, Mumbai


Baggage carousels, T2, MIAL, Mumbai

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Corporate Information

Board of Directors

Dr. GVK Reddy	Chairman & Managing Director
G Indira Krishna Reddy	Director
G V Sanjay Reddy	Vice Chairman
Krishna Ram Bhupal	Director
K N Shenoy	Director (up to 29-05-2014)
P Abraham	Director
Ranjana Kumar	Director
Ch G Krishna Murthy	Director
S Balasubramanian	Director
A Issac George	Director & CFO
S Anwar	Additional Director (w.e.f. 14.11.2013)
P V Rama Seshu	General Manager & Company Secretary

Committees of the Board

Audit Committee

Ch G Krishna Murthy	Chairman
P Abraham	
S Balasubramanian	

Nomination & Remuneration Committee

K N Shenoy	Chairman (up to 29-05-2014)
P Abraham	
S Anwar	

Stakeholders Relationship Committee

Ch G Krishna Murthy	Chairman
A Issac George	
S Anwar	

Corporate Social Responsibility Committee

Dr. GVK Reddy	Chairman
G V Sanjay Reddy	
Ch G Krishna Murthy	

Statutory Auditors

S R Batliboi & Associates LLP
The Oval Office, 18, ILabs Centre
Hitech City, Madhapur
Hyderabad – 500 081

Registrar & Share Transfer Agents

Karvy Computershare Private Limited
Plot No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081

Secretarial Auditor
M/s Narender & Associates
Company Secretaries
403, Naina Residency
Srinivasa Nagar (East)
Ameerpet, Hyderabad – 500 038

Internal Auditors
M/s Rambabu & Co.,
Chartered Accountants
31, Pancom Chambers
Somajiguda, Raj Bhavan Road
Hyderabad - 500 082

Registered & Corporate Office
"Paigah House" 156-159
Sardar Patel Road
Secunderabad – 500 003

ISIN
INE251H01024

Stock Code
BSE : 532708
NSE : GVKPIL

CIN
L74999AP2005PLC059013

Standalone Financials at a glance

(Rs.Lakhs)

	2013-14	2012-13
Financial Performance		
Operational Income	**2,676**	3,021
EBIDTA	**2,007**	1,418
Other Income	**3,243**	2,780
Interest & Financial Charges	**5,799**	5,212
Depreciation	**18**	18
Profit After tax	**(2,343)**	(2,404)
EPS (Rupees)		
Basic and Diluted	**(0.15)**	(0.15)
Financial Position:		
Fixed Assets (Net of depreciation)	**109**	126
Cash and Bank balance	**1,661**	2,339
Net current assets	**36,285**	70,738
Total Assets	**301,911**	293,532
Equity	**15,792**	15,792
Reserves	**232,053**	234,396
Net worth	**247,845**	250,188
Market Capitalisation	**174,502**	147,655

Notice

Notice is hereby given that the 20th Annual General Meeting of the members of GVK Power & Infrastructure Limited (CIN:L74999AP2005PLC059013) will be held on Wednesday, the 13th August, 2014 at 11.30 a.m. at Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073 to transact the following business:

Ordinary business

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2014 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.

2. To appoint a Director in place of Mrs. G Indira Krishna Reddy (holding DIN: 00005230), who retires by rotation and being eligible, offers herself for re-appointment.

3. To appoint M/s. S.R.Batliboi & Associates LLP, (ICAI Registration No:101049W), Chartered Accountants, Hyderabad, the retiring auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting on such remuneration as may be fixed by the Audit Committee and approved by the Board.

Special business

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:

   "RESOLVED THAT Mr. S Anwar (holding DIN:06454745), who was appointed as an Additional Director of the Company by the Board of Directors with effect from 14th November, 2013, in terms of section 161(1) of the Companies Act, 2013 and Article 109 of the Articles of Association of the Company and whose term of office expires at this Annual General Meeting and in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company to hold office for 5 (five) consecutive years for a term up to 12th August, 2019."

5. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

   "RESOLVED THAT pursuant to the provisions of sections 196, 197, 203 and any other applicable provisions of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications(s) or re-enactment thereof for the time being in force), read with Schedule V of the Companies Act, 2013 (corresponding to sections 198, 269, 309, 310, 316, Schedule XIII and any other applicable provisions of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956) and based on the recommendations of the Remuneration Committee and the Board of Directors, consent of the shareholders be and is hereby accorded to the company for the re-appointment of Dr. GVK Reddy (holding DIN:00005212), as "Chairman & Managing Director" of the Company for an another period of 5 (five) years effective from 14th October, 2013, without remuneration.

6. To consider and if though fit, to pass with or without modification(s), the following resolution as a Special Resolution.

   "RESOLVED THAT in supersession of the Ordinary Resolution passed at the 11th Annual General Meeting held on 9th September, 2005 and pursuant to the provisions of section 180(1)(a) and other applicable provisions, if any of the Companies Act, 2013 (including any statutory modifications or amendments thereof) and Rules made there under, consent of the Shareholders be and is hereby accorded to the Board of Directors and its Committee(s), to mortgage or create charge on all or any of the immovable and movable properties (including pledge of securities held in subsidiaries/ associates) of the Company, its subsidiaries and associates where so ever situated, present and future, and /or conferring power to enter upon and to take possession of assets of the Company in certain events, to or in favour of any Bank(s) or Financial Institution(s) situated within or outside India (hereinafter referred to as "the Lenders") to secure repayment of rupee term loans or foreign currency loans or a combination of both lend, advanced or agreed to lend and advanced by the lender(s) to the Company either jointly or severally or in any other combination thereof, as the case may be, in terms of the loan agreement(s), entered into/ to be entered into by the Company with each of the lenders for the purpose of implementation of the project(s) of the Company, its subsidiaries and associates.

7. To consider and if though fit, to pass with or without modification(s), the following resolution as a Special Resolution.

   "RESOLVED THAT in supersession of the Ordinary Resolution passed at the 11th Annual General Meeting held on 9th

September, 2005 and pursuant to Section 180(1)(c) and any other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modifications or amendments thereof), consent of the shareholders be and is hereby accorded to the Board of Directors and its Committee(s) to borrow any sum or sums of money, from time to time, not exceeding at any time, a sum of Rs. 2,000 Crores (Rupees Two Thousand Crores Only) for the purpose of business of the Company notwithstanding, that such borrowing(s), together with the monies already borrowed by the Company (apart from temporary loans, if any, obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid-up share capital and free reserves of the Company, that is to say, reserves not set apart for any specific purpose."

8. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 14 and any other applicable provisions, if any, of the Companies Act, 2013, approval of the shareholders be and is hereby accorded to the Company to amend the Articles of Association of the Company in the following manner;

i) To insert the following in place of Article 1 :

The regulations contained in Table F of Schedule I of the Companies Act, 2013, shall apply to the Company in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of the Association of the Company.

ii) To insert the following Article 125A after the Article 125 :

Chairman of the Board:

a) The Directors should elect one among themselves as Chairman of the Board who will Chair all meetings of the Board and General Meetings of the Company.

b) If, the Chairman is unable to attend the meeting or if he is not present at the Board Meeting within 15 minutes of the scheduled time, the remaining directors, present at the meeting, should elect one among themselves as Chairman of that meeting.

c) The positions of the Chairman and the Managing Director / Chief Executive Officer can be held by one person, at the same time, to ensure effective execution of the ongoing and future projects, being implemented / to be implemented by itself and/or through one or more of its subsidiaries and associates under different vertical businesses of the company.

RESOLVED FURTHER that Mr. P V Rama Seshu, GM & Company Secretary of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution".

9. To consider and if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:

"RESOLVED that pursuant to the provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013 (the "**Companies Act**"), the Companies Act, 1956, as amended (without reference to the provisions thereof that have ceased to have effect upon notification of corresponding sections of the Companies Act), read with Companies (Share Capital & Debentures) Rules, 2014 and Companies (Prospectus and Allotment of Securities) Rules, 2014 (including any amendments thereto or re-enactment thereof), the provisions of the Foreign Exchange Management Act, 2000, Foreign Exchange Management (Transfer or issue of Security by a Person Resident Outside India) Regulations, 2000, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "**SEBI ICDR Regulations**") and such other statutes, notifications, clarifications, circulars, guidelines, rules and regulations as may be applicable and relevant and issued by the Government of India (the "**GOI**"), the Reserve Bank of India (the "**RBI**"), the Foreign Investment Promotion Board (the "**FIPB**"), the Securities and Exchange Board of India (the "**SEBI**"), Stock Exchanges and/or any other competent authorities, whether in India or abroad, and including and subject to such approvals, consents, permissions and sanctions, as may be applicable and in accordance with the enabling provisions of the Memorandum and Articles of Association of the Company and the Listing Agreements entered into by the Company with each of the Stock Exchanges where the equity shares of the Company are listed and subject to such approvals, consents, permissions and sanctions, if any, of the GOI, RBI, FIPB, SEBI, Stock Exchanges and any other appropriate authorities, institutions or bodies, as may be necessary and subject to such conditions as may be prescribed by any of them while granting any such approval, consent, permission, and/

or sanction, which may be agreed/accepted to by the Board of Directors (hereinafter referred to as the "**Board**" which shall be deemed to include any committee thereof, constituted or to be constituted to exercise its powers) consent of the Shareholders be and is hereby accorded to the Board in its absolute discretion, to create, offer, issue, and allot, from time to time, in one or more tranches, equity shares of the Company ("**Equity Shares**"), Global Depository Receipts ("**GDRs**"), American depository receipts ("**ADRs**"), Foreign Currency Convertible Bonds ("**FCCBs**"), fully convertible debentures/partly convertible debentures, preference shares convertible into Equity Shares, and/or any instruments or securities representing Equity Shares and/or convertible into Equity Shares, either at the option of the Board or holder thereof, (including warrants, or otherwise, in registered or bearer form) and/or any security convertible into Equity Shares with or without voting/special rights and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holders to convert or subscribe to Equity Shares (hereinafter collectively referred to as "**Eligible Securities**"), or any combination thereof, in the course of international and/or domestic offering(s) in one or more foreign markets and/or domestic market, of public and/or private offerings, qualified institutions placement and/or on preferential allotment basis or any combination thereof, through issue of prospectus and /or placement document/ or other permissible/requisite offer document to any eligible person, including qualified institutional buyers in accordance with Chapter VIII of the SEBI ICDR Regulations, or otherwise, foreign/resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors, Indian and/or multilateral financial institutions, mutual funds, non-resident Indians, stabilizing agents, pension funds and/or any other categories of investors, whether they be holders of Equity Shares of the Company or not (collectively called the "**Investors**") as may be decided by the Board in its discretion and permitted under applicable laws and regulations, of an aggregate amount not exceeding **Rs. 1,000 Crores** (with a Green Shoe Option to retain up to Rs. 500 Crores from the excess subscriptions received) or equivalent thereof, in one or more foreign currency and/or Indian rupees, inclusive of premium that may be finalised by the Board at such price or prices, at a discount or premium to market price or prices permitted under applicable laws in such manner and on such terms and conditions including security, rate of interest etc. as may be deemed appropriate by the Board at its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment shall be made to the exclusion of other categories of Investors at the time of such offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with lead manager(s) and/or underwriter(s) and/or other advisor(s) as may be decided by the Board at the time of issue or allotment of the Eligible Securities."

"RESOLVED FURTHER that if any issue of Securities is made by way of a Qualified Institutions Placement in terms of Chapter VIII of the SEBI ICDR Regulations (hereinafter referred to as "**Eligible Securities**" within the meaning of the SEBI ICDR Regulations), the allotment of the Eligible Securities, or any combination of Eligible Securities as may be decided by the Board shall be completed within twelve months from the date of the resolution of the Shareholders or such other time as may be allowed under the SEBI ICDR Regulations from time to time at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations and the Eligible Securities shall not be eligible to be sold for a period of twelve months from the date of allotment, except on a recognized stock exchange, or except as may be permitted from time to time under the SEBI ICDR Regulations. The Company may, in accordance with applicable law, also offer a discount of not more than 5% or such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the SEBI ICDR Regulations."

"RESOLVED that the Board or its Committee be and is hereby authorized to issue and allot such number of Eligible Securities or as many Equity Shares as may be required to be issued and allotted upon conversion of any Eligible Securities or as may be necessary in accordance with the terms of the offering, and all Equity Shares issued and allotted on conversion or otherwise shall rank pari passu with the then existing Equity Shares of the Company in all respects including dividend."

"RESOLVED FURTHER that

(a) the Eligible Securities to be so offered, issued and allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company;

(b) in the event that Equity Shares are issued to qualified institutional buyers under Chapter VIII of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of the Equity Shares shall be the date of the meeting in which the Board decides to open the proposed issue of Equity Shares and at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations;

(c) in the event that convertible securities and/or warrants which are convertible into Equity Shares of the Company are issued simultaneously with non-convertible debentures to qualified institutional buyers under Chapter VIII of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of such securities, shall be the date of the meeting in which the Board decides to open the issue of such convertible securities and/or warrants simultaneously with non-convertible debentures and at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VIII of the SEBI ICDR Regulations; and

(d) in the event the Securities are proposed to be issued as FCCBs, ADRs or GDRs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depositary Receipt Mechanism) Scheme, 1993 and other applicable pricing provisions issued by the Ministry of Finance.".

"RESOLVED FURTHER that the issue to the holders of the Eligible Securities, (where such securities are convertible into Equity Shares of the Company) shall be, inter alia, subject to the following terms and conditions:

(a) in the event the Company making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Equity Shares on conversion of the Eligible Securities, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto.

(b) in the event the Company making a rights issue of Equity Shares prior to the allotment of the Equity Shares on conversion of the Eligible Securities, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders.

(c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted;

(d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or re-classification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made;

(e) in the event the Company is involved in such other event or circumstances as mentioned above which in the opinion of the Stock Exchanges, requires adjustments, then the pricing of Equity Shares on conversion of Eligible Securities shall be subject to appropriate adjustments as may be decided by the Board:

"RESOLVED FURTHER that without prejudice to the generality of the above, subject to applicable laws and subject to approval, consents, permissions, if any of any governmental body, authority or regulatory institution including any conditions as may be prescribed in granting such approval or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional Securities and the Board subject to applicable laws, regulations and guidelines be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose of such Securities that are not subscribed."

"RESOLVED FURTHER that Dr. GVK Reddy, Chairman & Managing Director, Mr. G V Sanjay Reddy, Vice Chairman, Mr. Krishna Ram Bhupal, Director, Mr. A. Issac George, Director and CFO, Mr. P V Rama Seshu, General Manager & Company Secretary of the Company be and are hereby severally authorized to appoint the Lead Managers, Underwriters, Guarantors, Depositories, Registrars, Escrow Banks, Trustees, Bankers, Advisors and all such agencies and intermediaries as may be involved or concerned in such offerings of Eligible Securities and to remunerate them by way of commission, brokerage, fees or the like as it deems fit and also to enter into and execute all such arrangements, agreements, memoranda, documents etc. including without limitation, a Placement Agreement and an Escrow Agreement with such agencies and also to seek the listing of such Eligible Securities on one or more national stock exchange(s);

"RESOLVED FURTHER that the Board be and is hereby authorized to form a Committee of the Directors / Officials of the Company and delegate all or any of its powers to such Committee for giving effect to these resolutions and also to do all such acts, deeds, matters and things and accept any alterations or modification(s) as they may deem fit and proper and give such directions as may be necessary to settle any question or difficulty that may arise in regard to issue and allotment of Eligible Securities or Equity Shares to be allotted on conversion of any Eligible Securities including but not limited to:

a) Finalizing and approving the offer document and filing the same with any authority or persons as may be required

b) Approving the issue price, the no of equity shares to be allotted, the basis of allocation and allotment of Eligible Securities or Equity Shares to be allotted if any on conversion of Eligible Securities;

c) Arranging the delivery and execution of all contracts, agreements and all other documents, deeds and instruments as may be required or desirable in connection with the issue of Eligible Securities or Equity Shares to be allotted on conversion of Eligible Securities by the Company

d) Determining the form and manner of the issue, including the class of investors to whom the Eligible Securities are to be issued and allotted, number of Eligible Securities, if any, rate of interest, additional interest, premium on redemption, prepayment or any other debt service payments;

e) Opening such bank accounts and de-mat accounts as may be required for the transaction;

f) Making applications for listing of the equity shares of the Company on one or more stock exchange(s) and to execute and to deliver or arrange the delivery of the listing agreement(s) or equivalent documentation to the concerned stock exchange(s);

g) To do all such acts, deeds, matters and things and execute all such other documents including making applications that may be necessary from SEBI, Stock Exchanges, RBI, FIPB and any other regulatory authority as may be necessary or desirable for the purpose of the transactions;

h) Making such applications to the relevant authorities and make necessary regulatory filings in connection with the issue;

i) To authorize or delegate all or any of the powers herein above conferred to any or more persons, if need be.

By order of the Board

Place : Hyderabad
Date : May 29, 2014

P V Rama Seshu
General Manager & Company secretary

Notes

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the special business set out in the notice is annexed.
2. **Every Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a member of the company. A person can act as Proxy on behalf of the members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.**
3. Duly filled in Proxy form must be deposited at the Registered Office of the Company before 48 hours of the time fixed for holding the meeting.
4. Pursuant to Clause 49 of the Listing Agreement, particulars of Directors seeking appointment / re-appointment at this meeting are annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 09-08-2014 to 13-08-2014 (both days inclusive).
6. Members are requested to:
   i) Note that as a measure of austerity, copies of Annual Report will not be distributed at the Annual General Meeting.
   ii) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue, as entry to the Auditorium will be strictly on the basis of the entry slip, available at the counters at the venue to be exchanged with the attendance slip.
   iii) Quote the Folio / Client ID & DP ID Nos. in all their correspondences.
   iv) Note that due to strict security reasons brief cases, eatables and other belongings are not allowed inside the auditorium.
   v) Note that no gifts / compliments / coupons will be distributed at the Annual General Meeting.
   vi) A corporate member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956 i.e. only if the corporate member sends certified true copy of the Board resolution / power of attorney authorizing the representative to attend and vote at the Annual General Meeting.
   vii) Members are requested to notify immediately changes, if any, in their addresses, in respect of the physical shares held by them, to the Company and to their Depository Participants (DP) in respect of shares held in the dematerialized form.
7. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Mr. P V Rama Seshu, GM & Company Secretary at the Registered Office of the Company at least ten days prior to the date of the meeting, so that the information required can be made available at the meeting.
8. All documents referred to in the notice and annexures thereto along with other mandatory registers / documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the date of Annual General Meeting.
9. The Ministry of Corporate Affairs has taken a corporate “Green initiative in the corporate governance” by allowing paperless compliance by companies. As per the MCA Circular, Service of documents through electronic mode i.e. e-mail by the company will be a valid compliance of Section 101 of the Companies Act, 2013. As such the members who are yet to register are requested to furnish/ register their e-mail id’s to enable the Company to send all notices, periodical statements etc., of the company through electronic mode at einward.ris@karvy.com.
10. Under Section 205A of the erstwhile Companies Act, 1956, read with Rule 3 of the Investor Education and Protection fund (Uploading of information regarding unpaid and unclaimed amounts lying with the companies) Rules, 2012 the amount of unpaid or unclaimed amounts for a period of seven years from the due date is required to be transferred to the Investor Education and Protection Fund (IEPF), constituted by the Central Government. The Company had, accordingly, transferred Rs. 14,36,832/- unclaimed share application money pertaining to the IPO made in February, 2006 and Rs. 3,67,263/- unclaimed and unpaid interim dividend for the year 2006-07 respectively to the Investor Education and Protection Fund of the Central Government.
11. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the company/RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/ transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the company/RTA while transacting in the securities market including transfer, transmission or any other corporate action.

12. **E - Voting (Voting through Electronic means):**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, read with the amended Listing Agreement with the Stock Exchanges, the Company is pleased to provide members a facility to exercise their right to vote at the 20th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Karvy Computershare Private Limited (KCPL).

The instructions for members for voting electronically are as under:-

(A) In case of members receiving e-mail:

i) Log on to the e-voting website https://www.evoting.karvy.com

ii) Clickon"Shareholders" tab to cast your votes.

iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANYNAME" from the drop down menu and click on"SUBMIT"

iv) If you are holding shares in Demat form and had logged on to https://www.evoting.karvy.com and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.

v) Now, fill up the following details in the appropriate boxes:

	For Members holding shares in Demat Form	For Members holding shares in Physical Form
User ID	For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID	Folio Number registered with the Company and then enter the Captcha Code as displayed
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department when prompted by the system while e-voting (applicable for both demat shareholders as well as physical shareholders)	
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.	
Dividend Bak Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.	

* Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.

\# Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter "999999999" in the dividend Bank details and 13/06/2014 in the date of Birth field.

vi) After entering these details appropriately, click on "SUBMIT" tab.

vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily change their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through Karvy platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

ix) Click on the relevant EVSN on which you choose to vote.

x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired, the option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.

xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiii) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xiv) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

In case of members receiving the physical copy:

(B) Please follow all steps from sl. no. (i) to sl. no. (xiii) above, to cast vote.

(C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to https:// www.evoting.karvy.com in and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.

(D) The voting period begins on 6th August, 2014 at 9.00 a.m. and ends on 8th August, 2014 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cutoff date, may cast their vote electronically. The e-voting module shall be disabled by Karvy Computershare Private Limited (KCPL) for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.

(E) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at https://www.evoting.karvy.com under help section or write an email to: einward.ris@karvy.com mailmanager@karvy.com.

(F) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.

(G) Mr. Narender Gandhari, Practising Company Secretary (Membership No. 4898), of M/s. Narender & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner. The Scrutinizer shall within a period not exceeding three(3) working days from the conclusion of the evoting period unblock the votes in the presence of at least two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.

(H) The Results shall be declared on or after the AGM of the Company. The Results declared along with the Scrutinizer's Report shall be placed on the Company's website www.gvk.com and will be communicated to the Stock Exchanges on which the Company's equity shares are listed.

Explanatory statement

(In respect of the Special business Pursuant to section 102 of the Companies Act, 2013)

Item No: 5

The Board of Directors of your Company at its meeting held on 14-11-2013 had appointed Mr. S Anwar (DIN: 06454745) as an Additional Director who holds his office only up to the date of this Annual General Meeting. In terms of section 161(1) and other applicable provisions, if any, of the Companies Act, 2013, the company has received a notice in writing from a shareholder along with the requisite deposit, signifying his intention to appoint Mr. S Anwar as an Independent Director of the Company for a consecutive period of five years term up to 12-08-2019.

A brief profile of Mr. Anwar:

Mr. S Anwar is a Post Graduate from Delhi University and an IAS (1969 batch). He was posted to West Bengal, as S.D.O. Siliguri, Darjeeling District, District Magistrate of Burdwan and Midnapore and Deputy Secretary, Health Department. During his career in Andhra Pradesh Cadre, he had held following positions viz;

- Joint Secretary - Home Department
- M.D – A P Tourism Corporation
- Principal Secretary – Panchayat Raj Department
- Principal Secretary – Tourism & Youth Services
- Principal Secretary – Minorities Welfare Department A.P. Minorities Finance Corporation and Haj Committee
- Principal Secretary – Medical and Health
- Chief Commissioner of Land Administration, Andhra Pradesh
- Vice Chancellor of Dr. B R.Ambedkar Open University, Hyderabad
- Special Chief Secretary to the Governor of Andhra Pradesh and served with three governors

He has been a member in IEMs (Independent External Monitors) of NMDC and also a Panel Member of Oil India Limited.

In the opinion of the Board, Mr. S Anwar fulfills the conditions for his appointment as an Independent Director as specified in the Act and the Listing Agreement. Mr. Anwar is independent of the management and is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from Mr. S Anwar that he meets with the criteria of independence as prescribed both under section 149(6) of the Act and under Clause 49 of the Listing Agreement. Mr. Anwar possesses appropriate skills, experience and knowledge; inter alia, in the field of Administration.

Keeping in view his vast experience and knowledge, it will be in the interest of the Company that Mr. Anwar is appointed as an Independent Director and accordingly, the Board recommends his appointment for your approval.

Save and except Mr. S Anwar and his relatives, to the extent of their shareholding interest, if any, in the Company, none of the Directors / Key Managerial Personnel of the Company and their relatives are, in any way concerned or interested financially or otherwise in the resolution set out at item no: 5 of the Notice.

Item No: 6

Members are aware, that Dr. GVK Reddy was initially appointed as Chairman & Managing Director of the Company for a period of three years (i.e. from 14-10-2005 to 13-10-2008) and had been reappointed in the same position for another period of five years (i.e. from 14-10-2008 to 13-10-2013). The Board of Directors of the company at its meeting held on 12-08-2013 had considered the re-appointment of Dr. GVK Reddy as Chairman & Managing Director for a further period of five years (i.e. from 14-10-2013 to 13-10-2018). Even though, the Remuneration Committee and the Board have decided to fix certain salary and the perquisites, Dr. GVK Reddy declined to accept any remuneration until the company starts making profits. Accordingly, the Board has approved the re-appointment of Dr. GVK Reddy as Chairman and Managing Director without remuneration.

Dr. GVK Reddy is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given his consent to act as a Director. He holds 78,82,720 equity shares (0.50%) directly by himself and 84,88,46,620 equity shares (53.75%) aggregating to 85,67,29,340 equity shares (54.25%) along with his family members and persons acting in concert with him in the company. Dr. GVK Reddy is also Executive Chairman in Mumbai International Airport Private Limited, a subsidiary of the company.

A brief profile of Dr. GVK Reddy:

Dr. GVK Reddy is the Founder Chairman of “GVK”. He holds a Bachelor’s Degree and has completed the Owner/President Management Program from Harvard Business School. He has also been awarded a Doctorate in Philosophy from the Jawaharlal Nehru Technological University. He has been conferred with the “Padma Bhushan” award from the Government of India in the category of Trade and Industry on 25th January, 2011.

He is a first generation industrialist and the founder of the GVK Group which has businesses in the energy, urban infrastructure, transportation, particle boards, hospitality, petrochemicals, biotechnology and finance sectors. His career spanning the last 49 years started with his involvement in the construction of major infrastructure projects for the Government such as dams, power houses, irrigation canals, bridges, roads, aqueducts and under tunnels.

The hospitality business of the “GVK” which was initiated as a strategic alliance formed by him with the “Taj” Group, has four hotels in Hyderabad, one each at Chandigarh and Chennai. Two more hotels are under consideration at Bangalore and Mumbai. He also pioneered the establishment of the 217 MW Jegurupadu combined cycle power plant, India’s first independent power producer and the Jaipur-Kishangarh BOT road project, a segment of the Golden Quadrilateral National Highways Development Project of the GoI.

Under his able guidance “GVK” was awarded modernization and upgradation of Chhatrapati Shivaji International Airport, Mumbai under international competitive bidding in, 2006. This complex project is on the anvil of making a bench mark international airport in the country. GVK has also acquired majority stake in Bangalore International Airport Limited (BIAL) in 2009 and is in the process of transforming this airport with international standards. Together, these two airports are going to control the majority of the passengers, traffic and cargo business in the country. Under his leadership, “GVK” also awarded the modernization of two projects to develop green field International airports in North Bali and Yogyakarta (Java), Indonesia in the year 2011. During 2011, “GVK” has acquired strategic stake in Thermal Coal and Infrastructure development projects in Queensland, Australia from the Hancock Group for US$ 1.26 billion. This project has the distinction of being the single largest Foreign Investment by an Indian business group in Australia.

Dr. GVK Reddy may be deemed to be concerned or interested, financially or otherwise, to the extent of the aforesaid shareholding in respect of his appointment as Chairman & Managing Director. Mrs. G Indira K Reddy, Director, Mr. G V Sanjay Reddy, Vice Chairman and Mr. Krishna Ram Bhupal, Director of the Company being his relatives are, to the extent of their shareholding interest in the Company may be deemed to be concerned or interested, financially or otherwise, in the appointment of Dr. GVK Reddy.

This explanatory statement may also be regarded as an abstract of Memorandum under section 190 of the Companies Act, 2013 (corresponding section 302 of the Companies Act, 1956) and disclosure under Clause 49 of the Listing Agreement.

Statement as required under Section II, part II of the Schedule V of the Companies Act, 2013:

I. General Information

<table>
<tr><td>1</td><td>Nature of the industry</td><td>The Company operates through diversified assets which are predominantly in Energy, Airports, Transportation and others like Oil & Gas, Industrial Park, Urban infrastructure etc.</td></tr>
<tr><td>2</td><td>Date or expected date of commencement of commercial production</td><td>The Company is in the business of Operations & Management since 1996</td></tr>
<tr><td>3</td><td>In case of new companies, expected date of commencement of activities as
per project approved by financial institutions appearing in the prospectus</td><td>Not applicable</td></tr>
<tr><td>4</td><td>Financial performance based on given indicators</td><td><table>
<tr><td colspan="3" align="right">(Rs. In lakhs)</td></tr>
<tr><th rowspan="2">Particulars</th><th colspan="2">Years</th></tr>
<tr><th>2012-13</th><th>2013-14</th></tr>
<tr><td>Revenue</td><td>2,780</td><td>3,243</td></tr>
<tr><td>Profit before tax</td><td>(1,032)</td><td>(567)</td></tr>
<tr><td>Profit after tax</td><td>(2,404)</td><td>(2,343)</td></tr>
</table></td></tr>
<tr><td>5</td><td>Foreign investments or collaborations, if any.</td><td>The Company is a listed entity and around 16.06% of equity is held by FII’s, OCBs and Foreign investors</td></tr>
</table>

II Information about Dr. G V K Reddy

<table>
<tr><td>1</td><td>Background details</td><td>Dr. G V K Reddy is the Chairman & Managing Director of GVK Power & Infrastructure Ltd, Executive Chairman in Mumbai International Airport Private Limited and Co-chairman in Bangalore International Airport Ltd</td></tr>
<tr><td>2</td><td>Past remuneration</td><td>
<table>
<tr><td colspan="4" align="right">(Rs. In lakhs)</td></tr>
<tr><td></td><td>2011-12</td><td>2012-13</td><td>2013-14</td></tr>
<tr><td>Remuneration received</td><td>144</td><td>164.92#</td><td>54*</td></tr>
</table>
Out of which, refunded excess remuneration of Rs. 116.92 Lakhs refunded due to inadequacy of profits
* Out of which, refunded excess remuneration of Rs. 38 Lakhs due to inadequacy of profits
</td></tr>
<tr><td>3</td><td>Recognition or awards</td><td>a) Conferred with the “Padma Bhushan” the second highest civilian award by the Government of India in the category of Trade and Industry on 25th January, 2011
b) “Infrastructure Person of the Year 2013” for his contribution to the Infrastructure sector.
c) Lifetime Achievement Award for his contribution to the aviation sector in the country.</td></tr>
<tr><td>4</td><td>Job profile and his suitability</td><td>Subject to the supervision and control of the Board, Dr. GVK Reddy is in overall in-charge of the affairs of the Company. He is the founder Chairman of the group and first generation entrepreneur. Under his able guidance and leadership the Company and the GVK group have grown tremendously.</td></tr>
<tr><td>5</td><td>Remuneration proposed</td><td>No remuneration</td></tr>
<tr><td>6</td><td>Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin)</td><td>Though the salary and perks are fixed by the Remuneration Committee and the Board, to match the industry profile, Dr. GVK Reddy declined to take any salary until the Company start making profit.</td></tr>
<tr><td>7</td><td>Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.</td><td>Dr. GVK Reddy holds 78,82,720 shares in the Company, directly and 85,67,29,340 shares through his family and others aggregating to 54.25% and is a relative of Mrs. G Indira Krishna Reddy, Mr. G V Sanjay Reddy and Mr. Krishna Ram Bhupal directors of the Company.</td></tr>
</table>

III Other information

1	Reasons of loss or inadequate profits	Losses are mainly due to the shortage/absence of Gas supplies to the Gas based power projects and the interest costs on the funds borrowed for acquiring the airport assets.
2	Steps taken or proposed to be taken for improvement	The entire Infrastructure Industry across the country is facing challenging times. However, existing projects under implementation commences their operations, there would be a steady flow of revenue generation in the company. The company is also exploiting various possibilities to reduce the interest costs in more ways than one.
3	Expected increase in productivity and profits in measurable terms.	Same as above.

Save and except Dr. GVK Reddy and his relatives as stated above, none of the other Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the above resolution set out at Item No: 6 of the Notice.

In terms of sections 196, 197 and 203 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V of the Act, the Board of Directors of the company recommends the above special resolution for re-appointment of Dr. GVtK Reddy as Chairman & Managing Director for your approval.

Item Nos: 7 and 8

The members of the Company at their 11th Annual General Meeting held on 09-09-2005, had approved respective resolutions under section 293(1)(a) and 293(1)(d) of the erstwhile Companies Act, 1956 for mortgaging the properties of the company in favour of the lenders and also for exercising the borrowing limits up to an aggregate amount of Rs. 2,000 Crores for the purpose of business of the company.

Pursuant to notification of Section 180 of the Companies Act, 2013, prior consent of the Shareholders by a special resolution is required to enable the Board of Directors to exercise these powers which, in aggregate, may exceed the paid-up capital and free reserves of the Company and to create charge on movable/immovable properties of the Company in favour of the lenders.

Further, the Ministry of Corporate Affairs vide their circular no.4 dated: 25-03-2014 had clarified that all such resolutions passed earlier under section 293(1)(a) and 293(1)(d) of the erstwhile Companies Act, 1956 are valid and effective only for a period of one year up to 11-09-2014. Any such mortgages and borrowings after this date would require a fresh prior approval of the shareholders under section 180 of the Companies Act, 2013 through a special resolution. It is imperative that such an authority is required to be delegated to the Board of Directors or its Committee for carrying on the business of the Company in the ordinary course and the Board is of the view that the earlier approved borrowing limits of up to Rs. 2,000 Crores would be sufficient to carry on the business. Hence, the Board is not proposing any increase in these limits. Accordingly, the Board of Directors of the company at its meeting held on 29-05-2014 had approved these proposals subject to your approval.

None of the Directors / Key Managerial Personnel and their relatives are interested or concerned, financially or otherwise in the above special resolution set out under Item No: 7 & 8 of the Notice.

Item No: 9

Table A of the erstwhile Companies Act, 1956, prescribes a standard and uniform set of regulations to be followed by every public limited company. It is common practice for all such companies to adopt "Table A" regulations, except those that are not inconsistent or repugnant to their own set of Articles of Association.

Since, the Companies Act, 2013, has been notified and became effective, a new "Table F" has been prescribed in place of "Table A" of erstwhile Companies Act, 1956. Your company, intends to adopt this new Table F, except in so far as they are not inconsistent with or repugnant to any of the regulations contained in the Articles of the Association of the Company.

Further, in terms of the provisions of section 203 of the Companies Act, 2013, the office of the Chairman and the Managing Director or Chief Executive Officer cannot be held by one person unless the Articles of Association provides otherwise or the Company is having multiple business operations.

You are aware that your company operates in multiple businesses i.e. energy, airports, transportation, resources and others under the able guidance of Dr. GVK Reddy, Founder Chairman of the GVK Group. It is under his vision and guidance your company has grown to what it is today.

The Board of Directors of your company at its meeting held on 29th May, 2014 had unanimously felt that Dr. GVK Reddy should continue to hold both the positions of Chairman and the Managing Director for a better and continued control over various business operations and also to make suitable changes if required to the Articles of Association. Accordingly, certain changes were proposed under Article 125A of the Articles of Association of the Company. Your Board of Directors of the Company recommends these resolutions as set out in the Item No.9 of the notice.

Save and except Dr. GVK Reddy, Chairman & Managing Director none of the Directors / Key Managerial Personnel and their relatives are interested or concerned financially or otherwise in the above special resolution.

Item No: 10

The members are requested to note that for the purpose of raising additional long-term resources to invest in existing/ expansion/new projects under operations/under development/new ones which are being implemented through subsidiaries/ associate companies, among other financial obligations of the Company and after consideration of the various options that were available to the Company for the purposes of raising resources, it is proposed to raise funds upto such sum(s) not exceeding Rs. 1,000 Crores (with a Green Shoe Option to retain up to Rs. 500 Crores from the excess subscriptions received) by way of issuance of equity shares of the Company ("**Equity Shares**") and/or any instruments or securities convertible into Equity Shares (either at the option of the Board or holder thereof) to Qualified Institutional Buyers (**QIB**) (as defined by the

SEBI ICDR Regulations) pursuant to a Qualified Institutions Placement, as provided under Chapter VIII of the SEBI ICDR Regulations.

The resolutions contained in the Notice relates to a proposal by the Company to issue equity shares (**Eligible Securities**) to Qualified Institutional Buyers (**QIBs**) as defined under SEBI ICDR Regulations, seeks to empower the Board of Directors or its Committee of the Company to undertake a Qualified Institutional Placement in terms of Chapter VIII of SEBI ICDR Regulations to the QIBs.

The objects of the proposed issue is to fund the execution and completion of the existing projects which are taken up/to be taken up by the company through its subsidiaries and associate companies, to strengthen the capital base of the Company and for general corporate purposes. The pricing of the Eligible Securities to be issued to QIBs shall be freely determined subject to such prices not being less than the price as calculated in accordance with the SEBI ICDR Regulations as amended.

The detailed terms and conditions of the issue as and when made will be determined by the Board or its committee in consultation with the merchant bankers, lead managers, advisors and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

This resolution seeks to give the Board, powers to issue Eligible Securities in one or more tranche or tranches, at such time or times, at such price or prices and to such person(s) including institutions, incorporated bodies and/or individuals or otherwise as the Board in its absolute discretion deem fit and is valid for a period of one year from 13-08-2014. The detailed terms and conditions for the offer will be determined by the Board in consultation with the Advisors, Lead Managers, Underwriters and such other authority or authorities as may be required to be consulted by the Company considering the prevailing market conditions and other relevant factors.

The issue/allotment would be subject to the availability of regulatory approvals, if any, and the Equity Shares, which would be allotted in these terms, shall rank pari passu in all respects including dividend with the existing Equity Shares of the Company.

The consent of the Shareholders is being sought pursuant to Section 62 and other applicable provisions of Companies Act, 2013 read with Companies (Prospectus and Allotment of Securities) Rules, 2014 and Companies (Share Capital & Debentures) Rules, 2014, Chapter VIII of the SEBI ICDR Regulations and in terms of the Listing Agreement entered by the Company with the respective Stock Exchanges in India where the Company's Equity Shares are listed. Since the above authority involves issue of Equity Shares to persons other than the existing shareholders, your approval through a Special Resolution in terms of Section 62(1)(c) is required . The Board of Directors believes that the above proposal is in the best interest of the Company and therefore recommends the special resolution listed in Item No:10 of the Notice for your approval.

Save and except to the extent of their respective shareholding interest, if any, none of the Directors, key managerial personnel or their relatives, is interested or concerned, financially or otherwise, in the above special resolution(s).

By order of the Board

Place : Hyderabad
Date : May 29, 2014

P V Rama Seshu
General Manager & Company secretary

Annexure

Brief details of Directors seeking appointment / re-appointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

Name of the Director	**Mrs. G Indira Krishna Reddy**	**Mr. S Anwar**
Date of Appointment	20-02-2005	14-11-2013
Date of Birth	17-10-1944	15-08-1945
Qualifications	B.Sc	I.A.S. (Retd.)
Expertise in specific functional areas	She has over 29 years of experience in the fields of Finance, Hospitality and Management. Currently, she is the Managing Director of Taj GVK Hotels & Resorts Limited apart from being the Director on the boards of various other companies in the GVK Group.	General and Public Administration
List of Companies in which outside Directorship is held as on 31.03.2014	TAJGVK Hotels & Resorts Ltd Novopan Industries Ltd GVK Industries Ltd Alaknanda Hydro Power Company Ltd GVK Energy Ltd GVK Gautami Power Ltd Mumbai International Airport Pvt Ltd Bangalore International Airport Ltd Vertex Projects Ltd GVK Projects & Technical Services Ltd Pinakini Share & Stock Brokers Ltd	TAJGVK Hotels & Resorts Ltd
Chairman/Member of the *Committees of other Companies on which he/she is a Member as on 31.03.2014	Bangalore International Airport Limited	Nil

* The Committees include the Audit Committee, the Remuneration Committee and the Shareholder's / Investor Grievance Committee.

Directors Report

Dear Stakeholders,

Your Directors submit the 20th Annual Report of the Company along with the audited financial statements for the financial year ended March 31st, 2014.

Consolidated Financial results

Being a Holding Company of different vertical business operations, your company doesn't have independent operating revenues other than O&M fee, incentives and dividends, if any, from its subsidiaries, Interest and other treasury income earned on surplus funds. Following is the summary of consolidated financial results of the company, its subsidiaries and associates.

(Rs. Lakhs)

Particulars	2013-14	2012-13
Financial Performance		
Operational Income	**282,093**	260,765
EBIDTA	**100,596**	68,325
Other Income	**12,066**	13,613
Interest & Financial Charges	**96,452**	74,609
Depreciation	**43,771**	35,118
Provision for taxes	**14,460**	12,870
Profit before tax and share of profits for associate and minority interest	**(42,021)**	(40,659)
Add: Share of income from Associates	**2,764**	5,092
Less: Minority Interest	**(2,390)**	(1,970)
Total Profit for the year	**(36,867)**	(33,597)
EPS (Rupees)		
Weighted Average no. of Equity Shares	**1,579,210,400**	1,579,210,400
Basic and Diluted	**(2.23)**	(2.13)
Financial Position		
Fixed Assets (Net of Depreciation)	**2,236,641**	2,104,619
Cash and Bank balance	**186,567**	208,016
Net Current Assets	**(207,973)**	(246,769)
Total Assets	**3,203,046**	2,788,652
Equity	**15,792**	15,792
Reserves	**262,026**	298,739
Net worth	**277,818**	314,531

Our total income from operations for the year increased to Rs. 2,82,093 Lakhs from Rs. 2,60,765 Lakhs of the previous year registering a growth of 8.18%. The Power segment contributed an income of Rs. 36,698 Lakhs, (9.56% of total income) compared to Rs. 89,545 Lakhs (13% of total income) in the previous year. The Transportation segment contributed an income of Rs. 27,195 Lakhs (9.64% of total income) compared to Rs. 24,933 Lakhs in the previous year. Airport Segment contributed an income of Rs. 218,200 Lakhs (77.35% of total income) compared to Rs. 146,212 Lakhs in the previous year. The other segment contributed Rs. Nil compared to Rs. 75 Lakhs in the previous year. The Airport assets (Bangalore Airport) have contributed to net profit of Rs. 2,764 Lakhs compared to Rs. 5,092 Lakhs in the previous year.

The net loss after tax, share of profit from associate and minority interest was Rs. 34,148 Lakhs as against net loss of Rs. 33,597 Lakhs in the previous year. The net loss is mainly attributable to drop in generation of power due to no supply of natural gas to Jegurupadu Phase II and Gautami Power Plants and an increase in interest costs on the funds borrowed for acquiring airport assets. The Company is exploring various options, including raising funds from the market through permissible modes to reduce the interest costs and also to meet other general corporate purposes.

Dividend

The Board of Directors of your company has not recommended any dividend for the financial year 2013-14.

Management Discussion and Analysis

A report for the year under review as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges is presented in a separate section forming part of the Annual Report.

Corporate Governance

Corporate Governance, as required under Clause 49 of the Listing Agreement with the Stock Exchanges, a certificate from the Company Secretary in Whole-time-practice on compliance with the mandatory recommendations of the Narayana Murthy Committee on Corporate Governance is annexed to the Directors Report. As in the past, your company continues to follow best of Corporate Governance policies.

Subsidiaries and Consolidated Financial Statements

As on 31st March, 2014 your Company has 7 direct Subsidiaries, 16 step down Subsidiaries and 2 Associate Companies. A list of these companies is provided separately as Annexure “A” to this report. There has been no material change in the nature of the business of the subsidiaries. Details of major subsidiaries of the Company and their business operations during the year under review are covered in the Management Discussion and Analysis Report.

Pursuant to the provision of section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No. 2/2011 dated: 08-02-2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. As required under the said Circular, the Board of directors of your Company at its meeting held on 6th February, 2014 gave its specific consent for not attaching the balance sheets of its subsidiaries, as they would be made available to its members at the company’s website.

A statement containing the brief financials of the Company’s subsidiaries for the financial year ended 31st March, 2014 is provided as Annexure “B” to this report. Accordingly, this annual report does not contain the reports and other statements of the subsidiary companies. Any member intends to have a certified copy of the Balance Sheet and other financial statements of these subsidiaries may write to the Company Secretary. These documents are available for inspection during business hours at the registered office of the Company and that of the respective subsidiary companies.

Developments in the existing assets

(i) Energy

Since March 2013, there has been no supply of natural gas to Jegurupadu II and Gautami power projects of your company. Hence, both the plants are kept under long term preservation mode. However, with a restricted supply of gas, Jegurupadu Phase I plant operated at a part load (50% PLF). As the plants are either not operating or partly operational and the situation of non-availability of gas is expected to continue for the foreseeable future, the Major Maintenance of gas turbines is also deferred.

(ii) Airports

Mumbai International Airport Limited (MIAL):

During the year, MIAL has completed the construction of the state-of-the-art Terminal II (T2) at GVK Chhatrapati Shivaji International Airport (CSIA). The new T2 built in four years is an Iconic global mega structure and India’s first and the most advanced vertical passenger terminal that integrates world class design, architecture, infrastructure and operational efficiency with a rich infusion of Indian heritage and cultural character. The new T2 was inaugurated by the then Prime Minister of India Dr. Manmohan Singh on 10th January 2014 and commenced international operations from 12th February 2014. The Iconic 83.8 m ATC Tower was also commissioned from 1st February 2014.

The new T2 houses the world's largest art programme 'Jaya He' in the form of a 3 km multi storeyed art gallery. The airport also has a multi level car parking facility to park 5,200 cars, largest in the country.

Bangalore International Airport Limited (BIAL):

The expansion of existing Terminal 1A with a new elevated design, exteriors, facilities and infrastructure was successfully completed and inaugurated by Chief Minister of Karnataka, Mr. Siddaramaiah on 14th December 2013. The commercial operations of the new Terminal 1A commences from 8th February 2014. The airport is now set to handle 20 million passengers per year. The modernised airport not only reflects the city's dream but also culture, ethos and landscape of the State of Karnataka. The new Terminal 1A epitomises the technological prowess of Bengaluru. Apart from the new VIP Terminal at the airport that befits the prominent personalities who visit the city, the airport is ready to accommodate large aircraft such as Airbus 380. Befitting the garden city, the airport has been designed with a 100 acres of landscape greeting the traveller to bring out the essence of city as tranquil and greenzone. The modernised Bangalore International Airport has been renamed as Kempegowda International Airport, Bengaluru.

(iii) Transportation

The 83.04 km Deoli-Kota Road Project is nearing completion and the commercial operations are likely to start during FY 14-15. This project has the longest tunnel (1.1 km) in state of Rajasthan.

Emerging Opportunities

During the year, GVK received the environmental approval from State and Federal governments for its Kevin's Corner thermal coal project in the Galilee Basin in the Queensland, Australia.

During the year, Aurizon and GVK Coal Infrastructure (Singapore) Pte Ltd (GVK Hancock) have reached a significant milestone towards their proposed transaction for the joint development of a rail line and a new coal terminal at the existing Abbot Point Port to unlock the Galilee Basin's coal resources, including GVK Hancock's Alpha, Alpha West and Kevin's Corner coal projects. In November of 2013, GVK Hancock and Aurizon reached alignment on a rail solution and on the commercial terms for the proposed transaction such as governance, timing of milestones, funding and conditions for completion. The parties have since progressed the proposed transaction significantly and expect to complete the transaction in the coming weeks, subject to meeting necessary approvals.

Mr. Darren Yeates, has been appointed as new Chief Executive Officer, who brings in over 30 years of experience in technical, operating and senior management roles within the mining industry. Prior to joining GVK, he spent 23 years with Rio Tinto where his most recent positions were Acting Managing Director and Chief Operating Officer at Rio Tinto Coal Australia.

Financial Statements

As required under the Listing Agreement entered into with the Stock Exchanges, the audited stand alone and consolidated financial statements of the Company along with its subsidiary Companies are attached herewith and form part of this annual report. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under section 211(3C) of the Companies Act, 1956. These financial statements disclose the assets, liabilities, income, expenses and other details of the company, its subsidiaries and associate companies.

Management's response on the Auditors qualification

GVK Power & Infrastructure Limited (GVKPIL) had incorporated a subsidiary GVK Oil & Gas Limited (GVK) for carrying out the business activity of exploration & production of Oil & Gas. GVK along with M/s BHP Billiton (BHP) had bid for 7 of the 57 blocks offered by the Ministry of Petroleum and Natural Gas (Ministry) under New Exploration and Licencing Policy, Seventh offer of Blocks ("NELP VII"). The consortium of GVK & BHP was awarded the license for exploration, development and production of oil / gas in 7 blocks. Six of the blocks are off the western coast and one block is off the Kerala-Konkan coast. The consortium of GVK & BHP had entered into a Production Sharing Contract (PSC) with Ministry on December 22, 2008 for all the seven blocks allotted. The participating interest held by GVK and BHP in each of the blocks are 74% and 26% respectively. BHP was appointed as the Operator for the Blocks pursuant to the Joint Operating Agreements ("JOAs") entered between BHP and GVK for each Block, each dated December 22, 2008.

Under the PSC, the contractor has the obligation to complete the minimum work program and the mandatory work program for each of the blocks within the time stipulated therein. The minimum work program in all blocks (except MB 3) was completed as committed under the PSC's. Only, 3D seismic data acquisition, processing and interpretation ("API") in an area covering 300 Sq. KM in MB 3 (as part of committed work program) couldn't be completed, because of the defence (Naval) restrictions and later conditional release imposed. Subsequently, the clearance was given by introducing additional conditions by the Ministry, which was neither contemplated by the Contractor at the time of entering into the PSC nor was the Contractor informed of the existence/requirement of such conditions by the Government of India at that time. This has not only rendered the performance obligations of the Contractor under the PSC impossible but has also destroyed the foundation and the objectives of the PSC. Hence, during the year, Termination Notice has been served by GVK on the Ministry for termination of PSC. The Management based on legal advice believes that the Ministry will reimburse the costs incurred by it and accordingly no adjustment is required for carrying value of investments and advances aggregating to Rs. 17,745 Lakhs and guarantee aggregating to Rs. 813 Lakhs issued by the Company for subsidiary.

Corporate Social Responsibility (CSR)

The Company's CSR initiatives are being implemented through GVK Foundation, a CSR Firm of the GVK Group. This Foundation is involved predominantly in the areas of education, health and hygiene, community based programs, including art, music, sports and other socio economic and culture activities. These activities are being developed/encouraged different parts of the country.

As required under the Companies Act, 2013, the Board of Directors of your company at its meeting held on 29th May, 2014 has constituted a CSR Committee comprising of Dr. GVK Reddy, as Chairman and Mr. G V Sanjay Reddy and Mr. Ch G Krishna Murthy, as other Members. This Committee has been entrusted with the responsibility of formulating and recommend to the Board a CSR policy broadly indicating the activities to be undertaken by the company apart from the activities (already under implementing) that are mandatory in the implementation of the frame work of CSR policy and recommend the money to be spent on each of the activities as prescribed under Act and the Rules made thereunder.

From now onwards your company will endeavour to extend these CSR activities to the areas across the country, where the company's operations are present, directly or through its subsidiaries / associates.

Directors

Appointments by rotation

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company Mrs. G Indira Krishna Reddy, Director of the company will retire by rotation at this meeting and being eligible, your Board recommends her re- appointment.

Confirmation of Appointment

Pursuant to the provisions of the section 161 of the Companies Act, 2013 read with the Article 109 of the Articles of Association of the company, Mr. S Anwar is appointed as the Additional Director (Independent) w.e.f. 14th November, 2013 and he shall hold office only up to the date of this Annual General Meeting. Being eligible, the Board recommends his appointment as an Independent Director of the Company in terms of section 149(10) of the Companies Act, 2013 for a continuous period of 5 (five) years for a term up to 12th August, 2019.

Demise

Dr. A. Ramakrishna, Independent Director of the company was expired on 20th August, 2013. He was associated with the Company for a very long time. The board places on record it's appreciation for the valuable services rendered by Dr. A. Ramakrishna and prayed for his soul to rest in peace.

Resignation

Due to personal reasons, Mr. K N Shenoy, an Independent Director, has expressed his inability to continue on the Board and submitted his resignation vide his letter dated 8th May, 2014. The Board at its meeting held on 29th May, 2014, accepted the same and placed on record its appreciation for the valuable services rendered by Mr. Shenoy, during his long association with the company.

Cessation

In terms of sub-section (10) of section 149 of the Companies Act, 2013 (effective from 01-04-2014), every listed company shall appoint Independent Directors, who shall hold office for a term up to 5 (five) consecutive years on the Board of a company and sub section (11) of section 149 states that no Independent Director shall be eligible to be appointed for more than 2 (two) consecutive terms of 5 (five) years.

Further, it may be noted that sub-section (5) of section 149 of the Companies Act, 2013, provides for a transitional period of one year (from 01-04-2014) for re-appointment of the Independent Directors, if eligible, for a consecutive period of 5 (five) years (if, it is intended so by the Board) subject to compliance with the eligibility and other prescribed conditions.

The Board at its meeting held on 29th May, 2014, has decided to re-constitute/ broad base the Board, if need be, within the above said transitional period, after a detailed review of the latest regulations governing the appointment of the Independent Directors in the Companies Act, 2013 and the Listing Agreement with the Stock Exchanges.

All the Independent Directors of the company were appointed earlier as Directors whose period of office is liable to retire by rotation under the provisions of the erstwhile Companies Act, 1956. The Board of Directors of the company at its meeting held on 29th May, 2014 had taken a decision that all the existing Independent Directors, except Mr. S Anwar, (who is being confirmed at this AGM) and Mr. P Abraham and Mrs. Ranjana Kumar (who are retiring by rotation at this AGM) would serve their current term as Directors whose office is liable to retire by rotation based on their term of original appointment by shareholders.

Accordingly, Mr. P Abraham and Mrs. Ranjana Kumar, Independent Directors, are retiring by rotation at this AGM and the Board is not proposing their re-appointment at this AGM. The Board would like to thank both Mr. Abraham and Mrs. Ranjana Kumar for their guidance and support extended to the Company and placed on record its appreciation for their valuable services rendered during their tenure on the Board.

The remaining Independent Directors, who do not complete their term at this AGM, will continue to hold office till the expiry of their term, based on the retirement period calculation and thereafter would be re-appointed, if eligible, for a fixed term in accordance with the Companies Act, 2013 and the Regulations made thereunder.

Directors' Responsibilities Statement

Pursuant to the requirements eligible under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibilities Statement, it is hereby confirmed that;

i) in the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;

ii) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2014 and of the profit or loss of the Company for the said period;

iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) the directors had prepared the annual accounts for the financial year ended 31st March, 2014 on a "going concern" basis.

Auditors

In terms of the sub-section (2) of section 139 of the Companies Act, 2013 (effective from 01-04-2014) no Listed company shall appoint or re-appoint an Auditing Firm as the Auditor for more than two terms of five consecutive years. Provided that the firm is eligible to be appointed or re-appointed in the same company after five years from the completion of existing term. In pursuance of the above, every listed company shall comply with this requirement within a transitional period of three years from the date of commencement of the Act i.e. 1st April, 2014.

M/s. S R Batliboi & Associates LLP, the existing Auditors, have been appointed on 13th September, 2002, as the Statutory Auditors of the Company for auditing the annual financial statements of the company from the financial year 2002-03 and have completed the permissible period of two terms of five years each as on date. The company would like to comply with this new provision within said transitional period of three years. In the meantime, the company proposed to re-appoint M/s. S R Batliboi & Associates LLP as Statutory Auditors for the financial year 2014-15.

M/s. S R Batliboi & Associates LLP, the Statutory Auditors of the Company will retire at the conclusion of this Annual General Meeting and being eligible, they have offered themselves for re-appointment as Statutory Auditors and have confirmed that their re-appointment, if made, would be within the limits prescribed under section 141 of the Companies Act, 2013. Accordingly, the Board recommends their re-appointment at this AGM.

Board Committees

The Board of Directors at its meeting held on 29th May, 2014 has rechristened the existing Remuneration Committee as Nomination and Remuneration Committee and Investors Grievance Committee as Stakeholders Relationship Committee apart from constituting a Corporate Social Responsibility Committee so as to be in line with what is prescribed under the Companies Act, 2013 and Clause 49 of the amended Listing Agreement with the Stock Exchanges.

Key Managerial Personnel

Dr. GVK Reddy, Chairman & Managing Director, Mr A Issac George, Director & CFO and Mr. P V Rama Seshu, GM & Company Secretary of the Company were nominated as Key Managerial Personnel (KMP) of the Company under the provisions of section 203 of the Companies Act, 2013.

Awards and recognitions

Following are some of the awards and recognitions that your Company/its Subsidiaries/Associates received during the current year.

Mumbai International Airport Pvt Ltd (MIAL)

- The CSIA has been rated as 5th best airport globally in 25 - 40 MPPA category in annual ACI airport service, quality, survey for 2013.
- Forbes India award for 'Jaya He' art programme at new T2.
- Best cargo airport 2013 (runner up) by ACAAI for outstanding performance of cargo team in 2013.
- Best airport (Excellence in connecting the cargo community) from ACAI and the KALE logistics for the second consecutive year.

Bengaluru International Airport Limited (BIAL)

- Honoured with "Emerging Cargo Airport of the Year" award at the STAT TIMES International Award for Excellence in Air Cargo
- "Best Airport Marketing Award" in India along with Hyderabad's Rajiv Gandhi International Airport, at the India Aviation Conference and Exhibition 2014 held in Hyderabad.
- First airport in Asia pacific to be certified in Business Continuity Management under BS 2599 standard.

Promoters / Directors

Dr. GVK Reddy, Chairman & Managing Director of your company has been recognized as the "Infrastructure Person of the Year 2013" for his contribution to the infrastructure sector at the Construction Week India Awards held in Mumbai. He has been honoured with the Lifetime Achievement Award for his contribution to the aviation sector in the country at the Aviation India Conference & Exhibition 2014 conducted at Hyderabad.

Other Information

The Audit Committee of the Company has reviewed the audited financial statements for the year under review at its meeting held on 28th May, 2014 and recommended the same for the approval of the Board of Directors.

Internal Control Systems and their adequacy

The Management continuously reviews the internal control systems and procedures for the efficient conduct of the Company's business. The Company adheres to the prescribed guidelines with respect to the transactions, financial reporting and ensures that all its assets are safeguarded and protected against losses. The Internal Auditor of the Company conducts the audit on regular basis and the Audit Committee actively reviews internal audit reports and effectiveness of internal control systems.

Internal Control Systems are implemented to safeguard the Company's assets from loss or damage, to keep constant check on the cost structure, to prevent revenue leakages, to provide adequate financial and accounting controls and implement accounting standards.

Public Deposits

During the year under review, your company has neither invited nor accepted any fixed deposits from the public.

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 employee(s) are set out in the Annexure "C" to this report.

Foreign Exchange Earnings and Outgo

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and outgo is provided under Notes to the Balance Sheet and Profit and Loss Account.

Acknowledgements

The Directors of your Company thank the Government of India, various State Governments and their concerned Department / Agencies / Regulatory Authorities for their continued support and cooperation. The Directors also wish to place on record the support extended by various Banks, Financial Institutions and every stakeholder of the Company.

The Directors further wish to appreciate and value the contributions made by every employee of the GVK Family.

For and on behalf of the Board of Directors

Place : Hyderabad **Dr. GVK Reddy**

Date : May 29, 2014 Chairman & Managing Director

Annexure – A

Holding Company

GVK Power & Infrastructure Limited

Subsidiaries (As on March 31, 2014)

1. GVK Energy Limited
2. GVK Airport Developers Private Limited
3. GVK Transportation Private Limited
4. GVK Oil & Gas Limited
5. GVK Perambalur SEZ Private Limited
6. GVK Developmental Projects Private Limited
7. Goriganga Hydro Power Private Limited

Step Down Subsidiaries (As on March 31, 2014)

1. GVK Industries Limited
2. GVK Gautami Power Limited
3. Alaknanda Hydro Power Company Limited
4. GVK Power (Goindwal Sahib) Limited
5. GVK Coal (Tokisud) Company Private Limited
6. GVK Ratle Hydro Electric Project Private Limited
7. GVK Power (Khadur Sahib) Private Limited
8. GVK Airport Holdings Private Limited
9. Bangalore Airport & Infrastructure Developers Private Limited
10. GVK Airports International Pte Ltd, Singapore
11. Mumbai International Airport Private Limited
12. GVK Jaipur Expressway Private Limited
13. GVK Deoli Kota Expressway Private Limited
14. GVK Bagodara Vasad Expressway Private Limited
15. GVK Shivpuri Dewas Expressway Private Limited
16. GVK Energy Ventures Private Limited

Associates (As on March 31, 2014)

1. Bangalore International Airport Limited
2. Seregarha Mines Limited

Annexure – B

Statement pursuant to general exemption of the Companies Act, 1956 and the financial information of the Subsidiary Companies.

(Rs.Lakhs)

Name of the Subsidiary	GVK Energy Ltd	GVK Airport Developers Pvt Ltd	GVK Transportation Pvt Ltd	Goriganga Hydro Power Pvt Ltd	GVK Oil & Gas Ltd	GVK Perambalur SEZ Pvt Ltd	GVK Developmental Projects Pvt Ltd
Issued and Subscribed Capital	44,827	28,000	3,750	1	5	1	1
Reserves	138,278	(78,554)	(18,060)	0	(209)	0	(1,208)
Total Assets	280,341	352,554	103,858	4,995	18,357	11,727	53,043
Total Liabilities	280,341	352,554	103,858	4,995	18,357	11,727	53,043
Investments (except investments in Subsidiaries)	794	0	0	0	0	0	0
Turnover	3,629	3,057	6	0	1	0	0
Profit/(Loss) before taxation	2,470	(27,319)	(8,820)	0	(197)	0	(1,202)
Provision for taxation	843	1,129	0	0	0	0	0
Profit/(Loss) after taxation	1,627	(28,448)	8,820	0	(197)	0	(1,202)
Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Number of shares held by GVKPIL with its nominees in the subsidiaries	250,000,000	280,000,000	37,500,000	10,000	50,000	10,000	10,000
Extent of interest in the holding company	73.94%	100%	100%	100%	100%	100%	100%

Notes:

1. The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011, dated: 8-2-2011 has granted general exemption to all the Companies for not attaching the Balance sheet, Profit & Loss account etc. of subsidiaries with the Annual Report to the Holding Company, subject to compliance of the conditions Eligible therein.

2. The Company will make available the annual accounts of the subsidiary companies and related detailed information sought by the members of the company or its subsidiaries. Further, the annual accounts of the subsidiary companies will also be kept for inspection by any member of the company or its subsidiary at the registered office of the company and that of the subsidiary companies concerned.

Annexure – C

Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1988 and forming part of the Directors' Report for the year ended 31st March, 2014

Name of the employee	Age	Qualification	Designation	Experience (Years)	% of equity shares held in company	Date of commencement of employment	Remuneration received	Previous Employment
Dr. GVK Reddy	77	BA and Owner / President Management program from Harvard University, Doctorate in Philosophy, JNTU, Hyderabad	Chairman & Managing Director	50	0.50%	14-10-2005	Rs. 54,00,000 (April to July 2013)	Executive Chairman GVK Industries Limited

(a) Remuneration received includes salary and other allowances, perquisites etc.

(b) Mrs. G Indira Krishna Reddy, Director, Mr. G V Sanjay Reddy, Vice Chairman and Mr. Krishna Ram Bhupal, Director of the Company are relatives of Dr. GVK Reddy.

(c) Dr. GVK Reddy has refunded the excess remuneration of Rs. 38 Lakhs received for the period from April to July 2013 due to absence or inadequacy of profits and had also declined to receive his remuneration for the remaining period of his term i.e. from 01-08-2013 to 13-10-2013 and the Board at its meeting held on 12-08-2013 had taken the same on record.

(d) Dr. GVK Reddy has been reappointed as CMD for another period of 5 years from 14-10-2013 without remuneration.

For and on behalf of the Board of Directors
Dr. GVK Reddy
Chairman & Managing Director

Place : Hyderabad
Date : May 29, 2014

Report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement entered into with the stock exchanges, the Company is providing below a report on the matters as mentioned in the said clause and practices followed by the Company.

1. Philosophy of the Company on the code of governance

The Company aims at achieving transparency, accountability and equity in all facets of its operations, and in all interactions with stakeholders, including shareholders, employees, government, lenders and other constituents, while fulfilling the role of a responsible corporate representative committed to good corporate practices. The Company is committed to achieve good standards of Corporate Governance on a continuous basis by laying emphasis on ethical corporate citizenship and establishment of good corporate culture which aims at true Corporate Governance.

The Company believes that all its operations and actions must result in enhancement of the overall shareholder value in terms of maximizing shareholder's benefits, over a sustained period of time.

2. Board of Directors

a) Size and composition of the Board

The policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate the Board functions of governance and management. The total strength of the Board as on 31st March, 2014 is 11 (Eleven) Directors comprising of four Promoter Directors, Six Independent Directors and one Non-Independent Director. Among the Directors, one is an Executive Director and ten are Non-executive Directors as on 31st March, 2014. The Board periodically evaluates the need for increasing or decreasing its size. Following is the present composition of our Board and their number of directorships in other companies as on 31st March, 2014.

Name of the Director	Category	Director Identification Number	Relationship with other directors	Number of memberships in Board of other Public Limited Companies	+ Associated with other Committees of Public Limited Companies	
					Member	Chairman
Dr. GVK Reddy	Chairman & Managing Director	00005212	All promoter directors are relatives	10	-	-
G Indira Krishna Reddy	NEPD	00005230	All promoter directors are relatives	10	-	-
G V Sanjay Reddy	Vice Chairman NEPD	00005282	All promoter directors are relatives	9	-	-
Krishna Ram Bhupal	NEPD	00005442	All promoter directors are relatives	11	-	-
K N Shenoy	NEID	00021373	None	4	-	1
P Abraham	NEID	00280426	None	3	-	-
Ranjana Kumar	NEID	02930881	None	5	3	-
Ch G Krishna Murthy	NEID	01667614	None	1	-	1
S Balasubramanian	NEID	02849971	None	4	1	-
A Issac George	NID	00005456	None	5	3	-
S Anwar	NEID	06454745	None	1	1	-

NEPD – Non-Executive Promoter Director NEID – Non-Executive Independent Director NID – Non-Independent Director

+ Committee memberships considered are of other companies only and those as required under the Code of Corporate Governance.

*The Board at its meeting held on 29th May, 2014 has approved the resignation of Mr. Shenoy as Independent Director.

None of the directors is i) a board member in more than fifteen public limited companies ii) a member in more than ten committees; and ii) acting as a chairman in more than five committees across all companies in which he is a director.

b) Board Meetings held during the Year

The Board of Directors met four times during the year on May 15, 2013, August 12, 2013, November 14, 2013 and February 6, 2014. The maximum gap between the two meetings was less than four months.

c) Directors Attendance and Sitting fee paid

Given in the table below is the Board Meeting attendance record of the directors during the year 2013-14.

Name of the Director	No. of	No. of meetings attended	Sitting Fees Paid (Rs.)	Presence at last AGM
Dr. GVK Reddy	4	4	-	Yes
G Indira Krishna Reddy	4	4	80,000	Yes
G V Sanjay Reddy	4	4	80,000	Yes
Krishna Ram Bhupal	4	3	60,000	Yes
K N Shenoy #	4	2	40,000	Yes
P Abraham	4	4	80,000	Yes
Ch G Krishna Murthy	4	4	80,000	No
S Balasubramanian	4	4	80,000	Yes
A Issac George	4	4	80,000	Yes
Ranjana Kumar	4	3	60,000	No
A Ramakrishna*	4	2	40,000	Yes
S Anwar**	4	2	40,000	NA

* Passed away on 20th August 2013.
**Appointed on 14-11-2013.
Resigned on 08-05-2014.

d) Availability of information to the members of the Board

The Board has unfettered and complete access to any information within the Company and from any of our employees. At meetings of the Board, it welcomes the presence of concerned employees who can provide additional insights into the items being discussed.

The information regularly supplied to the Board includes:

- Annual operating plans and budgets, capital budgets and updates
- Periodic Financial Statements
- Minutes of meetings of audit, compensation and investor grievance committee of the Company along with board minutes of the subsidiary companies General notices of interest
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary
- Materially important litigations, show cause, demand, prosecution and penalty
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems, if any
- Any materially relevant default in financial obligations to and by us
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Transactions that involve substantial payment towards goodwill, brand equity or intellectual property
- Significant development on the human resources front
- Sale of material, nature of investments in subsidiaries and assets, which are not in the normal course of business
- Details of foreign exchange exposure and the steps taken by the management to limit risks of adverse exchange rate movement
- Non-compliance of any regulatory, statutory or listing requirements as well as shareholder services such as non-payment of dividend and delays in share transfer

The Board also periodically reviews compliance reports of all laws applicable to the Company, prepared by the designated employees as well as steps taken to rectify instances of non-compliance.

3. Committees of the Board

a) Code of Conduct

The Board of Directors of the Company has laid a code of conduct for Directors and the senior management. The code of conduct is posted on the Company's website. All Directors and designated personnel in the senior management have affirmed compliance with the code for the year under review. A declaration to this effect duly signed by Dr. GVK Reddy, Chairman & Managing Director is annexed to this report.

Details of Directors seeking appointment / re-appointment as required under Clause 49 of the Listing Agreement pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed / re-appointed is given as an Annexure to the notice.

b) Audit Committee

In terms of Clause 49 of the Listing Agreement, the Audit Committee constituted by the Board consists of only Non-Executive and Independent Directors. The committee had met four times on May 14, 2013, August 11, 2013, November 13, 2013 and February 5, 2014. The attendance details for the Committee meetings are as follows:

Name of the Member	Category	No. of meetings	
		Held	Attended
Ch G Krishna Murthy	Chairman	4	4
P Abraham	Member	4	4
S Balasubramanian	Member	4	3
A Ramakrishna*	Member	4	2

* Passed away on 20-08-2013

c) The terms of reference as stipulated by the Board to the Audit Committee include:

a) Review of the Company's financial reporting process and disclosure of its financial information.

b) Recommending the appointment and removal of external auditors, fixation of audit fee and recommending payment for any other services.

c) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on

(i) Changes in accounting policies and practices

(ii) Major accounting entries involving estimates based on the exercise of judgment by the management

(iii) Qualifications in the draft audit report

(iv) Significant adjustments arising out of audit

(v) The going concern assumption

(vi) Compliance with accounting standards

(vii) Compliance with stock exchange and legal requirements concerning financial statements

(viii) Disclosure of any related party transactions

d) Reviewing with the management, the external and internal auditors the adequacy of internal control systems.

e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.

f) Discussion with internal auditors of any significant findings and follow up there on.

g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.

h) Discussion with statutory auditors about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

The committee is in compliance with its requirements under this charter.

d) Nomination and Remuneration Committee

The existing Remuneration Committee has been renamed as Nomination and Remuneration Committee to align with the Companies Act, 2013 and it comprises of following Non-Executive Independent Directors.

*K N Shenoy - Chairman

P Abraham - Member

S Anwar - Member

* Resigned from the Board/committees on 08-05-2014

The committee has been constituted to recommend/review the remuneration package of the Managing/Whole-Time Directors, nomination of Directors / Key Managerial Personnel and one level below the Board along with the heads of department apart from deciding other matters such as framing and implementation of stock option plans to employees, etc. The remuneration policy is directed towards rewarding performance based on review of achievements which are being reviewed periodically which is in consonance with the existing industry practices. This Committee meets as and when required.

e) Stakeholders Relationship Committee

The existing Shareholders' / Investors' Grievance Committee has also been renamed as Stakeholders Relationship Committee to meet the requirements under the Companies Act, 2013 and it comprises of following Directors and the majority of whom are Non-Executive Independent Directors.

Ch G Krishna Murthy - Chairman

A Issac George - Member

S Anwar - Member

The Stakeholders Relationship Committee reviews and redresses all the issues, grievances of every stakeholder periodically and meets as and when required.

Details of complaints received / resolved during the financial year 2013-14

Nature of Complaint	Received	Resolved	Pending
Non receipt of Refund Order	0	0	0
For Non receipt of			
- Dividend Warrant	28	28	0
- Annual Report	30	30	0
- Share Certificate	17	17	0
Total	**75**	**75**	**0**

f) Ethics & Compliance Committee

The Ethics & Compliance Committee was constituted pursuant to the amended regulations of SEBI (Insider Trading Regulations), 1992 and comprises of the following Non-Executive Independent Directors.

Ch G Krishna Murthy - Member

* K N Shenoy - Member

* Resigned from the Board/committees on 08-05-2014

The Company has a Code of Conduct for Prevention of Insider Trading as prescribed by the Securities and Exchange Board of India. The Committee monitors the implementation of the Code and takes on record the status reports detailing the dealings in securities by the Eligible Persons.

4. Whistle-blower policy

We have established a policy for all the employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy. The mechanism under the said policy also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairman of the

Audit Committee in exceptional cases. We further affirm that during the financial year 2013-14, no employee has been denied access to the audit committee.

Mr. P V Rama Seshu, General Manager & Company Secretary of the Company has been designated as the Compliance Officer and also acts as the Secretary to all the above Committees.

5. Annual General Meetings

a) Annual General Meetings

Year	Date	Time	Venue
2010-11	06.08.2011	12.05 P.M.	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad – 500 073
2011-12	08.08.2012	11.30 A.M	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad – 500 073
2012-13	12.08.2013	11.30 A.M	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad – 500 073

b) Extraordinary General Meeting / Postal ballot

During the F.Y 2013-14 the company had not held any Extra ordinary General Meeting / Postal Ballot.

To widen the participation of shareholders in company decisions, the Securities and Exchange Board of India has directed top 500 listed companies to provide e-voting facility to their shareholders from October, 2012 onwards, in respect of those businesses which are transacted through postal ballot.

Further, the Companies Act, 2013 and Clause 35B of the Listing Agreement also requires a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings.

6. Disclosures

The Board of Directors receives the requisite disclosures, from time to time, relating to financial and commercial transactions from the key managerial personnel of the Company. There are no materially significant related party transactions, which have potential conflict with the interest of the Company at large.

There have not been any occasion of non-compliance by the Company and therefore, no penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets since the company was listed on the stock exchanges.

7. Means of Communication

The quarterly and annual financial results of the Company are generally published in National Newspapers i.e. The Economic Times, The Financial Express or Business Standard in English and Andhra Prabha or Surya a regional newspaper in vernacular language.

8. SEBI Complaints Redressal System (SCORES)

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

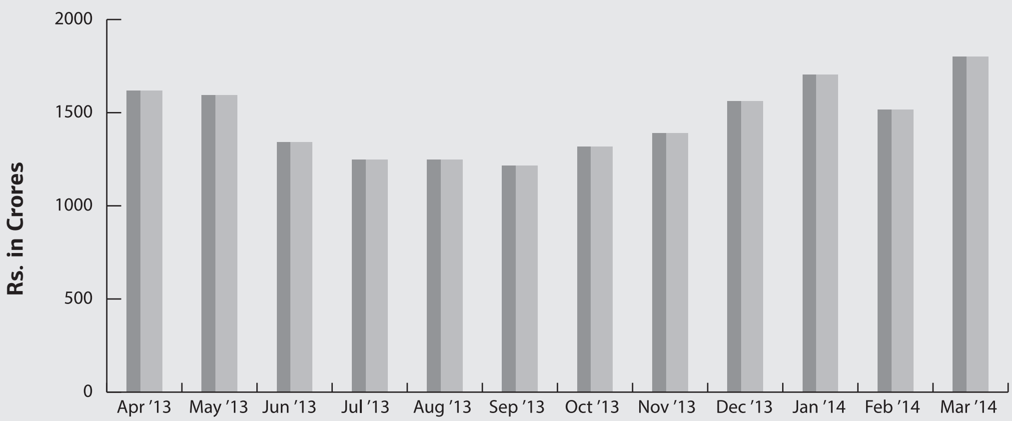
9. General Shareholder Information

1.	Annual General Meeting Day, date and time Venue	: : :	Wednesday, the 13th August, 2014 at 11:30 am Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073
2.	Book Closure Dates	:	09-08-2014 to 13-08-2014 (both days inclusive)
3.	Calendar of events (tentative and subject to change) for financial reporting for the period ending		
	- Jun 30, 2014	:	Aug 2014
	- Sep 30, 2014	:	Nov 2014*
	- Dec 31, 2014	:	Feb 2015*
	- Mar 31, 2014	:	May 2015*
	- AGM for 2014-15	:	Aug 2015* (*tentative)
4.	Listing of equity shares is at	:	**The National Stock Exchange of India Limited** Exchange Plaza, BandraKurla Complex, Bandra East, Mumbai - 400 051 **The Bombay Stock Exchange Limited** Floor 25, P J Towers, Dalal Street Fort, Mumbai – 400001 Annual Listing Fee has been paid for the year 2014-15 to both the Exchanges
5.	Stock Code	:	BSE: 532708, NSE: GVKPIL ISIN : INE251H01024
6.	Corporate Identification Number (CIN) allotted by the Ministry of Corporate Affairs	:	**L74999AP2005PLC059013**
7.	Share Transfer System	:	Share transfer requests, which are received in physical form are processed and the share certificates returned within a period o f 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.
8.	Secretarial Audit	:	Secretarial Audit is being carried out every quarter by a Practicing Company Secretary and his audit report is placed before the Board for its perusal and filed regularly with the Stock Exchanges within the stipulated time.
9.	Location	:	Registered Office : 'Paigah House', 156-159, Sardar Patel Road, Secunderabad – 500 003 Phone No. 040-27902663 / 64, Fax: 040-27902665 Email: cs.gvkpil@gvk.com, Website: www.gvk.com
10.	Registrar & Share Transfer Agents	:	Karvy Computershare Private Limited Unit: GVK Power & Infrastructure Limited Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 Phone: 040 - 44655133, Fax : 040 - 23420814 E-mail: mailmanager@karvy.com, website: www.karvy.com
11.	Query on the Annual Report (Shall reach 10 days before the AGM)	:	P V Rama Seshu, GM & Company Secretary-Compliance Officer GVK Power & Infrastructure Limited, 'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003 Ph: 040-27902663/64, Fax: 040-27902665

Changes in Share Capital

Date of Allotment	Number of Shares	Issue Price (Rs.)	Consideration	Reasons for Allotment	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
02/12/1994	1	10.00	Cash	Subscribers to the Memorandum	10	Nil
02/12/1994	1	10.00	Cash	Subscribers to the Memorandum	20	Nil
10/09/1996	8	10.00	Cash	Allotment to JOMC Mauritius	100	Nil
18/01/1997	20,990	10.00	Cash	Allotment to JOMC Mauritius	210,000	Nil
18/06/1997	14,000	10.00	Cash	Allotment to Triumph Investments Limited	350,000	Nil
27/08/2005	52,85,000	10.00	Other than Cash	Bonus issue in the ratio 151:1	53,200,000	Nil
14/10/2005	24,76,194	155.41	Cash	Preferential allotment to certain Promoters, Promoter Group Companies and others	77,961,940	360,063,369.54
14/10/2005	75,72,695	155.44	Cash	Preferential allotment to Transoceanic Projects Limited	153,688,890	1,461,436,130.34
21/02/2006	82,75,556	310.00	Cash	Initial Public Offering	236,444,450	3,944,102,930.34
14/05/2007	375,69,230	325.00	Cash	Qualified Institutional Placement (QIP)	612,136,750	15,778,410,380.34
17/10/2007	7,03,25,000	10.00	Other than Cash	Under the Scheme of Amalgamation	1,315,386,750	15,778,410,380.34
24/11/2007	90,46,215	10.00	Other than Cash	Under the Scheme of Arrangement	1,405,848,900*	15,778,410,380.34
09/07/2009	173,361,500	41.25	Cash	Qualified Institutional Placement (QIP)	1,579,210,400	22,756,210,755.34
Total	**1,579,210,400**					

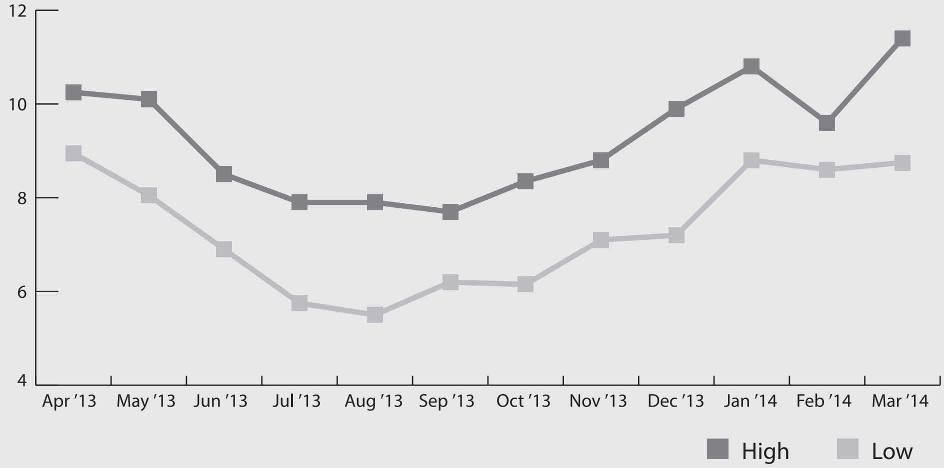
* Effective from 15.02.2008 the face value of the share has been changed from Rs.10/- per share to Re.1/- per share.



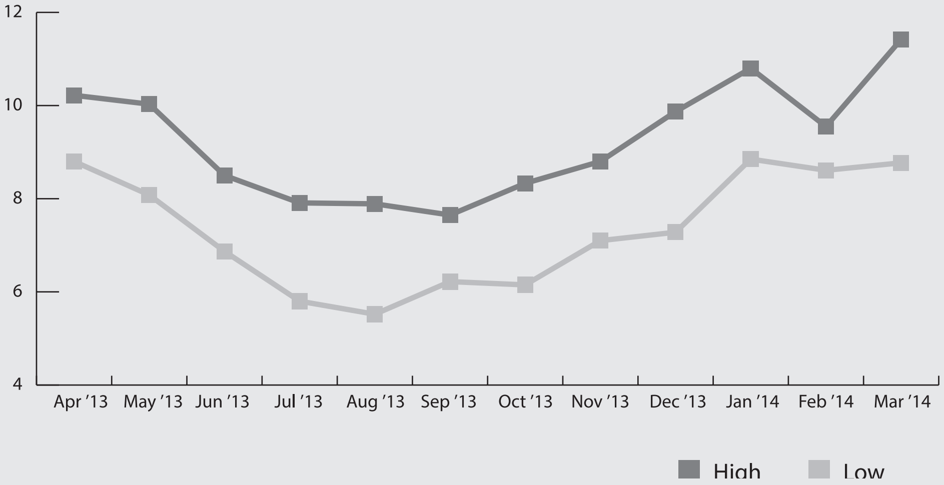
NSE Market Capitalisation Chart

Monthly high, low and trading volume of equity shares of the Company during the financial year 2013-14

Month, Year	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)			Total Volume(Nos)
	High (Rs)	Low (Rs)	Volume (No)	High (Rs)	Low (Rs)	Volume (No.)	BSE & NSE
April, 2013	10.25	8.95	7,60,47,915	10.22	8.80	1,58,74,852	9,19,22,767
May	10.10	8.05	7,23,68,720	10.03	8.08	1,27,14,904	8,50,83,624
June	8.50	6.90	5,97,13,056	8.50	6.87	1,33,81,853	7,30,94,909
July	7.90	5.75	3,79,18,532	7.91	5.80	79,90,760	4,59,09,292
August	7.90	5.50	5,24,35,005	7.89	5.52	1,07,49,979	6,31,84,984
September	7.70	6.20	6,14,37,398	7.65	6.22	1,00,87,968	7,15,25,366
October	8.35	6.15	1,287,27,263	8.33	6.15	2,66,77,579	15,54,04,842
November	8.80	7.10	1,061,76,010	8.80	7.10	2,02,40,590	12,64,16,600
December	9.90	7.20	1,456,52,783	9.87	7.28	2,83,87,341	17,40,40,124
January, 2014	10.80	8.80	1,608,90,366	10.80	8.85	3,15,20,818	19,24,11,184
February	9.60	8.60	5,63,90,634	9.55	8.61	95,33,454	6,59,24,088
March	11.40	8.75	1,067,52,756	11.42	8.77	1,87,66,082	12,55,18,838



Price Movement in NSE



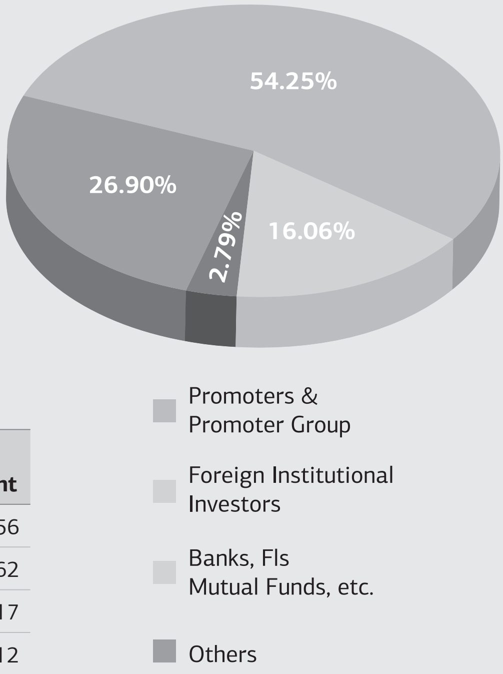
Price Movement in BSE

Category of Shareholding as on March 31, 2014

Category	No. of shareholders	Total shares	% Holding
BANKS	7	23,54,980	0.15
CLEARING MEMBERS	447	66,54,034	0.42
DIRECTORS & RELATIVES	8	65,960	0.00
FOREIGN INSTITUTIONAL INVESTOR	52	23,54,53,452	14.91
FOREIGN NATIONALS	1	2,000	0.00
STATE GOVERNMENTS	1	63,30,000	0.40
H U F	4583	1,00,79,713	0.64
INSURANCE COMPANIES	1	81,82,011	0.52
BODIES CORPORATES	1900	7,27,62,674	4.61
MUTUAL FUNDS	9	2,68,98,235	1.70
NON RESIDENT INDIANS	3431	1,77,14,526	1.12
OVERSEAS CORPORATE BODIES	1	3,75,000	0.02
PROMOTER DIRECTOR	4	51,07,13,920	32.34
PROMOTER INDIVIDUALS	5	19,81,08,490	12.54
PROMOTER COMPANIES	2	14,79,06,930	9.37
RESIDENT INDIVIDUALS	2,95,542	31,74,42,785	20.10
TRUSTS	15	1,81,65,690	1.15
Total:	**3,06,009**	**1,57,92,10,400**	**100.00**

Distribution by category as on March 31, 2014

Category	Number of Shares	% of holding
Promoters & Promoter Group	85,67,29,340	54.25
Foreign Institutional Investors, OCB, Foreign Nationals, NRIs	25,35,44,978	16.06
Banks, Mutual Funds etc	4,40,89,260	2.79
Others	42,48,46,822	26.90
Total	**157,92,10,400**	**100.00**

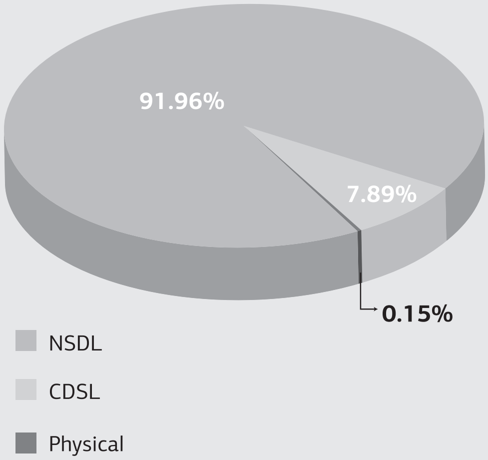


Distribution by size as on March 31, 2014

Category	No. of Cases	% of Cases	Amount	% Amount
upto 1 - 5000	2,96,195	96.79	16,67,11,010	10.56
5001 - 10000	5,512	1.80	4,14,26,929	2.62
10001 - 20000	2,341	0.77	3,42,96,057	2.17
20001 - 30000	700	0.23	1,76,70,420	1.12
30001 - 40000	305	0.10	1,07,76,739	0.68
40001 - 50000	196	0.06	91,27,106	0.58
50001 - 100000	387	0.13	2,85,94,312	1.81
100001 & ABOVE	373	0.12	1,27,06,07,827	80.46
Total:	**3,06,009**	**100.00**	**1,57,92,10,400**	**100.00**

De-materialization of shares as on March 31, 2014

Category	Shareholders	Number of Shares	%
NSDL	195,765	1,452,315,668	91.96
CDSL	104,438	124,563,952	7.89
Physical	5,806	2,330,780	0.15
	3,06,009	**1,579,210,400**	**100.00**



As on March 31, 2014 over 99.85% of outstanding shares are held in de-mat form and the balance 0.15% in physical form. Trading in equity shares of the Company is permitted only in de-materialised form as per notification issued by the Securities and Exchange Board of India (SEBI). Shareholders interested in dematerializing / rematerializing their shares are requested to write to the Registrar & Transfer Agent through their Depository Participants.

Compliance with Clause 49 of the Listing Agreement

The Company has been in compliance with all the requirements specified under the revised Clause 49.

DECLARATION

A Code of Conduct for the Directors and Senior Management Personnel has already been approved by the Board of Directors of the Company. As stipulated under the provisions of sub-clause I(D) (ii) of Clause 49 of the Listing Agreement with stock exchanges, all the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the said code for the financial year ended March 31, 2014.

For GVK Power & Infrastructure Limited
Dr. GVK Reddy
Chairman & Managing Director

Place: Hyderabad
Date: May 29, 2014

Managing Director and Director & CFO Certification under clause 49 of the Listing Agreement with the Stock Exchanges

To
The Board of Directors of
GVK Power & Infrastructure Limited

In relation to the Audited Financial Accounts of the Company as at March 31, 2014, we hereby certify that

a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief.

   i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii) these statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

d) We have indicated to the Auditors and the Audit Committee

   i) significant changes in internal control over financial reporting during the year;

   ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Dr. GVK Reddy
Chairman & Managing Director

Place : Hyderabad
Date : May 29, 2014

A Issac George
Director & CFO

Certificate from a Company Secretary in Whole-time Practice on compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement with Stock Exchanges

To
The Members of
GVK Power & Infrastructure Limited

We have reviewed the compliance of conditions of Corporate Governance by GVK Power & Infrastructure Limited, for the year ended on March 31, 2014, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of the certificate of Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

No investor grievances are pending for a period exceeding one month against the Company as per the records maintained by the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

G Narender

M/s. G Narender & Associates
Company secretary
In Whole-time Practice
FCS-4898
CP:5024

Place : Hyderabad
Date : May 29, 2014

Management Discussion and Analysis

1. About the Company

GVK Power & Infrastructure Limited (the Company) is a listed entity and an ultimate holding company of “GVK” which operates in diversified business operations under different verticals. The Company operates predominantly in Energy, Airports, Transportation and has presence in other business like Oil & Gas, Industrial Park, Urban infrastructures etc. It conducts and operates its business through 7 subsidiaries, 16 step down subsidiaries and 2 associate companies (as on March 31, 2014). Revenues of the company are derived primarily from the O&M fee, incentives for operating the business of subsidiaries / associate and secondly from the interest income earned out of managing the surplus funds through a better financial planning.

2. The Economy and the Sectoral growth

The Indian economy grew marginally by 4.7% in 2013-14 as compared to 5% in the previous year marking a second successive year of below 5% growth in the last 25 years. India’s GDP, a measure of the value of goods and services produced in the country, had a moderate growth of 4.7% in 2013-14 a marginal increase over the previous year. This has even missed the target growth of 4.9% predicted in the advanced estimates of the fiscal year. Weak demand, high borrowing costs and stalled projects on account of delays in securing government approvals have contributed to the sharpest economic downturn in India in a decade.

Capital investment contributes nearly 35% to India’s economy, but it contracted an annual 0.1% in the FY 2013-14. An industrial contraction remains a worry, making it imperative for the new government at the Central to focus on reviving the manufacturing sector by sorting out supply chain issues and facilitating investments. Slow sectorial growth is another cause of concern that needs to be improved by speedy implementation of policies aimed at improving infrastructure and adequate land acquisitions among others. The first priority for the new Government could be implementing the pending projects, stay the course on fiscal consolidation, possibly even speed it up subsidy reduction and review of procedural and regulatory constraints to promote the spirit of enterprise.

A) POWER

Fiscal 2014 ended on an encouraging note in power generation, even as capacity augmentation fell a little short of the feat in FY13. The total power requirement in the country crossed the one-trillion unit mark for the first time during the year. The power sector in India had an installed capacity of 245.394 GW as of March 2014. The world’s fourth largest Captive power plants generate an additional 39.375 GW. Non Renewable Power Plants constitute 87.55% of the installed capacity, and Renewable Power Plants constitute the remaining 12.45% of total installed Capacity. The total annual generation of electricity from all types of sources was 1102.9 Tera Watt-hours (TWh) during the year.

Marking a major change from pattern till recently, private sector has increasingly forayed into power infrastructure in recent years. Thus, during the 11th Plan 48% of conventional energy capacity addition was at the behest of private sector, 32% coming from State Government utilities and around 26% from Central Government power companies. Most of the capacity in private sector was in thermal power with hydropower forming just 5%.

In 2013-14, private sector companies took a strong lead in capacity addition. Of the total capacity, nearly 66% (14,610 mw) was added by private companies. Among three power segments - thermal, hydel and nuclear, the capacity addition in thermal power segment remained highest. Thermal power generation capacity increased by 19,695 mw in 2013-14. Hydel power segment reported a capacity addition of 1,424 mw. Nuclear power generation capacity rose by 1,000 mw. Coal import increased by 17.9% to 171 million metric tonnes (MT) in financial year 2013-14 amid a widening demand-supply gap in India compared to 145 million metric tonnes in the previous year.

B) AIRPORTS

India has 134 airports out of which 129 airports are functional. 123 airports are owned by Airports Authority of India (AAI) and 6 airports have been privatized till date. Indian airports handled total traffic of 169 million passengers & 2.3 million tonnes of cargo in FY 2013-14. The studies suggest that by 2020, India is likely to become the 3rd largest aviation market handling 336 million domestic and 85 million international passengers with projected investment to the tune of US$ 120 billion. Indian Aviation Industry has been instrumental in the overall economic development of the country.

The passenger traffic, having witnessed phenomenal surge in the last decade placing the Indian Civil Aviation sector on a high growth trajectory has increased from 37.0 million in 1995-96 to 168.90 million in 2013-14. This surge in traffic led to congestions at major airports affecting air safety and operational efficiency.

To enhance airport infrastructure capacity at Indian airports, upgradation of existing airport infrastructure in metro & non-metro cities and construction of new greenfield airports continued in FY 2013-14 to bridge the gap between the available airport capacity and the projected demand. Resources being limited, strategies are evolved to augment and create airport capacity ahead of demand schedule at busy airports in an optimal manner by leveraging technology and adopting best management skills & practices including private sector participation towards upgradation of airport infrastructure. There is 5.9 % increase in passenger traffic in FY 2013-14 (168.88 million) over the FY 2012-13 (159.40 million).

The prospects and possibilities of growth of Indian aviation markets are huge. The gap between potential and current air travel penetration shows that India is presently at 0.04 air trips per capita per annum which is far behind developed countries like US and Australia (more than 2 air trips per capita per annum), China and Brazil (0.3 air trips per capita per annum). The Low ratio of per capita air trips in India suggests a huge potential for the air traffic growth considering a relatively higher trajectory of economic growth in the country coupled with necessary Government support.

C) TRANSPORTATION

Transport sector accounts for a share of 6.4 per cent in India's Gross Domestic Product (GDP). Road transport has emerged as the dominant segment in India's transportation sector with a share of 5.4 per cent in India's GDP. Road transport demand is expected to grow by around 10% per annum in the backdrop of a targeted annual GDP growth of 9%. National Highways comprise less than 2 per cent of the road network, but carry 40 percent of the road-based traffic. State Highways (SHs) and Major District Roads (MDRs) constitute the secondary system of road transportation in the country. About 61% of the total road length in India is accounted for by rural roads.

3. Assets under Operation

i) Energy

GVK Industries Ltd

Phase I

During the year Jegurupadu Phase I has operated at a Plant Load Factor (PLF) of 52.3% as against 59.63% for the previous year. The unit reported a profit after tax of Rs. 45.89 Cr for the financial year 2013-14 (PY Rs. 14.23 Crores).

Phase II

During the year Jegurupadu Phase II has operated at a Plant Load Factor (PLF) of Nil as against 29.49 % for the previous year. The unit reported a loss of Rs. 122.30 Cr for the financial year 2013-14 (PY loss of Rs. 71.91 Crores)

GVK Gautami Power Ltd

During the year Gautami has operated at a Plant Load Factor (PLF) of Nil as against 25.85% for the previous year. The unit reported a loss of Rs. 211.03 Cr for the financial year 2013-14 (PY loss of Rs. 153.33 Crores)

Due to reduction in gas production in KG basin (D6), gas supplies to most of the gas based projects were stopped from March '13. Due to this reason, the Jegurupadu Phase II and Gautami power plants are not in operation throughout the year and have been kept under long term preservation mode. However, with restricted gas supply, Jegurupadu Phase I would continue to operate on part load. Jegurupadu Phase II and Gautami plants are available on alternative fuel in terms of PPA and is making availability declaration. Since the situation of non-availability of gas is expected to continue for foreseeable future, the major maintenance of the turbines are also deferred.

ii) Airports

Mumbai International Airport Pvt Ltd (MIAL)

During the year MIAL handled 32.22 Mio (PY 30.21 mio) passengers 260,666 ATMs (PY 244,499 ATMs) and 342,626 MT (PY 349,363 MT) of Cargo reflecting an increase of 6.67%, 6.61 in passenger traffic and ATMs and decline of 1.93% in cargo. The company reported a profit after tax of Rs. 212.05 crores for the financial year 2013-14 (PY Rs. 155.12 crores).

During the year, construction of the State-of-the-art Terminal 2 (T2) at GVK Chhatrapati Shivaji International Airport (CSIA) has been completed and was inaugurated by the then Dr. Manmohan Singh, Hon'ble the Prime Minister of India on 10th January 2014. The commercial operations for international passengers began at the Terminal 2 from 12th February, 2014. The 3 km long art corridor is a centre of attraction with a huge collection of artefacts collected from the length and breadth of the country. The 83m Iconic Air Traffic Control Tower at CSIA has become fully operational from 1st January 2014 and has been chosen as "ICI Outstanding Concrete Structure" for the year 2013 by the Indian Concrete Institute of Chennai. The ongoing expansion is expected to complete by end of 2015. Thereafter the fully modernized T2 will cater both domestic and international passengers.

Bangalore International Airport Ltd (BIAL)

BIAL handled 12.87 Mio (PY 11.99 mio) passenger traffic, handled 118,575 ATMs (PY 105,188 ATMs) and 242,426 MT (PY 226,667 MT) of Cargo resulting an increase of 7.3%, 12.7% and 7.0% respectively. The company reported a profit after tax of Rs. 67.11 crores for the financial year 2013-14 (PY Rs. 104.32 crores).

The expansion of existing Terminal 1A with a new elevated design, exteriors, facilities and infrastructure was successfully completed and inaugurated by Chief Minister of Karnataka, Mr. Siddaramaiah on 14th December 2013. The commercial operations of the new Terminal 1A commences from 8th February 2014. The airport is now set to handle 20 million passengers per year. The modernised airport not only reflects the city's dream but also culture, ethos and landscape of the State of Karnataka. The new Terminal 1A epitomises the technological prowess of Bengaluru. Apart from the new VIP Terminal at the airport that befits the prominent personalities who visit the city, the airport is ready to accommodate large aircraft such as Airbus 380. Befitting the garden city, the airport has been designed with a 100 acres of landscape greeting the traveller to bring out the essence of city as tranquil and greenzone. The modernised Bangalore International Airport has been renamed as Kempegowda International Airport, Bengaluru.

iii) Transportation

GVK Jaipur Expressway Pvt Ltd

During the FY the gross toll revenue recorded is Rs.271.77 crores (PY Rs.249.33 crores) registering an increase of 10.21%. The company reported a profit after tax of Rs. 54.63 crores for the financial year 2013 -14 (PY Rs. 34.01 crores).

During the year the company paid an amount of Rs. 36.80 crores to NHAI as their revenue share (PY Rs. 32.80 crores) since the toll revenues are beyond a threshold limit. The average traffic on this expressway is 26,671 vehicles per day in FY 14 compared to 24,359 vehicles per day in FY 13. The average toll collection per day during FY 14 is 79.08 lakhs compared to Rs. 72.99 lakhs in FY 13.

4. Assets under Development

i) Energy

Alaknanda Hydro Power Company Limited

The 330MW Shrinagar Hydro Electric Project being constructed on river Alaknanda near Shrinagar, Uttarakhand at a cost of Rs. 4,750 crores is nearing completion. Though the commercial operations are expected to start during mid of 2013, the unprecedented natural calamity which occurred during June 2013 has delayed the operations. The incessant rains and resultant floods had breached the dyke in front of power house submerging the already erected Units 1, 2 and 3 that were ready for commissioning with a huge deposit of silt. The company started removal of water & silt from the powerhouse by cleaning the equipment part by part. These activities have delayed the commencement of operations of the project, while the transmission lines are at the advanced stage of completion and expected to be ready during mid-2014 for synchronization.

The restoration and erection works for Units I and II are in progress which will be synchronized upon completion of transmission lines for commencing the power generation shortly. The other 2 units are expected to be operational during the second half of the next FY 2014-15.

GVK Power (Goindwal Sahib) Limited

The 540MW thermal (coal based) power project in Taran Taran District, Punjab is being implemented at an estimated cost of Rs. 4,000 Crores. Around 97% of the works are completed. The company has a dedicated Power Purchase Agreement (PPA) with Government of Punjab. The erection of the major systems are almost completed including the construction of residential colonies at the site. Unit I and II are ready for coal firing. The company is in the process of obtaining the consent to operate from the Punjab Pollution Control Board (PPCB) and the commercial operations are expected to start by end of 2014.

GVK Coal (Tokisud) Company Private Limited

The company has 52 million tonnes of mineable reserves which will cater the requirements of 2.32 Mtpa to Goindwal Sahib thermal power plant. As on 31st March 2014 the company has transferred and mutated 801 acres of Compensatory Afforestation land in favour of Forest Department, Jharkhard and is expected to complete the balance 125 acres before 30th June 2014. Having completed the construction of bridge over Damodar River and R&R Colony. The commercial operations are expected by 30th June, 2014. The first supply of coal to Goindwal Sahib power project will commence by end November 2014.

Seregarha Mines Limited

This mine has been allotted jointly to Arcelor Mittal & GVK with the ratio of 55:45. GVK's share of estimated geological reserve will be around 66.6 million tonnes. The project is estimated to cost GVK around Rs 450 Crores. Once in operation, the project would supply 1 million tonnes per annum to Goindwal Saheb.

GVK Ratle Hydro Electric Project Pvt Ltd

The 850MW Ratle Hydro Electric Project on the river Chenab, Kishtwar District, in the State of Jammu & Kashmir is being implemented at an estimated cost of Rs. 6,300 Crores. The Project has achieved financial closure on 30th September, 2013 with a debt equity ratio of 75:25. The PFC has underwritten the entire debt component of Rs. 4706 Crores. All the necessary approvals required for the implementation of the project are in place. The entire project land has been handed over to the company and the Govt of Jammu & Kashmir will ensure that entire power is evacuated via 400 KV transmission lines. The EPC contract for civil, hydro mechanical works and electro mechanical works are awarded and the work is in progress as per schedule. The project is expected to be operational by December, 2018.

GVK Power (Khadur Sahib) Pvt Ltd

The 1320MW (2 X 660 MW) Thermal Power Project with super critical technology is being implemented by GVK Power (Khadur Sahib) Pvt Ltd at an estimated cost of Rs. 7493 Crores. Water allocation from River Beas is obtained for 50 cusecs. The final Environmental Impact Assessment (EIA) Report was submitted to Ministry of Environment & Forests (MoEF) on 09-07-2013 for considering the project for Environmental Clearance. The company has obtained recommendation from Govt. of Punjab for coal allocation and submitted to Ministry of Coal. Clearance of Airports Authority of India (AAI) was obtained for construction of 275 mtrs high multi flue chimney.

ii) Airports

Your company under a contract with Airports Authority of Indonesia (Angkasa Pura 1 (AP 1) is gearing up for development of Greenfield International Airport at Yogyakarta, Java wherein feasibility study and master plan has been completed for the project.

The company has entered into Memorandum of Understanding in July 2013 for development of AP 1 where the total area identified for the project development is approx. 50 ha wherein GVK provides management and technical services for completion the project.

The Indonesian government – airport operator has given the contract to GVK for managing the Benpasar airport, Bali. The scope of which includes management services for commercial operations, development of all non-aero business activities except cargo, airside services and real estate development. This contract is valid for a period of five years term from 01-12-2012 with Right of First Refusal (ROFR) for extension. All operational and capital expenditure will be paid by Angkasa Pura airports.

iii) Transportation

GVK Deoli Kota Expressway Pvt Ltd

The company is implementing 83.04 km of road between Deoli - Kota, Section of National Highway No.12 in the State of Rajasthan under Phase III of National Highways Development Program. The project is for a concession period of 26 years including construction time. The cost of project is estimated at Rs. 823.50 Crores with a debt equity of 80:20.

The project has achieved an overall 92% completion of works which includes completion of 99% structure works, 93% highway works and 85% Tunnel works. All works at Toll Plaza Complex including TMS works, Electrical Connection work and Administration Building are completed. Planned partial commercial operations are expected during Q2 and full completion by Q3 of the FY 2014-15.

GVK Bagodara Vasad Expressway Pvt Ltd

The company is a Special Purpose Vehicle (SPV) to undertake Six laning of existing three lanes for Bagodara - Wataman -Tarapur-Vasad Road SH-8, Km. 0/0 to Km 101/9 in the State of Gujarat on Build, Operate and Transfer (BOT -Toll) Basis.

Land acquisition is in progress and has acquired 86.46% of land till March, 2014. End of Transmission (EOT) for Scheduled Six-Laning date has been granted upto 16-05-2015. There has been a delay in giving possession of encumbrance free Right of Way. 8% of land of 50.61 hectares and 13% by length is yet to be acquired by GSRDC. As a result the execution of the project is taking a slow pace. Further Govt land of 42.31 hectares and private land of 8.31 hectares are yet to be acquired. Shifting of utilities are in progress while 52 temples and 14 HT line locations are to be relocated.

GVK Shivpuri Dewas Expressway Pvt Ltd

The Company has signed a Concession Agreement with NHAI for Four Laning of Shivpuri Dewas Section of National Highway

No.3 for a length of 342.36 km in the State of Madhya Pradesh with a concession period of 30 years.

However, since NHAI failed to provide a) 80% of land b) Project environment clearance from MEA c) Supreme Court order in February 2012 on mining which created Force Majeure conditions and clause 34.80 of the Concession Agreement which the NHAI is unable to address. Consequently the Company vide its notice dated 14-01-2013 terminated the Concession Agreement. However, at the request of the NHAI, the company has submitted a revised proposal for its consideration and the same is being reviewed by NHAI.

iv) Others :

GVK Oil & Gas Limited:

The company has been awarded 7 deep water blocks under NELP VII which is being implemented in consortium with BHP Billiton, the largest diversified resource company. The minimum committed and mandatory work program in all seven blocks are completed on time as per production sharing contracts except 300 Sq km, 3D- AP I Block MB-3. However, the remaining work could not be completed due to denial of access by the Indian Navy in MB blocks resulting in Force Majeure conditions in these blocks. The Kerala Konkan Block was surrendered as the prospectivity in the Block was found to be low and the remaining 6 Blocks were also surrendered in January 2014 in view of access problem to these blocks after giving a termination notice.

Future of Public Private Partnership

Public-Private Partnership (PPP) is emerging as the new success route in India's attempts to build world-class infrastructure. Over the last decade, policymakers at both Central and State levels have been increasingly focussing on infrastructure investments so as to enable fast paced economic growth. PPP in fact could be the key to policymakers' attempts to create the requisite infrastructure for enabling double-digit GDP growth and enhancing people's welfare. In fact, the Planning Commission expects private investments to contribute 50% to total infrastructure investments (worth USD 1 trillion) in India during the 12th Five Year Plan (FY12–17). It will be no surprise if a large chunk of these investments are directed through the PPP route.

The future of PPP in India looks bright as the country aims for a higher growth trajectory through strong infrastructure investments. With the increasing involvement of PPP modules in development across various sectors, the share of PPPs and the private sector in total infrastructure investments is expected to rise to 50% in the 12th Plan from 30% in the previous one. Infrastructure, defence, healthcare and education are the key sectors witnessing a higher role of PPP; this trend is set to continue over the next decade as well. In order to increase this share, policymakers should look at setting up an independent institutional structure for PPP handling, sector-specific regulatory mechanisms and higher level of transparency of information for PPP.

5. Risks and Concerns

Energy

All Gas based projects are reeling under pressure due to acute shortage of gas supplies. The situation is likely to continue for foreseeable future. All these plants are kept under long term preservation mode and also simultaneously deferring the major maintenances. If this situation continues for more than a year or two it would be difficult for the projects to explain and convince the banks and lending institutions who funded these projects. We have to wait and watch how the government and the regulatory authorities would react in a situation where such period of non-supplies exceeds beyond a foreseeable future. Hydro power sector in India is plagued by numerous problems like problems relating to land acquisition, environment, forest and wildlife clearances Prolonged gestation periods, High cost of construction, Environmental issues, Geological Risks, Political Risks, Rehabilitation & Resettlement costs, Infrastructural development costs, Government Policies etc.

According to the data proved by Coal India Limited (CIL), 179 forestry proposals are awaiting clearances and if all approvals are secured on time, it can more than double its output to 1,132 MT, given that mines start production from 2016-17. Majority of the coal projects have been halted and delayed due to issues in acquiring land and strict rules and regulations. Bottlenecks in domestic coal transportation and lack of proper road connectivity further increase the challenge. Also, availability of railway wagons and mismatch of demand and supply of wagons and coal off take affect production capacity.

Airport

Mumbai Airport has been able to leverage on the non-aero revenue potential by discovering new avenues of revenue generation. Non-aero revenue would be a material value creator for the Airports. Only 10% of the overall 2000 acres of land at Mumbai is available for real estate development.

Unlike Mumbai airport, Bangalore airport has around 1,000 acres of land (out of 4,000 acres) can be monetized for commercial use of which 462 acres would be net developable land.

In spite of integrated development plan to develop commercial, retail and hotel assets over the monetisable real estate, we have to wait and watch to what extent and within what time the benefits of such developments are coming to both the airports.

Transportation :

Of many hurdles in the transportation sector, two major factors that are affecting the progress are significant delays in approvals/clearances from government and its agencies and significant reduction in government spending. Most of the road projects are being terminated or surrendered back to NHAI due to Force Majeure conditions.

All these factors are affecting significantly further investments in these projects.

6. GVK Power & Infrastructure Limited - Financial Performance Review

Standalone Financials

Revenue

The Company's total income, which comprises of income in the form of operating fees, incentives, fees for technical services to Rs. 5,919 lakhs as compared to Rs. 5,801 lakhs of the previous year.

Expenditure

The Company's total expenditure, comprising of staff costs and other administrative expenses, reduced by 57.62 % to Rs. 687 lakhs for the year ended March 31, 2014 from Rs. 1,621 lakhs when compared to the previous year ended March 31, 2013.

Interest

Interest expenses stood at Rs.5,799 lakhs (previous year figure was Rs. 5,212 lakhs)

Profit before tax (PBT)

PBT is Rs. (567) lakhs for the current year from Rs. (1,032) lakhs in the previous year.

Profit after tax

The Company's profit after tax is Rs. (2,343) lakhs for the year ended March 31,2014 from Rs. (2,404) lakhs as compared to the previous year.

EPS

The earnings per share for the current year stood at Rs. (0.15) as compared to Rs. (0.15) per equity share of Re.l /- each in the previous year.

Consolidated Financials

The current year results include the results of the companies including subsidiaries, step down subsidiaries and associates. The Consolidated Financial Statements have been drawn as per the Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India. These companies operate broadly in a) Power b) Road c) Airports and d) Other sectors.

Revenue

The Company reported gross revenue of Rs. 294,159 lakhs for 2012-13 compared to Rs. 274,379 lakhs in the previous year.

Profit after tax

The Company reported profit after tax and minority interest of Rs. (36,867) lakhs for 2013-14 as compared to Rs. 33,597 lakhs in the previous year.

Earning Per Share (EPS)

The earnings per share at consolidated level for the current year stands at Rs. (2.33) as compared to Rs. (2.13) per equity share of Re.1/- each in the previous year.

Net Worth

The net worth in the current year stands at Rs. 277,818 lakhs as compared to Rs. 314,531 lakhs in the previous year.

7. Clean Development Mechanism

The Clean Development Mechanism (CDM) allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of Carbon-di-oxide (CO_2). These CERs can be traded and sold, and used by industrialized countries to a meet a part of their emission reduction targets under the Kyoto Protocol.

The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction limitation targets.

Three of the group companies i.e. GVK Industries Ltd (Phase II), GVK Gautami power Ltd and Alakananda Hydro Power Company Ltd were registered with UNFCCC and as such these projects are eligible for CER credits. In respect of GVK Ratle Hydro electric project Private limited, the registration process under UNFCCC is under progress.

8. Internal Control System and Adequacy

The company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. These systems are designed to ensure that all the assets of the Company are safeguarded and protected against any loss and that all the transactions are properly authorized, recorded and reported. The Company has an internal audit function, which is empowered to examine the adequacy and compliance with policies, plans and statutory requirements.

The internal audit function team comprises of well-qualified, experienced professionals who conduct regular audits across the Company's operations. The internal audit reports are placed before the Audit committee for consideration. The management duly considers and takes appropriate action on the recommendations made by the statutory auditors, internal auditors and the independent Audit Committee of the Board of Directors.

9. Human Resources

The total number of employees of GVK at the corporate office and projects sites as on March 31, 2014 stands 2,500 approximately. Your company periodically reviews the requirement of these employees across various projects based on the need and necessity. The optimal utilization of the human resources with multi tasking is what is being emphasized across the group.

10. Future Outlook

The ever changing equations in the economic and the free fall of rupee and the rate of inflation are posing a big challenge across the business and to the Government. Managing these appropriately, with more stringent and firm actions will help the country to make further progress in the infrastructure development. Your company aims to contribute whatever it could do from its side for the better development of infrastructure facilities. Raising finances in this tough time is posing a tough challenge to everyone and your company is positive to meet all its financial obligations in time by following best options available before it. Keeping this in mind, your company carefully examines every opportunity that comes before it while leaving the others which are not viable.

11. Cautionary Statement

Statements in the Management Discussion and Analysis describing the company's objectives, projections, estimates and expectations may be 'forward looking statements' within the meaning applicable under the securities laws and regulations. As 'forward looking statements' are based on certain assumptions and expectations of future events over which the company exercises no control, the company cannot guarantee their accuracy nor can it warrant that the same will be realized by the company. Actual results could differ materially from those expressed or implied. Significant factors that could make a difference to the company's operations include domestic and international economic conditions affecting demand, supply and price conditions in the electricity industry, changes in government regulations, tax regimes and other statutes.

Independent Auditor’s Report

To the Board of Directors of GVK Power & Infrastructure Limited

We have audited the accompanying consolidated financial statements of GVK Power and Infrastructure Limited (“the Company”), its subsidiaries and associates (collectively, ‘the Group’), which comprise the consolidated Balance Sheet as at March 31, 2014, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company’s preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion:

As discussed more fully in Note 39 of the accompanying consolidated financial statements, termination notice has been served by a subsidiary involved in oil & gas activity on Ministry of Petroleum and Natural Gas (Ministry) for termination of productions sharing contract. The Management believes that Ministry will reimburse subsidiary for costs incurred by it and accordingly no adjustment is required to carrying value of assets of Rs. 18,356 lakhs and guarantee issued aggregating to Rs. 813 lakhs. However, in the absence of sufficient appropriate evidence in this regard, we are unable to comment upon recoverability of such assets together with consequential impact, if any, arising out of the same in these accompanying consolidated financial statements.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on the financial statements of the subsidiaries and associates, except for the effects of the matter described in the Basis for qualified opinion paragraph, the consolidated financial statements give 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 Company as at March 31, 2014;

(b) in the case of the consolidated Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

a. Note 17(i)(a) of notes to the consolidated financial statements, regarding pending confirmation and approval by the Appellate Tribunal for Electricity (APTEL) for the increase in capital cost and consequential impact on receivable, being the fixed charge component of the tariff for the years 1997-98 to 2000-01 aggregating to Rs. 4,512 lakhs by GVK Industries Limited, a subsidiary;

b. Note 17(i)(b), 17(i)(c) and 17(i)(d) of notes to the consolidated financial statements, regarding outstanding minimum alternate tax amounts claimed for reimbursement, disincentives recoverable and other receivable aggregating to Rs. 3,530 lakhs, Rs. 2,124 lakhs and Rs. 76 lakhs respectively considered recoverable from AP Transco and consequential impact on taxes in GVK Industries Limited and GVK Gautami Power Limited's books, subsidiary companies;

c. Note 36 of the notes to the consolidated financial statements, regarding security provided by GVK Energy Limited and GVK Industries Limited, subsidiary companies, for loan taken by the Company amounting to Rs. 20,000 lakhs, covered by the provisions of Section 295 of the Companies Act, 1956, where the subsidiary companies had made application in the previous year for approval to Central Government, however, the Company obtained the loan pending approval of the application. Further, during the current year, Central Government has returned the applications and advised the subsidiary companies to ensure compliance with provisions of Section 185 of Companies Act, 2013, which the subsidiary companies are in the process of complying;

d. Note 37 of notes to the consolidated financial statements, regarding uncertainty towards supplies/availability of natural gas to power generating plants and power projects under construction of the subsidiary companies. Also, during the year, the subsidiary companies have received the approval of the lead bankers and also majority of the consortium lenders for additional loans/moratorium for payments and are confident of receiving approval from the remaining lenders. The Management of the subsidiary companies is confident of obtaining the requisite gas allocation/recover fixed charges and accordingly believes that fixed assets with carrying value of Rs. 225,325 lakhs are recoverable in normal course of business. Further, Management based on its rights under power purchase agreement to recover capacity charges and receipt of the approval from majority of the consortium lenders, believes the subsidiary companies will continue to be in operation in foreseeable future despite continued losses;

e. Note 38 of notes to the consolidated financial statements regarding application made by the Company for the waiver of excess managerial remuneration for the year's ended March 31, 2013 and March 31, 2012 amounting to Rs. 21 lakhs and Rs. 112 lakhs respectively paid to a director in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956; and

The ultimate outcome of the above matters cannot presently be determined, pending approvals, acceptances, legal interpretations and resolution of uncertainty around availability of gas as referred to in the relevant notes to the consolidated financial statements, accordingly no provision for any liability and/or adjustments that may result has been made in the consolidated financial statements. Our opinion is not qualified in respect of the aforesaid matters.

Other Matter

We did not audit total assets of Rs. 3,170,634 lakhs as at March 31, 2014, total revenues of Rs. 282,093 lakhs and net cash outflows amounting to Rs. 12,290 lakhs for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries and associates, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries, and associate is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per **Vikas Kumar Pansari**
Partner
Membership No.: 93649

Place: Hyderabad
Date : May 29, 2014

Consolidated Balance sheet as at March 31, 2014

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2014	March 31, 2013
Equity and liabilities			
Shareholders' funds			
Share capital	4	**15,792**	15,792
Reserves and surplus	5	**262,026**	298,739
		277,818	314,531
Deferred income	2(h) & 25	**14,901**	15,729
Minority interest		**307,321**	331,884
Non-current liabilities			
Long-term borrowings	6	**1,934,158**	1,502,360
Deferred tax liabilities (net)	7	**41,625**	33,107
Trade payables	8	**48,216**	-
Other long-term liabilities	8	**65,783**	27,040
Long-term provisions	9	**816**	4,273
		2,090,598	1,566,780
Current liabilities			
Short-term borrowings	10	**249,567**	206,160
Trade payables	11	**30,273**	52,596
Other current liabilities	11	**222,174**	295,754
Short-term provisions	9	**10,394**	5,218
		512,408	559,728
		3,203,046	2,788,652
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	**976,176**	522,805
Intangible assets	13	**210,405**	208,698
Capital work-in-progress		**649,397**	1,005,439
Expenditure incurred during construction period	14	**307,528**	314,389
Intangible assets under development		**93,135**	53,288
Non-current investments	15	**198,070**	194,884
Deferred tax assets (net)	7	**16**	42
Long-term loans and advances	16	**164,905**	150,495
Trade receivables	17 (i)	**10,242**	8,118
Other non-current assets	17(ii)	**288,737**	17,535
		2,898,611	2,475,693
Current assets			
Current investments	18	**21,354**	30,563
Inventories	19	**3,829**	8,957
Trade receivables	17 (i)	**47,743**	34,215
Cash and bank balances	20	**186,567**	208,016
Short-term loans and advances	16	**20,829**	14,858
Other current assets	17(ii)	**24,113**	16,350
		304,435	312,959
		3,203,046	2,788,652
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W
Chartered Accountants

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Place: Hyderabad
Date: May 29, 2014

For and on behalf of the Board of Directors of
GVK Power & Infrastructure Limited

Dr. GVK Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director & CFO

P V Rama seshu
GM & Company Secretary

Statement of consolidated profit and loss for the year ended March 31, 2014

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2014	March 31, 2013
Income			
Revenue from operations	21	282,093	260,765
Other income	22	12,066	13,613
Total revenue		**294,159**	274,378
Expenses			
Cost of fuel		25,535	71,980
Annual fee to Airport Authority of India		83,479	56,694
Employee benefit expense	23	17,089	13,562
Other expenses	24	55,394	50,204
Depreciation and amortization expense	25	43,771	35,118
Finance costs	26	96,452	74,609
		321,720	302,167
Loss before tax and share of profits of associate and minority interest		(27,561)	(27,789)
Tax expenses			
Current tax		11,743	12,678
MAT credit		(6,238)	(3,594)
Deferred tax		9,451	3,776
Income tax for earlier years		(496)	10
Total tax expenses		**14,460**	**12,870**
Loss after tax and before share of profits of associate and minority interest		**(42,021)**	**(40,659)**
Add: Share of profits of associates for the year		2,764	5,092
Less: Minority interest		(2,390)	(1,970)
Loss for the year		**(36,867)**	**(33,597)**
Earnings per equity share (in Rs.)			
-Basic		(2.33)	(2.13)
-Diluted		(2.33)	(2.13)
Nominal value per equity share (in Rs.)		1.00	1.00
Weighted average number of equity shares			
-Basic		1,579,210,400	1,579,210,400
-Diluted		1,579,210,400	1,579,210,400
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W
Chartered Accountants

per **Vikas Kumar Pansari**
Partner
Membership No. 93649
Place: Hyderabad
Date: May 29, 2014

For and on behalf of the Board of Directors of
GVK Power & Infrastructure Limited

Dr. GVK Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director & CFO

P V Rama seshu
GM & Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2014

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

		March 31, 2014	March 31, 2013
A. Cash flow from Operating Activities			
Loss before tax and share of profits of associate and minority interest		**(27,561)**	(27,789)
Adjustments for			
Depreciation and amortisation expense		**43,771**	35,118
Bad debts		**1,205**	1,516
Advances written off		**-**	1,372
Provision for Doubtful trade receivable		**(192)**	131
Profit on sale of fixed assets		**(5)**	12
Unrealised foreign exchange fluctuations		**1,797**	61
Profit on sale of non trade current investments		**(1,186)**	(1,730)
Dividend income from non trade current investments		**(1)**	(9)
Interest expense		**90,467**	70,793
Interest income		**(5,266)**	(9,190)
Liabilities written back		**(200)**	(48)
Operating profit before working capital changes		**102,829**	70,237
Movements in working capital			
Increase in inventories		**(1,369)**	(12,781)
Increase in current and non current liabilities and provisions		**57,854**	44,042
(Increase) / decrease in current and non current trade receivables and other assets		**(19,439)**	10,895
(Increase) / decrease in loans and advances		**(2,612)**	1,020
Cash generated from operations		**137,263**	113,413
Less: Direct taxes paid		**(13,928)**	(14,968)
Net cash from operating activities	**(A)**	**123,335**	98,445
B. Cash flows from investing activities			
Purchase of fixed assets including capital work in progress and capital advances		**(307,641)**	(356,423)
Proceeds from sale of fixed assets		**19**	385
Refund of capital advances		**-**	3,580
Purchase of current investments		**(392,439)**	(305,194)
Proceeds from sale/maturity of current investments		**403,342**	293,168
Purchase of non current investments including associates		**(25,059)**	(67)
Proceeds of non-current investments including associates		**10,348**	-
Investments in bank deposits (having original maturity of more than 3 months)		**(47,362)**	(8,555)
Redemption/maturity of bank deposits (having original maturity of more than 3 months)		**59,857**	41,102
Dividends received		**1,177**	456
Interest received		**8,233**	9,798
Net cash used in investing activities	**(B)**	**(289,525)**	(321,750)

Consolidated Cash Flow Statement for the year ended March 31, 2014

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

		March 31, 2014	March 31, 2013
C. Cash flows from financing activities			
Money received from minority shareholders		**5**	22,176
Proceeds from short-term borrowings (net)		**21,229**	(72,850)
Proceeds from long-term borrowings		**351,412**	532,455
Repayment of long-term borrowings		**(35,634)**	(32,049)
Proceeds from development fee		**6,687**	18,736
Interest paid		**(187,493)**	(177,164)
Net cash flow from financing activities	**(C)**	**156,206**	291,304
Net (decrease) / increase in cash and cash equivalents	**(A+B+C)**	**(9,984)**	67,999
Cash and cash equivalents at the beginning of the year		**147,442**	79,452
Effect of exchange differences on cash and cash equivalents		**155**	(9)
Cash and cash equivalents at the end of the year		**137,613**	147,442
Components of Cash and cash equivalent			
Cash on hand		**115**	171
Cheques/drafts on hand		**1,474**	1,120
Balances with banks on:			
Current accounts		**71,999**	123,216
Deposit account		**64,025**	22,917
Unpaid dividend accounts*		**-**	18
Total cash and cash equivalents		**137,613**	147,442
Add: Fixed deposits classified in investing activities		**48,954**	60,574
Cash and bank balances as reported in consolidated balance sheet		**186,567**	208,016

*Not available for ready use by the Group

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W
Chartered Accountants

per **Vikas Kumar Pansari**
Partner

Membership No. 93649

Place: Hyderabad
Date: May 29, 2014

For and on behalf of the Board of Directors of
GVK Power & Infrastructure Limited

Dr. GVK Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director & CFO

P V Rama seshu
GM & Company Secretary

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

1. Nature of operations

GVK Power & Infrastructure Limited ("Parent Company" or "the Company") is primarily engaged in the business of providing operation and maintenance services, manpower & consultancy services and incidental services to owners of power plants, airports and infrastructure companies. The Parent Company together with its subsidiaries and associates (collectively termed as "the Group") is engaged in constructing and operating power plants, highway projects, airports, exploration of oil and coal mines.

The following is the brief description of the subsidiaries:

a) GVK Industries Limited ("GVKIL" or "Subsidiary company") is engaged in the business of generation of power.

b) GVK Jaipur Expressway Private Limited ("GJEPL" or "Subsidiary company") is engaged in building and developing highway project.

c) Alaknanda Hydro Power Company Limited ("AHPCL" or "Subsidiary company") is engaged in the business of generation of power.

d) GVK Power (Goindwal Sahib) Limited ("GVKPGSL" or "Subsidiary company") is engaged in the business of generation of power.

e) GVK Coal (Tokisud) Company Private Limited ("GVKCCPL" or "Subsidiary company") is engaged in the business of mining of coal meant.

f) GVK Airport Developers Private Limited ("GVKADPL" or "Subsidiary company") is engaged in the business of construction and development of airports.

g) Goriganga Hydro Power Private Limited ("GHPPL" or "Subsidiary company") is engaged in the business of generation of power.

h) GVK Airport Holdings Private Limited ("GVKAHPL" or "Subsidiary company") is engaged in the business of investment as promoters and developers of the international and domestic airport projects.

i) GVK Perambalur SEZ Private Limited ("GVKPSPL" or "Subsidiary company") is engaged in the business of development, operation and maintenance of infrastructure facility.

j) GVK Oil & Gas Limited ("GVKOGL" or "Subsidiary company") is engaged in the business of exploration of oil and natural gas.

k) GVK Energy Limited ("GVKEL" or "Subsidiary company") is engaged in the business of providing operation and maintenance services to owners of power plants.

l) GVK Developmental Projects Private Limited ("GVKDPPL" or "Subsidiary company") is engaged in the business of Infrastructure Projects.

m) GVK Gautami Power Limited ("GVKGPL" or "Subsidiary company") is engaged in the business of generation of power.

n) Bangalore Airport & Infrastructure Developers Private Limited ("BAIDPL or "Subsidiary company") is engaged in construction and development of domestic and international airports.

o) GVK Energy Venture Private Limited (''GVKEVPL'' or ''Subsidiary company'') is engaged in the business of investment in mega power projects.

p) GVK Bagodara Vasad Expressway Private Limited (''GVKBVEPL'' or ''Subsidiary company'') is engaged in the business of building and developing highway project.

q) GVK Deoli Kota Expressway Private Limited (''GVKDKEPL'' or ''Subsidiary company'') is engaged in the business of building and developing highway project.

r) GVK Ratle Hydro Electric Project Private Limited ("GVKRHEPPL" or "Subsidiary company") is engaged in the business of generation of power.

s) GVK Transportation Private Limited ("GVKTPL" or "Subsidiary company") is engaged in building and developing highway project

t) Mumbai International Airport Private Limited ("MIAL" or "Subsidiary company") is engaged in operations, maintenance and development of Chhatrapati Shivaji International Airport, Mumbai.

u) GVK Power (Khadur Sahib) Private Limited ("GVKPKSPL" or "Subsidiary company") is engaged in the business of generation of power.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

v) GVK Airports International Pte Limited ("GVKAIPL" or "Subsidiary company") is engaged in construction and development of airports.

w) GVK Shivpuri Dewas Expressway Private Limited ("GVKSDEPL" or "Subsidiary company") is engaged in building and developing highway project.

x) PT. GVK Services ("PGVKS" or "Subsidiary company") is engaged in management and operations of commercial facilities at Bali International Airport.

The following is the brief description of the associates:

a) Bangalore International Airport Limited ("BIAL" or "Associate company") is engaged in operations, maintenance and development of Bangalore International Airport, Bangalore.

b) Seregarha Mines Limited ("SML" or "Associate company") is engaged in exploration of coal mines.

2. Statement of significant accounting policies

a. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b. Principles of consolidation

Investments in subsidiaries and associates in consolidated financial statements are accounted in accordance with accounting principles as defined in the AS 21 "Consolidated financial statements" and AS 23 "Accounting for investments in associates in consolidated financial statements" notified by Companies (Accounting Standards) Rules, 2006 (as amended) respectively. The consolidated financial statements are prepared on the following basis:

i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.

ii) The difference between the cost to the Group of investments in subsidiaries and the proportionate share in the equity of the subsidiary company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Any gain/loss arising upon acquiring additional stake in subsidiary from parties outside the group is accounted for as goodwill/capital reserve. Similarly, any gain/loss arising upon dilution of stake in subsidiary in favour of parties outside the group is recorded in capital reserve.

iii) Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.

iv) Investments in associates are accounted for using equity method. The excess of cost of investment over the proportionate share in equity of the associate as at the date of acquisition of stake is identified as Goodwill and is disclosed as part of investment in associate in the consolidated financial statements. The carrying amount of the investment is adjusted thereafter for the post-acquisition change in the share of net assets of associate. However, share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped.

v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand-alone financial statements.

vi) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2014.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

vii) As per Accounting Standard 21, only those notes which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements are not disclosed in the consolidated financial statements.

The consolidated financial statements as at and for the year ended on March 31, 2014 include the financial statements of the following entities:

Name of the consolidated entity	Country of Incorporation	Nature of Interest	% of interest	
			2014	2013
GVKIL	India	Subsidiary	73.94	73.94
GJEPL	India	Subsidiary	100.00	100.00
AHPCL	India	Subsidiary	73.94	73.94
GVKPGSL	India	Subsidiary	73.94	73.94
GVKCCPL	India	Subsidiary	73.94	73.94
GVKADPL	India	Subsidiary	100.00	100.00
GHPPL	India	Subsidiary	100.00	100.00
GVKAHPL	India	Subsidiary	100.00	100.00
GVKPSPL	India	Subsidiary	100.00	100.00
GVKEL	India	Subsidiary	73.94	73.94
GVKOGL	India	Subsidiary	100.00	100.00
GVKDPPL	India	Subsidiary	100.00	100.00
GVKGPL	India	Subsidiary	47.02*	47.02*
BAIDPL	India	Subsidiary	100.00	100.00
GVKEVPL	India	Subsidiary	100.00	100.00
GVKDKEPL	India	Subsidiary	100.00	100.00
GVKBVEPL	India	Subsidiary	100.00	100.00
GVKRHEPPL	India	Subsidiary	100.00	100.00
GVKTPL	India	Subsidiary	100.00	100.00
GVKPKSPL	India	Subsidiary	73.94	73.94
GVKSDEPL	India	Subsidiary	100.00	100.00
GVKAIPL	Singapore	Subsidiary	100.00	100.00
MIAL	India	Subsidiary	50.50	50.50
PTGVKS	Indonesia	Subsidiary	97.00	97.00
BIAL	India	Associate	43.00	43.00
SML	India	Associate	32.87	32.87

* GVKEL, subsidiary company holds 63.6% equity stake in GVKGPL and the Parent Company holds 73.94% in GVKEL.

c. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

d. Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Exchange differences arising on reporting of the long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in the previous financial statements are added to or deducted from the cost of the asset and are depreciated over the balance life of the asset, if these monetary items pertain to the acquisition of a depreciable fixed asset.

Depreciation is provided on straight line method at the rates mentioned below, which are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Act:

Particulars	Rates (SLM)
Factory building	3.34%
Non-factory building	1.63%
Plant and machinery	5.28%
Computers and computer equipments	16.21%
Office and electrical equipment	4.75%
Furniture and fixtures	6.33%
Vehicles	9.50%

Leasehold land is amortised over the period of the lease that is 30 years.

The expenditure on improvement to runways and existing infrastructure of airport are amortised over their estimated useful life of 20 years and 10 years respectively.

Fixed assets individually costing Rs. 0.05 or less are fully depreciated in the year of purchase.

Oil & gas assets

The Group follows full cost method of accounting for Oil & Gas Assets. All costs incurred in prospecting, acquiring, mineral interest are accumulated in a large cost centers and are carried as capital work-in-progress.

Aeronautical assets

Development fee levied under the authority of Ministry of Civil Aviation, Government of India/AERA for exclusive utilization for development of aeronautical assets, is disclosed as reduction from the cost of such aeronautical assets.

e. Intangible assets and amortization

An intangible asset is recognised, only where it is probable that future economic benefits attributable to the asset will accrue to the enterprise and the cost can be measured reliably. Intangible assets are stated at cost less accumulated amortization.

Toll collection rights

Direct expenditure incurred on construction of highway project is shown as toll collection rights.

Toll collection rights are amortized over the concession period (i.e. 18 years) proportionately in each year based on the actual traffic revenue for the year and projected traffic revenue for the balance concession period.

Software

Cost of software is amortised on a straight line basis over its estimated useful life which is three to six years.

Airport grant for upfront fees and other compensations

The non-refundable upfront fee, other compensations paid/payable to the AAI for the airport grant is classified under “Intangible Assets” and is amortized over the primary period of the grant available under Operation, Maintenance and Development Agreement (‘OMDA’).

Goodwill

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill is not amortized but is tested for impairment, where indicator of impairment exists and losses are recognized where applicable.

f. Impairment

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in statement of profit or loss.

g. Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment are made are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of such investments.

h. Government grants

Grants from the government are recognized when there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Government grants relating to assets are recognized in the proportion in which the amortization of such assets is charged and are netted off against the amortization on such assets.

Grants related to depreciable assets are treated and disclosed as deferred income which is recognized in the statement of profit and loss over the periods and in the proportions in which depreciation on related asset is charged.

i. Revenue recognition

Revenue is recognized to the extent that it is probable that economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

i) Generation of power

Revenue from sale of energy is recognized on accrual basis in accordance with the provisions of the Power Purchase Agreements ("PPA") with Andhra Pradesh Transmission Corporation Limited ("AP Transco").

The subsidiary companies ('GVKIL' and 'GVKGPL') are eligible to receive incentive fees for every percentage point generated in excess of Plant Load Factor as defined in PPA with AP Transco. Such incentives are accrued on achievement of specified Plant Load Factor.

ii) Aeronautical services, Non-Aeronautical services and Cargo services

Revenue from aeronautical services (net of credit notes) includes landing and parking charges and passenger service fees at the rates prescribed under State Support Agreement, as amended from time to time by Ministry of Civil Aviation, Government of India ("MoCA") / Airports Economic Regulatory Authority ("AERA"). Landing and parking charges are recognized, when such services are provided. Passenger service fees – facilitation component is recognized in respect of each embarking passenger at a specified rate. Passenger service fees – security component (PSF-SC) collected as per the terms of State Support Agreement and MoCA orders is not recognized as revenue of the Company since the same is collected in a fiduciary capacity.

Revenue from non-aeronautical services (net of credit notes) consisting of concessions, rentals, public admission fees, hangar charges, car parking rentals, demurrage on cargo etc., is recognized as per terms of contracts.

Revenue from cargo services (net of credit notes) is recognized as and when the related services are rendered.

iii) Income from toll operations

The revenue is recognized as and when the traffic passes through toll – plazas.

iv) Operating and consultancy services

Revenue for operating and consultancy services are recognised as and when services are rendered based on time spent.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

v) **Interest**

Revenue is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable.

vi) **Dividends**

Revenue is recognized when the shareholders/unit holders right to receive payment is established by the balance sheet date.

vii) **Guarantee commission**

Revenue is recognized on a time proportion basis taking into account the guarantee amount and the commission rate applicable.

j. **Borrowing Costs**

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost, except where exchange difference relate to long term borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

k. **Foreign currency translation**

Foreign currency transaction and balances

i) **Initial recognition**

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) **Conversion**

Foreign currency monetary items are reported using the exchange rate prevailing on the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

iii) **Exchange differences**

From accounting periods commencing on or after December 7, 2006, the group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

- Exchange differences arising on a monetary item that, in substance, forms part of the group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
- Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- All other exchange differences are recognized as income or as expenses in the period in which they arise.

Translation of integral and non-integral foreign operation

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

l. Operating Lease

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased term, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

m. Retirement and other employee benefits

i) Retirement benefit in the form of Provident Fund is a defined contribution scheme. The contributions are charged to the statement of profit and loss of the year when the contributions are due. The company has no obligation other than the contribution payable to the provident fund.

ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

iv) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

v) 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 12 months after the reporting date.

n. Inventories

Raw material, spares, stores and consumables are valued at lower of cost and net realizable value. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less estimated cost necessary to make the sale.

o. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

p. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue, share split; and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

q. Provisions

A provision is recognized when the Company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Provision for resurfacing obligations

Contractual obligations to periodically maintain, replace or restore infrastructure at the end of each five years or earlier as per the terms of the concession agreement are provided for in accordance with Accounting Standard (AS) - 29 “Provision, Contingent Liabilities and Contingent Assets” i.e., at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

r. Segment Reporting Policies

Identification of segments

The Company’s operating businesses are organized and managed separately according to the nature of services provided, with each segment representing a strategic business.

Intersegment Transfers

The Company generally accounts for intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

The corporate and other segment include general corporate income and expense items which are not allocated to any business segment.

s. Cash and Cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t. Derivative instruments

As per the ICAI Announcement, accounting for derivative contracts, other than foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the loss is charged to the income statement. Gains are ignored.

u. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the group or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

Notes to consolidated financial statements for the year ended March 31, 2014
(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

3. Difference in accounting estimates

Depreciation

Depreciation on certain fixed assets of BIAL is provided at rates which are different from the rates used by the Parent Company. Estimate of useful life and quantum of assets on which different rates are followed are as follows:

Asset Description	Depreciation rates	March 31, 2014	March 31, 2013
Buildings	3.33% - 5%	146,607	47,760
Engineering structures	3.33%-5%	56,545	43,845
Plant and machinery	4.75%-16.21%	63,787	33,431
Office equipment	10.34%25%	453	201
Computer and computer equipments	16.21%-25%	2,218	2,335
Furniture and fixtures	6.33%-10%	8,617	4,769
Vehicles	9.5%-20%	1,035	1,130
Software	20%-33.33%	1,047	861

4. Share capital

	March 31, 2014	March 31, 2013
Authorized shares		
2,500,000,000 (March 31, 2013: 2,500,000,000) equity shares of Re. 1/ each	**25,000**	25,000
Issued, subscribed and fully paid-up shares		
1,579,210,400 (March 31,2013: 1,579,210,400) equity shares of Re. 1/ each	**15,792**	15,792
	15,792	15,792

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares	March 31, 2014		March 31, 2013	
	No.	Rs.	No.	Rs.
At the beginning of the year	**1,579,210,400**	**15,792**	1,579,210,400	15,792
Issued during the year	**-**	**-**	-	-
Total equity shares	**1,579,210,400**	**15,792**	1,579,210,400	15,792

(b) Terms/rights attached to equity shares

The Company has only one class of equity share having par value of Rs.1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	March 31, 2014		March 31, 2013	
	No	% holding	No	% holding
G Indira Krishna Reddy	**230,340,730**	**14.59**	235,590,230	14.92
G V Sanjay Reddy	**154,334,480**	**9.77**	154,334,480	9.77
Krishnaram Bhupal	**118,155,990**	**7.48**	118,155,990	7.48
HSBC Global Investment Funds	**113,356,052**	**7.18**	115,250,000	7.30
Vertex Infratech Private Limited	**140,632,430**	**8.91**	116,896,770	7.40

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash:

	March 31, 2014	March 31, 2013
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalization of general reserve *	-	-
Equity shares allotted as fully paid-up pursuant to scheme of amalgamation	-	703,250,000
Equity shares allotted as fully paid-up pursuant to scheme of arrangement	-	90,462,150

*Five years completed as at March 31, 2014

5. Reserves and surplus

	March 31, 2014	March 31, 2013
Capital reserve on acquisition		
Balance as per the last financial statements	**50,835**	50,835
Add: additions during the year	**-**	-
	50,835	50,835
General reserve	**952**	**952**
Securities premium account	**215,352**	**215,352**
Surplus/(deficit) in the statement of profit and loss		
Balance as per the last financial statements	**31,601**	65,198
(Loss) for the year	**(36,868)**	(33,597)
Net surplus/(deficit) in the statement of profit and loss	**(5,267)**	31,601
Foreign currency translation reserve		
Balance as per the last financial statements	**(1)**	8
Movement during the year	**155**	(9)
	154	(1)
Total reserves and surplus	**262,026**	**298,739**

6. Long term borrowings

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**1,405,077**	1,122,648	**31,285**	128,995
Foreign currency loan from banks (secured)	**40,120**	40,742	**5,609**	4,670
Indian rupee loan from financial institutions (secured)	**449,850**	329,403	**14,382**	14,109
Term loans from others (secured)	**39,111**	-	**-**	-
Other loans and advances				
Buyers credit (secured)	**-**	9,552	**11,350**	-
Vehicle loan (secured)	**-**	15	**15**	109
	1,934,158	1,502,360	**62,641**	147,883
The above amount includes				
Secured borrowings	**1,934,158**	1,502,360	**62,641**	147,883
Unsecured borrowings	**-**	-	**-**	-
Amount disclosed under the head “other current liabilities” (note 11)	**-**	-	**(62,641)**	(147,883)
Net amount	**1,934,158**	1,502,360	**-**	-

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Entity wise details of the above long term borrowings are as follows:

Name of the entities	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Parent Company	**28,319**	35,000	**6,667**	30
GVKIL	**40,349**	44,667	**8,887**	8,849
AHPCL	**342,493**	301,978	**14,374**	8,841
GVKPGSL	**229,069**	197,297	**7,837**	7,305
GJEPL	**97,707**	103,606	**5,898**	3,852
MIAL	**757,019**	623,028	**-**	2,757
GVKCCPL	**18,222**	13,610	**-**	-
GVKBVEPL	**33,533**	22,035	**-**	-
GVKADPL	**149,866**	34,525	**2,484**	104,078
GVKDKEPL	**61,752**	37,400	**197**	-
GVKGPL	**80,389**	89,214	**16,297**	12,171
GVKEL	**13,750**	-	**-**	-
GVKRHEPPL	**81,690**	-	**-**	-
	1,934,158	1,502,360	62,641	**147,883**

The details of the security, repayment and other terms of borrowings are as follows:

a) Parent Company

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**28,319**	35,000	**6,667**	30
Secured borrowings	28,319	35,000	6667	30
Unsecured borrowings	-	-	-	-
Amount disclosed under the head "other current liabilities"	-	-	(6667)	(30)
Net amount	**28,319**	35,000	**-**	-

A. Term loan aggregating to Rs. 20,000 is secured by first pari-passu charge on the current assets, present and future of the Company, second pari-passu charge on the current assets and fixed assets of GVK Industries Limited and pledge of 10% shares of GVK Industries Limited and presently carries interest of 13.25% per annum. The loan is repayable in six equal quarterly installments after a moratorium of eighteen months from the date of first drawdown viz. March 8, 2013.

B. Term loan aggregating to Rs. 14,986 is secured by mortgage of property, admeasuring 2683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited and presently carries interest of 13.25% per annum. The loan is repayable after a period of 35 months from the date of first drawdown viz. September 27, 2012.

C. Term loan aggregating to Rs. 30 carried interest at 8.5% p.a. The loan was repayable in 36 monthly installments of Rs. 3.15 from the date of loan viz. January 29, 2011. The loan was secured by charge over vehicle for which finance was provided and was repaid during the year.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

b) GVKIL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**25,511**	29,068	**5,899**	5,823
Foreign currency loan from banks (secured)	**9,758**	10,762	**2,121**	1,922
Indian rupee loan from financial institutions (secured)	**5,080**	4,837	**867**	1,100
Other loans and advances				
Vehicle loan (secured)	**-**	-	**-**	4
	40,349	44,667	**8,887**	8,849
The above amount includes				
Secured borrowings	**40,349**	44,667	**8,887**	8,849
Unsecured borrowings	**-**	-	**-**	-
Amount disclosed under the head "other current liabilities"	**-**	-	**(8,887)**	(8,849)
Net amount	**40,349**	**44,667**	**-**	**-**

A. Rupee term loans from banks (other than one loan from State Bank of India of Rs. 1,000, additional term loans of Rs. 3,791 from banks and financial institutions) and foreign currency loan from banks are secured by:

i. Pari passu first mortgage and charge on all the immovable and movable properties (both tangible and intangible), present and future of the expansion project and assets common for both Phase I and Phase II;

ii. Pari passu first charge on all the immovable and movable properties (both tangible and intangible), present and future, pertaining to Phase I;

iii. Pari passu first charge/assignment/security interest on all the revenues/receivables of Phase II;

iv. Pari passu first charge/assignment/security interest on subsidiary company's rights under Phase II agreements, in respect of all clearances, licenses, permits, approvals and consents in respect of the expansion project and letters of credit, guarantee or performance bond that may be provided in favour of subsidiary company; and

v. Pledge of 28% of shares of the subsidiary company held by GVKEL.

B. Loan from State Bank of India is secured by hypothecation of first charge on spares and pari-passu first charge on fixed assets of Phase I.

C. Additional rupee term loan from banks and financial institutions aggregating to Rs. 3,791 are secured by :

i. Pari passu first charge by way of mortgage on all immovable and movable both tangibles and intangibles present and future of Phase II, subject to prior mortgage and charge in favour of banks and financial institutions;

ii. First charge on all the immovable and movable properties both tangible and intangible of Phase I including receivables and shared facilities, subject to prior mortgage and charge in favour of banks and financial institutions;

iii. Collaterally secured by way of first charge/assignment/security on all the revenues/receivables of Phase II; and

iv. Pledge of 51% of shares of the subsidiary company held by GVKEL.

D. Repayment and other terms of loans as follows:

i. Rupee loan from State Bank of India amounting to Rs. 1,000 is repayable in 12 quarterly installments from June 2012 and currently carries interest of 18.10% per annum;

ii. Rupee loans from banks other than loan from State Bank of India are repayable in 43 quarterly installments from 2008-09, and currently carries interest of 11.35% per annum;

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

iii. Additional rupee term loans from banks and financial institutions are repayable in 16 quarterly installments from April 1, 2015, and currently carries interest of 11.35% to 12.5% per annum;

iv. Term loans from financial institution are repayable in 43 quarterly installments from 2008-09, and carries interest of 10.70% and 11.35% for the two tranches; and

v. Foreign currency loan is repayable in 13 half yearly foreign currency installments from 2008-2009 and 13 quarterly rupee installments from 2015-2016. Interest is payable half yearly at 6 Month Libor plus 2.50% margin and interest on rupee installments would be agreed at the time of conversion.

E. The Vehicle loan was secured by charge over fixed asset i.e. vehicle for which finance is provided by the lender. It was repayable in 36 installments and carried an interest rate of 9.60% p.a and was repaid during the year.

c) AHPCL

	Non-current portion		**Current maturities**	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**209,428**	182,599	**7,354**	4,338
Foreign currency loan from banks (secured)	**20,355**	19,268	**1,215**	1,101
Indian rupee loan from financial institutions (secured)	**112,710**	100,111	**5,805**	3,402
	342,493	301,978	**14,374**	8,841
The above amount includes				
Secured borrowings	**342,493**	301,978	**14,374**	8,841
Unsecured borrowings	**-**	-	**-**	-
Amount disclosed under the head “other current liabilities”	**-**	-	**(14,374)**	(8,841)
Net amount	**342,493**	301,978	**-**	-

A. Rupee term loans from banks, financial institutions and foreign currency loan from bank are secured by:

i. Mortgage on the subsidiary company’s immovable properties present and future;

ii. Hypothecation of all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future;

iii. All cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising and all intangibles including but not limited to goodwill, uncalled capital, present and future; and

iv. Assignment or creation of security interest in:

- All rights, titles, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time;
- All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances;
- All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, performance bond provided by any party to the project document;
- Escrow Account and other reserves, and any other bank accounts of the subsidiary company wherever maintained;
- All insurance contracts / insurance proceeds;
- Pledge of 60% of equity shares issued or to be issued by the subsidiary company during the currency of the term loans;
- The aforesaid mortgages, hypothecation, assignment charges and pledge of shares, shall in all respects, rank pari passu interest; and
- The Lenders, at their option, have a right to convert the whole or part of the Loan into equity, at par, in case of default in payment of two consecutive installments and / or interest without prior intimation.

v. Corporate guarantee of GVKEL.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

B. Repayment and other terms of loans are as follows:

i. Rupee term loans aggregating to Rs. 25,228 are repayable in 40 quarterly installments commencing from September 2014. Balance Rupee term loan are repayable in 50 quarterly installments commencing September/October 2014;

ii. The foreign currency loans are repayable in 60 quarterly installments commencing from January 1, 2012; and

iii. The rupee term loans from banks currently carries interest of 12.35%. The rupee term loans from financial institutions, currently carries interest in the range of 13.25% to 13.75%. Foreign currency loan carries floating rate of interest at 3 month LIBOR + 248 bps (i.e.2.48%).

d) GVKPGSL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**192,209**	164,414	**5,707**	6,087
Indian rupee loan from financial institution (secured)	**36,860**	32,883	**2,130**	1,216
Other loans and advances				
Vehicle loan (secured)	**-**	-	**-**	2
	229,069	197,297	**7,837**	7,305
The above amount includes				
Secured borrowings	**229,069**	197,297	**7,837**	7,305
Unsecured borrowings	**-**	-	**-**	-
Amount disclosed under the head “other current liabilities”	**-**	-	**(7,837)**	(7,305)
Net amount	**229,069**	197,297	**-**	-

A. Rupee term loans from banks and financial institutions are secured by:

i. The subsidiary company’s all movable, immovable properties and receivables present and future;

ii. Assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever in the project documents; and

iii. Pledge of 51% of equity shares held by GVKEL.

B. Repayment and other terms of loans are as follows:

i. 70% of rupee loans of Rs. 53,908 are repayable in 46 quarterly installments commencing from November 1, 2013 and balance of 30% are repayable in a single/bullet repayment installment along with 46th quarter installment. The rupee term loans currently carries interest at 13.25% per annum;

ii. 70% of balance rupee loans are repayable in 46 quarterly installments commencing from January, 2015 and the balance 30% is repayable in a single/bullet repayment installment along with 46th quarter installment. The rupee term loans currently carries interest at 13.25% per annum.

C. The vehicle loan was secured by charge over fixed assets i.e. vehicle for which finance was provided by the lender. The loan was repayable in 36 installments and carried interest of 8.75% per annum and was repaid during the year.

D. In few cases, the subsidiary company has not made payment of principal as certain banks have not yet approved restructuring proposal. The details of payments not made as at March 31, 2014 are as follows:

Particulars	Nature of due	Amount	Period of delay March 31, 2014	Period of delay March 31, 2013
Indian rupee loan from banks (secured)	Principal	1,065	Upto 121 days	Nil
Indian rupee loan from financial institution (secured)	Principal	609	Upto 121 days	Nil

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(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

e) GJEPL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**34,138**	36,961	**2,822**	2,149
Indian rupee loan from financial institutions (secured)	**63,569**	66,630	**3,061**	1,644
Other loans and advances				
Vehicle loan (secured)	**-**	15	**15**	59
	97,707	103,606	**5,898**	3,852
The above amount includes				
Secured borrowings	**97,707**	103,606	**5,898**	3,852
Unsecured borrowings				
Amount disclosed under the head "other current liabilities"	**-**	-	**(5,898)**	(3,852)
Net amount	**97,707**	103,606	**-**	-

A. Rupee term loans from banks and financial institutions to the extent of Rs. 11,416 are secured by:

i. First charge on the subsidiary company's immovable properties present and future;

ii. First charge on hypothecation of all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future;

iii. First charge on all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising, present and future;

iv. First charge on all intangibles including but not limited to Goodwill, uncalled capital, present and future;

v. Assignment or creation of security interest in:

- All rights, titles, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time;
- All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances; and
- All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, and performance bond provided by any party to the project document and all insurance contracts/ insurance proceeds.

vi. Charge on the escrow account and other reserves, and any other bank accounts of the subsidiary company wherever maintained;

vii. Pledge of shares to the extent of 51% of the equity shares of the subsidiary company held by the holding Company i.e. GVK Transportation Private Limited ("Sponsor") with effect from 1.4.2011; and

viii. Further the debt servicing is secured by way of a bank guarantee for Rs. 1,250 from Indian Overseas Bank, Secunderabad.

B. Repayment and other terms of loans are as follows:

The aforesaid loans carries interest of 11.50% and the rate of interest is due for reset during August 2014. The loans have to be fully repaid by November 2017.

C. Rupee term loans from banks and financial institutions to the extent of Rs. 92,174 are secured by:

i. Mortgage by way of second exclusive charge of entire immovable properties of the subsidiary company, except project assets, both present and future, if any;

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

ii. Second charge by way of hypothecation of entire movable properties of the subsidiary company, except project assets, both present and future, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable properties of whatsoever nature;

iii. Second charge on entire cash flows, receivables, book debts and revenues of the subsidiary company of whatsoever nature and wherever arising, subject to the terms of the Concession Agreement and the Escrow Agreement, both present and future;

iv. Second charge on entire intangible assets of the subsidiary company, including but not limited to, goodwill and uncalled capital, both present and future;

v. Pledge of shares held by Sponsor in dematerialized form in the equity share capital of the subsidiary company representing 51% of the total paid up equity share capital of the subsidiary company. The shares to be pledged shall be free from any restrictive covenants/lien or other encumbrance under any contract/arrangement, including shareholder agreement/joint venture agreement/ financing arrangement, with regard to pledge/transfer of the shares including transfer upon enforcement of the pledge except for the encumbrance created in favor of the existing senior lenders to the Project; and

vi. First charge on the surplus cash flows, surplus account and the surplus debt service reserve of the subsidiary company.

D. Repayment and other terms of loans are as follows:
The loans currently carries interest at 12.5% p.a and were raised in October 2011 and scheduled to be repaid fully by September 15, 2021.

E. The vehicle loan is secured by charge over fixed asset i.e. vehicle, for which finance is provided by the lender and is scheduled for repayment by June 15, 2014 in 36 equal monthly installments. The loan carries interest of 9.75%.

f) MIAL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**683,354**	588,474	-	2,757
Indian rupee loan from financial institutions (secured)	**34,554**	34,554	-	-
Term loans from others (secured)	**39,111**	-	-	-
	757,019	623,028	-	2,757
The above amount includes				
Secured borrowings	**757,019**	623,028	-	2,757
Unsecured borrowings	**-**	-	-	-
Amount disclosed under the head “other current liabilities”			-	(2,757)
Net amount	**757,019**	623,028	-	-

A. Term loans from consortium of bank and financial institution aggregating to Rs. 420,098 are secured by way of:

i. Pari passu charge on all the amounts lying in certain designated bank accounts, present and future, of the subsidiary company; and first charge on all assets of the subsidiary company present and future; and

ii. Pledge of equity shares of the subsidiary company held by the prime members (i.e. GVK Airport Holdings Private Limited, Bid Services Division (Mauritius) Limited and ACSA Global Limited) constituting not less than 74% of the total voting paid-up equity share capital of the subsidiary company on pari passu basis.

B. Additional term loans aggregating to Rs. 70,000 are secured by of:

i) First pari passu charge on all the amounts lying in certain designated bank accounts, present and future, of the subsidiary company; and first charge on all assets of the subsidiary company present and future, to the extent permitted under OMDA.;

ii) Pledge of equity shares of the subsidiary company held by the prime members (i.e. GVK Airport Holdings Private Limited, Bid Services Division (Mauritius) Ltd. and ACSA Global Ltd.) constituting not less than 74% of the total voting

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(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

paid-up equity share capital of the subsidiary company on pari passu basis. Additional security by way of undertaking from prime members (i.e. GVK Airport Holdings Private Limited., Bid Services Division (Mauritius) Ltd. and ACSA Global Ltd.) in proportion to their shareholding/GVK Airport Holdings Private Limited for meeting shortfall, if any, between total debt outstanding and termination payments receivable from Airports Authority of India/Government of India.

C. Term loans from IDBI and Axis Bank aggregating to Rs. 227,810 are secured by pari passu charge on all the amounts lying in certain designated bank accounts of the subsidiary company and second charge on surplus accounts and debt service reserve account. Pledge of equity shares of the subsidiary company held by the prime members (i.e. GVK Airport Holdings Private Limited., Bid Services Division (Mauritius) Limited and ACSA Global Limited) constituting not less than 74% of the total voting paid-up equity share capital of the subsidiary company on pari passu basis.

D. Term loans from others aggregating to Rs. 39,111 represents loans from L&T Infrastructure Finance Co Ltd. secured by first pari passu charge on all the amounts lying in certain designated banks accounts, present and future of the subsidiary company, and first pari passu charge on receivables (including unbilled revenue) and spares and stores and other current assets to the extent permitted under OMDA.

E. Repayment and other term of the loan are as follows:

i. Term loans from consortium of banks and financial institution other than IDBI and Axis bank aggregating to Rs. 420,098 are repayable in 120 monthly installments commencing from the 109th month after first disbursement i.e. August 2016. 18% of total loan amount outstanding will be repaid in 36 equal installments commencing August 2016, 30% of total loan amount will be repaid in 36 equal installments commencing August 2019 and balance will be repaid in subsequent 48 equal installments commencing August 2022. The repayment terms were restructured during the year. As per the common loan agreement dated May 27, 2007 (as modified) with consortium of banks and financial institution, the applicable rate of interest shall be Base rate ("the Benchmark Rate") plus 125 bps ("the spread") with effect from April 1, 2014 (3 years G-Sec plus 215 bps per annum payable monthly for the disbursements received till the amendment to common loan agreement dated April 9, 2011 and 265 bps spread for further disbursements received thereafter) per annum payable monthly. The interest rate would be reset facility wise on December 31 once in every three years starting from December 31, 2009.

ii. Term loans aggregating to Rs. 70,000 are repayable in 128 structured monthly installments as per the schedule commencing from August 2016. Applicable rate of interest shall be base rate ("the Benchmark Rate") plus 1.25%. The interest rate would be reset from the date of first drawn i.e. March 28, 2014 and once every three years thereafter.

iii. Term loans aggregating to Rs. 227,810 are repayable in 49 structured quarterly installments as per the schedule commencing from April 1, 2013. Applicable rate of interest shall be base rate ("the Benchmark Rate") plus spread ranging from 2% to 2.25%.

iv. Term loan from others aggregating to Rs. 39,111 are repayable in 24 equal monthly installments after moratorium of 24 months beginning from September 2015. Applicable rate of interest shall be L&T Infra PLR minus 275 bps.

g) GVKCCPL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**18,222**	13,610	-	-
The above amount includes				
Secured borrowings	18,222	-	-	-
Unsecured borrowings	-	-	-	-
Amount disclosed under the head "other current liabilities"			-	-
Net amount	**18,222**	**13,610**	**-**	**-**

A. Rupee term loans from banks are secured by:

i. First charge on all movable, immovable properties and receivables present and future;

ii. Assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever in the project documents; and

iii. Pledge of 51% of equity shares held by GVKEL.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

B. Repayment and other terms of loans are as follows:

Rupee term loans are repayable in 37 equal quarterly installments commencing from December 31, 2014 and are scheduled to be repaid fully by April 1, 2024. The loans currently carries interest at 13.65% p.a. subject to reset.

h) GVKBVEPL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**26,014**	17,094	-	-
Indian rupee loan from financial institutions (secured)	**7,519**	4,941	-	-
The above amount includes				
Secured borrowings	**33,533**	-	-	-
Unsecured borrowings	**-**	-	-	-
Amount disclosed under the head “other current liabilities”	**-**	-	-	-
Net amount	**33,533**	**22,035**	-	-

A. Indian rupee loan is secured to the extent permitted under the concession agreement by:

(i) First charge on all the present and future tangible movable assets, machinery spares, tools and accessories etc., save and except the project Assets as defined under the rupee loan agreement;

(ii) First charge on all the bank accounts of the subsidiary company including Debt service reserve Account/Escrow accounts/its sub accounts except the Distribution Sub-sub account. Charge on the Escrow account shall be in a manner and only to the extent of order of priorities of payment as permitted under the Escrow agreement and supplementary Escrow agreement;

(iii) First charge on all intangibles of the subsidiary company including goodwill, rights, undertakings and uncalled capital both present and future save and except the Project assets as defined under the Rupee loan agreement.;

(iv) Assignment by way of security of the right, title, interests, benefits, claims and demands of the subsidiary company in and under all the project documents, approvals, insurance contracts, letter of credit, guarantees, liquidated damages and performance bond. Provided however, that the assignment as mentioned above shall be in accordance with and to the extent provided under the Substitution agreement.; and

(v) Pledge of 51% of voting equity share capital of the subsidiary company held by the Sponsor’s until the Commercial operation date (COD). Pledge of shares will be gradually reduced to 26% over a period of 3 years from the date of COD if there is no outstanding event of default;

B. Indian rupee loan carries interest @ 11.75% p.a. up to scheduled commercial operation date and thereafter date falling on expiry of every 24 months from the previous interest reset date until the final settlement of loan.

C. The loan is repayable over a period of 17.25 years (including the construction period) in 54 quarterly installments starting from December 31, 2015 as per the amortization schedule stated in the rupee loan agreement.

i) GVKADPL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**113,852**	-	**-**	104,078
Indian rupee loan from financial institutions (secured)	**36,014**	34,525	**2,484**	-
	149,866	34,525	**2,484**	104,078
Secured borrowings	**149,866**	34,525		
Unsecured borrowings	**-**			
Amount disclosed under the head “other current liabilities”	-	-	(2,484)	(104,078)
Net amount	**149,866**	**34,525**	-	-

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

A. Rupee term loans from banks and financial institutions are secured by:

i. Pledge of 61% of shares held by the Parent Company in the subsidiary company and shares held by the subsidiary company in GVK Airport Holdings Private Limited and Bangalore Airport & Infrastructure Developers Private Limited. Share pledge is ranking pari passu with loan extended by other lenders;

ii. Mortgage of land and building located at Himayatsagar and Secunderabad respectively;

iii. Loan amounting to Rs.113,716 is further secured by second pari-passu charge on 2683.90 acres of land belonging to GVK Perambalur SEZ Private Limited; and

iv. Loan amounting to Rs. 39,985 is further secured by:

a. Corporate guarantee by Parent company;

b. Pledge of 26% of shares held by GVK Energy Limited in GVK Industries Limited;

c. Pari-passu charge on loan and advance given by subsidiary company to GVK Airport Holdings Private Limited and Bangalore Airport & Infrastructure Developers Private Limited; and

d. Charge on other current assets of subsidiary company.

B. Repayment and other terms of loans are as follows:

i. Loan amounting to Rs. 113,852 currently carries interest of 14.05% per annum. The loan is repayable on September 16, 2015.

ii. Loan amounting to Rs. 38,498 currently carries interest of 15.5%% per annum. The loan is repayable in 31 quarterly installments commencing from October 2014.

j) GVKDKEPL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	**50,693**	30,702	162	-
Indian rupee loan from financial institutions (secured)	**11,059**	6,698	35	-
	61,752	37,400	197	-
The above amount includes				
Secured borrowings	**61,752**	37,400	197	-
Unsecured borrowings	**-**	-	-	-
Amount disclosed under the head “other current liabilities”			(197)	
Net amount	**61,752**	37,400	-	-

A. Indian rupee loans are secured to the extent permitted under the concession agreement by:

i. First charge on all the present and future movable assets and intangible assets except the project assets as defined under the rupee loan agreement;

ii. First charge on all revenues and receivables of the borrower from the project or otherwise;

iii. Pledge of 51% equity shares of the subsidiary company held by the Sponsor’s until the commercial operation date and pledge of 26% equity shares of the subsidiary company held by the Sponsor’s for a period of 2 years from commercial operation date;

iv. A first ranking pari passu charge / assignment by way of security of all the project documents to the extent provided under the Substitution Agreement entered into by the subsidiary company with the Rupee Lender and the NHAI;

v. A first ranking pari passu charge on all rights, title, interests, benefits, demands, and claims under the contractor guarantees, liquidated damages, any guarantees, letter of credit, or performance bonds provided by any counter party under any contract of the subsidiary company, Insurance Contracts, and Insurance proceeds; and

vi. A first ranking pari passu charge on all the bank accounts including without limitation the Escrow account and all permitted investments of the subsidiary company except the sums lying to the credit of the “GVKDKEPL Distribution Account” and assets created / gains arising out of the investment made from the above account. First charge on all the bank accounts of the subsidiary company.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

B. Repayment and other terms of loans are as follows:

i. Loan currently carries interest at 10.50% p.a. up to July 1st 2013 and @ 11.50% p.a from July 2nd 2013 and shall remain fixed for a period of two years.

ii. The loan is repayable over a period of 18 years (including the construction period) in 58 quarterly installments starting from August, 2014.

k) GVKGPL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	23,337	24,724	2,674	3,763
Foreign currency loan from banks (secured)	10,006	10,712	2,273	1,647
Indian rupee loan from financial institutions (secured)	47,046	44,226	-	6,747
Other loans and advances				
Buyers credit (secured)	-	9,552	11,350	-
Vehicle loan (secured)	-	-	-	14
	80,389	89,214	16,297	12,171
The above amount includes				
Secured borrowings	80,389	89,214	16,297	12,171
Unsecured borrowings				
Amount disclosed under the head “other current liabilities”	-	-	(16,297)	(12,171)
Net amount	80,389	89,214	-	-

A. Rupee term loans from banks, financial institutions and foreign currency loans from banks are secured by:

i. Pari passu first charge by deposit of title deeds of immovable properties in respect of project land;

ii. Pari passu first charge in the form of hypothecation of all movable assets of the project both present and future except specified receivables on which first charge was given to working capital lender;

iii. Pari passu first charge/assignment/security interest on/off all the rights, titles, interest and benefits and all licenses, permits, approvals and consents in respect of the project; and

iv. Pledge of 51% shares of paid-up capital of the subsidiary company held by GVKEL.

B. Buyers credit is secured by:

i. Exclusive charge on spares the subsidiary company; and

ii. Second charge on the fixed assets of the subsidiary company on pari passu basis with the working capital lenders.

C. Repayment and other terms of loans are as follows:

i. Rupee term loans from banks aggregating to Rs. 4,296 and Rs. 1,933 are repayable in 30 and 15 quarterly installments respectively commencing from October 2016. Balance term loans from banks are payable in 43 installments ending on March 15, 2020. All Indian rupee term loans from banks currently carries interest of 12% per annum;

ii. Foreign currency loan carries interest at 3 M Libor plus 2.50% margin. The loans are repayable in 43 quarterly installments commencing from 2008-09.;

iii. Rupee term loans from financial institution currently carries interest rate of 12.25%. The loans are repayable in 30 quarterly installments commencing from October 2016.; and

iv. Buyer’s credit is repayable by March 2015 and carries interest at the rate of 0.93% per annum.

D. Vehicle loans were secured by charge over fixed asset i.e. vehicle, for which finance is provided by the lender and carried interest of 9.36% and 9.61% for the two loans. These loans are repaid during the year.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

E. In few cases the subsidiary company has not made payment of principal as certain banks have not yet approved restructuring proposal. The details of payments not made as at March 31, 2014 are as follows:

Particulars	Nature of due	Amount	Period of delay March 31, 2014	Period of delay March 31, 2013
Indian rupee loan from banks (secured)	Principal	535	Upto 76 days	Nil
Foreign Currency lo from banks(secured)	Principal	455	Upto 15 days	Nil

l) GVKEL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from financial institutions (secured)	**13,750**	-	-	-
	13,750	-	-	-
The above amount includes				
Secured borrowings	**13,750**	-	-	-
Unsecured borrowings	**-**	-	-	-
Amount disclosed under the head "other current liabilities"	**-**	-	-	-
Net amount	**13,750**	-	-	-

A. Term loan from financial institution was taken during the current year and carries interest rate of 14.5% p.a. The loan is repayable in three annual installments starting from March 30, 2016. The loan is secured by:

i. Pledge of such number of shares of Alaknanda Hydro Power Company Limited (AHPCL) which are sufficient/ required to maintain the required security margin. Provided that initially 40% of equity shares of AHPCL shall be pledged; and

ii. Pledge of 26% full paid up equity shares of the borrower.

m) GVKRHEPPL

	Non-current portion		Current maturities	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from financial institutions (secured)	**81,690**	-	-	-
	81,690	-	-	-
The above amount includes				
Secured borrowings	**81,690**	-	-	-
Unsecured borrowings	**-**	-	-	-
Amount disclosed under the head "other current liabilities"	**-**	-	-	-
Net amount	**81,690**	-	-	-

A. Rupee term loans from financial institution are secured by

i. A first ranking charge/mortgage/assignment/hypothecation of:

a. Subsidiary company's immovable properties, present and future, except forest land, river bed area and land for realignment of National Highway - 1B, subject to the Transfer of Property Act of the State Government of Jammu & Kashmir and Right to Use Forest Land;

b. Subsidiary company's movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, uncalled capital, present and future relating to the Project;

c. All book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, of the subsidiary company, present and future; and

Notes to consolidated financial statements for the year ended March 31, 2014
(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

d. Debt Service Reserve Account, the Trust and Retention Account, any letter of credit and other reserves and any other bank accounts of the subsidiary company wherever maintained, present and future.

ii. First ranking assignment on

a. All the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents (including but not limited to Power Purchase Agreements/memorandum of understanding for sale of power, package/ engineering, procurement and construction contracts/Construction contracts, O & M Agreement, land lease agreements, etc.), if any, duly acknowledged and consented to by the relevant counter parties to such project documents, each as amended, varied or supplemented from time to time;

b. All the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the permits, approvals and clearances pertaining to the Project;

c. All the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party under the project documents; and

d. All the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company under all insurance contracts/insurance proceeds.

iii. First ranking pledge of 51% shares held by GVK Developmental Projects Private Limited in subsidiary company.

B. Loan is repayable in 80 quarterly equal installments commencing from July 15, 2019 and presently carries interest in the range of 13.50% to 13.75%.

7. Deferred tax liabilities and assets

	March 31, 2014	March 31, 2013
Deferred tax liabilities (net)		
Depreciation	**45,478**	33,297
Provision for doubtful trade receivables	**(168)**	(220)
Provision for retirement benefits	**(509)**	(396)
Brought forward losses and unabsorbed depreciation*	**(3,493)**	-
Others	**317**	426
	41,625	33,107
Deferred tax assets (net)		
Provision for retirement benefits	**17**	53
Depreciation	**(1)**	(11)
Gross deferred tax asset	**16**	42

* Restricted to the extent of deferred tax liability at entity level.

Note:

In accordance with the terms and conditions of the Power Purchase Agreement ('PPA') with AP Transco, GVKIL is entitled for reimbursement of tax on income. Since deferred tax liability is created based on tax laws, timing difference reversing after tax holiday period but within the period of power purchase agreement amounting to Rs. 930 (March 31, 2013: Rs. 1,837) has been accrued as unbilled revenues. Further, the subsidiary company has created deferred tax liability on such unbilled revenue to the extent not expected to be reimbursed by AP Transco.

8. Trade Payables and Other long-term liabilities

	March 31, 2014	March 31, 2013
Trade payables	**48,216**	-
Other long-term liabilities		
Retention money	**3,504**	1,554
Retirement compensation payable to AAI under OMDA	**7,718**	9,761
Security deposits	**52,867**	14,046
Capital creditors	**1,694**	1,679
	65,783	27,040

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

9. Provisions

	Long-term		Short-term	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Provision for employee benefits				
Provision for gratuity (note 27)	**816**	874	**75**	80
Provision for leave benefits	**-**	-	**2,223**	1,886
Provision for resurfacing obligation (note 33)	**-**	3,399	**4,532**	-
	816	4,273	**6,830**	1,966
Other provisions				
Provision for income tax (net)	**-**	-	**3,564**	3,252
	-	-	**3,564**	3,252
	816	4,273	**10,394**	5,218

10. Short term borrowings

	March 31, 2014	March 31, 2013
Cash credit (secured)	**7,246**	8,335
Overdraft from banks (secured)	**-**	46,131
Overdraft from banks (unsecured)	**61,956**	24,707
Other loans and advances		
- Loan from banks (secured)	**125,583**	78,125
- Loan from banks (unsecured)	**23,290**	38,401
- Loan from others (secured)	**-**	10,037
- Loan from others (unsecured)	**31,492**	424
	249,567	206,160
The above amount includes		
Secured borrowings	**132,829**	142,628
Unsecured borrowings	**116,738**	63,532

Entity wise details of the borrowings are as follows:

Name of the entities	**March 31, 2014**	March 31, 2013
Parent Company	**18,050**	7,350
GVKIL	**6,511**	2,080
MIAL	**48,635**	56,255
GVKADPL	**44,771**	62,399
GVKRHEPPL	**-**	12,036
GVKTPL	**74,353**	62,607
AHPCL	**1,822**	-
GVKPGSL	**6,758**	-
GVKGPL	**-**	8
GVKDPPL	**48,667**	3,401
PGVKS	**-**	24
Total	**249,567**	206,160

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

The details of the loan entity wise are as follows:

a) Parent Company

	March 31, 2014	March 31, 2013
Other loans and advances		
- Loan from banks (secured)	**18,050**	7,350
	1,8050	7,350

A. Term loan aggregating to Rs. 18,050 currently carries interest of 11.50% per annum and secured by:

i. Charge on loans and advances of the company to GVK Airport Developers Private Limited ("GVKADPL") and also loans and advances provided by GVKADPL to GVK Airport Holdings Private Limited ("GVKAHPL") and Bangalore Airport & Infrastructure Developer Private Limited ("BAIDPL");

ii. Exclusive charge on shares of GVKADPL to the extent of two times of facility amount;

iii. Exclusive charge on shares of GVKAHPL and BAIDPL not exceeding 30% of the shares of the companies and the no. of shares to be pledged would be in proportion to the lenders at GVKADPL;

iv. First pari passu charge on Himayatsagar and Paigah House property, Hyderabad;

v. Second pari passu charge on land of 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited; and

vi. Proportionate proceeds of liquidity event at GVKADPL, GVKAHPL and BAIDPL.

b) GVKIL

	March 31, 2014	March 31, 2013
Cash credit from banks (secured)	**3,611**	2,080
Other loans and advances		
- Loan from banks (unsecured)	**2,900**	-
	6,511	2,080

A. Cash credit from banks are secured by:

i. In respect of Phase I working capital lenders, first charge on receivables of Phase-I on Pari passu basis and second charge on fixed assets of Phase I; and

ii. In respect of Phase-II working capital lenders, first charge on fixed assets and on current assets of Phase II on pari passu with Phase II term lenders.

B. Cash credit carries interest at PLR+ margin which ranged from 12.75% to 18% per annum.

C. Unsecured loans from banks are repayable on demand and carries interest at 9.50% to 9.75% per annum.

c) MIAL

	March 31, 2014	March 31, 2013
Cash credit from banks (secured)	**3,635**	6,255
Other loans and advances		
- Loan from banks (secured)	**45,000**	15,000
- Loan from banks (unsecured)	**-**	35,000
	48,635	56,255

A. Cash credit facility from banks is secured by first charge on all the amounts lying in certain designated bank accounts of the subsidiary company on pari passu basis.

B. Loan from bank is secured by first pari-passu charge on certain designated bank accounts of the subsidiary company, receivables including unbilled revenue, spares & tools and other current assets.

C. Cash credit facilities carries interest from 12.25% to 12.75%

D. Secured loan from bank caries interest of 13.5%

E. Unsecured from banks carried interest of 11.5% and was repaid during the year.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

d) GVKADPL

	March 31, 2014	March 31, 2013
Overdraft from banks (secured)	**-**	46,123
Overdraft from banks (unsecured)	**44,771**	16,276
	44,771	62,399

A. Secured overdraft facility in previous year carried interest in range of 11.25% to 11.52% p.a. The loans were 100% secured in the form of lien on fixed deposit of the subsidiary company.

B. Overdraft from banks carries interest in range of 9% to 11%.

C. Secured overdraft facility carried interest in range of 11.25% to 11.52% p.a. The loans are 100% secured in the form of lien on fixed deposit of the subsidiary company and the loans were repaid during the year.

e) GVKRHEPPL

	March 31, 2014	March 31, 2013
Overdraft from banks (unsecured)	**-**	1,999
Other loans and advances		
- Loan from others (secured)	**-**	10,037
	-	12,036

A. Loan is secured by
   i. Fixed assets, rights titles, approvals, clearances, contracts, insurance policies of the subsidiary company;
   ii. First charge on the currents assets of the subsidiary company;
   iii. Corporate guarantee of the parent company; and
   iv. This loan carried interest rate of 13% p.a. i.e. SREI Benchmark Rate (SBR) minus 4.50% and was repaid during the year.

B. Unsecured loan currently carries interest at the rate of 9% per annum.

f) GVKTPL

	March 31, 2014	March 31, 2013
Overdraft from banks (unsecured)	**15,363**	6,432
Other loans and advances		
- Loan from banks (secured)	**55,775**	55,775
- Loan from others (unsecured)	**3,215**	400
	74,353	62,607

A. Secured loan carries interest presently set at 11.5% per annum. The loan is secured by:
   i. Charge on loans and advances given by the Parent company to GVKADPL and also loans and advances provided by GVKADPL to GVKAHPL and BAIDPL;
   ii. Exclusive charge on shares of GVKADPL, however the lender has option to create pari-passu basis of pledge of shares;
   iii. Exclusive charge on shares of GVKAHPL and BAIDPL however the lender has option to create pari-passu basis of pledge of shares;
   iv. Corporate guarantee by the parent company;
   v. Pledge of 61% of shares held by the Parent company in the subsidiary company and shares held by the subsidiary company in GVK Airport Holdings Private Limited and Bangalore Airport & Infrastructure Developers Private Limited. Share pledge is ranking pari passu with loan extended by other lenders;
   vi. Mortgage of land and building located at Himayatsagar and Secunderabad respectively; and
   vii. Second pari-passu charge on 2683.905 acres of land belonging to GVK Perambalur SEZ Private Limited.

B. Overdraft from bank carries interest rate in range of 10% to 11.5% per annum.

C. Unsecured loan from others is interest free and repayable on demand.

g) AHPCL

	March 31, 2014	March 31, 2013
Overdraft from banks (Unsecured)	**1,822**	-

Overdraft currently carries interest rate in range of 9% to 9.50% per annum.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

h) GVKGSPL

	March 31, 2014	March 31, 2013
Other loans and advances		
- Loan from banks (secured)	**6,758**	-
	6,758	-

A. Loan is secured by
   i. Second charge on all immovable and movable assets of the subsidiary company present and future;
   ii. Corporate Guarantee of GVK PIL; and
   iii. Pledge of equity shares aggregating to Rs. 7,700 held by GVK Energy Limited.

B. Loan presently carries interest of 14.75% p.a.

i) GVKGPL

	March 31, 2014	March 31, 2013
Overdraft from banks (secured)	**-**	8

Overdraft was secured by first charge on the entire current assets of the subsidiary company, including receivables and second charge on the entire fixed assets of the subsidiary company on pari-passu basis. Interest was payable at 12.5% p.a and the loan was repaid during the year.

j) GVKDPPL

	March 31, 2014	March 31, 2013
Loans from banks (unsecured)	20,390	3,401
Loans from Others (unsecured)	28,277	-
Total	48,667	3,401

Unsecured loan carries interest in the range of 8% to 9.5% per annum.

k) PGVKS

	March 31, 2014	March 31, 2013
Other loans and advances		
- Loan from others (unsecured)	**-**	24

Unsecured loan was interest free and the same was repaid during the year.

11. Trade payable and other current liabilities

	March 31, 2014	March 31, 2013
Trade payables	**30,273**	52,596
Other current liabilities		
Current maturities of long-term borrowings (note 6)	**62,641**	147,883
Interest accrued but not due on borrowings	**6,693**	4,313
Interest accrued and due on borrowings(note below)	**9,623**	-
Retirement compensation payable to Airports Authority of India under OMDA	**2,043**	2,078
Payable on passenger service fee (security component) net	**81**	399
Unpaid dividends	**-**	18
Retention money	**33,939**	36,339
Security deposits	**12,607**	12,704
Advances from customers	**1,158**	6,104
Payable for capital goods	**83,933**	75,900
Book overdraft	**-**	2,884
Other liabilities	**9,456**	7,132
	222,174	295,754

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

A. The subsidiary company, GVKPGSL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2014 are as follows:

Particulars	Nature of due	Amount	Period of delay March 31, 2014	Period of delay March 31, 2013
Indian rupee term loan from banks (secured)	Interest	5,163	Upto 60 days	Nil
Indian rupee term loans from financial institutions (secured)	Interest	1,533	Upto 90 days	Nil

B. The subsidiary company, GVKGPL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2014 are as follows:

Particulars	Nature of due	Amount	Period of delay March 31, 2014	Period of delay March 31, 2013
Indian rupee term loan from banks (secured)	Interest	436	Upto 60 days	Nil
Foreign currency term loans (secured)	Interest	84	Upto 16 days	Nil

C. The subsidiary company, GVKIL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2014 are as follows:

Particulars	Nature of due	Amount	Period of delay March 31, 2014	Period of delay March 31, 2013
Indian rupee term loan from banks (secured)	Interest	723	Upto 89 days	Nil
Foreign currency term loans (secured)	Interest	197	Upto 71 days	Nil

D. The subsidiary company, GVKADPL has not made payment of Interest dues in certain cases. The details of payments not made as at March 31, 2014 are as follows:

Particulars	Nature of due	Amount	Period of delay March 31, 2014	Period of delay March 31, 2013
Indian rupee term loan from financial institutions (secured)	Interest	1,487	Upto 59 days	Nil

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

12 Tangible assets (note 37)

	Freehold Land	Leasehold Land	Factory building	Non-factory building	Plant and machinery	Computers and computer equipments	Office equipment	Electrical equipment	Furniture and fixtures	Vehicles	Runways, Taxiways and Aprons	Total
Cost												
As at April 1, 2012	33,776	1,253	6,833	90,780	377,300	5,629	2,212	184	5,213	1,078	116,233	640,491
Additions	9,200	-	49	21,844	14,328	138	136	-	610	19	15,717	62,041
Disposals	368	-	2	21	11	2	2	-	3	-	-	409
Other adjustments												
- Funded through Development Fee	-	-	-	(2,401)	(1,062)	-	-	-	-	-	(1,469)	(4,932)
- Exchange differences	-	-	-	-	3,247	-	-	-	-	-	-	3,247
- Borrowing costs	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2013	**42,608**	**1,253**	**6,880**	**110,202**	**393,802**	**5,765**	**2,346**	**184**	**5,820**	**1,097**	**130,481**	**700,438**
Additions	793	-	-	583,298	150,412	1,100	17	-	39,078	105	7,156	781,959
Disposals	-	-	-	-	-	4	1	-	-	33	-	38
Other adjustments												
- Funded through Development Fee	-	-	-	(220,311)	(53,183)	(908)	-	-	(15,898)	-	(946)	(291,246)
- Exchange differences	-	-	-	-	2,646	-	-	-	-	-	-	2,646
- Borrowing costs	-	-	-	-	-	-	-	-	-	-	-	-
As at March 31, 2014	**43,401**	**1,253**	**6,880**	**473,189**	**493,677**	**5,953**	**2,362**	**184**	**29,000**	**1,169**	**136,691**	**1,193,759**
Depreciation												
As at April 1, 2012	-	150	2,156	9,083	120,239	3,073	378	43	1,653	343	9,092	146,210
Charge for the year	-	42	336	3,348	20,881	860	556	6	461	102	4,843	31,435
Disposals	-	-	2	5	2	2	1	-	-	-	-	12
As at March 31, 2013	**-**	**192**	**2,490**	**12,426**	**141,118**	**3,931**	**933**	**49**	**2,114**	**445**	**13,935**	**177,633**
Charge for the year	-	42	222	6,982	24,743	1,207	50	6	1,419	103	5,200	39,974
Disposals	-	-	-	-	-	1	-	-	-	23	-	24
As at March 31, 2014	**-**	**234**	**2,712**	**19,408**	**165,861**	**5,137**	**983**	**55**	**3,533**	**525**	**19,135**	**217,583**
Net Block												
As at March 31, 2013	**42,608**	**1,061**	**4,390**	**97,776**	**252,684**	**1,834**	**1,413**	**135**	**3,706**	**652**	**116,546**	**522,805**
As at March 31, 2014	**43,401**	**1,019**	**4,168**	**453,781**	**327,816**	**816**	**1,379**	**129**	**25,467**	**644**	**117,556**	**976,176**

Notes: (i) Funded through development fee' represents funding made available as per the directions of MoCA, Government of India/ AERA by levy of development fee from passengers to be exclusively utilised for development of airport assets. Also refer note 17(ii).

(ii) Additions to building includes contribution towards elevated expressway to the Terminal 2.

GVK

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

13. Intangible assets

	Toll collection rights	Goodwill	Software	Airport Grant	Total
Cost					
As at April 1, 2012	67,796	116,161	4,411	47,081	235,449
Additions	-	-	225	-	225
Disposals	-	-	-	-	-
As at March 31, 2013	**67,796**	**116,161**	**4,636**	**47,081**	**235,674**
Additions	-	-	6,631	-	6,631
Disposals	-	-	-	-	-
As at March 31, 2014	**67,796**	**116,161**	**11,267**	**47,081**	**242,305**
Depreciation					
As at April 1, 2012	15,002	-	1,257	5,997	22,256
Charge for the year	2,256	-	762	1,702	4,720
Disposals	-	-	-	-	-
As at March 31, 2013	**17,258**	**-**	**2,019**	**7,699**	**26,976**
Charge for the year	2,661	-	561	1,702	4,924
Disposals	-	-	-	-	-
As at March 31, 2014	**19,919**	**-**	**2,580**	**9,401**	**31,900**
Net Block					
As at March 31, 2013	**50,538**	**116,161**	**2,617**	**39,382**	**208,698**
As at March 31, 2014	**47,877**	**116,161**	**8,687**	**37,680**	**210,405**

Note: Other compensation with gross block of Rs. 31,696 (March 31, 2013: Rs. 31,696) and net block of Rs. 26,365 (March 31, 2013: Rs. 27,555) under Airport Grant represents obligation towards retirement compensation as per terms of OMDA.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

14. Expenditure incurred during construction period

Particulars	As at April 1, 2013	Additions during the year	As at March 31, 2014
Personnel expenses:			
Salaries, allowances and bonus	27,223	8,267	35,490
Contribution to provident and other funds	233	138	371
Staff welfare	459	190	649
Power, fuel and water charges	1,574	2,146	3,720
Stores and consumables	730	124	854
Rent	8,460	838	9,298
Rates and taxes	2,012	493	2,505
Communication costs	477	111	588
Travelling and conveyance	8,163	1,922	10,085
Legal and professional charges	31,225	10,570	41,795
Survey charges	173	1	174
Repairs and maintenance:			-
Building	637	112	749
Plant and machinery	27	9	36
Others	392	136	528
Insurance	3,584	1,779	5,363
Land lease charges	8	3	11
Printing and stationery	182	32	214
Remuneration to directors	652	80	732
Office and guest house maintenance	423	341	764
Exchange fluctuations	5,196	2,117	7,313
Miscellaneous expenses	3,670	1,248	4,918
Depreciation	1,151	299	1,450
Project premium	8,475	229	8,704
Financial expenses:			
Interest expenses	258,835	126,509	385,344
Bank charges	5,595	1,698	7,293
Sub Total - (A)	**369,556**	**159,392**	**528,948**
Less:			
Interest income	3,261	2,385	5,646
Dividend income from mutual funds	4,601	1,176	5,777
Profit on sale of mutual funds	101	8	109
Provisions no longer required written back	729	3	732
Miscellaneous income	452	102	554
Insurance claim	506	3,607	4,113
Gain on forward contracts	141	-	141
Sub Total- (B)	**9,791**	**7,281**	**17,072**
Amount capitalised (C)	45,376	158,972	204,348
Balance carried to balance sheet (A-B-C)	**314,389**	**(6,861)**	**307,528**

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

15. Non-current investments

	March 31, 2014	March 31, 2013
Trade investments (unquoted, at cost)		
Investment in associates		
A] Seregraha Mines Limited		
4,237,242 (March 31, 2013: 22,225) equity shares of Rs. 10 each fully paid up	**424**	2
B] Bangalore International Airport Limited		
165,378,000 (March 31, 2013: 165,378,000) equity shares of Rs. 10 each fully paid up (includes Goodwill amounting to Rs. 160,730 (March 31, 2013: Rs. 160,730)	**179,340**	179,340
Add: Opening balance of accumulated profit	**15,511**	10,419
Add: Profit for the year	**2,764**	5,092
	197,615	194,851
	198,039	194,853
Investment in equity instruments		
50,000 (March 31, 2013: 50,000) equity shares of USD 1 each fully paid-up in GVK Coal Developers Singapore Pte Limited	**25**	25
Non-trade investments (unquoted, at cost)		
Investment in Government or trust securities		
National Savings Certificates	**6**	6
	31	31
	198,070	194,884
Aggregate amount of unquoted investments	**198,070**	194,884

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

16. Loans and advances

	Non-current		Current	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Loan and advances to related parties				
Unsecured, considered good				
Loan to GVK employee welfare trust (note 43)	**-**	-	**4,500**	4,500
Loan to EMRI (note 32)		3,116	**-**	1,264
Others	**-**	-	**201**	336
(A)	**-**	3,116	**4,701**	6,100
Capital advances				
Unsecured, considered good	**129,141**	120,603	**-**	-
(B)	**129,141**	120,603	**-**	-
Deposits				
Unsecured, considered good	**1,619**	2,071	**1,391**	1,389
(C)	**1,619**	2,071	**1,391**	1,389
Advances recoverable in cash or kind				
Unsecured considered good	**6,421**	921	**6,750**	4,781
(D)	**6,421**	921	**6,750**	4,781
Other loans and advances				
(Unsecured, considered good)				
Advance income-tax (net of provision for taxation)	**18,311**	15,105	**1,254**	-
Prepaid expenses	**343**	395	**923**	764
MAT credit entitlement	**9,070**	8,284	**5,452**	1,467
Others	**-**	-	**358**	357
(E)	**27,724**	23,784	**7,987**	2,588
(A+B+C+D+E)	**164,905**	150,495	**20,829**	14,858

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

17. Trade receivables and other assets

(i) Trade receivables

	Non-current		Current	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	**9,164**	8,118	**20,504**	8,451
Doubtful	**-**	-	**500**	692
(A)	**9,164**	8,118	**21,004**	9,143
Provision for doubtful receivables	**-**	-	**(500)**	(692)
(B)	**9,164**	8,118	**20,504**	8,451
Other receivables				
Unsecured, considered good	**1,078**	-	**27,239**	25,764
(C)	**1,078**	-	**27,239**	25,764
(A+B+C)	**10,242**	8,118	**47,743**	34,215

a) Trade receivables include accruals towards reimbursement of fixed charges for the financial years 1997-1998 to 2000-2001, on increased capital cost worked out as per ratios set out in the PPA aggregating to Rs. 4,512 (March 31, 2013: Rs. 4,512) by GVKIL. The increased capital cost was subject to the approval of APERC. During the year, APERC has passed an Order allowing partial increase in capital cost. AP Transco has filed an appeal in Appellate Tribunal for Electricity (APTEL) against the APERC Order. The Company has also filed an appeal in APTEL against APERC Order for allowing only partial increase in capital cost. Pending approval of increased capital cost by APTEL, the claim for reimbursement of fixed charges has not been made on AP Transco based on the increased capital cost for the subsequent years. The subsidiary company contends that it is entitled to reimbursement of fixed charges on increased capital cost under the terms of PPA and accordingly considers these amounts as good and recoverable. The matter is pending hearing. The management of the subsidiary company based on its internal assessment and legal advice is confident of receiving approval of completed capital cost.

b) Trade receivables include amounts receivable from AP Transco towards reimbursement of minimum alternate tax under the provisions of Income Tax Act, 1961, for the period commencing from the financial year 2000-2001 up to the financial year 2010-2011, aggregating to Rs. 3,530 (March 31, 2013: Rs. 3,530) are refuted by AP Transco. While the subsidiary companies contend that they are entitled to claim payments on account of minimum alternate taxes also under the provisions of PPA, AP Transco contends only taxes on the net taxable income under the regular provisions of the Income Tax Act, 1961 are reimbursable and not taxes levied on book profits under the deemed provisions of Section 115 JB of the Income Tax Act, 1961. Further, provision for current taxes is being made after considering reimbursable amount from AP Transco. During the current year, APTEL has passed an order in favour of one of the subsidiary company; however AP Transco has not made any payment towards the claim amount of Rs 1,500. Further, similar matter is pending at Supreme Court. Based on its internal assessment and legal advice, the subsidiary companies contend that these amounts are recoverable.

c) Trade receivables further include an amount of Rs. 2,124 (March 31, 2013: Rs. Nil) being the disincentives recovered by AP Transco for allegedly GVKIL not achieving the minimum PLF as specified under PPA. The Management based on its computation of PLF believes that threshold as specified in PPA has been achieved and accordingly believes that AP Transco has incorrectly recovered the aforesaid amount. GVKIL is in the process of filing suit against AP Transco for recovery of the aforesaid amount. The management of the subsidiary company based on its internal assessment and legal advice is confident of recovery of the aforesaid amounts.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

d) Trade receivables further include an amount of Rs. 76 (March 31, 2013: Rs. 76) being the differential interest recovered by AP Transco considering the actual working capital limits as against the working capital limits computed as per the terms of the PPA and interest rate charged as per rates available with AP Transco and not with the subsidiary company. The subsidiary company has filed a petition under Section 9 of Arbitration & Conciliation Act 1996, and the City Civil Court of Hyderabad has restrained AP Transco from considering the lower level of working capital limits by granting a stay in the matter. The appeal filed by AP Transco before the High Court of Andhra Pradesh against the aforesaid stay, is pending disposal. The management of the subsidiary company based on its internal assessment is confident that the matter will be decided in its favour.

e) Trade receivables include Rs. 29,959 (March 31, 2013 Rs. 13,988) from Air India Limited (Air India) a Subsidiary company wholly owned by Government of India, and its subsidiaries. Air India has been facing financial difficulties and has been settling its dues with significant delays. Air India has been consistently receiving budgetary support from the Central Government during the past few years which are expected to continue so as to enable it to turnaround. The subsidiary company accordingly considers its dues from Air India as good and recoverable.

(ii) Other assets

	Non-current		Current	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Unsecured, considered good				
Non-current bank balances (note 20)	**546**	1,421	**-**	-
Non-current inventory (note 19)	**18,887**	12,390	**-**	-
Unamortised expenditure				
Unamortised portion of ancillary cost of arranging the borrowings	**3,833**	3,318	**2,218**	625
Others				
Unbilled revenues	**-**	-	**3,561**	3,144
Interest accrued on fixed deposits	**3**	2	**1,058**	1,641
DF Fund receivable (note b)	**243,275**	-	**7,867**	2,101
Share application money to associate/related parties(note 40)	**22,193**	404	**-**	-
Other receivables	**-**	-	**9,409**	839
Advance for investments	**-**	-	**-**	8,000
	288,737	17,535	**24,113**	16,350

a) Other receivable include Rs. 9,228 towards interest paid to banks and financial institutions during moratorium period sanctioned by Central Government of India for flood affected region.

b) In terms of Airports Economic Regulatory Authority (AERA) order dated December 21, 2012, MIAL is allowed to collect Development Fee (DF) upto Rs. 340,000 (excluding Rs. 133,050 towards interest on loan taken against securitisation of DF (DF Loan) which is to be utilized exclusively for development of airport assets and to meet the funding gap of the project. During the year, balance DF to be collected of Rs. 246,385 (does not include billed and receivable from Airlines Rs. 4,757) is taken into account and has been reduced from assets since New Common User Terminal-2 was capitalized against the treatment of adjusting only DF collected against related aeronautical assets/capital work in progress, since, project was under implementation in earlier years. This accounting treatment however has no impact either on net assets or results of MIAL.

Following transactions have taken place during the year of account:

i. Billed to airlines - Rs. 34,895 (March 31, 2013: Rs. 26,860)

ii. Interest incurred and loan processing charges - Rs. 27,107 (March 31, 2013: Rs. 6,586)

iii. Income earned on unutilized funds - Rs. 1,551 (March 31, 2013: Rs. 338)

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

18. Current investments

	March 31, 2014	March 31, 2013
Current investments (valued at lower of cost and fair value)		
Other than trade (unquoted)		
Investments in units of Mutual Funds	**21,354**	30,563
	21,354	30,563

19. Inventories (valued at lower of cost and net realizable value)

	Non-current		Current	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Stores, spares and consumables	**18,887**	12,390	**288**	6,635
Raw materials (fuel)	**-**	-	**2,954**	1,756
	18,887	12,390	**3,242**	8,391
Amount disclosed under non-current assets (note 17)	**(18,887)**	(12,390)	**-**	-
	-	-	**3,242**	8,391

20. Cash and bank balances

	Non-current		Current	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Cash and cash equivalents				
Balances with banks:				
– On current accounts	**-**	-	**71,999**	123,216
– Deposits with originally maturity of less than three months	**-**	-	**64,025**	22,917
– On unpaid dividend account	**-**	-	**-**	18
Cheques/drafts on hand	**-**	-	**1,474**	1,120
Cash on hand	**-**	-	**115**	171
	-	-	**137,613**	147,442
Other bank balances				
– Deposits with original maturity for more than 3 months but less than 12 months	**5**	5	**40,570**	10,008
– Margin money deposit/security against borrowings	**541**	1,416	**8,384**	50,566
	546	1,421	**48,954**	60,574
Amount disclosed under non-current assets (note 17)	**(546)**	1,421	**-**	-
	-	-	**186,567**	208,016

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

21. Revenue from Operations

	March 31, 2014	March 31, 2013
Revenue from operations		
Sale of electrical energy	**36,698**	89,545
Sale of services		
Income from toll operations	**27,195**	24,933
Aeronautical	**117,861**	52,039
Non-aeronautical	**80,531**	77,239
Cargo operations	**16,661**	16,789
Operating fee	**3,147**	145
Manpower and consultancy services	**-**	75
	282,093	260,765

22. Other income

	March 31, 2014	March 31, 2013
Interest income on		
Bank deposits	**4,914**	7,803
Others	**352**	1,387
Dividend income on		
Non trade current investments	**1**	9
Profit on sale of investments		
Non trade current investments	**1,186**	1,730
Profit on sale of fixed assets (net)	**5**	-
Guarantee commission	**3,055**	2,588
Credit note received for transmission charges	**1,630**	-
Liabilities written back	**392**	48
Miscellaneous income	**531**	48
	12,066	13,613

23. Employee benefit expense

	March 31, 2014	March 31, 2013
Salaries, wages and bonus	**16,145**	12,671
Contribution to provident and other funds	**633**	457
Retirement and other employee benefits	**109**	202
Staff welfare expenses	**202**	232
	17,089	13,562

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

24. Other expenses

	March 31, 2014	March 31, 2013
Operating and maintenance expenses	11,089	10,283
NHAI share of toll fee	3,675	3,281
Rent	836	715
Rates and taxes	2,531	5,340
Insurance	885	939
Repairs and maintenance:		
- Buildings	7,065	2,180
- Roads	1,532	1,506
- Plant and machinery	3,580	2,332
- Others	870	1,198
Vehicle hire charges	135	95
Electricity and water	6,418	4,481
Travel and conveyance	1,505	1,151
Communication	259	352
Printing and stationery	59	80
Advertisement	1,649	459
Bid and tender document charges	16	41
Legal and professional charges	6,196	7,194
Prompt payment rebate	1,225	2,545
Auditor's remuneration (refer note below)	18	18
Directors' sitting fee	31	29
Donation	559	354
Foreign exchange fluctuations (net)	814	44
Loss on sale of fixed assets (net)	-	12
Provision for Doubtful trade receivable	-	131
Bad debts	1,205	1,516
Miscellaneous expenses	3,242	3,928
	55,394	50,204

	March 31, 2014	March 31, 2013
As auditor:		
Audit fee	12	12
Limited Review	5	5
In other Capacity:		
Other services (certification fees)	-	-
Reimbursement of expenses	1	1
	18	18

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

25. Depreciation and amortization expense

	March 31, 2014	March 31, 2013
Depreciation of tangible assets	39,974	31,435
Amortization of intangible assets	4,924	4,720
	44,898	36,155
Less: Transfer to Expenditure incurred during construction period	299	335
Less: Amount withdrawn from deferred income	828	702
	43,771	35,118

26. Finance costs

	March 31, 2014	March 31, 2013
Interest	90,467	70,793
Bank charges	2,463	702
Amortization of ancillary borrowing costs	3,522	3,114
	96,452	74,609

27. Gratuity and other post-employment benefit plans

The Group operates one defined plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on retirement or termination at 15 days of last drawn salary for each completed year of service. The scheme is funded for all significant subsidiaries except for MIAL.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan.

(A) Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	March 31, 2014	March 31, 2013
Current service cost	225	194
Interest cost on benefit obligation	93	79
Expected return on plan assets	(8)	(1)
Past service costs	-	11
Net actuarial(gain) / loss recognized in the year	(244)	14
Net benefit expense	66	297

(B) Balance sheet

	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	338	393
Fair value of plan assets	(163)	(75)
	175	318
Present value of unfunded obligation	716	636
Net liability	891	954

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

(C) Changes in the present value of the defined benefit obligation are as follows:

	March 31, 2014	March 31, 2013
Opening defined benefit obligation	**1,029**	817
Current service cost	**226**	194
Interest cost	**93**	79
Benefits paid	**(49)**	(85)
Past service costs	**-v**	11
Actuarial (gains) / losses on obligation	**(245)**	13
Closing defined benefit obligation	**1,054**	1,029

(D) Changes in the fair value of plan assets are as follows:

	March 31, 2014	March 31, 2013
Opening fair value of plan assets	**75**	-
Expected return	**8**	3
Contributions by employer	**130**	73
Benefits paid	**(49)**	-
Actuarial gains / (losses)	**(1)**	(1)
Closing fair value of plan assets	**163**	75

(E) The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	March 31, 2014	March 31, 2013
Discount rate	**9.25% to 9.35% p.a.**	8% to 8.10% p.a.
Expected rate of return on assets	**7% p.a.**	7% p.a.
Employee turnover	**5%**	5%

The estimates of 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.

28. Contingent liabilities

A) Parent Company

1. Direct and indirect taxes

- Income tax demand for assessment year 2008-09 for Rs. 73 (March 31, 2013: Rs. 73), for assessment year 2010-11 for Rs. 279 (March 31, 2013: 871) and for assessment year 2011-12 for Rs. 11 (March 31, 2013 : Rs. Nil)
- The Company had received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs. 2,829 on transfer of shares to the shareholders of GVK Industries Limited vide the scheme of arrangement approved by the Andhra Pradesh High Court. The company has obtained an order from the Andhra Pradesh High Court staying the above notice on March 13, 2008 until such further orders from the said court.

  Management based on its internal assessment and/or legal advice is confident that the cases will be decided in the Company's favour.

2. Security against loans taken by others

- The Company has provided security by way of corporate guarantees amounting to Rs.Nil (March 31, 2013: Rs. 1,441) for securing various fund and non-fund based facilities availed by an associate.
- The Company has provided security by way of corporate guarantees amounting to Rs. 5,635 (March 31, 2013: 6,879) for securing loans obtained by GVK Projects and Technical Services Limited.
- The Company has provided security by way of guarantee amounting to Rs. 332,601 (March 31, 2013: Rs. 281,432) for securing loans obtained by GVK Coal Developers (Singapore) Pte Limited.

  Management is of the opinion that the aforesaid Companies will be able to meet their obligations as they arise and consequently no adjustment is required to be made to the carrying value of the security and guarantees provided.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

B) Subsidiary companies

i) GVKIL

Particulars	March 31, 2014	March 31, 2013
On account of guarantees issued by banks	**128**	128
Service Tax demand on operator of the power plant*	**1,129**	986
Claims not acknowledged as debts*	**1,865**	1,883
Income tax demands pending in appeals*	**5,979**	477

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

- AP Transco has filed petition before APERC to consider interest on working capital charged by State Bank of India to its most credit worthy customers for the purpose of determining tariff for the year 2003-04. The subsidiary company is contesting the contention of AP Transco and is confident that the matter will be decided in its favour.
- As per the terms of contract with Bharat Petroleum Corporation Limited (BPCL) for supply of Naphtha, the subsidiary company has to pay for 80,000 MT at Rs. 38.45 as 'Minimum off Take charges in the year in which there is no procurement. The subsidiary company is negotiating with BPCL to reduce the Minimum off Take quantity from 80,000 MT to 40,000 MT, which is under consideration by BPCL. Pending receipt of acceptance from BPCL, no provision is made in the books for the requested reduction of 40,000 MT, which worked out to Rs. 105 (March 31, 2013: Rs. 105). The subsidiary company is confident of receiving acceptance from BPCL. Further, the contract with BPCL expired on Jan 29, 2012.
- AP State Load Despatch Centre (APSLDC) has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) for appointment of adjudicating officer for assessment of charges to be levied for non-adherence to backing down instructions by GVK Power & Infrastructure Limited, operator of the power plant of the subsidiary. APSLDC has claimed an amount of Rs. 1,320 (March 31, 2013 Rs. 1,320) for the aforesaid non- compliance. APERC has appointed adjudicating officer to conduct an enquiry into the matter. Management based on its internal assessment is confident that the matter will be decided in the subsidiary company's favour.
- The subsidiary company approached AP Transco for new connection while constructing its new power plant upon which AP Transco raised demand of Rs. 399 towards minimum monthly charges regarding electricity connection taken earlier which was surrendered on October 7, 1996. The subsidiary company filed petition before the APERC claiming levy of demand as arbitrary, which is disposed directing GVKIL to approach Consumer Grievance Redressal Cell as dispute is not connection with power purchase agreement. The GVKIL has filed a writ petition before the High Court of Andhra Pradesh contesting the matter is within ambit of PPA. The High Court of Andhra Pradesh has issued stay on demand. Management based on its internal assessment/ legal advice is confident that the matter will be decided in the subsidiary Company's favour.

ii) GJEPL

Particulars	March 31, 2014	March 31, 2013
On account of guarantees issued by banks	**1,250**	1,250
Disputed income tax demands*	**121**	189
Claims not acknowledged as debts*	**27**	6

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

iii) AHPCL

Particulars	March 31, 2014	March 31, 2013
On account of guarantees issued by banks	**300**	1,600
Claims not acknowledged as debts*	**13,739**	7,650
Disputed income tax demands*	**120**	120

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

iv) GVKPGSL

Particulars	March 31, 2014	March 31, 2013
On account of guarantees issued by banks	**4,050**	4,050

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

v) GVKGPL

Particulars	March 31, 2014	March 31, 2013
Service Tax demand on operator of the power plant*	**645**	482
Claims not acknowledged as debts*	**3,472**	3,515
Disputed income tax demands	**1,669**	-

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

- AP State Load Despatch Centre (APSLDC) has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) for appointment of adjudicating officer for assessment of charges to be levied for non-adherence to backing down instructions by subsidiary. APSLDC has claimed an amount of Rs. 290 (March 31 2013: Rs.290) for the aforesaid non- compliance. APERC has appointed adjudicating officer to conduct an enquiry into the matter. Management based on its internal assessment is confident that the matt er will be decided in favour of subsidiary company.

vi) GVKDPPL

Particulars	March 31, 2014	March 31, 2013
On account of guarantees issued by banks	**5,200**	-

vii) GVKRHEPPL

Particulars	March 31, 2014	March 31, 2013
On account of guarantees issued by banks	**98**	69

viii) GVKSDEPL

Particulars	March 31, 2014	March 31, 2013
On account of guarantees issued by banks*	**14,075**	14,075

*The subsidiary company has given notice of termination of the concession agreement to the regulator to whom guarantees were issued on occurrence of force majeure event due to amendment in environment laws. The regulator has withheld guarantees and subsidiary company has obtained stay from Honourable Delhi High Court for relief from possible invocation. Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

ix) GVKOGL

- The subsidiary company has given multiple performance bank guarantee's amounting to Rs. 813 (March 31, 2013: Rs.813) for seven oil blocks in favor of 'Ministry of Petroleum & Natural Gas' for a period of one year towards 35% of estimated expenditure of Minimum Work Program of the exploration phase. Management is confident of executing the minimum work program during the exploration phase; hence no provision has been made.
- The subsidiary company has received a demand notice from service tax authorities demanding service tax of Rs. 82 (March 31, 2013: Rs. 82) under the category "Survey and Exploration of Mineral Service" on the seismic data purchased by the subsidiary company. The subsidiary company has disputed the claim and has filed a reply to notice demanding service tax.
- During the year 2008-09, GVKOGL had purchased seismic data and remitted Rs. 662 without deduction of tax, on the opinion that remittance for purchase of data is not covered u/s 195 of the Income Tax Act. Subsequently, the Income Tax Department raised a demand aggregating to Rs. 84 (March 31, 2013: Rs. 84) stating that the payments made were in the nature of royalty and were subject to TDS. The subsidiary company has filed an appeal against the said notice and the case is pending before the Commissioner of Income tax (Appeals). Management of the subsidiary company is of the opinion that in the light of recent judgments, there is a high likelihood that the case will be decided in its favour.

x) GVKDKEPL

During the year 2011-12, the subsidiary company had received a letter from NHAI stating that the subsidiary company is liable to pay penalty amounting to Rs. 157 (March 31 2013: Rs. 157) for delay in achieving the finance closure within the stipulated time as per the concession agreement entered into with NHAI. The subsidiary company thereafter approached Hon'ble High Court of Delhi in April 2013 and obtained injunctive relief by directing NHAI to maintain status quo. According to the subsidiary company, the contention of NHAI is not in accordance with provisions of the concession agreement and is confident that the matter will be decided in its favour.

xi) GHPPL

The subsidiary company had filed an appeal before Honorable High Court of Uttarakhand challenging a common judgment and order dated 8th November, 2010 passed by Single Judge on a writ petition filed by Reliance Infrastructure Limited in awarding Hydro Electric Power Project, Mapang Bogudiyar, in favor of the consortium of GVK and L & T. The Honorable High Court has dismissed the petition filed by the GVK vide its order dated April 27, 2012. The Court has however allowed recovery of the sum paid by GVK to the State of Uttarakhand and directed Reliance Infrastructure Limited to pay a sum of Rs. 1,683 to the subsidiary company after deducting Rs. 1,334. The subsidiary company has preferred an appeal before the Honorable Supreme Court of India and the subsidiary company is of the view that the matter will be decided in its favour.

xii) MIAL

- Claims against MIAL not acknowledged as debts:
  a) Income tax amounting to Rs. 11,782 (March 31, 2013: Rs. 23,274) demanded by the concerned authorities, of which Rs. 5,623 (March 31, 2013: Rs. 300) was adjusted / paid under protest.
  b) Service Tax amounting to Rs. 13,923 (March 31, 2013: Rs. 9,974) demanded by the concerned authorities under Section 73, 76, 77 and 78 of the Finance Act, 1994 on development fee considered not payable based as per the advice received by the subsidiary company.
  c) Other claims amounting to Rs. 5,677 (March 31, 2013: Rs. 2,102) not acknowledged as debts.
  d) Claims in relation to funds used out of Passenger Service Fee (PSF) (security) fund disputed by the subsidiary company Rs. 30,511 (March 31, 2013: Rs. Nil)
- The subsidiary company had awarded a contract for slum rehabilitation to Housing Development and Infrastructure Ltd (HDIL) to undertake activities relating to rehabilitation of slum dwellers and restoration of airport land. Due to non-performance of the contract by HDIL, the subsidiary company had encashed the bank guarantee of Rs. 2,500 provided by HDIL to the subsidiary company under the contract. Thereafter, the subsidiary company terminated

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

the agreement. Post termination of the agreement, HDIL moved an application under section 9 of The Arbitration and Conciliation Act, 1996 before Honourable Bombay High Court seeking certain reliefs which was rejected by the Learned Single Judge, interalia, upholding the termination of the agreement by MIAL as valid. Similarly HDIL's appeals were also dismissed by the Learned Division Bench of the Honourable Bombay High Court and Honourable Supreme Court. Meanwhile, HDIL invoked the arbitration clause of the agreement and both the subsidiary company and HDIL nominated their respective arbitrators who in turn nominated the presiding arbitrator and thus, the arbitral tribunal is constituted. HDIL has filed its statement of claim for Rs. 323,700 together with interest thereon @ 18% p.a. and also made an application for interim reliefs under section 17 of The Arbitration and Conciliation Act, 1996. The subsidiary company has also filed its statement of defence and counter claim for Rs. 1,138,500 together with interest thereon @ 18% p.a. The application for interim reliefs is expected to be heard in the month of August 2014.

- Applicability of service tax on the rent/license fee/ lease being charged by the subsidiary company has been disputed by certain airlines and concessionaries who have not paid the service tax on such services and most of them have obtained stay order from various courts. However some of these concessionaires who are members of Retailers Association of India ("RAI") have deposited the arrears of Service tax due for the period prior to September 30, 2011 with the court as per the order given by the Honourable Supreme Court. The matter is currently subjudice and necessary actions will be taken by the subsidiary company once the matter is decided by the courts. However, in the opinion of the subsidiary company, this would not have any impact on the financial results of the subsidiary company as the same is recoverable from the said parties if it becomes payable by the subsidiary company.
- The Airports Authority of India has claimed service tax on the Annual Fee being paid by the subsidiary company. The subsidiary company has disputed the grounds of the levy under the provisions of the OMDA and the Finance Act. As the matter is under dispute and pending with Honourable High Court of Delhi, no adjustment has been considered in this financial statement. However, in the opinion of the subsidiary company, this would not have any impact on the financial results of the subsidiary company as the same would be adjusted against service tax payable on services provided by the subsidiary company.

C) Associate companies (to the extent of shareholding therein)

i) SML

Particulars	March 31, 2014	March 31, 2013
On account of guarantees issued by banks	**1,065**	1,441

ii) BIAL

Particulars	March 31, 2014	March 31, 2013
Claims against the associate company not acknowledged as debts*	**15**	71

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

- The associate company has issued bank guarantee to Customs authorities aggregating to Rs. 117 (March 31, 2013: Rs. 117) with respect to grant of project import license to extend concessional rate of duty for import of certain eligible equipments.
- The associate company has filed an application to get itself impleaded as one of the aggrieved party against an appeal filed by the State of Karnataka, challenging the order of the Karnataka High Court, issued in April, 2007, quashing the levy of Special Entry Tax of Rs. 92 (March 31, 2013: Rs. 92).
- The Income Tax Department has filed an appeal in the Karnataka High Court against the Income Tax Appellate Tribunal (ITAT) order regarding the Tax Deducted at Source (TDS) on the reimbursement of development costs to overseas promoters in 2005-06. The associate company had earlier paid the TDS amount of Rs. 255 (March 31, 2013: Rs. 255) under protest before getting the relief from ITAT. This was refunded to the associate company along with the interest of Rs. 39 (March 31, 2013: Rs. 39) as a result of favorable ITAT order. The Management of the associate company is confident of defending the tribunal order in the High Court and made appropriate legal representation in this regard.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- The associate company has received demand orders from Commissioner of service tax for the periods 2005-2009, 2009-10 and 2010-11 for payment of service tax of Rs. 114(March 31, 2013: Rs. 101) as a recipient of service towards reimbursement of salary costs to Zurich Airport. The interest and penalty as per the above demand orders amounts to Rs. 100 (March 31, 2013: Rs. 71) and Rs. 140 (March 31, 2013: Rs. 129) respectively. Further, a show cause notice has been issued for period 2010-2011 for a sum of Rs. 88 (March 31, 2013: Rs. 24) on the same account and few other matters. These payments relate to salaries of expatriates who were seconded to associate company. The associate company has preferred an appeal against demand orders before the Tribunal (CESTAT) and challenged the show cause notice which is not confirmed by formal demand as on the balance sheet date. During the year, the associate company has obtained stay orders from the CESTAT on the demand orders in original and presently awaiting disposal on merits. The associate company has challenged the demand based on the judicial precedence on the matter and is confident of non-applicability of service tax since the payment relates to salary costs to expatriate employees of the associate company which cannot be treated as services received by the associate company. Zurich Airport is only a remitter of the foreign currency remuneration as is evidenced by expatriate remuneration reimbursement agreement between the associate company and Zurich Airport. The associate company has accounted these payments as salaries and discharged appropriate TDS as the economic employer of the said expatriates.
- The associate company has received a demand order dated November 21, 2013 from Anneswara Gram Panchayat to pay property tax amounting to Rs. 839 (March 31, 2013: Rs. Nil) for the period 2010-14 as per Karnataka Panchayat Raj Act, 1993. The associate company is of the view that its liable to pay property tax only for the period 2013-14 and paid an amount of Rs. 210 (March 31, 2013: Rs. Nil). Further, the associate company has written to the Government of Karnataka seeking a waiver/reduction for the period 2010-13. The associate company has paid or accrued the property tax for the financial year 2013-14 for all the Panchayats. The associate company has not received any demand order from the other Panchayats for the earlier years except as stated above. The management of the associate company is Confident that the matter will be decided in the associate company's favour.
- The associate company has received an Income-tax assessment order in March 2013 from Deputy Commissioner of Income Tax, Bangalore for the assessment year 2010-11 with a demand of Rs. 670 (PY: Rs 670). During the year, the associate company preferred rectification and Appeal before Commissioner of Income Tax (Appeals) and obtained partial relief wherein the demand was reduced to Rs. 114 which is fully covered by the pre-deposit and refunds due to the associate company from the Department. The associate company has not received the revisionary orders till the balance sheet date and has paid an amount of Rs. 54 under protest as at March 31, 2014.
- The associate company had received observations from the Comptroller and Auditor General of India ('CAG') during the audit for the years 2010-2011, stating that the perimeter wall should not form a part of the PSF(SC) books based on Ministry of Civil Aviation ('MoCA') SOP and clarification dated July 5, 2010. The associate company had replied to the CAG stating that the general clarification by MoCA in July 2010, stated that the April 16, 2010 order shall be applicable prospectively and should not be applied retrospectively and accordingly no adjustment is required to be carried out. The CAG had also sent their comments to the MoCA for the audit for the year 2010-2011 in the month of March 2012 with a copy of the same to the associate company. During the audit for the year 2011-2012, the CAG had sought the latest position on this issue. The associate company had once again justified the treatment of expenditure on the airport security wall as security related expenditure.

  In June 2013, the associate company received a communication from MoCA in relation to the audit for the year 2011-12, which did not request for further comments on the issue related to treatment of expenditure on the security wall as security related expenditure. The CAG has during the audit for year 2012-2013 also not requested for any further information on the aforesaid expenditure on airport security wall. Accordingly, the associate company has retained the security related capital assets (including perimeter wall) in the books of PSF (SC).

  During the year, the associate company has received an order from MoCA dated 18 February 2014 directing the associate company to reimburse all capital expenditure incurred out of the PSF(SC) within a period of one month together with the interest accrued. The associate company has filed a writ petition with the High Court of Karnataka seeking a stay on MoCA's order. The Honourable High Court has granted an interim stay on the said order for a period of 3 months.

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Further, during the previous year, the associate company had not transferred the tax expense of Rs. 74 (March 31, 2013: Rs. Nil) which pertained to the income of PSF(SC) to the books of PSF(SC) which is required as per the MoCA SOP. The tax loss of the PSF(SC) books for the current year amounting to Rs. 294 (March 31, 2013: Rs. Nil) has been adjusted with the total income of the associate company for the purpose of the minimum alternate tax for the year ended March 31, 2014.

29. Capital and other commitments

A) Parent and subsidiary companies

- The Company has given undertaking to infuse equity aggregating to Rs. 346,177 (March 31, 2013: Rs. 292,919) in GVK Coal Developers (Singapore) Pte. Limited, towards shortfall, if any, of its loan repayment obligations. Further, the Company has pledged 81,148,236 (March 31, 2013: 73,217,647), 22,495,000 (March 31, 2013: 22,495,000) and 44,800,000 (March 31, 2013: 44,800,00) shares of GVK Energy Limited, GVK Transportation Private Limited and GVK Airport Developers Private Limited respectively for securing loan obtained by GVK Coal (Singapore) Pte. Limited, an entity in which Company has 10% stake. Management believes that GVK Coal Developers (Singapore) Pte. Limited will be able to meet its obligations.
- During the year ended March 31, 2011, the Company, GVK Energy Limited (subsidiary Company) and certain private equity investors ('investors') had entered into an investment agreement pursuant to which the Company has undertaken to conduct an initial public offering of the GVK Energy Limited's equity shares ('Qualified IPO' or 'QIPO') within 60 months from the date of investment agreement (preferred listing period). If the GVK Energy Limited does not make a QIPO during the preferred listing period and no offer for sale takes place within 12 months of the preferred listing period, then, at any time thereafter, the investors will have a put option with respect to all of the securities held by the Investor ("Put Right") on the Company and the GVK Energy Limited at the higher of 20% IRR from the date of investment to the date of receipt of proceeds from the investor ("Put IRR") and ii) the fair market value of the investor's shares. Provided the Put IRR shall be reduced to 15%, if at least 3 private sector initial public offerings with an issue size of Rs. 100,000 or more each have not taken place in India between the 36th month to the 60th month from date of investment agreement.

  The Company believes that the subsidiary company would be able to successfully conduct QIPO in the preferred listing period.
- Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 466,938 (March 31, 2013: Rs. 320,270).

B) Associate companies (to the extent of shareholding therein)

- Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 1,245 (March 31, 2013: Rs. 12,287).
- On account of open forward exchange contracts and lease commitments aggregating Rs. 39 (March 31, 2013: Rs. 873).

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30. Related Party Transactions

During the year ended March 31, 2014, the Company has entered into certain related party transactions. Details of the related party and transactions are as follows:

Name of the related party	Nature of relationship
SML *	Associates
Dr. GVK Reddy, Chairman & Managing Director	Key management personnel
Mr. G V Sanjay Reddy, Vice Chairman and Director	
Mrs. Indira Krishna Reddy, Director	
Mr. Krishna Ram Bhupal, Director	
Mr. A. Issac George, Director	
TAJ GVK Hotels & Resorts Limited	Enterprises over which the key management personnel exercise significant influence
Orbit Travels & Tours Private Limited	
Paigah House Hotel Private Limited	
GVK Novopan Industries Limited	
Pinakini Share and Stock Broker Limited	
GVK Technical & Consultancy Services Private Limited	
Krishna Enterprises	
GVK Emergency Management and Research Institute (a society registered under Societies Registration Act) (GVK EMRI)	
GVK Foundation	
GVK Airport Foundation	
GVK Employee Welfare Trust	
GVK Coal Developers (Singapore) Pte Ltd	
GVK Projects & Technical Services Limited	

* Through subsidiary companies

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Details of related party transactions during the year:

Particulars	GVK Projects & Technical Services Ltd	GVK Technical & Consultancy Services Pvt Ltd	Pinakani Share and Stock Broker Ltd	GVK Coal Developers (Singapore) Pte Ltd	TAJ GVK Hotels & Resorts Ltd	Orbit Travels & Tours Pvt Ltd	GVK Novopan Industries Ltd	GVK Foundation	GVK Airport Foundation	GVK EMRI	Paigah House Hotel Pvt Ltd
Rent	-	-	-	-	-	-	-	-	-	-	151
	-	-	-	-	-	-	-	-	-	-	(151)
Services received (including EPC services)	66,885	4,749	9	-	45	450	-	-	-	-	-
	(62,015)	(5,189)	(21)	-	(55)	(1,206)	-	-	-	-	-
Services rendered	-	-	-	2,994	-	-	-	-	-	-	-
	-	-	-	(2,526)	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	117	442	-	-
	-	-	-	-	-	-	-	(124)	(230)	-	-
Advances given	23,262	111	-	-	-	-	-	-	-	-	-
	(26,313)	(22)	-	-	-	-	-	-	-	-	-
Advances recovered	6,529	105	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Loans given	-	-	-	92	6	-	29	-	-	-	-
	-	(300)	-	(652)	-	-	-	-	-	(1)	-
Loans recovered	-	-	-	177	-	-	-	-	-	4,380	-
	-	-	-	(605)	-	-	-	-	-	(1,095)	-
Loans taken	-	-	-	-	-	-	-	-	-	-	-
	(400)	-	-	(24)	-	-	-	-	-	-	-
Loans repaid	200	-	-	24	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Share application money given	-	-	-	32,522	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Share application money recovered	-	-	-	10,348	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantee given	-	-	-	51,169	-	-	-	-	-	-	-
	-	-	-	(60,845)	-	-	-	-	-	-	-
Corporate guarantee released	1,245	-	-	-	-	-	-	-	-	-	-
	(2,195)	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Refund of remuneration by key managerial personnel	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Director sitting fee	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Shares pledged (no. of shares)	-	-	-	7,930,589	-	-	-	-	-	-	-
	-	-	-	(44,800,000)	-	-	-	-	-	-	-
Balances outstanding											
Receivables/ (Payables) - March 31, 2014	37,227	84	(27)	22,178	1	(50)	110	(118)	(51)	-	-
Receivables/ (Payables) - March 31, 2013	14,354	486	(19)	733	(2)	(18)	81	(39)	(83)	4,380	-
Corporate Guarantee	5,634	-	-	332,601	-	-	-	-	-	-	-
	(6,879)	-	-	(281,432)	-	-	-	-	-	-	-
Shares pledged (no. of shares)	-	-	-	148,443,236*	-	-	-	-	-	-	-
	-	-	-	(140,512,647)*	-	-	-	-	-	-	-

Note: Previous year figures are in parenthesis except for receivable/(payable) at year end.
* Pledge of 81,148,236 (March 31, 2013: 73,217,647) shares of GVK Energy Limited, 22,495,000 (March 31, 2013: 22,495,000) shares of GVK Transportation Private Limited and 44,800,000 (March 31, 2013: 44,800,000) shares of GVK Airport Developers Private Limited.

Notes to consolidated financial statements for the year ended March 31, 2014

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Details of related party transactions during the year:

Particulars	Krishna Enterprises	Seregraha Mines Ltd	GVK Employee welfare trust	Ybrant Engineering and Construction Private Limited	GVK Bio Sciences Private Limited	Dr. GVK Reddy	Mrs. Indira Krishna Reddy	Mr. G V Sanjay Reddy	Mr. Krishna Ram Bhupal	Mr. A Issac George
Rent	28	-	-	-	-	-	-	-	37	-
	(28)	-	-	-	-	-	-	-	(37)	-
Services received (including EPC services)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Services rendered	-	8	-	-	-	-	-	-	-	-
	-	(8)	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Advances given	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Advances recovered	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Loans given	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Loans recovered	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Loans taken	-	-	-	8,400	2,900	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Loans repaid	-	-	-	5,385	2,900	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Share application money given	-	36	-	-	-	-	-	-	-	-
	-	(67)	-	-	-	-	-	-	-	-
Share application money recovered	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Investment in equity	-	422	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Corporate guarantee given	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Corporate guarantee released	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	801	-	901	275	38
	-	-	-	-	-	(944)	-	(743)	(237)	(70)
Refund of remuneration by key managerial personnel	-	-	-	-	-	211	-	-	-	39
	-	-	-	-	-	-	-	-	-	-
Director sitting fee	-	-	-	-	-	1	2	1	1	3
	-	-	-	-	-	(2)	(1)	(1)	(2)	(1)
Shares pledged (no. of shares)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Balances outstanding										
Receivables/(Payables) - March 31, 2014	-	22	4,500	(3,015)	-	(212)		(212)	(61)	-
Receivables/(Payables) - March 31, 2013	-	404	4,500	-	-	(222)	-	(190)	(39)	-
Corporate Guarantee	-	1,441	-	-	-	-		-	-	-
	-	(1,441)	-	-	-	-	-	-	-	-
Shares pledged (no. of shares)	-	-	-	-	-	-		-	-	-
	-	-	-	-	-	-	-	-	-	-

Note: Previous year figures are in parenthesis except for receivable/(payable) at year end.
* Pledge of 81,148,236 (March 31, 2013: 73,217,647) shares of GVK Energy Limited, 22,495,000 (March 31, 2013: 22,495,000) shares of GVK Transportation Private Limited and 44,800,000 (March 31, 2013: 44,800,000) shares of GVK Airport Developers Private Limited.

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

31. Segment Information

Business Segments:

The Company organized its operations into three major businesses:

a) Power: Generation, Operation and Maintenance services to the power plants

b) Roads: Building, development and maintenance of roads

c) Airport: Operation and maintenance of airport

d) Others: SEZ, Manpower and Exploration of Oil & Gas.

Geographical Segments:

The Company operates in a single geographical segment.

Segment disclosures

Particulars	Power		Roads		Airports		Others		Eliminations		Total	
	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13	2013-14	2012-13
REVENUE												
External revenue	36,698	89,545	27,195	24,933	218,200	146,212	-	75	-	-	282,093	260,765
Inter segment revenue							1,361	1,567	(1,361)	(1,567)	-	-
Total revenue	36,698	89,545	27,195	24,933	218,200	146,212	1,361	1,642			282,093	260,765
RESULT												
Segment result	(14,064)	(9,669)	17,596	13,761	46,333	24,987	975	312			50,840	29,391
Interest expense											90,467	70,793
Interest income											5,266	9,190
Other income (net)											6,800	4,423
Loss before tax and share of profits of associate and minority interest												(27,789)
Income taxes											14,460	12,870
Loss after tax and be											(42,021)	(40,659)
Loss after tax and before share of profits of associate and minority interest											2,764	5,092
Minority interest											(2,390)	(1,970)
Loss for the year											(36,867)	(33,597)
Other Information												
Segment assets	1,249,872	1,069,929	223,800	181,024	1,186,643	1,034,817	31,744	31,786	-	-	2,692,059	2,317,556
Unallocable corporate assets											510,987	471,096
Total assets											3,203,046	2,788,652
Segment liabilities	104,121	92,076	28,078	27,035	176,765	125,019	1,080	1,032	-	-	310,044	245,162
Unallocable corporate liabilities											2,615,184	2,228,959
Total liabilities											2,925,228	2,474,121
Capital Employed	1,145,751	977,853	195,722	153,989	1,009,878	909,798	30,664	30,754			277,818	314,531
Capital expenditure including capital work in progress *	151,283	168,434	49,221	43,303	(23,587)	256,214	17	1,675			176,934	469,626
Depreciation (included in segment expense)	17,054	16,836	1,915	1,630	24,784	16,652	18	-			43,771	35,118

*Capital expenditure of airport segment is net of development fees of Rs. 291,246 (March 31, 2013: Rs. 4,932)

Notes to consolidated financial statements for the year ended March 31, 2014
(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

32. Derivative Instruments and unhedged foreign currency exposure
Particulars of unhedged foreign currency:

Particulars	March 31, 2014	March 31, 2013
Payables		
Loans	45,729	45,412
Buyers credit	11,350	9,552
Trade payables and other current liabilities	3,170	4,208
Receivables		
Investments and share application money	22,202	112
Guarantee commission	-	644

33. Provision for resurfacing obligation
The Group has a contractual obligation to periodically maintain, replace or restore infrastructure at the end of each five years or earlier as per the terms of the concession agreement. Movement in provision for resurfacing obligation is as follows:

Particulars	March 31, 2014	March 31, 2013
Opening balance	**3,399**	2,266
Additions during the year	**1,133**	1,133
	4,532	3,399

34. The Reserve Bank of India (‘RBI’) had issued guidelines for Core Investment Companies (CIC) on January 5, 2011 pursuant to which Core Investment Companies (CIC) are exempted from applying for registration with RBI. In the previous year, GVKEL had evaluated the guidelines and concluded that it is a CIC and accordingly exempt from registration requirements, however in the current year the company has taken a loan from financial institution and is accordingly it has become SI- CIC and no longer exempt from registration requirements. The subsidiary company believes that its core activity now and in future is going to be operation and maintenance of power plants and accordingly believes that its status of SI- CIC is temporary.

35. On January 17, 2013, May 13, 2013 and November 29, 2013, Securities and Exchange Board of India (SEBI) made amendment to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Equity Listing Agreement, pursuant to which listed entities have been prohibited from framing any employee benefit schemes involving acquisition of own securities from secondary market. The Company had formed GVK Employee Welfare Trust on July 15, 2009 which currently holds 18,083,890 own equity shares which were acquired from secondary market. SEBI circular requires such Trust to dispose shares by June 30, 2014 or to align the Trust with SEBI (ESOS and ESPS) Guidelines. Management is evaluating options available in the circular and believes that application of this circular will not have any material impact on Statement of profit and loss.

36. During the previous year, GVKEL and GVKIL had provided security by way of pledge of its shares in GVKIL and by creating second pari passu charge as the current and fixed assets respectively with respect to a loan of Rs. 20,000 taken by GVKPIL, in respect of which prior approval of Central Government was required under the provisions of Section 295 of the Companies Act, 1956. GVKEL and GVKIL had applied to the Central Government prior to sanction of such loan, however, the loan was drawn pending approval from Central Government. During the current year, Central Government has returned the applications and advised the subsidiary companies to take necessary steps to ensure compliance with corresponding section of Companies Act 2013, i.e., Section 185 and also other statutory provisions of the Companies Act, 2013. GVKEL and GVKIL are in the process of taking necessary steps to ensure compliance with Section 185 of Companies Act, 2013.

37. The subsidiary companies, GVK Industries Limited (GVKIL) and GVK Gautami Power Limited (GVKGPL) had commenced construction of phase III and phase II power plants respectively on which they have incurred aggregated cost of Rs. 15,655 (March 31, 2013: Rs. 15,659). Due to lower supply/availability of gas, the subsidiary companies have temporarily suspended the construction activities and intend to resume construction once natural gas is available which Management expects to happen in foreseeable future. Further, Phase II of GVKIL and Phase I of GVKGPL having fixed assets with Written Down Value of Rs. 209,670 (March 31, 2013: Rs. 220,491) has during the current financial year achieved Nil PLF (March 31, 2013: 29.49%)

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

and Nil PLF (March 31, 2013: 24.52%) respectively. Also, GVKIL and GVKGPL have incurred losses of Rs. 7,888 (March 31, 2013: Rs. 8,547) and Rs. 21,103 (March 31, 2013: Rs. 15,332) respectively. However, both the Companies have already tied up with lead bankers and majority of other consortium lenders for additional loans/ moratorium for payments of loan and are confident of receiving approval from the remaining lenders. Further, the Company and Association of Power Producers are closely monitoring the situation and evaluating various approaches such as installing alternate fuel equipment (already done by GVKGPL and GVKIL) etc.,v to deal with the situation and Management of the Company is confident that Government of India will take necessary steps/initiatives to improve the situation of natural gas. Further, Management based on its rights under power purchase agreement to recover capacity charges and receipt of the approval from majority of the consortium lenders, believes the subsidiary companies will continue to be in operation in foreseeable future despite continued losses. The Management accordingly believes that fixed assets with carrying value of Rs. 225,325 are recoverable in normal course of business.

38. The Company had applied to Central government on May 13, 2013 and April 24, 2012 for waiver of excess managerial remuneration for the year's ended March 31, 2013 and March 31, 2012 amounting to Rs. 137 and Rs. 207 respectively paid to two directors in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956. During the current year, one of the directors has refunded excess remuneration and the Company is awaiting approval for excess managerial remuneration paid to another director for the year's ended March 31, 2013 and March 31, 2012 amounting to Rs. 21 and Rs. 112 respectively which the Company believes will be obtained in due course and would not have any material impact upon the financial statements.

39. During the year Termination Notice has been served by GVK Oil & Gas Limited, a subsidiary involved in oil & gas activity on Ministry of Petroleum and Natural Gas (Ministry) for termination of Production Sharing Contract. The subsidiary has alleged that it has not been able to effectively carry out exploration operations in the Blocks allotted to it due to Ministry of Defense clearance issues. The Management believes that Ministry will reimburse subsidiary for costs incurred by it and accordingly no adjustment is required to carrying value of assets aggregating to Rs. 18,356.

40. The Company has made investments aggregating to Rs. 22,202 by way of subscription of shares and share application money and provided guarantees and commitments aggregating to Rs. 678,778 to GVK Coal Singapore Pte Limited (GVK Coal), an entity in which Company owns 10%. GVK Coal is currently under development phase and is making losses and its current liabilities exceed current assets by USD 259 mn based on unaudited financial statements for the year ended June 30, 2013. In addition to aforesaid commitments, the Company has also given assurance for financial assistance, if required. GVK coal is also in discussion with non- controlling shareholders to realign the option exercise dates and additional funding from potential investors.

Management believes that GVK Coal would be able to establish profitable operations and current liabilities being in excess of current assets is temporary and accordingly will not have any impact upon investments/guarantees of the Company.

41. The Associate company ("BIAL") has opted to claim deduction under Section 80-IA of the Income Tax Act, 1961("IT Act") on the entire income effective year ended March 31, 2013, and had also claimed Minimum alternate tax ("MAT") credit under Section 115JAA of the IT Act aggregating Rs. 9,067 upto March 31, 2013. The Associate company has claimed Rs. 3,202 MAT credit for the current year. The MAT credit asset aggregating Rs. 9,066 as at March 31, 2013, was based on the projected future profits of the Associate company from the real estate and other businesses which may not be eligible for a deduction under Section 80-IA of the IT Act; which is supported by the Land lease agreement, which gives the Associate company the right to use the land parcel for various non Airport activities for a period of 30 years from the Airport opening date (i.e. May 23, 2008), which the Company is committed to undertake. The Management believed that there will be sufficient future taxable profits to utilise the aforementioned MAT credit entitlement within the stipulated period prescribed as per the provisions of the IT Act. As per the provisions of the IT Act, the Associate company can avail and set off these MAT credits against normal tax within a stipulated period of ten years from the year of availment. Further, as per the prescribed accounting regulations, MAT can be recognised only if there is convincing evidence that the Associate company would be in a position to set off the carried forward MAT in future years. As on date, in the absence of convincing evidence of profits emanating from the non-eligible 80-IA businesses, the Management has decided to write down the MAT credit entitlement aggregating Rs. 7,106 which was availed upto March 31, 2012 as the same was to be utilised within the tax holiday period or else it would

Notes to consolidated financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

have lapsed. The Management believes that the Associate company would generate sufficient profits which will be subject to normal tax post the tax holiday period (effective April 01, 2022) and has retained the MAT credit recognised from the financial year ended March 31, 2013 aggregating Rs. 5,162 (including Rs. 3,202 availed for the current year). The amount reported in this paragraph is full amounts as financial appearing in the statements of associate company.

42. Due to lower supply/availability of gas, GVKIL and GVKGPL have installed alternate fuel equipment in current and previous year respectively declaring plant availability at full capacity to AP Transco as fuel for running alternate fuel equipment is available with the subsidiary. GVKGPL and GVKIL are accordingly claiming full capacity charges i.e. at 80% PLF post installation of alternate fuel equipment as envisaged in Power Purchase Agreement (PPA), however AP Transco is refuting the same stating that the subsidiaries are entitled to capacity charges only to the extent of PLF achieved in a tariff year based on actual/deemed generation by using gas plant and not deemed generation by declaring availability based on alternate fuel equipment. GVKGPL has filed a petition with APERC for advising AP Transco to pay full capacity charge. Pending approval from APERC, the subsidiaries have deferred recognition of revenue aggregating to Rs. 38,450 (March 31, 2013: Rs. 23,690).

43. Previous year figures have been regrouped/re-arranged wherever necessary to conform to current year classification.

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W
Chartered Accountants

per **Vikas Kumar Pansari**
Partner

Membership No. 93649

Place: Hyderabad
Date: May 29, 2014

For and on behalf of the Board of Directors of
GVK Power & Infrastructure Limited

Dr. GVK Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director & CFO

P V Rama seshu
GM & Company Secretary

Independent Auditor's Report

To

The Members of GVK Power & Infrastructure Limited

Report on the Financial Statements

We have audited the accompanying financial statements of GVK Power and Infrastructure Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

Basis for qualified opinion

As discussed more fully in Note 36 of the accompanying financial statements, termination notice has been served by a subsidiary involved in oil & gas activity on Ministry of Petroleum and Natural Gas (Ministry) for termination of productions sharing contract. The Management believes that Ministry will reimburse subsidiary for costs incurred by it and accordingly no adjustment is required to carrying value of investments and advances aggregating to Rs. 17,745 lakhs and guarantee aggregating to Rs. 813 lakhs made by the Company to subsidiary. However, in the absence of sufficient appropriate evidence in this regard, we are unable to comment upon recoverability of such advances and investment together with consequential impact, if any, arising out of the same in these Company's financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements give the information required by the Companies Act, 1956 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;

(b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to

a. Note 34 to the financial statements regarding application made by company for the waiver of excess managerial remuneration for the year's ended March 31, 2013 and March 31, 2012 amounting to Rs. 21 lakhs and Rs. 112 lakhs respectively paid to a director in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956.

b. Note 35 to the financial statements, regarding uncertainty towards supplies/availability of natural gas to gas based power generating plants and power projects under construction of subsidiary companies of subsidiary company, GVK Energy Limited. Also, during the year, the subsidiary companies have received the approval of the lead bankers and also majority of the consortium lenders for additional loans/moratorium for payments and are confident of receiving approval from the remaining lenders. The Management is confident of obtaining the requisite gas allocation/recover fixed charges and accordingly believes that investments and advances with carrying value of Rs. 108,323 lakhs (including gas and non-gas based projects) are recoverable in normal course of business. Further, Management based on its rights under power purchase agreement to recover capacity charges and receipt of the approval from majority of the consortium lenders, believes that the subsidiary companies will continue to be in operation in foreseeable future despite continued losses.

Pending the final outcome of the Company's applications in the above referred matters, and resolution of uncertainty around availability of gas no adjustment has been made in the accompanying financial statements. Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
   (a) Except as discussed in Basis of Qualified Opinion paragraph, we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) Except as discussed in Basis of Qualified Opinion paragraph, 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, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) Except as discussed in Basis of Qualified Opinion paragraph, in our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956 read with General Circular 8/2014 dated 4 April 2014, issued by the Ministry of Corporate Affairs; and

   (e) On the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per **Vikas Kumar Pansari**
Partner
Membership No.: 93649

Place: Hyderabad
Date : May 29, 2014

Annexure referred to in our report of even date

Re: GVK Power & Infrastructure Limited ('the Company')

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

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.

(iii) (a) According to the information and explanations given to us, 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 Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, 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 Companies Act, 1956. Accordingly, the provisions of clause 4(iii)(e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 that need to be entered into the register maintained under section 301 have been so entered.

(b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for services provided to one party aggregating to Rs. 1,420 lakhs and services availed from one party aggregating to Rs. 92 lakhs because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable have generally been regularly deposited with the appropriate authorities, though there has been slight delay in few cases.

(b According to the information and explanations given to us, no undisputed amount payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues outstanding of income –tax, sales tax, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service Tax	707	July 1, 2003 to March 31, 2012	Commissioner of Central Excise and Customs, Vishakapatnam II
Indian Stamp Act, 1899	Stamp duty	2,829	February 4, 2008	High Court of Andhra Pradesh
Income Tax Act, 1961	Income tax liability	73*	Assessment year 08-09	Income tax Appellate Tribunal
Income Tax Act, 1961	Income tax liability	279**	Assessment year 10-11	The company is in the process of filing an appeal against the order.
Income Tax Act, 1961	Income tax liability	11	Assessment year 11-12	Commissioner of Income tax (Appeals) – Vishakapatnam

*Paid under protest/refund adjusted, **Rs. 75 lakhs paid under protest

(x) The Company has no accumulated losses at the end of the financial year. The company has incurred cash loss during the current and preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, the Company has delayed in repayment of dues to banks during the year to the extent of Rs. 225 lakhs (the delay in such repayments being for less than 29 days) and no such dues were in arrears as on the Balance Sheet date. There are no dues to debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the company.

(xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

(xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company did not raise any money through a public issue during the year.

(xxi) 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.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per **Vikas Kumar Pansari**
Partner
Membership No.: 93649

Place: Hyderabad
Date : May 29, 2014

Balance Sheet as at March 31, 2014

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2014	March 31, 2013
Equity and liabilities			
Shareholders' Funds			
Share capital	3	**15,792**	15,792
Reserves and surplus	4	**232,053**	234,396
		247,845	250,188
Non-current liabilities			
Long-term borrowings	5	**28,319**	35,000
Long-term provisions	6	**-**	23
Deferred tax liability (net)	11	**7**	-
		28,326	35,023
Current liabilities			
Short-term borrowings	7	**18,050**	7,350
Trade payables	8	**243**	208
Other current liabilities	8	**7,236**	478
Short-term provisions	6	**211**	105
		25,740	8,141
		301,911	293,352
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	9	**109**	126
Non-current investments	10	**140,106**	140,106
Deferred tax assets (net)	11	**-**	14
Long-term loans and advances	12	**46,465**	41,791
Other non-current assets	14.2	**53,206**	32,436
		239,886	214,473
Current assets			
Current investments	13	**514**	385
Trade receivables	14.1	**370**	299
Cash and bank balance	15	**1,661**	2,339
Short-term loans and advances	12	**59,430**	75,105
Other current assets	14.2	**50**	751
		62,025	78,879
Summary of significant accounting policies	2.1	**301,911**	293,352

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W
Chartered Accountants

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Place of Signature: Hyderabad
Date: May 29, 2014

For and on behalf of the Board of Directors of
GVK Power & Infrastructure Limited

Dr. GVK Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director & CFO

P V Rama Seshu
GM & Company Secretary

Statement of profit and loss for the year ended March 31, 2014

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2014	March 31, 2013
Income			
Revenue from operations	16	**2,676**	3,021
Other income	17	**3,243**	2,780
Total revenue		**5,919**	5,801
Expenses			
Employee benefits expense	18	**97**	608
Operating and other expenses	19	**572**	995
Depreciation expense	20	**18**	18
Financial costs	21	**5,799**	5,212
Total expense		**6,486**	6,833
(Loss) before tax		**(567)**	**(1,032)**
Tax expenses			
Current tax		**1,755**	1,354
Tax of earlier year		**-**	5
Deferred tax		**21**	13
Total tax expense		**1,776**	1,372
(Loss) for the year		**(2,343)**	(2,404)
Earnings per share (in Rs.)			
-Basic		**(0.15)**	(0.15)
-Diluted		**(0.15)**	(0.15)
Nominal value per share (in Rs.)		**1**	1
Weighted average number of shares			
-Basic		**1,579,210,400**	1,579,210,400
-Diluted		**1,579,210,400**	1,579,210,400
Summary of significant accounting policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W
Chartered Accountants

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Place of Signature: Hyderabad
Date: May 29, 2014

For and on behalf of the Board of Directors of
GVK Power & Infrastructure Limited

Dr. GVK Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director & CFO

P V Rama Seshu
GM & Company Secretary

Cash flow statement for the year ended March 31, 2014

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Particulars		March 31, 2014	March 31, 2013
A.Cash flow from operating activities			
Loss before tax		**(567)**	(1,032)
Adjustment to reconcile loss before tax to net cash flows			
Depreciation expense		**18**	18
Profit on sale of investments		**(65)**	(60)
Interest income		**(15)**	(103)
Liabilities written back		**(45)**	(17)
Interest expense		**5,787**	4,935
Operating profit before working capital changes		**5,113**	3,741
Movements in working capital:			
Increase in trade payables, current liabilities and provisions		**36**	48
Increase in trade receivables		**(71)**	(182)
Decrease/(increase) in loans and advances		**(5)**	204
Decrease in other current and non-current assets		**2,084**	77
Cash generated from operations		**7,157**	3,888
Direct taxes paid (net of refunds)		**(1,118)**	(928)
Net cash generated from operating activities	**A**	**6,039**	2,960
B.Cash flows from investing activities			
Purchase of fixed assets		**(1)**	0
Investments in subsidiaries		**-**	(3,000)
Advances to subsidiaries/related party		**(41,897)**	(60,044)
Refund of advance from subsidiaries/related party		**52,409**	64,708
Investments in subsidiaries including share application money/ related party		**(32,522)**	-
Refund of share applicaion money from subsidiaries/related party		**10,348**	-
Redemption of bank deposits		**675**	426
Purchase of current investments		**(3,619)**	(17,702)
Proceeds from sale of current investments		**3,554**	17,377
Interest received		**33**	95
Net cash from/ (used in) investing activities	**B**	**(11,020)**	1,860

Cash Flow statement for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Particulars		March 31, 2014	March 31, 2013
C. Cash flows from financing activities			
Proceeds from short term borrowings		**10,700**	5,480
Repayment of short term borrowings		**-**	(39,725)
Proceeds from long term borrowings		**-**	35,000
Repayment of long term borrowings		**(44)**	(34)
Interest paid		**(5,678)**	(4,524)
Net cash from/ (used in) financing activities	**C**	**4,978**	(3,803)
Net increase/(decrease) in cash and cash equivalents	**(A+B+C)**	**(3)**	1,017
Cash and cash equivalents at the beginning of the year		**1,664**	647
Cash and cash equivalents at the end of the year		**1,661**	1,664
Components of cash and cash equivalents as at			
Balance with scheduled banks on current accounts		**1,661**	1,660
Balance with unpaid dividend accounts*		**-**	4
	Note 15	**1,661**	1,664
Add: Deposits-encumbered		**-**	675
Cash and bank balance as per balance sheet	**Note 15**	**1,661**	2,339
Summary of significant accounting policies	**2.1**		

*Not available for use by the Company

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W
Chartered Accountants

per **Vikas Kumar Pansari**
Partner
Membership No. 93649

Place of Signature: Hyderabad
Date: May 29, 2014

For and on behalf of the Board of Directors of
GVK Power & Infrastructure Limited

Dr. GVK Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director & CFO

P V Rama Seshu
GM & Company Secretary

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

1. Corporate information

GVK Power & Infrastructure Limited ('the Company' or 'GVKPIL') provides operation and maintenance services, manpower and consultancy services and incidental services to owners of power plants, airports etc. The Company has also acquired substantial ownership interest into power companies, airports, roads and companies providing infrastructure facilities.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956 read with General Circular 8/2014 dated April 4, 2014, issued by the Ministry of Corporate Affairs. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(c) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on straight-line basis using the rates arrived at based on the useful life estimated by the Management which coincides with the rates prescribed under Schedule XIV of the Companies Act, 1956. Fixed assets individually costing Rs. 0.05 or less are fully depreciated in the year of purchase.

(d) Impairment

The company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, the company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. Impairment losses are recognised in the statement of profit and loss.

(e) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

(f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(g) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Rendering of operation and maintenance services

Revenues represent amounts billed or accrued for services rendered and expenses incurred in relation to such services, in accordance with the Operation and Maintenance agreement with its customer.

Per the operations and maintenance agreements, the Company's income comprises of (a) Operating fees (b) Incentive fees and (c) Reimbursement of actual expenses. Operating fees are fixed per annum subject to escalations. The Company is also eligible to receive incentive fees, if the Actual Annual Availability and/or if the actual generation of power are higher than the defined levels.

Manpower and consultancy services

Revenues for manpower services are recognised as and when services are rendered on time and material basis.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognised when the company's right to receive dividend is established by the reporting date.

Guarantee commission

Revenue is recognised on a time proportion basis taking into account the guarantee amount and the commission rate applicable.

(h) Foreign currency transaction and balances

Initial recognition

Foreign currency transactions are recorded in the reporting currency, by applying the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

Conversion

Foreign currency monetary items are reported using the exchange rate prevailing on the reporting date. Non-monetary items which are measured in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences

Exchange differences arising on the settlement of monetary items or on restatement of monetary items on reporting date at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

(i) Retirement and other employee benefits

(i) Retirement benefit in the form of Provident Fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

(ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of each financial year.

(iv) Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

(v) 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 12 months after the reporting date.

(j) Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

The company recognises MAT credit available as an asset only to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the company recognises Minimum Alternative tax (MAT) credit as an asset in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each reporting date and writes down the carrying amount of MAT Credit Entitlement to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

(k) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue, share split, and reverse share split (consolidation of shares).

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

(l) Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership over the leased term, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(m) Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

(n) Cash and cash equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

(o) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise contingent liability but discloses its existence in the financial statement.

3. Share capital

	March 31, 2014	March 31, 2013
Authorized shares		
2,500,000,000 (March 31, 2013: 2,500,000,000) equity shares of Rs. 1 each	**25,000**	25,000
Issued, subscribed and fully paid-up shares		
1,579,210,400 (March 31, 2013: 1,579,210,400) equity shares of Rs. 1 each	**15,792**	15,792
	15,792	15,792

a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

Equity shares

	March 31, 2014		**March 31, 2013**	
	No.	Rs.	**No.**	Rs.
At the beginning of the year	1,579,210,400	15,792	1,579,210,400	15,792
Issued during the year	-	-	-	-
	1,579,210,400	15,792	1,579,210,400	15,792

b) Terms/rights attached to equity shares

The Company has only one class of equity share having par value of Rs.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. 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.

c) Details of shareholders holding more than 5% equity shares in the company

Name of the shareholder	**March 31, 2014**		**March 31, 2013**	
	No	**% holding**	No	% holding
G. Indira Krishna Reddy	**230,340,730**	**14.59**	235,590,230	14.92
G V Sanjay Reddy	**154,334,480**	**9.77**	154,334,480	9.77
Krishnaram Bhupal	**118,155,990**	**7.48**	118,155,990	7.48
HSBC Global Investment Funds	**113,356,052**	**7.18**	115,250,000	7.30
Vertex Infratech Private Limited	**140,632,430**	**8.91**	116,896,770	7.40

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2014	March 31, 2013
	No.	No.
Equity shares allotted as fully paid-up pursuant to scheme of amalgamation*	**-**	703,250,000
Equity shares allotted as fully paid-up pursuant to scheme of arrangement*	**-**	90,462,150

*Five years completed as on March 31, 2014

4. Reserves and surplus

	March 31, 2014	March 31, 2013
General reserve	**127**	127
Securities premium account	**215,935**	215,935
Surplus in the statement of profit and loss		
Balance as per the last financial statements	**18,334**	20,738
(Loss) for the year	**(2,343)**	(2,404)
Net surplus in the statement of profit and loss	**15,991**	18,334
Total reserves and surplus	**232,053**	234,396

5. Long-term borrowings

	Non-current portion		**Current maturities**	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Term loans				
Indian rupee loan from banks (secured)	28,319	35,000	6,667	30
	28,319	35,000	6,667	30
The above amount includes				
Secured borrowings	28,319	35,000	6,667	30
Amount disclosed under the head “other current liabilities” (note 8)	-	-	(6,667)	(30)
Net amount	28,319	35,000	-	-

a. Term loan aggregating to Rs. 20,000 is secured by first pari-passu charge on the current assets, present and future of the Company, second pari-passu charge on the current assets and fixed assets of GVK Industries Limited and pledge of 10% shares of GVK Industries Limited and presently carries interest of 13.25% per annum. The loan is repayable in six equal quarterly installments after a moratorium of eighteen months from the date of first drawdown viz. March 8, 2013.

b. Term loan aggregating to Rs. 14,986 is secured by mortgage of property, admeasuring 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited and presently carries interest of 13.25% per annum. The loan is repayable after a period of 35 months from the date of first drawdown viz. September 27, 2012.

c. Term loan aggregating to Rs. 30 carried interest at 8.5% p.a. The loan was repayable in 36 monthly installments of Rs. 3.15 from the date of loan viz. January 29, 2011. The loan was secured by charge over vehicle for which finance was provided.

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

6. Provisions

	Long-term		Short-term	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Provision for employee benefits				
Provision for gratuity	-	23	-	14
Provision for leave benefits	–	–	13	34
	-	23	13	48
Other provisions				
Provision for income tax (net)	-	-	198	57
	-	-	198	57
	-	23	211	105

7. Short-term borrowings

	March 31, 2014	March 31, 2013
Other loans and advances- term loans from banks (secured)	**18,050**	7,350
	18,050	7,350
The above amount includes		
Secured borrowings	**18,050**	7,350
Unsecured borrowings	**-**	-

Term loan aggregating to Rs. 18,050 currently carries interest of 11.50% per annum and secured by (i) charge on loans and advances of the Company to GVK Airport Developers Private Limited ("GVKADPL") and also loans and advances provided by GVKADPL to GVK Airport Holdings Private Limited ("GVKAHPL") and Bangalore Airport & Infrastructure Developer Private Limited ("BAIDPL"), (ii) exclusive charge on shares of GVKADPL to the extent of two times of facility amount and (iii) exclusive charge on shares of GVKAHPL and BAIDPL not exceeding 30% of the shares of the Companies and the no. of shares to be pledged would be in proportion to the lenders at GVKADPL, (iv) first pari passu charge on Himayatsagar and Paigah House property, Hyderabad, (v) second pari passu charge on land of 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited and (vii) proportionate proceeds of liquidity event at GVKADPL, GVK AHPL and BAIDPL.

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

8. Trade payable and other current liabilities

	March 31, 2014	March 31, 2013
Trade payables (note 27)	**243**	208
Other current liabilities		
Current maturities of long-term borrowings (note 5)	**6,667**	30
Interest accrued but not due on borrowings	**533**	425
Investor Education and Protection Fund will be credited by Unpaid dividends (as and when due)	**-**	4
Others	**36**	19
	7,236	478

9. Tangible assets (at cost)

	Furniture & fittings	**Office equipment**	**Vehicles**	**Data processing equipment**	**Total**
As at April 1, 2012	10	8	137	26	181
Additions	-	-	-	0	-
Disposals	-	-	-	-	-
As at March 31, 2013	10	8	137	26	181
Additions	-	-	-	1	1
As at March 31, 2014	10	8	137	27	182
Depreciation					
Upto April 1, 2012	6	1	22	8	37
Charge for the year	1	-	13	4	18
Upto March 31, 2013	7	1	35	12	55
Charge for the year	1	0	13	4	18
Upto March 31, 2014	8	1	48	16	73
Net Block					
As at March 31, 2013	3	7	102	14	126
As at March 31, 2014	2	7	89	11	109

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

10. Non-current investments

	March 31, 2014	March 31, 2013
Trade investments (at cost)		
Unquoted equity instruments		
Investment in subsidiaries		
280,000,000 (March 31, 2013: 280,000,000) equity shares of Rs. 10 each fully paid-up in GVK Airport Developers Private Limited	**28,000**	28,000
250,000,000 (March 31, 2013: 250,000,000) equity shares of Rs. 10 each fully paid-up in GVK Energy Limited (note 35)	**25,000**	25,000
37,500,000 (March 31, 2013: 37,500,000) equity shares of Rs. 10 each fully paid-up in GVK Transportation Private Limited	**3,750**	3,750
10,000 (March 31, 2013: 10,000) equity shares of Rs. 10 each fully paid-up in Goriganga Hydro Power Private Limited	**1**	1
10,000 (March 31, 2013: 10,000) Equity shares of Rs. 10 each fully paid-up in GVK Perambalur SEZ Private Limited	**1**	1
50,000 (March 31, 2013: 50,000) equity shares of Rs. 10 each fully paid-up in GVK Oil & Gas Limited (note 36)	**5**	5
10,000 (March 31, 2013: 10,000) equity shares of Rs. 10 each fully paid-up in GVK Developmental Projects Private Limited	**1**	1
	56,758	56,758

	March 31, 2014	March 31, 2013
Investment in equity instruments		
50,000 (March 31, 2013: 50,000) equity shares of USD 1 each fully paid-up in GVK Coal Developers Singapore PTE Limited (note 33)	**25**	25
	25	25
	56,783	56,783
Debentures (unquoted)		
83,322,610 (March 31, 2013: 83,322,610) 0.001% Compulsory Convertible Debentures of Rs. 100 each fully paid up in GVK Energy Limited (note 35)	**83,323**	83,323
	83,323	83,323
Aggregate amount of unquoted investments	**140,106**	140,106

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

11. Deferred tax asset / liability (net)

	March 31, 2014	March 31, 2013
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	**9**	9
Provision for gratuity	**2**	-
Gross deferred tax liability	**11**	9
Deferred tax asset		
Provision for Gratuity	**-**	12
Provision for compensated absences	**4**	11
Gross deferred tax asset	**4**	23
Net deferred tax asset /(liability)	**(7)**	14

12. Loans and advances

	Non-current		**Current**	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Loan and advances to related parties (note 23, 24 and 36)				
Unsecured, considered good	**46,297**	41,706	**57,400**	72,501
Deposits				
Unsecured, considered good	**6**	6	**-**	-
Advances recoverable in cash or kind				
Unsecured, considered good	**-**	-	**9**	2
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	**162**	79	**-**	-
Prepaid expenses	**-**	-	**21**	23
MAT credit entitlement	**-**	-	**-**	579
GVK employee welfare trust (note 32)	**-**	-	**2,000**	2,000
	46,465	41,791	**59,430**	75,105

13. Current investments

	March 31, 2014	March 31, 2013
Current investments (valued at lower of cost and fair value)		
Quoted mutual funds- other than trade		
209,686 (March 31, 2013: 209,686) units of Rs. 10 each fully paid-up of LIC Nomura MF Interval Fund – Growth plan	30	**30**
28,104 (March 31, 2013: Nil) units of Rs. 1,000 each fully paid-up of Reliance Money Manager Fund – Growth plan	484	**-**
Nil (March 31, 2013: 79,425) units of Rs. 10 each fully paid-up of Templeton India Ultra Short Bond Fund – Growth plan	-	**12**
Nil (March 31, 2013: 1,419,636) units of Rs. 10 each fully paid-up of Reliance Medium Term Fund - Retail Growth	-	**343**
	514	**385**
Aggregate market value of quoted investments	527	**388**

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

14. Trade receivables and other assets

14.1. Trade receivables

	Non-current		Current	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Outstanding for a period not exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	**370**	299
	-	-	**370**	299

Trade receivables include dues from related party:

	Non-current		Current	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
GVK Gautami Power Limited	-	-	**152**	93
Mumbai International Airport Private Limited	-	-	**218**	206

14.2. Other assets

	Non-current		Current	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Unsecured, considered good				
Unbilled revenues	**30**	15	**2**	16
Share application money to subsidiaries /others	**27,195**	5,020	**-**	-
Receivable for sale of investment	**25,981**	27,401	**-**	-
Interest accrued	**-**	-	**3**	21
Other receivables	**-**	-	**24**	690
Unamortised portion of ancillary cost of arranging the borrowings	**-**	-	**14**	24
Retirement benefits (Note 22)	**-**	-	**7**	-
	53,206	32,436	**50**	751

15. Cash and bank balances

	Non-current		Current	
	March 31, 2014	March 31, 2013	**March 31, 2014**	March 31, 2013
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	**1,661**	1,660
– On unpaid dividend account	-	-	**-**	4
	-	-	**1,661**	1,664
Other bank balances				
Deposit -encumbered	-	-	**-**	675
	-	-	**-**	675
	-	-	**1,661**	2,339

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

16. Revenue from operations

	March 31, 2014	March 31, 2013
Revenue from operations		
Sale of services		
- Operation and maintenance services	**1,315**	1,379
- Manpower and consultancy services	**1,361**	1,642
	2,676	3,021

17. Other income

	March 31, 2014	March 31, 2013
Profit on sale of investments		
Current investments	**65**	60
Liabilities written back	**45**	17
Guarantee commission	**3,055**	2,588
Foreign exchange gain (net)	**63**	12
Interest on		
- Bank Deposits	**12**	102
- Others	**3**	1
	3,243	2,780

18. Employee benefit expense

	March 31, 2014	March 31, 2013
Salaries, wages and bonus (Note 34)	**64**	552
Contribution to provident fund	**21**	33
Staff welfare expenses	**12**	23
	97	608

19. Operating and other expenses

	March 31, 2014	March 31, 2013
Rent	**11**	11
Communication costs	**42**	35
Travelling and conveyance	**71**	62
Operating and maintenance expenses	**96**	179
Repairs and maintenance – others	**14**	18
Legal and professional fees	**13**	335
Rates and taxes	**75**	66
Printing and stationery	**37**	39
Insurance	**21**	16
Payment to auditor (note below)	**18**	18
Directors' sitting fees	**11**	9
Expenses for manpower services	**139**	158
Miscellaneous Expenses	**24**	49
	572	995

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Payment to auditor (including service tax)

	March 31, 2014	March 31, 2013
As auditor:		
Audit fee	**12**	12
Limited Review	**5**	5
In other Capacity:		
Other services(certification fees)	**0**	0
Reimbursement of expenses	**1**	1
	18	18

20. Depreciation expense

	March 31, 2014	March 31, 2013
Depreciation of tangible assets	**18**	18

21. Finance costs

	March 31, 2014	March 31, 2013
Interest	**5,787**	4,935
Amortization of ancillary borrowing costs	**10**	276
Bank charges	**2**	1
	5,799	5,212

22. Gratuity benefit

The company operates one defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on retirement or termination at 15 days of last drawn salary for each completed year of service. The scheme is funded.

The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

(A) Statement of profit and loss

Net employee benefit expense recognised in the employee cost

	March 31, 2014	March 31, 2013
Current service cost	**5**	4
Interest cost on benefit obligation	**4**	5
Expected return on plan assets	**(1)**	0
Net actuarial(gain) / loss recognised in the year	**(38)**	(19)
Net benefit expense/(credit)	**(30)**	(10)
Actual return on plan assets	**0**	0

(B) Balance sheet

	March 31, 2014	March 31, 2013
Present value of defined benefit obligation	**18**	51
Fair value of plan assets	**25**	14
Net liability	**(7)**	37

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

(C) Changes in the present value of the defined benefit obligation are as follows:

	March 31, 2014	March 31, 2013
Opening defined benefit obligation	51	66
Current service cost	5	4
Interest cost	4	5
Benefits paid	(4)	(5)
Actuarial (gains)/losses on obligation	(38)	(19)
Closing defined benefit obligation	18	51

(D) Changes in the fair value of plan assets are as follows:

	March 31, 2014	March 31, 2013
Opening fair value of plan assets	14	-
Expected return	1	0
Contributions by employer	14	19
Benefits paid	(4)	(5)
Actuarial gains / (losses)	(0)	-
	25	14

The company expects to contribute Re. 1 to gratuity in the next year (March 31, 2013: Rs. 28).

(E) The principal assumptions used in determining gratuity benefit obligations for the Company's plan are shown below:

	March 31, 2014	March 31, 2013
Discount rate	**9.25% p.a.**	**8% p.a.**
Expected rate of return on assets	7% p.a.	7% p.a.
Employee turnover	5%	5%

The estimates of 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.

(F) Amounts for the current and previous four periods are as follows:

	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2000
Gratuity					
Defined benefit obligation	18	51	66	79	85
Plan assets	(25)	(14)	-	-	-
Surplus/(deficit)	(7)	37	66	79	85
Experience adjustments on plan liabilities	(36)	(4)	(30)	-	-
Experience adjustments on plan assets	(0)	0	-	-	-
Actuarial Gain/(Loss) due to change of assumptions	2	1	(1)	-	-

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

23. Related party disclosures

Disclosure as required by Notified Accounting Standard 18 (AS -18) "Related Party Disclosures" are as follows:

Names of the related parties and description of relationship:

(a)Related parties where control exists

Subsidiaries	GVK Industries Limited
	GVK Jaipur Expressway Private Limited
	Alaknanda Hydro Power Company Limited
	GVK Airport Developers Private Limited
	GVK Coal (Tokisud) Company Private Limited
	Goriganga Hydro Power Private Limited
	GVK Power (Goindwal Sahib) Limited
	GVK Perambalur SEZ Private Limited
	GVK Oil & Gas Limited
	GVK Developmental Projects Private Limited
	GVK Energy Limited
	GVK Gautami Power Limited
	GVK Airport Holdings Private Limited
	PT.GVK Services, Indonesia.
	GVK Transportation Private Limited
	GVK Ratle Hydro Electrical Projects Private Limited
	GVK Energy Venture Private Limited
	GVK Bagodara Vasad Expressway Private Limited
	GVK Deoli Kota Expressway Private Ltd
	Bangalore Airport & Infrastructure Developers Private Limited (BAIADPL)
	Mumbai International Airport Private Limited
	GVK Power (Khadur Sahib) Private Limited
	GVK Airports International Pte Ltd
	GVK Shivpuri Dewas Expressway Private Limited

b) Associates

Bangalore International Airport Limited
Seregraha Mines Limited

(c) Key management personnel

Dr. GVK Reddy, Chairman and Managing director
Mr. G V Sanjay Reddy, Director
Mr A Issac George, Director
Mr Krishna Ram Bhupal, Director

(d) Enterprises over which the key management personnel exercise significant influence

TAJ GVK Hotels & Resorts Limited
Orbit Travels & Tours Private Limited
GVK Technical & Consultancy Services Private Limited
Pinakini Share and Stock Broker Limited
GVK Foundation
GVK Projects and Technical Services Limited
GVK Employee Welfare Trust
GVK Coal Developers (Singapore) Pte Ltd

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Details of related party transactions during the year

Particulars	GVK Industries Limited	GVK Gautami Power Limited	Mumbai International Airport Private Limited	GVK Jaipur Expressway Private Ltd.	GVK Bagodara Vasad Expressway Private Ltd.	Alakananda Hydro Power Company Limited	Gorigan-ga Hydro Power Private Limited	GVK Power (Goindwal Sahib) Limited	GVK Airport Developers Private Limited	GVK Ratle Hydro Electric Project Private Limited	GVK Transportation Private Limited	GVK Coal (Tokisud) Company Private Limited	GVK Projects and Technical Services Limited	GVK Perambalur SEZ Private Limited
Transactions during the year														
Fees for services rendered (including service tax)	53	920	1,420	-	-	-	-	-	-	-	-	-	52	-
	(167)	(994)	(1,416)	-	-	-	-	-	-	-	-	-	(62)	-
Reimbursement of expenses (Billable expenses)	-	451	-	-	-	-	-	-	-	-	-	-	-	-
	-	(562)	-	-	-	-	-	-	-	-	-	-	-	-
Services received	80	-	-	-	-	-	-	-	-	-	-	-	-	-
	(168)	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-	-	-	-	-	(2,840)	-	-	-
	-	-	-	-	-	-	-	-	(3,000)	-	-	-	-	-
Loans/advances given/expenditure incurred on behalf	-	-	22	1	1	2	8	1,326	17,599	10	22,973	0	-	18
	-	-	(10)	-	-	(1,299)	(76)	(972)	(28,015)	(827)	(4,370)	(0)	-	(54)
Loans/advances recovered	-	-	22	-	-	-	-	1,325	23,099	4,268	14,265	-	-	-
	-	-	(10)	-	-	(1,299)	-	(973)	(52,150)	(217)	(1,421)	(0)	-	-
Share application money given														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share application money recovered														
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	2	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees given	-	-	-	106,249		-	-	-	5,460	-	-	-	-	-
	-	-	-	-	-	-	-	-	(34,525)	(1,437)	(2,875)	-	-	-
Guarantees released	541	1,305	-	-	-	1,300	-	-	-	10,037	-	-	1,245	-
	(2,893)	-	-	-	-	(6,985)	-	-	-	-	-	-	(2,195)	-
Investments pledged (no. of shares)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(191,860,000)	-	-	-	-	-
Investments unpledged (no. of shares)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(201,060,000)	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Refund of remuneration from key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director sitting fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances outstanding														
Receivables/(Payables) - March 31, 2014	(44)	184	218	1	1	2	4,759	3	51,802	0	43,090	0	22	11,709
Receivables/(Payables) - March 31, 2013	(31)	125	206	-	-	-	4,751	-	57,302	4,258	35,802	0	46	11,691
Corporate Guarantee														
	-	-	-	106,249	-	300	-	4,050	39,985	-	55,775	-	5,634	-
Pledge of Investment (no. of shares)	(541)	(1,305)	-	-		(1,600)	-	(4,050)	(34,525)	(10,037)	(55,775)	-	(6,879)	-
	-	-	-	-	-	-	-	-	170,800,000	-	-	-	-	-
	-	-	-	-	-	-	-	-	(170,800,000)	-	-	-	-	-

Note: a) Previous year figures are in parenthesis except for receivable/(payable) at year end

b) Refer note 26 for equity commitments.

c) * Pledge of 81,148,236 (March 31, 2013: 73,217,647) shares of GVK Energy Limited, 22,495,000 (March 31, 2013: 22,495,000) shares of GVK Transportation Pvt Ltd and 44,800,000 (March 31, 2013: 44,800,000) shares of GVK Airport Developers Pvt Ltd

d) Refer note 5 (a) (b) and 7 for security provided by subsidiaries for loans availed by the Company.

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Details of related party transactions during the year

Particulars	GVK Developmental Projects Private Limited	GVK Energy Limited	GVK Oil & Gas Limited	Bangalore International Airport Limited	GVK Technical & Consultancy Services Private Limited	Pinakani Share and Stock Broker Limited	TAJ GVK Hotels & Resorts Limited	Orbit Travels & Tours Private Limited	Seregraha Mines Limited	GVK Employee Welfare Trust	GVK Coal Developers (Singapore) Pte Limited	Dr. GVK Reddy	Mr. A. Issac George	Mr. GV Sanjay Reddy	Mr. Krishna Ram Bhupal	Mrs. Indira Krishna Reddy
Transactions during the year																
Fees for services rendered (including service tax)	-	8	-	-	-	-	-	-	8	-	2,994	-	-	-	-	-
	-	-	-	-	-	-	-	-	(8)	-	(2,526)	-	-	-	-	-
Reimbursement of expenses (Billable expenses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services received	-	-	-	-	92	3	5	88	-	-	-	-	-	-	-	-
	-	-	-	-	(60)	(10)	(9)	(326)	-	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advances given/expenditure incurred on behalf	4,477	714	120	-	-	-	-	-	-	-	92	-	-	-	-	-
	(15,540)	(7,514)	(714)	-	-	-	-	-	-	-	(652)	-	-	-	-	-
Loans/advances recovered	14,009	710	-	-	-	-	-	-	-	-	177	-	-	-	-	-
	(521)	(7,510)	-	-	-	-	-	-	-	-	(605)	-	-	-	-	-
Share application money given											32,522					
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Share application money recovered											10,348					
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	1	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	(1)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees given	-	-	-	-	-	-	-	-	-	-	51,169	-	-	-	-	-
	-	-	(111)	-	-	-	-	-	-	-	(60,845)	-	-	-	-	-
Guarantees released	-	-	476	-	-	-	-	-	-	-	-	-	-	-	-	-
	(2,967)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments pledged (no. of shares)	-	87,910,588	-	-	-	-	-	-	-	-	7,930,589	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	(44,800,000)	-	-	-	-	-
Investments unpledged (no. of shares)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	(165)	(29)	-	-	-
Refund of remuneration from key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	211	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director sitting fees	-	-	-	-	-	-	-	-	-	-	-	-	1	1	1	1
	-	-	-	-	-	-	-	-	-	-	-	-	(1)	(1)	(1)	(1)
Balances outstanding																
Receivables/ (Payables) - March 31, 2014	5,580	7	17,740	-	(65)	(11)	(0)	(30)	4	2,000	22,178	-		-		-
Receivables/ (Payables) - March 31, 2013	15,112	5	17,620	-	(11)	(9)	(1)	(17)	-	2,000	733	-		0		-
Corporate Guarantee	5,200	-	813	-	-	-	-	-	1,441	-	332,601	-		-		-
	(5,200)	-	(1,289)	-	-	-	-	-	(1,441)	-	(281,432)	-		-		-
Pledge of Investment (no. of shares)	-	87,910,588	-	-	-	-	-	-	-	-	148,443,236*	-		-		-
	-	-	-	-	-	-	-	-	-	-	(140,512,647)*	-		-		-

Note: a) Previous year figures are in parenthesis except for receivable/(payable) at year end

b) Refer note 26 for equity commitments.

c) * Pledge of 81,148,236 (March 31, 2013: 73,217,647) shares of GVK Energy Limited, 22,495,000 (March 31, 2013: 22,495,000) shares

d) Refer note 5 (a) (b) and 7 for security provided by subsidiaries for loans availed by the Company.

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

24. Details of loan given to subsidiaries, associates, parties in which directors are interested

Subsidiaries

i) GVK Oil & Gas Limited

Balance as at March 31, 2014 Rs. 17,740 (March 31, 2013: Rs. 17,620)

Maximum amount outstanding during the year was Rs. 17,740 (March 31, 2013: Rs. 17,620)

The aforesaid loan is repayable on demand.

ii) GVK Perambalur SEZ Private Limited

Balance as at March 31, 2014 Rs. 6,710 (March 31, 2013: Rs. 6,692)

Maximum amount outstanding during the year was Rs. 6,710 (March 31, 2013:Rs. 6,692)

The aforesaid loan is repayable on demand.

iii) Goriganga Hydro Power Private Limited

Balance as at March 31, 2014 Rs. 4,759 (March 31, 2013: Rs. 4,751)

Maximum amount outstanding during the year was Rs. 4,759 (March 31, 2012: Rs. 4,751)

The aforesaid loan is repayable on demand.

iv) GVK Airport Developers Private Limited

Balance as at March 31, 2014 Rs. 51,802 (March 31, 2013: Rs. 57,302)

Maximum amount outstanding during the year was Rs. 58,302 (March 31, 2012: Rs. 81,590)

The aforesaid loan is repayable on demand.

v) GVK Developmental Projects Private Limited

Balance as at March 31, 2014 Rs. 5,579 (March 31, 2013: Rs. 15,112)

Maximum amount outstanding during the year was Rs. 17,959 (March 31, 2013: Rs. 15,112)

The aforesaid loan is repayable on demand.

vi) GVK Transportation Private Limited

Balance as at March 31, 2014 Rs. 43,070 (March 31, 2013: Rs. 35,782)

Maximum amount outstanding during the year was Rs. 43,070 (March 31, 2013: Rs. 37,191)

The aforesaid loan is repayable on demand.

vii) GVK Ratle Hydro Electrical Projects Private Limited

Balance as at March 31, 2014 Rs. 0 (March 31, 2013: Rs. 4,258)

Maximum amount outstanding during the year was Rs. 4,268 (March 31, 2013: Rs. 4,258)

The aforesaid loan is repayable on demand.

viii) Alaknanda Hydro Power Company Limited

Balance as at March 31, 2014 Rs. 2 (March 31, 2013: Rs. Nil)

Maximum amount outstanding during the year was Rs. 2 (March 31, 2013: Rs. Nil)

The aforesaid loan was repayable on demand.

ix) GVK Power (Goindwal Sahib) Limited

Balance as at March 31, 2014 Rs. 0 (March 31, 2013: Rs. Nil)

Maximum amount outstanding during the year was Rs. 1,325 (March 31, 2013: Rs. 971)

The aforesaid loan was repayable on demand.

x) GVK Coal (Tokisud) Company Private Limited

Balance as at March 31, 2014 Rs. 0 (March 31, 2013: Rs. 0)

Maximum amount outstanding during the year was Rs. 0 (March 31, 2013: Rs. 0)

The aforesaid loan is repayable on demand.

xi) GVK Energy Limited

Balance as at March 31, 2014 Rs. 6 (March 31, 2013: Rs. 4)

Notes to financial statements for the year ended March 31, 2014
(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Maximum amount outstanding during the year was Rs. 907 (March 31, 2013: Rs. 7,502)

The aforesaid loan is repayable on demand.

xii) GVK Coal Developers (Singapore) Pte Limited Limited

Balance as at March 31, 2014 Rs. 3 (March 31, 2013: Rs. 88)

Maximum amount outstanding during the year was Rs. 165 (March 31, 2013: Rs. 119)

The aforesaid loan is repayable on demand.

xiii) GVK Bagodara Vasad Expressway Private Limited

Balance as at March 31, 2014 Rs. 1 (March 31, 2013: Rs. Nil)

Maximum amount outstanding during the year was Rs. 1 (March 31, 2013: Rs. Nil)

The aforesaid loan is repayable on demand.

xiv) GVK Jaipur Expressway Private Limited

Balance as at March 31, 2014 Rs. 1 (March 31, 2013: Rs. Nil)

Maximum amount outstanding during the year was Rs. 1 (March 31, 2013: Rs. Nil)

The aforesaid loan is repayable on demand.

25. Contingent liabilities

a. Direct and indirect taxes:

(i) Income tax demand for assessment year 2008-09 for Rs. 73 (March 31, 2013: Rs. 73), for assessment year 2010-11 for Rs. 279 (March 31, 2013: 871) and for assessment year 2011-12 for Rs. 11 (March 31, 2013 : Rs. Nil)

(ii) The Company had received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs. 2,829 on transfer of shares to the shareholders of GVK Industries Limited vide the scheme of arrangement approved by the Andhra Pradesh High Court. The Company has obtained an order from the Andhra Pradesh High Court staying the above notice on March 13, 2008 until such further orders from the said court.

Management based on its internal assessment and/or legal advice is confident that the cases will be decided in the Company's favour.

b. Security against loans taken by others

(i) The Company had provided security by way of pledge of 170,800,000 (March 31, 2013: 170,800,000) shares of GVK Airport Developers Private Limited for loans taken by the aforesaid subsidiary.

(ii) The Company had provided security by way of pledge of 87,910,588 (March 31, 2013: Nil) shares of GVK Energy Limited for loans taken by the aforesaid subsidiary.

(iii) The Company has provided security by way of corporate guarantees amounting to Rs. 212,371 (March 31, 2013: Rs. 114,322) to subsidiaries and Rs. 1,441 to an associate (March 31, 2013: Rs. 1,441) for various fund and non-fund based facility availed by them.

(iv) The Company has provided security by way of corporate guarantees amounting to Rs. 5,635 (March 31, 2013: Rs. 6,879) for securing loans obtained by GVK Projects and Technical Services Limited.

(v) The Company has provided security by way of guarantee amounting to Rs. 332,601 (March 31, 2013: Rs. 281,432) for securing loans obtained by GVK Coal Developers (Singapore) Pte Limited.

Management is of the opinion that the aforesaid Companies will be able to meet their obligations as they arise and consequently no adjustment is required to be made to the carrying value of the security and guarantees provided.

26. Capital and other commitments

(a) The Company has outstanding equity commitments to fund subsidiaries under construction stage aggregating to Rs. 161,416 (March 31, 2013: Rs. 63,625).

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

(b) The company has given undertaking to infuse equity aggregating to Rs. 346,177 (March 31, 2013: Rs. 292,919) in GVK Coal Developers (Singapore) Pte. Limited, towards shortfall, if any, of its loan repayment obligations. Further, the Company has pledged 81,148,236 (March 31, 2013: 73,217,647), 22,495,000 (March 31, 2013: 22,495,000) and 44,800,000 (March 31, 2013: 44,800,000) shares of GVK Energy Limited, GVK Transportation Private Limited and GVK Airport Developers Private Limited respectively for securing loan obtained by GVK Coal (Singapore) Pte. Limited, an entity in which Company has 10% stake. Management believes that GVK Coal Developers (Singapore) Pte. Limited will be able to meet it's obligations.

(c) During the year ended March 31, 2011, the Company, GVK Energy Limited (subsidiary Company) and certain private equity investors ('investors') had entered into an investment agreement pursuant to which the Company has undertaken to conduct an initial public offering of the GVK Energy Limited's equity shares ('Qualified IPO' or 'QIPO') within 60 months from the date of investment agreement (preferred listing period).

If the GVK Energy Limited does not make a QIPO during the preferred listing period and no offer for sale takes place within 12 months of the preferred listing period, then, at any time thereafter, the investors will have a put option with respect to all of the securities held by the Investor ("Put Right") on the Company and the GVK Energy Limited at the higher of i) 20% IRR from the date of investment to the date of receipt of proceeds from the investor ("Put IRR") and ii) the fair market value of the investor's shares. Provided the Put IRR shall be reduced to 15%, if at least 3 private sector initial public offerings with an issue size of Rs. 100,000 or more each have not taken place in India between the 36th month to the 60th month from date of investment agreement.

The Company believes that the subsidiary Company would be able to successfully conduct QIPO in the preferred listing period.

27. Micro, small and medium enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2014 or March 31, 2013.

28. Unhedged foreign currency exposure

Particulars	March 31, 2014	March 31, 2013
Receivable	-	644
Investments and share application money	22,202	112

29. Segment information

In accordance with Accounting Standard 17 - Segment Reporting, segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these financial statements.

30. Expenditure in foreign currency (accrual basis):

	March 31, 2014	March 31, 2013
Sponsorship	-	27
	-	27

31. Earnings in foreign currency:

	March 31, 2014	March 31, 2013
Guarantee commission	**2,994**	2,526
	2,994	2,526

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

32. On January 17, 2013, May 13, 2013 and November 29, 2013, Securities and Exchange Board of India (SEBI) made amendment to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Equity Listing Agreement, pursuant to which listed entities have been prohibited from framing any employee benefit schemes involving acquisition of own securities from secondary market. The Company had formed GVK Employee Welfare Trust on July 15, 2009 which currently holds 18,083,890 own equity shares which were acquired from secondary market. SEBI circular requires such Trust to dispose shares by June 30, 2014 or to align the Trust with SEBI (ESOS and ESPS) Guidelines. Management is evaluating options available in the circular and believes that application of this circular will not have any material impact on Statement of profit and loss.

33. The Company has made investments aggregating to Rs. 22,202 by way of subscription of shares and share application money and provided guarantees and commitments aggregating to Rs. 678,778 to GVK Coal Singapore Pte Limited (GVK Coal), an entity in which Company owns 10%. GVK Coal is currently under development phase and is making losses and its current liabilities exceed current assets by USD 259 mn based on unaudited financial statements for the year ended June 30, 2013. In addition to aforesaid commitments, the Company has also given assurance for financial assistance, if required. GVK coal is also in discussion with non- controlling shareholders to realign the option exercise dates and additional funding from potential investors.

Management believes that GVK Coal would be able to establish profitable operations and current liabilities being in excess of current assets is temporary and accordingly will not have any impact upon investments/guarantees of the Company.

34. The Company had applied to Central government on May 13, 2013 and April 24, 2012 for waiver of excess managerial remuneration for the year's ended March 31, 2013 and March 31, 2012 amounting to Rs. 137 and Rs. 207 respectively paid to two directors in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956. During the current year, one of the directors has refunded excess remuneration and the Company is awaiting approval for excess managerial remuneration paid to another director for the year's ended March 31, 2013 and March 31, 2012 amounting to Rs. 21 and Rs. 112 respectively which the Company believes will be obtained in due course and would not have any material impact upon the financial statements.

35. The subsidiary companies of GVK Energy Limited viz. GVK Industries Limited (GVKIL) and GVK Gautami Power Limited (GVKGPL) (collectively 'subsidiary companies') had commenced construction of phase III and phase II power plants respectively on which they have incurred aggregated cost of Rs. 15,655 (March 31, 2013: Rs. 15,659). Due to lower supply/availability of gas, the subsidiary companies have temporarily suspended the construction activities and intend to resume construction once natural gas is available which Management expects to happen in foreseeable future. Further, phase II of GVKIL and Phase I of GVKGPL having fixed assets with Written Down Value of Rs. 209,670 (March 31, 2013: Rs. 220,491) has during the current financial year achieved Nil PLF (March 31, 2013: 29.49%) and Nil PLF (March 31, 2013: 24.52%) respectively. Also, GVKIL and GVKGPL have incurred losses of Rs. 7,888 (March 31, 2013: Rs. 8,547) and Rs. 21,103 (March 31, 2013: Rs. 15,332) respectively. However, both the Companies have already tied up with lead bankers and majority of other consortium lenders for additional loans/ moratorium for payments of loan and are confident of receiving approval from the remaining lenders. Further, the Company and Association of Power Producers are closely monitoring the situation and evaluating various approaches such as installing alternate fuel equipment (already done by GVKGPL and GVKIL) etc. to deal with the situation and Management of the Company is confident that Government of India will take necessary steps/initiatives to improve the situation of natural gas. Further, Management based on its rights under power purchase agreement to recover capacity charges and receipt of the approval from majority of the consortium lenders, believes the subsidiary companies will continue to be in operation in foreseeable future despite continued losses. The Company accordingly believes that investments, including Compulsory Convertible Debentures, in subsidiary company with carrying value of Rs. 108,323 (includes gas and non-gas based projects) is recoverable in normal course of business and no provision for diminution is necessary.

Notes to financial statements for the year ended March 31, 2014

(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

36. During the year Termination Notice has been served by GVK Oil & Gas Limited, a subsidiary involved in oil & gas activity on Ministry of Petroleum and Natural Gas (Ministry) for termination of Production Sharing Contract. The subsidiary has alleged that it has not been able to effectively carry out exploration operations in the Blocks allotted to it due to Ministry of Defence clearance issues. The Management believes that Ministry will reimburse subsidiary for costs incurred by it and accordingly no adjustment is required to carrying value of investments and advances aggregating to Rs. 17,745 and guarantee aggregating to Rs. 813 issued by the Company for subsidiary.

37. The financial statements contain certain amounts reported as “0“which are less than Rs. 1.

38. Previous year figures

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year’s classification.

As per our report of even date

For **S.R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W
Chartered Accountants

per **Vikas Kumar Pansari**
Partner
Membership no.: 93649

Place of Signature: Hyderabad
Date: May 29, 2014

For and on behalf of the board of directors of
GVK Power & Infrastructure Limited

Dr. GVK Reddy
Chairman& Managing Director

G V Sanjay Reddy
Director

A Issac George
Director & CFO

P V Rama Seshu
GM & Company Secretary

Notes

GVK POWER & INFRASTRUCTURE LIMITED

Registered Office:'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003.

Dear Shareholder,

Sub: Green Initiative in Corporate Governance

There is growing awareness and concern on the need to protect our environment around the globe. GVK has always been a company that has taken the lead in its efforts to protect the environment, with a strong focus on eco-sustainability in our operations. In this regard and in continuation with our earlier letter dated May 18, 2011, we once again appeal to you to register your e-mail Ids for receiving the Annual reports, Notices and other documents in soft copies.

This is in line with the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) permitting listed entities to send soft copies of the Annual Report, Notices and other documents to all those shareholders who have registered their e-mail addresses for the said purpose.

We request you to join us in this noble initiative and look forward to your consent for receiving communication through the electronic mode.

To do this, you are requested to take the following steps:

- For shares held in physical mode: Please fill in the appended Green Initiative form and register the same with our RTA - Karvy Computershare Pvt. Ltd.
- For shares held in dematerialized mode: Please update/register your e-mail address with your Depository participant or e-mail at **einward.ris@karvy.com** specifying your Client ID and DP Id and also fill in the appended Green Initiative form and register the same with our RTA - Karvy Computershare Pvt. Ltd.

The Annual Report of your Company would also be made available on the Company website **www.gvk.com**. Further, you will be entitled to get a hard copy of the Annual Report of the Company, upon receipt of a requisition from you, any time, as a member of the Company.

Thanking you,

For GVK Power & Infrastructure Limited

P V Rama Seshu
GM & Company Secretary

GVK

GVK POWER & INFRASTRUCTURE LIMITED

Registered Office:'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003.

To

KARVY COMPUTERSHARE PVT LTD
Unit: GVK Power & Infrastructure ltd
Registrar & Share transfer Agent
Flat No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081

Dear Sirs,

Sub: Green Initiative in Corporate Governance-Service of Annual Report, Notice and other documents in electronic mode

I hereby give my consent to receive the above mentioned documents through the electronic mode.

Name of the sole/first shareholder	DP ID and Client ID/Folio No
E-mail ID	**Signature of sole/first shareholder & Date**

Notes:

1. On registration, all communications will be sent to the e-mail ID registered.
2. Shareholders are requested to keep the Company's Registrar - Karvy Computershare Pvt. Ltd. informed as and when there is any change in the e-mail address.

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GVK

GVK POWER & INFRASTRUCTURE LIMITED

CIN: L74999AP2005PLC059013

Registered Office:'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003.
E.mail: cs.gvkpil@gvk.com Website: www.gvk.com Phone: +91-40-27902663

ATTENDANCE SLIP

I/we hereby record my/our presence at the 20th Annual General Meeting held on **Wednesday, the August 13, 2014** at 11.30 a.m. at Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500073.

Name of the Shareholder/Proxy* **No. of Shares Held: ____________**

FOLIO NO.	**CLIENT ID:**	**DP ID:**

SIGNATURE OF THE SHAREHOLDER/PROXY*	

*Strike out whichever is not applicable

Notes:
1. Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
2. Shareholder/Proxy should bring his/her copy of the Annual Report.
3. **No gifts / gift coupons will be distributed at the Annual General Meeting.**

GVK

GVK POWER & INFRASTRUCTURE LIMITED

CIN: L74999AP2005PLC059013

Registered Office:'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003.

E.mail: cs.gvkpil@gvk.com Website: www.gvk.com Phone: +91-40-27902663

Form No: MGT 11

PROXY FORM

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Regd. Folio No. :	*DP ID :
No. of Shares held:	*Client ID :

I/we, being member(s) of ______________________ shares of the above named Company, hereby appoint.

1. ______________________ of ______________________ E-mail ID: ______________________
2. ______________________ of ______________________ E-mail ID: ______________________

and whose signatures are appended below as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the 20th Annual General Meeting of the Company, to be held on Wednesday, the 13th day of August, 2014 at 11.30 a.m. at Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500073. and at any adjournment thereof in respect of such resolutions and in such manner as are indicated below:

Sl. No.	Resolution(s)	Vote	
		For	Against
	Ordinary Business		
1	Adoption of Audited financial statements for the year ended 31.03.2014.		
2	Appointment of Mrs. G Indira Krishna Reddy as a director retiring by rotation.		
3	Re-appointment of M/s S R Batliboi & Associates as LLP, Chartered Accountants as Statutory Auditors.		
	Special Business		
Ordinary Resolution			
4	Appointment of Mr S Anwar as an Independent Director.		
Special Resolution(s)			
5	Re-appointment of Dr GVK Reddy as Chairman & Managing Director for a period of five years.		
6	To create charge/mortgage assets and undertakings of the Company under Section 180(1)(a) of the Companies Act,2013.		
7	To limit the borrowings up to Rs. 2000 Crores under Section 180(1)(c) of the Companies Act,2013		
8	To alter Articles of Association of the Company in conformity with the Companies Act,2013		
9	Further issue of equity shares under Section 62 of the Companies Act,2013		

Signed this ______________________ day of ______________ 2014

Affix Re.1/- Revenue Stamp

Signature of member: ______________ Signature of proxy holder: ______________

Note: 1 The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The Proxy need not be a member of the Company.

* Applicable for investors holding shares in Electronic Form.

Resources

Alaknanda Hydro Electric Power Project

GVK Goindwal Sahib Power Project

GVK Deoli-Kota Expressway

BOOK-POST

If undelivered, please return to:

KARVY COMPUTERSHARE PRIVATE LIMITED
Unit: GVK Power & Infrastructure Limited
Registrar & Share Transfer Agent
Flat No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081

Phone: 040-44655133, Fax: 040-23420814
E-mail: mailmanager@karvy.com