

Corporate Information

Board of Directors

| | |
|------------------------|--|
| Dr G V Krishna Reddy | Chairman & Managing Director |
| G Indira Krishna Reddy | Director |
| G V Sanjay Reddy | Vice Chairman |
| Krishna Ram Bhupal | Additional Director (co-opted on 14-10-2009) |
| A Ramakrishna | Director |
| K N Shenoy | Director |
| Abid Hussain | Director |
| P Abraham | Director |
| Sanjay Narayen | Director |
| Pradip Baijal | Director |
| Ch G Krishna Murthy | Director |
| S Balasubramanian | Additional Director (co-opted on 30-04-2010) |
| A Issac George | Director & CFO |
| P V Rama Seshu | Company Secretary |

Committees of the Board

Audit Committee

| | |
|---------------------|----------|
| K N Shenoy | Chairman |
| A Ramakrishna | |
| P Abraham | |
| Ch G Krishna Murthy | |

Remuneration Committee

| | |
|---------------|----------|
| A Ramakrishna | Chairman |
| K N Shenoy | |
| P Abraham | |

Investors' Grievance Committee

| | |
|---------------------|----------|
| A Ramakrishna | Chairman |
| Ch G Krishna Murthy | |
| A Issac George | |

Statutory Auditors

M/s. S R Batliboi & Associates
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

Registered & Corporate Office

"Paigah House" 156 - 159
Sardar Patel Road
Secunderabad - 500 003

ISIN

INE251H01024

Stock Code

BSE:532708
NSE: GVKPIL

Standalone Financials at a glance

Rs. 000's

| | 2010 | 2009 |
|------------------------------------|------------|------------|
| Financial Performance | | |
| Operational Income | 453,736 | 261,382 |
| EBIDTA | 180,256 | 83,653 |
| Other Income | 137,876 | 163,338 |
| Interest & Financial Charges | 14,950 | 2,250 |
| Depreciation | 429 | 349 |
| Profit After Tax | 216,879 | 209,956 |
| EPS (Rupees) | | |
| Basic and Diluted | 0.14 | 0.15 |
| Financial Position: | | |
| Fixed Assets (Net of Depreciation) | 3,864 | 3,257 |
| Cash and cash equivalent | 277,690 | 675,076 |
| Net current assets | 10,507,144 | 7,865,768 |
| Total Assets | 25,662,457 | 17,392,209 |
| Equity | 1,579,210 | 1,405,849 |
| Reserves | 23,079,891 | 15,986,360 |
| Networth | 24,659,101 | 17,392,209 |
| Market Capitalisation | 72,327,836 | 32,826,572 |

Notice

Notice is hereby given that the Sixteenth Annual General Meeting of the members of GVK Power & Infrastructure Limited will be held on **Saturday, July 31, 2010 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 March 31, 2010 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, who retires by rotation and, being eligible, offers herself for re-appointment.
3. To appoint a Director in place of Mr. G V Sanjay Reddy, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. Abid Hussain, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint M/s. S R Batliboi & Associates, 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 determined by the Board.

Special business :

6. To consider and if thought fit, to pass the following, with or without modification(s), as an ordinary resolution.
"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 read with Article 109 of the Articles of Association of the company, Mr. Krishna Ram Bhupal, be and is hereby appointed as Director of the Company, whose period of office shall be liable to retire by rotation."
7. To consider and if thought fit, to pass the following, with or without modification(s), as an ordinary resolution.
"RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956 read with Article 109 of the Articles of Association of the company, Mr. S Balasubramanian, be and is hereby appointed as Director of the Company, whose period of office shall be liable to retire by rotation."

By Order of the Board

Place : Hyderabad
Date : April 30, 2010

P V Rama Seshu
Company Secretary

Notes

1. 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.
2. Duly filled in Proxy form must be deposited at the Corporate / Registered Office of the Company before 48 hours of the time fixed for holding the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
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 23-07-2010 to 31-07-2010 (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 their Folio / Client ID & DP ID Nos. in all correspondence.
 - 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 any change of address to their Depository Participants (DP) in respect of shares held in 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, 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.

Explanatory Statement

(Pursuant to Section 173(2) of the Companies Act, 1956)

Item 7:

The Board of Directors of your Company at its meeting held on October 14, 2009 has appointed Mr. Krishna Ram Bhupal, as an Additional Director of the Company. In terms of the provisions of Section 260 of the Companies Act, 1956 read with Article 109 of the Articles of Association of the Company, Mr. Krishna Ram Bhupal holds his office only upto the date of this Annual General Meeting. Your Company has received a notice, in writing, from a shareholder, under section 257 of the Companies Act, 1956 along with a requisite deposit, signifying his intention to appoint Mr. Krishna Ram Bhupal as a Director of the Company.

Profile of Mr. Krishna Ram Bhupal :

Mr. Krishna Ram Bhupal holds a Bachelors degree in Finance and Accounting from Villanova University, USA. He has undergone internships with various financial institutions, banks and private equity firms within and outside India. Currently, he is the Managing Director of GVK Jaipur Expressway Pvt. Ltd., Executive Director of GVK Power (Goindwal Sahib) Ltd., apart from being a Director in other GVK Group companies.

None of the Directors except, the incumbent Mr. Krishna Ram Bhupal along with his relatives Dr. G V Krishna Reddy, Mrs. G Indira Krishna Reddy and Mr. G V Sanjay Reddy, are interested or concerned in the above resolution.

Item 8 :

The Board of Directors of your Company at its meeting held on April 30, 2010 has appointed Mr. S Balasubramanian, as an Additional Director of the Company. In terms of the provisions of Section 260 of the Companies Act, 1956 read with Article 109 of the Articles of Association of the Company, Mr. S Balasubramanian, holds his office only upto the date of this Annual General Meeting. Your Company has received a notice, in writing, from a shareholder, under section 257 of the Companies Act, 1956 along with a requisite deposit, signifying his intention to appoint Mr. S Balasubramanian, as an Independent Director of the Company.

Profile of Mr. S Balasubramanian :

Mr. S Balasubramanian is a former Chairman of the Company Law Board, a quasi judicial body. He served the Company Law Board for about 13 years in various capacities and has dealt with over 3000 cases. He is an Associate Member of all the three premier Professional Bodies in India viz., The Institute of Chartered Accountants of India (ICAI), The Institute of Company Secretaries of India (ICSI) and The Institute of Cost & Works Accountants of India (ICWAI). He holds a Bachelor's Degree in Law from the Delhi University and is a Member of The Delhi High Court, Bar Council. He also holds a P G Diploma in Project Management from the University of Bradford, UK. Before acting as the Chairman of the Company Law Board, he has been a Director in the Ministry of Programme Implementation.

None of the Directors except the incumbent Mr. S Balasubramanian, are interested or concerned in the above resolution.

By Order of the Board

Place : Hyderabad
Date : April 30, 2010

P V Rama Seshu
Company Secretary

Annexure

Brief details of Directors seeking reappointment at this Annual General Meeting (Pursuant to Clause 49 of the Listing Agreement)

| Name of the Director | Mrs. G Indira Krishna Reddy | Mr. G V Sanjay Reddy | Dr. Abid Hussain |
|--|--|---|--|
| Date of Appointment | 20-02-2005 | 20-02-2005 | 10-09-2005 |
| Date of Birth | 17-10-1944 | 18-11-1964 | 19-12-1926 |
| Qualifications | B.Sc | MBA (Finance), Bachelors Degree in Industrial Engineering from Purdue University, USA | IAS(Retd) |
| Expertise in specific functional areas | G Indira Krishna Reddy, is a Director of our Company. She has over 25 years of experience in the fields of Finance, Hospitality and Management. Currently, she is the Managing Director of Taj GVK Hotels & Resorts Limited and the Vice Chairman of Novopan Industries Limited apart from being the Director on the boards of various other companies in the GVK Group. | Mr. G V Sanjay Reddy, is currently the Vice Chairman of the Company. He is also the Managing Director of Mumbai International Airport Private Limited and Bangalore International Airport Ltd apart from being the Director on the boards of various other companies in the GVK Group. He is the Chairman of CII National Committee on Transport Infrastructure. He is nominated by World Economic Forum as a Young Global Leader for 2007. He is the Chairman of the CII Young Indians apart from being a member of the Board of Trustees of the Jagdish and Kamla Mittal Museum of Indian Art, a museum dedicated to the cause of propagating Indian Art and Culture. | Dr. Abid Hussain, is an Independent Director of our Company. He is a retired IAS officer and a former Ambassador of India to the USA. He has been associated with the GVK Group since its inception. He is a member of several prestigious organizations, including the Nehru Memorial Fund; the Population Foundation of India; Foundation for Academic Excellence & Access; Administrative Staff College, Hyderabad; and the Governing Council of Ranbaxy Science Foundation. He has been a member of the Indian Administrative Service and served in various capacities at the Centre. He was Secretary, Ministry of Heavy Industries, Commerce Secretary, Government of India and Chairman, IIFT. He became Member, Planning Commission in 1985. Later on, he became India's Ambassador to the United States of America. In the year 1988, he was honoured with Padma Bhushan award for meritorious services. Thereafter, he became Vice Chairman, Rajiv Gandhi Foundation, New Delhi, and was also the Chancellor of Central University, Hyderabad. He is at present the Chancellor of the Rai University at Raipur Chhattisgarh. Dr. Hussain was a Special Rapporteur to the UN on Freedom of Opinion and Expression and a member of the Constitution Review Commission set up by Government of India. He is now the member of Asia Society, New York. |
| List of Companies in which Directorship is held as on 31.03.2010 | GVK Power & Infrastructure Ltd 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 | GVK Power & Infrastructure Ltd TajGVK Hotels & Resorts Ltd GVK Industries Ltd GVK Gautami Power Ltd Alaknanda Hydro Power Company Ltd GVK Power (Goindwal Sahib) Ltd GVK Oil & Gas Ltd Mumbai International Airport Pvt Ltd Bangalore International Airport Ltd Vertex Projects Ltd Pinakini Share & Stock Brokers Ltd | GVK Power & Infrastructure Ltd GVK Industries Ltd Taj GVK Hotels & Resorts Ltd Hyderabad Flexitech Limited Nagarjuna Oil Corporation Ltd Zodiac Clothing Co. Ltd Workhardt Ltd Shree Cements Ltd Havel's India Ltd |
| Chairman/Member of the *Committees of other Companies on which he/she is a Member as on 31.03.2010 | Bangalore International Airport Limited | Bangalore International Airport Limited | Shree Cements Ltd GVK Industries Ltd Havel's India Ltd TajGVK Hotels & Resorts Ltd Workhardt Ltd |

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

Brief details of Directors appointed since last AGM and seeking confirmation / approval of the shareholders at this AGM (pursuant to Clause 49 of the Listing Agreement)

| Name of the Directors | Mr. Krishna Ram Bhupal | Mr. S Balasubramanian |
|--|--|--|
| Date of appointment | 14.10.2009 | 30.04.2010 |
| Date of Birth | 16.03.1983 | 03.11.1942 |
| Qualifications | MBA, Villinova University, USA | ACA, ACS, AICWA & LLB |
| Expertise in Specific functional areas | He holds a Bachelors Degree in Finance and Accounting from Villinova University, USA. He has interned with various financial institutions, banks and private equity firms within and outside India. He is currently the Executive Director of GVK Power (Goindwal Sahib) Limited and Managing Director of GVK Jaipur Expressway Private Limited and is also a Director in various companies forming part of the GVK Group. | Mr. S Balasubramanian is a former Chairman of the Company Law Board, a quasi judicial body. He served the Company Law Board for about 13 years in various capacities and has dealt with over 3000 cases. He is an Associate Member of all the three premier Professional Bodies in India viz., The Institute of Chartered Accountants of India (ICAI), The Institute of Company Secretaries of India (ICSI) and The Institute of Cost & Works Accountants of India (ICWAI). He holds a Bachelor's Degree in Law from the Delhi University and is a Member of The Delhi High Court, Bar Council. He also holds a P G Diploma in Project Management from the University of Bradford, UK. Before acting as the Chairman of the Company Law Board, he has been a Director in the Ministry of Programme Implementation. |
| List of companies in which Directorship is held as on 31.03.2010 | GVK Power & Infrastructure Ltd GVK Industries Ltd GVK Gautami Power Ltd Alaknanda Hydro Power Company Ltd GVK Power (Goindwal Sahib) Ltd GVK Energy Ltd GVK Oil & Gas Ltd GVK Jaipur Expressway Private Ltd GVK Developmental Projects Private Ltd Vertex Projects Ltd Seregarha Mines Ltd Goriganga Hydro Power Private Ltd GVK Perambalur SEZ Private Ltd | Jaypee Infratech Ltd |
| Chairman / member of the *Committees of other Companies on which he is a Director as on 31.03.2010 | Nil | Nil |

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 16th annual report together with the audited balance sheet and profit and loss account of your Company for the year ended March 31, 2010.

Consolidated Financial results

Being a holding company of different vertical business operations, your company does not 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 results of the company, its subsidiaries and associates.

Rs. 000's

| Particulars | 2009-10 | 2008-09 |
|--|------------------|------------------|
| Financial Performance | | |
| Operational Income | 17,866,359 | 5,137,782 |
| EBIDTA | 4,682,992 | 1,762,989 |
| Other Income | 291,825 | 201,856 |
| Interest & Financial Charges | 2,171,000 | 333,853 |
| Depreciation | 1,371,201 | 779,537 |
| Provision for taxes | 200,087 | 100,356 |
| Profit before tax and share of profits for associate and minority interest | 1,232,529 | 751,099 |
| Add: Share of income from Associates | 516,838 | 315,509 |
| Add: Profit on the sale of subsidiary | - | 12,074 |
| Less: Minority Interest | 190,621 | 3,053 |
| Total Profit for the year | 1,558,746 | 1,075,629 |
| Add: Balance brought forward from previous years | 2,797,382 | 1,721,753 |
| Balance available for appropriation | 4,356,128 | 2,797,382 |
| Appropriations | | |
| Transfer to General Reserve | - | - |
| EPS (Rupees) | | |
| Weighted Average no. of Equity Shares | 1,532,189,062 | 1,405,848,900 |
| Basic and Diluted | 1.02 | 0.77 |
| Financial Position | | |
| Fixed Assets (Net of Depreciation) | 39,483,123 | 13,589,590 |
| Cash and Cash Equivalent | 4,236,393 | 1,781,441 |
| Net Current Assets | 2,366,620 | 2,886,761 |
| Total Assets | 81,191,474 | 58,197,142 |
| Equity | 1,579,210 | 1,405,849 |
| Reserves | 29,980,008 | 21,532,900 |
| Networth | 31,559,218 | 22,938,749 |

Our total income increased by 240% to Rs. 1815.82 Crores from Rs. 533.97 Crores in the previous year. The Power assets contributed an income of Rs. 1603.28 Crores (88.30% of total income) compared to Rs.355.60 Crores in the previous year. This increase is mainly attributable to the commencement of commercial operations of Jegurupadu Phase II and Gautami Power Plants from April and June of 2009 respectively. The Transportation asset contributed an income of Rs. 170.75 Crores (9.40% of total income) compared to Rs. 145.87 Crores in the previous year. The other segment contributed Rs. 41.79 Crores compared to Rs. 32.49 Crores in the previous year. The Airport assets (Mumbai and Bangalore Airports) as associates of the company have contributed to net profit of Rs. 51.68 Crores compared to Rs.31.55 Crores in the previous year. This includes Rs.2.59 Crores from the Bangalore Airport which has become an associate of your company only in January, 2010. The net profit after tax was Rs. 155.87 Crores as against Rs. 107.56 Crores in the previous year, an increase 44.91%.

Dividend

Apart from expansion of the existing ones, your company is implementing different projects through its subsidiaries and is also exploring various business opportunities. In this endeavour, it is necessary to conserve the funds to meet investment opportunities, which your board believes would enhance the shareholder's value in the long term. Therefore, your board has not recommended any dividend for the financial year 2009-10.

New assets

(i) Airport

During January, 2010 your company has acquired 29% equity stake in Bangalore International Airport Limited (BIAL) through another wholly owned subsidiary. BIAL is the 4th largest Airport in India in terms of passenger traffic having promising potential to grow in future. Bengaluru is one of the fastest growing air traffic hubs in the country with a potential to emerge as among the top three hubs ahead of the other key metro cities. Acquisition of BIAL shares will serve the Company's strategic business objective of airport business in India. It will also give headway to GVK to have its presence in Southern India, a fast expanding aviation market.

(ii) Power

During January, 2010 your Company through its wholly owned subsidiary has won the bid to develop 690 MW Rattle Hydro Electric Project on river Chinab, Kishtwar District, in the State of Jammu & Kashmir on Built, Own, Operate and Transfer basis. The estimated cost of the said project is around Rs.5,000 Crores and is targeted for commissioning by 2017.

(iii) Transportation

During March, 2010 your Company through its wholly owned subsidiary has won the bid to develop Deoli-Kota Road Project on NH-12 from km. 165.000 to Junction of NH-76 on Kota Bypass ("Project Highway") in the State of Rajasthan on BOT (Toll) basis on DBFOT pattern under NHDP Phase-III. The estimated cost of the project is around Rs.850 Crores.

Subsidiaries

As on March 31, 2010, your company has a total of 12 subsidiaries, 2 stepdown subsidiaries and 3 associate companies. The total list of these companies is provided as annexure "A" to this report.

In terms of section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, balance sheets, profit and loss account of its subsidiary companies to its Annual Report. The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its order No.47/140/2010-CL-III dated 15-03-2010 has granted exemption to your company for not attaching the above documents of subsidiaries with Annual Report of the Company for the financial year 2009-10.

Accordingly, this annual report does not contain the reports and other statements of the subsidiary companies. The company will make available the annual audited accounts and related detailed information of the subsidiary companies upon request by any member of the Company. These documents will also be available for inspection during business hours at the registered office of the company and also at the registered offices of the subsidiary companies.

In terms of the said orders of the MCA, a summary of financial information of each of the subsidiary companies is provided as annexure "B" to this report.

Financial Statements

The audited stand alone and consolidated financial statements of the company are attached here with and form part of this annual report. These have been prepared under historical cost convention accrual basis to comply in all material respect with the mandatory accounting standards notified by The Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956.

Awards and recognitions

- During the year, KPMG, a leading firm of Chartered Accountants has awarded the "Most Promising Infrastructure Developer (Overall)" to your company at a function held at New Delhi on January 27, 2010.
- Dr. G V Krishna Reddy, Chairman & Managing Director of your Company has been conferred with the "Entrepreneur of the Year, 2009" award at the 12th Economic Times Awards for Corporate Excellence, held at Mumbai on January 10, 2010.

Liquidity

Your company's ability in raising finance for various projects of the Company is not a concern as we are fairly successful in tying up the required financial assistance for the projects under operations/construction from the lending institutions. Surplus funds are deposited with Banks, highly rated financial institutions and liquid mutual funds. These funds can be liquidated at short notice to meet the requirements of the company as and when needed.

Increase in share capital

During the year under review, we have issued 17,33,61,500 equity shares through a Qualified Institutional Placement (QIP). As a result, the outstanding issued, subscribed and paid up share capital of the Company has been increased from 140,58,48,900 shares to 157,92,10,400 shares as on March 31, 2010.

Corporate Governance

Your Company continues to practice the best of the Corporate Governance policies. Your Company is in compliance with the recommendations of the Narayana Murthy Committee on Corporate Governance constituted by the Securities and Exchange Board of India (SEBI). A certificate, from a Company Secretary in whole time practice, on compliance with the mandatory recommendations of the committee is provided in the annexure to the Directors' Report. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance is attached to this report.

Corporate Social Responsibility (CSR)

- The GVK Group's social responsibility initiatives are implemented through GVK Foundation, the CSR arm of the GVK Group. The Foundation is involved mainly in the areas of education, health and hygiene; community-based programmes; empowerment and entrepreneurship development, arts, music, sports and various social economical and cultural activities. It reaches out with the objective of improving the quality of life of the economically deprived people in the places where the Group has a presence. The Foundation is also now funding GVK EMRI.
- To further the CSR objective, you company has taken over the management of Emergency Management and Research Institute (EMRI), a non-profit organization in early 2009 to provide integrated emergency response service across the country in 10 states under public private partnership mode with a vision to save one million lives per annum nationally by 2011 and also to establish EMRI as a premier research and training institute. During the year, this has been rechristened as GVK EMRI.

Highlights of services offered by GVK EMRI

- GVK EMRI is providing emergency services to the needy on dialing 108 (through fixed land line or mobile phones).
- GVK EMRI has tied up with various hospitals in Andhra Pradesh and other states with more than 2000 Police / Fire stations for attending the needy in medical or other emergencies.
- Operates through 10 States in the country and serves nearly 443 million people.
- Currently there are about 2800 state-of-the-art ambulances to provide pre hospital care which is estimated to go beyond 5000 ambulances.
- GVK EMRI is spread over a 39 acre campus at Hyderabad with modern facilities of emergency management and research and training.
- GVK EMRI is having partnership with globally reputed organizations (Stanford, CMU, 9-1-1, STC, AAPI, AAEMI, Geomed, etc) in order to strengthen its competencies and skills and to propagate the best international practices.

Management Discussion and Analysis

A separate report on the Management Discussion and Analysis of the financial position and the results of operations of the Company for the year under review is annexed to this report as required under Clause 49 of the Listing Agreement with the Stock Exchanges.

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, Mr. G V Sanjay Reddy, Vice Chairman and Dr. Abid Hussain, Director of the company will retire by rotation at this meeting and being eligible, your Board recommends their re-appointments.

New Appointments

Mr. Krishna Ram Bhupal and Mr. S Balasubramanian, have been appointed as Additional Directors, and shall hold their office only upto the date of this AGM. Your Company is in receipt of notices from shareholders under section 257 of the Companies Act, 1956 signifying their intention to appoint them as Directors of the Company. Your Board recommends the above appointments.

Cessation

On September 01, 2009 we have lost our beloved Promoter Director Mr. Somanadri Bhupal. He has contributed immensely for the growth of the company. With a deep regret, your Board takes on record his sad demise and extend the deep condolences to the bereaved family.

Directors' Responsibilities Statement

Pursuant to the requirements specified 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 March 31, 2010, 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 March 31, 2010 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 March 31, 2010 on a "going concern" basis.

Auditors

M/s. S R Batliboi & Associates, the Statutory Auditors of the Company will retire at the conclusion of this Annual General Meeting. They have offered themselves for reappointment as statutory auditors and have confirmed that their appointment, if made, would be within the limits prescribed under section 224(1B) of the Companies Act, 1956.

The Notes to Accounts forming part of the financial statements are self explanatory and need no further explanation.

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 a 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.

Other Information

The Audit Committee of the Company has reviewed the audited financial statements for the year under review at its meeting held on April 29, 2010 and recommended the same for the approval of the Board of Directors.

Acknowledgements

On behalf of the Directors of the Company, I would like to place on record my deep appreciation to all the Central and State Government Authorities, Regulatory bodies, Banks, Financial Institutions and every stakeholder of the Company. I also thank all my colleagues on the Board for their timely guidance and support extended to me.

I personally appreciate and place on record the sincere services rendered by all the employees and their families for making the company what it is today.

For and on behalf of the Board of Directors

Place: Hyderabad
Date: April 30, 2010

G V Krishna Reddy
Chairman & Managing Director

Annexure - A

Holding Company

GVK Power & Infrastructure Limited

Subsidiaries (As on March 31, 2010)

1. GVK Industries Limited
2. Alaknanda Hydro Power Company Limited
3. GVK Jaipur Expressway Private Limited
4. GVK Power (Goindwal Sahib) Limited
5. GVK Gautami Power Limited
6. GVK Oil & Gas Limited
7. GVK Energy Limited
8. GVK Perambalur SEZ Private Limited
9. GVK Airport Developers Private Limited
10. GVK Coal (Tokisud) Company Private Limited
11. Goriganga Hydro Power Private Limited
12. GVK Developmental Projects Private Limited

Stepdown Subsidiaries (As on March 31, 2010)

1. GVK Airport Holdings Private Limited
2. Bangalore Airport & Infrastructure Developers Private Limited

Associates (As on March 31, 2010)

1. Mumbai International Airport Private Limited
2. Bangalore International Airport Limited
3. Seregarha Mines Limited

Annexure - B

Statement pursuant to approval of the Central Government under section 212(8) of the Companies Act, 1956 about the financial information of the Subsidiary Companies

As at March 31, 2010
(In Rupees)

| Name of the Subsidiary | GVK Industries Limited | GVK Gaurami Power Limited | GVK Jaipur Expressway Private Limited | Alaknanda Hydro Power Company Limited | GVK Airport Developers Private Limited | Goraganga Hydro Power Private Limited | GVK Power (Goindwal Sahib) Limited | GVK Perambalur SEZ Private Limited | GVK Coal (Toksud) Company Private Limited | GVK Oil & Gas Limited | GVK Energy Limited | GVK Developmental Projects Private Limited |
|--|------------------------|---------------------------|---------------------------------------|---------------------------------------|--|---------------------------------------|------------------------------------|------------------------------------|---|-----------------------|--------------------|--|
| Issued and Subscribed Share Capital | 26,20,000,000 | 6,587,362,000 | 1,045,030,000 | 2,750,000,000 | 20,000,000 | 100,000 | 2,400,500,000 | 100,000 | 225,100,000 | 500,000 | 500,000 | 100,000 |
| Reserves | 3,615,750,006 | 221,360,249 | 2,981,052,318 | 451,308 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Total Assets | 14,153,475,190 | 20,265,766,571 | 6,792,584,471 | 15,432,385,685 | 14,418,431,330 | 385,487,949 | 5,431,680,804 | 1,028,587,385 | 328,697,949 | 438,833,424 | 16,271,481 | 233,591 |
| Total Liabilities | 14,153,475,190 | 20,265,766,571 | 6,792,584,471 | 15,432,385,685 | 14,418,431,330 | 385,487,949 | 5,431,680,804 | 1,028,587,385 | 328,697,949 | 438,833,424 | 16,271,481 | 233,591 |
| Investments (except investments in Subsidiaries) | Nil | 2,328,098,826 | 439,136,770 | Nil | 20,099,000 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Turnover | 8,049,583,612 | 7,676,891,760 | 1,770,349,528 | Nil | 29,886,739 | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Profit / (Loss) before taxation | 311,182,329 | 253,557,317 | 602,862,026 | Nil | (209,538,860) | Nil | Nil | Nil | Nil | Nil | (37519) | Nil |
| Provision for taxation | 57,045,525 | 32,197,068 | 132,80,237 | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Profit / (Loss) after taxation | 254,136,804 | 221,360,249 | 589,581,789 | Nil | (220,131,136) | Nil | Nil | Nil | Nil | Nil | (37519) | Nil |
| Proposed dividend | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil | Nil |

Notes:

- 1) The Ministry of Corporate Affairs vide their Order No.47/140/2010 dated 15.03.2010 has granted exemption to the company from the applicability of the provisions of sub-section (1) of section 212 of the Companies Act, 1956.
- 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 March 31, 2010.

| Name of the employee | Age | Qualification | Designation | Experience (Years) | Date of commencement of employment | Remuneration received (Rupees) | Previous Employment |
|-----------------------|-----|---------------|------------------------------------|--------------------|------------------------------------|--------------------------------|---|
| Dr. G V Krishna Reddy | 73 | BA | Chairman & Managing Director | 46 | 14-10-2005 | 12,675,550 | Executive Chairman GVK Industries Limited |
| A Issac George | 55 | B.Com, ACA | Director & Chief Financial Officer | 31 | 01-10-2005 | 7,655,600 | Director (Finance) GVK Industries Ltd |

- (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. G V Krishna Reddy.

For and on behalf of the Board of Directors

Place : Hyderabad
Date : April 30, 2010

G V Krishna Reddy
Chairman & Managing Director

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 clause stated and practices followed by the Company.

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.

Board composition

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 is thirteen Directors comprising of four Promoter Directors, seven Independent Directors and two Non-Independent Directors. Among the Directors, two are Executive Directors and eleven are Non-executive Directors. 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.

| 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 |
| G V Krishna Reddy | Chairman & Managing Director | 00005212 | All promoter directors are relatives | 10 | - | - |
| G Indira Krishna Reddy | NEPD | 00005230 | All promoter directors are relatives | 10 | - | - |
| Krishna Ram Bhupal | NEPD | 00005442 | All promoter directors are relatives | 4 | - | - |
| G V Sanjay Reddy | Vice Chairman NEPD | 00005282 | All promoter directors are relatives | 10 | - | - |
| Abid Hussain | NEID | 00612504 | None | 10 | 5 | - |
| A Ramakrishna | NEID | 00027520 | None | 11 | 9 | - |
| K N Shenoy | NEID | 00021373 | None | 3 | - | - |
| P Abraham | NEID | 00280426 | None | 10 | 5 | - |
| Sanjay Narayen | NID | 00507608 | None | - | - | - |
| Pradip Bajjal | NEID | 01417748 | None | 1 | - | - |
| Ch G Krishna Murthy | NEID | 01667614 | None | - | - | - |
| S Balasubramanian | NEID | 02849971 | None | 1 | - | - |
| A Issac George | Director & CFO NIED | 00005456 | None | 4 | 2 | - |

NEPD - Non-Executive Promoter Director

NEID - Non-Executive Independent Director

NID - Non-Independent Director

NIED - Non-Independent Executive Director

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

None of the directors is i) 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.

Number of Board meetings and the attendance of directors during the financial year 2009-10

Seven Board meetings were held during the year ended March 31, 2010. These were held on 29-04-09, 03-06-09, 28-07-09, 14-10-09, 30-10-09, 05-11-09, 30-01-10.

Given in the table below is the attendance record of the directors during the year 2009-10.

| Name of the Director | No. of meetings held | No. of meetings attended | Sitting Fees Paid (Rs.) | Presence at last AGM |
|------------------------|----------------------|--------------------------|-------------------------|----------------------|
| Dr. G V Krishna Reddy | 7 | 7 | - | Yes |
| G Indira Krishna Reddy | 7 | 7 | 1,40,000 | Yes |
| Krishna Ram Bhupal | 7 | 5 | 1,00,000 | NA* |
| G V Sanjay Reddy | 7 | 5 | 1,00,000 | Yes |
| A Ramakrishna | 7 | 5 | 1,00,000 | Yes |
| Abid Hussain | 7 | 5 | 1,00,000 | Yes |
| K N Shenoy | 7 | 5 | 1,00,000 | Yes |
| P Abraham | 7 | 6 | 1,20,000 | Yes |
| Sanjay Narayen | 7 | 7 | 1,40,000 | Yes |
| Pradip Bajjal | 7 | 3 | 60,000 | No |
| Ch G Krishna Murthy | 7 | 7 | 1,40,000 | Yes |
| A Issac George | 7 | 7 | - | Yes |

*Co-opted on 14-10-2009

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.

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 through the year under review. A declaration to this effect duly signed by Dr. G V Krishna 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.

Audit Committee

In terms of Clause 49 of the Listing Agreement, the Audit Committee constituted by the Board consists of four Non-Executive and Independent Directors. The committee had met four times on 29-04-2009, 27-07-2009, 29-10-2009 and 29-01-2010. The attendance details for the Committee meetings are as follows:

| Name of the Member | No. of meetings | |
|---------------------|-----------------|----------|
| | Held | Attended |
| K N Shenoy | 4 | 4 |
| A Ramakrishna | 4 | 2 |
| P Abraham | 4 | 4 |
| Ch G Krishna Murthy | 4 | 4 |

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.

Remuneration Committee

The Remuneration Committee comprises of following three Non-Executive Independent Directors.

| | | |
|---------------|---|----------|
| A Ramakrishna | - | Chairman |
| K N Shenoy | - | Member |
| P Abraham | - | Member |

The committee has been constituted to recommend/review the remuneration package of the Managing/Whole-Time Directors 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.

Shareholders' / Investors' Grievance Committee

The Shareholders' / Investors' Grievance Committee comprises of following three Directors and the majority of whom are Non-Executive Independent Directors.

| | | |
|---------------------|---|----------|
| A Ramakrishna | - | Chairman |
| Ch G Krishna Murthy | - | Member |
| A Issac George | - | Member |

The Shareholders'/Investors' Grievance Committee reviews and redresses all the grievances periodically and meets as and when required.

Details of complaints received / resolved during the financial year 2009-10

| Nature of Complaints | Received | Resolved | Pending |
|-----------------------------|----------|----------|---------|
| Complaints | - | - | - |
| Non receipt of Refund Order | 7 | 7 | - |
| For Non receipt of | | | |
| - Dividend Warrant | 27 | 27 | - |
| - Annual Report | 9 | 9 | - |
| - Share Certificate | 46 | 46 | - |
| Total | 89 | 89 | - |

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.

| | | |
|---------------|---|----------|
| Abid Hussain | - | Chairman |
| A Ramakrishna | - | Member |
| K N Shenoy | - | Member |

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 Specified Persons.

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 2009-10, no employee has been denied access to the audit committee.

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

Annual General Meetings

| Year | Date | Time | Venue |
|---------|------------|------------|--|
| 2006-07 | 06.12.2007 | 11.30 A.M. | Air Force Auditorium Subroto Park, New Delhi - 110 010 |
| 2007-08 | 29.07.2008 | 11.30 A.M. | Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad - 500 074 |
| 2008-09 | 28.07.2009 | 11.30 A.M. | Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad - 500 074 |

Extraordinary General Meeting / Postal ballot

Following are the details of the special resolutions passed at the Extraordinary General Meeting (EGM) and through Postal ballot during the financial year ended March 31, 2010.

| Subject matter resolution and its type | Section/ Guideline under which passed | Date of passing |
|---|---|-----------------|
| Issue of specified securities - by way of special resolution Postal ballot | Chapter XIII-A of the SEBI DIP Guidelines | 30-06-2009 |
| Raising of funds - by way of special resolution Postal ballot | Section 81(1A) of the Companies Act, 1956 | 21-11-2009 |

Disclosures

The Board of Directors receives the required 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.

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 and Business Standard in English and Andhra Prabha and Surya both regional newspapers in vernacular language.

Further, the Securities and Exchange Board of India (SEBI) has earlier made it mandatory for companies to file information through the internet on their website www.sebiedifar.nic.in vide the Electronic Data Information and Retrieval System (EDIFAR) which is an automated system for filing, retrieval and dissemination of time - sensitive corporate information. The Company was regularly filing information such as quarterly financial statements, shareholding pattern, etc., on the site apart from posting on the Company's website www.gvk.com for information of the stakeholders. However, SEBI has vide its Circular No. CIR/CFO/DCR/3/2010 dated April 16, 2010 has discontinued the EDIFAR system w.e.f. April 01, 2010 and amended the Listing Agreement accordingly. Instead, these quarterly reports/statements will now have to be uploaded on the new portal viz., Corporate Filing and Dissemination System (CFDS), put in place by NSE & BSE.

Managing Director and Chief Financial Officer Certification under Clause 49 of the Listing Agreement with the Stock Exchanges

To

The Board of Directors,

GVK Power & Infrastructure Limited

In relation to the Audited Financial Accounts of the Company as at March 31, 2010, 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.

G V Krishna Reddy
Chairman & Managing Director

Place: Hyderabad
Date: April 30, 2010

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,

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, 2010, 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 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
Company Secretary

Place: Hyderabad
Date: April 30, 2010

Whole-time Practice
FCS-4898 CP:5024

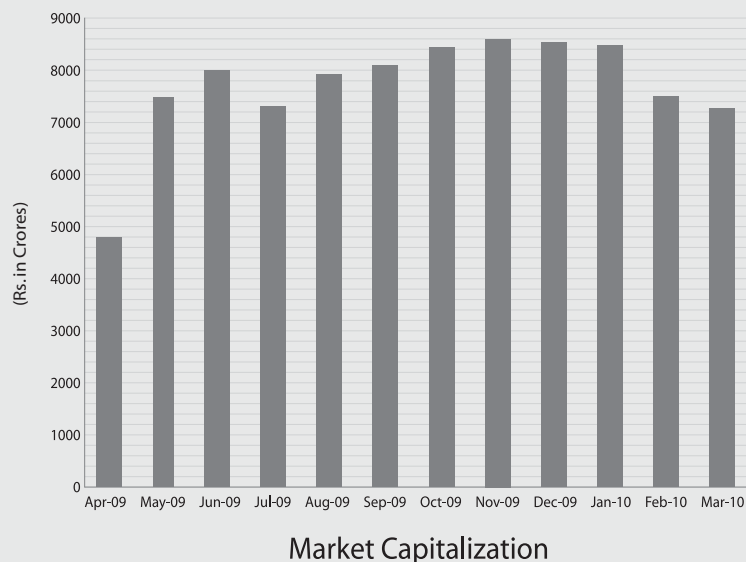
General Shareholder Information

1. Annual General Meeting : Saturday, July 31, 2010 at 11.30 a.m.,
Day, date and time
Venue : Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073
2. Book Closure Dates : From 23-07-2010 to 31-07-2010 (both days inclusive)
3. Calendar of events
(tentative and subject to change)
for financial reporting for the
period ending
- Jun 30, 2010 : July 31, 2010
- Sep 30, 2010 : October, 2010*
- Dec 31, 2010 : January, 2011*
- Mar 31, 2011 : April/May, 2011*
- AGM for 2010-11 : July, 2011*
(* Expected)
4. Listing of equity shares is at : **The National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla 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 2010-11 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 of 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 - 44655168, 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
Company Secretary & Compliance Officer
GVK Power & Infrastructure Limited,
156-159, 'Paigah House', 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 | | | | | |

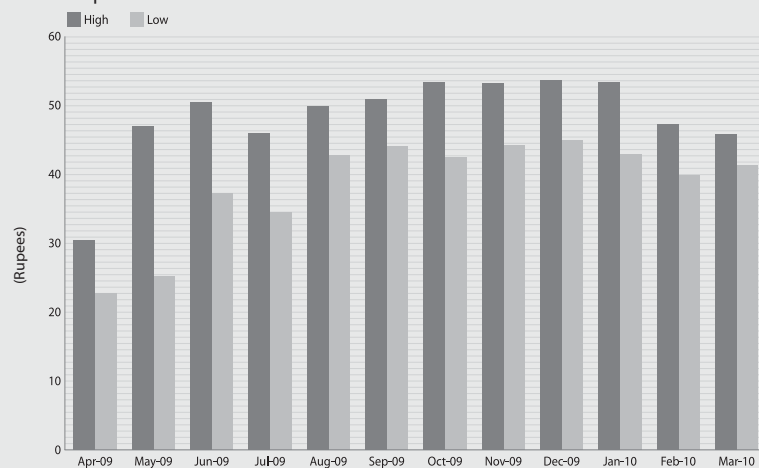
* Effective from 15.02.2008 the face value of the shares have been changed from Rs.10/- per share to Re.1/- per share.



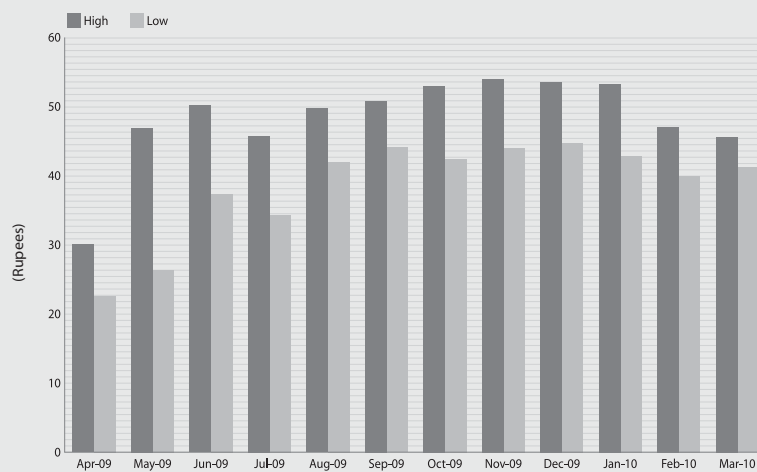
Monthly high, low and trading volume of equity shares of the Company during the financial year 2009-10

| Month, Year | National Stock Exchange (NSE) | | | Bombay Stock Exchange (BSE) | | | Total Volume (No.) |
|---------------|-------------------------------|------------|--------------|-----------------------------|------------|--------------|--------------------|
| | High (Rs.*) | Low (Rs.*) | Volume (No.) | High (Rs.*) | Low (Rs.*) | Volume (No.) | BSE & NSE |
| April, 2009 | 30.20 | 22.70 | 436125527 | 30.55 | 22.70 | 140340446 | 576465973 |
| May | 47.15 | 26.50 | 345659602 | 47.10 | 25.20 | 112900363 | 458559965 |
| June | 50.40 | 37.60 | 536042128 | 50.50 | 37.25 | 175345277 | 711387405 |
| July | 46.00 | 34.50 | 377803236 | 46.00 | 34.60 | 131363952 | 509167188 |
| August | 50.00 | 42.25 | 304664886 | 50.00 | 42.90 | 97716687 | 402381573 |
| September | 51.10 | 44.30 | 222057849 | 51.05 | 44.20 | 57520169 | 279578018 |
| October | 53.25 | 42.60 | 269806435 | 53.40 | 42.60 | 78624324 | 348430759 |
| November | 54.25 | 44.25 | 228079308 | 53.35 | 44.25 | 88868995 | 316948303 |
| December | 53.80 | 45.00 | 171894907 | 53.75 | 45.00 | 66095087 | 237989994 |
| January, 2010 | 53.50 | 43.05 | 178704069 | 53.50 | 43.05 | 46516617 | 225220686 |
| February | 47.30 | 40.15 | 119118946 | 47.30 | 40.00 | 32171686 | 151290632 |
| March | 45.85 | 41.40 | 141947731 | 45.90 | 41.35 | 22488816 | 164436547 |

* Value per share of Re. 1/- each



Price Movement in BSE



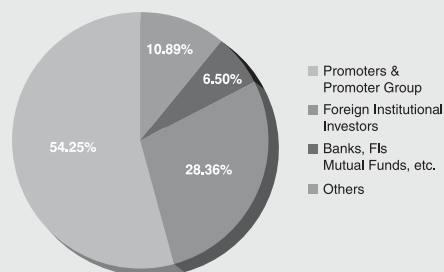
Price Movement in NSE

Details of Shareholding as on March 31, 2010

| Category | Number of Shareholders | Total Shares | % of holding |
|---------------------------------|------------------------|-------------------|---------------|
| Promoter Companies | 3 | 99682430 | 6.31 |
| Promoter Directors | 4 | 595116910 | 37.68 |
| Promoter Individuals | 6 | 161930000 | 10.25 |
| Directors & Relatives | 10 | 137820 | 0.008 |
| Foreign Institutional Investors | 180 | 447893316 | 28.36 |
| Resident Individuals | 201096 | 84310608 | 5.34 |
| Mutual Funds | 66 | 94377629 | 5.97 |
| Bodies Corporate | 1836 | 56179181 | 3.56 |
| Banks | 11 | 8314172 | 0.52 |
| HUF | 3118 | 2527875 | 0.16 |
| Indian Financial Institutions | 2 | 7728984 | 0.49 |
| Non Resident Indians | 2423 | 4549110 | 0.28 |
| Clearing Members | 385 | 4551147 | 0.28 |
| Trusts | 14 | 860118 | 0.05 |
| State Government | 1 | 6330000 | 0.40 |
| Overseas Corporate Bodies | 2 | 375250 | 0.02 |
| Foreign nationals | 1 | 2000 | 0.00 |
| Foreign Corporate Bodies | 1 | 4343850 | 0.27 |
| Total | 209159 | 1579210400 | 100.00 |

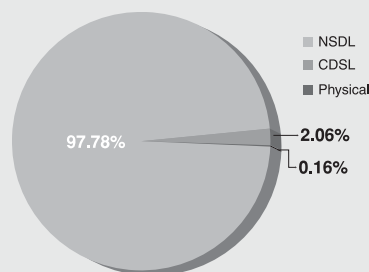
Distribution by category as on March 31, 2010

| Category | Number of Shares | % of holding |
|---------------------------------|-------------------|---------------|
| Promoters & Promoter Group | 85629340 | 54.25 |
| Foreign Institutional Investors | 447893316 | 28.36 |
| Banks, FIs, Mutual Funds etc | 102691801 | 6.50 |
| Others | 171895943 | 10.89 |
| Total | 1579210400 | 100.00 |



Dematerialisation of Shares

| Category | Shareholders | Number of Shares | % |
|--------------|---------------|-------------------|---------------|
| NSDL | 134288 | 1544192886 | 97.78 |
| CDSL | 68415 | 32552976 | 2.06 |
| Physical | 6456 | 2464538 | 0.16 |
| Total | 209159 | 1579210400 | 100.00 |



Distribution by size as on March 31, 2010

| Range of equity shares held | No. of Shareholders | % | No. of equity shares | % |
|-----------------------------|---------------------|---------------|----------------------|---------------|
| 1-5,000 | 207094 | 99.01 | 68192866 | 4.32 |
| 5,001-10,000 | 961 | 0.46 | 7412397 | 0.47 |
| 10,001-20,000 | 432 | 0.21 | 6190745 | 0.39 |
| 20,001-30,000 | 158 | 0.08 | 4043488 | 0.26 |
| 30,001-40,000 | 52 | 0.02 | 1833246 | 0.12 |
| 40,001-50,000 | 57 | 0.03 | 2679977 | 0.17 |
| 50,001-1,00,000 | 89 | 0.04 | 6388091 | 0.40 |
| 1,00,001 & above | 316 | 0.15 | 1482469590 | 93.87 |
| Total | 209159 | 100.00 | 1579210400 | 100.00 |

As on March 31, 2010 over 99.84% of outstanding shares are held in demat form and the balance 0.16% in physical form. Trading in equity shares of the Company is permitted only in dematerialised 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, 2010.

For GVK Power & Infrastructure Limited

Place : Hyderabad
Date : April 30, 2010

G V Krishna Reddy
Chairman & Managing Director

Management's Discussions and Analysis

About the Company

GVK Power & Infrastructure Limited (the Company) is a holding company of diversified infrastructure assets. The company has interest in various Power Generation assets (viz., Gas, Hydel and Thermal), Roads, Airports, SEZ, Coal Mines, Oil and Gas, etc. It is a listed entity which conducts its business spanning different infrastructure sectors across the country through its Subsidiary / Associate Companies. Revenue of the company comprises of O&M fee, incentives and dividends from its Subsidiary / Associate Companies and interest income from surplus funds.

The Economy:

The fiscal year 2009-10 portended to be a difficult one, following the financial crisis that began in the developed nations in 2008 resulting in significant slowdown in the growth rates across the world. The Indian GDP growth during 2008-09 was down to 6.7% with the growth in last two quarters hovering around 6%.

In spite of the continued recession in the developed world, for the better part of 2009-10, a sluggish export recovery and a slowdown in the financial flows into the economy, over the year, our economy posted a remarkable recovery, not only in headline growth numbers, but in the underlying economic fundamentals which justify optimism for the economy in the medium to long term.

Although global economic recovery remains uncertain, the situation improved significantly as compared to last year. Real GDP is projected to grow by an impressive 9.2 per cent in 2010-11, as compared to 7.4 per cent in 2009-10.

Economic Survey 2009-10 points out that:

- Financial markets have stabilized and are recovering but remain weak.
- International flows to the developing countries such as India, Mexico, China, Brazil and other emerging nations have recovered rapidly during the last months of year 2009.
- Real economy also recovered with the world's largest economies like Japan, Germany, France, Italy and the United States having recovered from the deep recession
- Recovery in the global economy picked up momentum from the fourth quarter of 2009. The speed of recovery, however, remains significantly divergent.

The projections for global output for 2010 generally point to consolidating recovery, led by the Emerging Market Economies (EMEs). The WTO projects world trade to stage a strong recovery in 2010. The risks to the overall global macroeconomic environment have, however, increased because of large public debt in advanced economies, on the back of concerns relating to reduction in potential output, high unemployment rates, impaired financial systems and premature exit from the policy stimulus. Closer home, the improvement in global macroeconomic conditions is reflected in the turnaround in India's exports and the return of capital flows. With stronger recovery in EMEs driven largely by domestic demand, improving exports and return of capital flows, EMEs face the risks of inflation and asset price build up.

India, in the recent years witnessed unprecedented level of economic expansion, along with countries like China, Russia, Mexico and Brazil. India, being a cost effective and labor intensive economy, benefited immensely from outsourcing of work from developed countries, and a strong manufacturing and export oriented industrial framework. With the economic pace picking up, global commodity prices have staged a comeback from their lows and global trade is witnessing a healthy growth.

The GDP for 2010-11 is expected to grow at 8.7% on the back of strong manufacturing and service sector performance and worries on agriculture front receding with brighter prospects for better rainfall this year as compared to the last. The occasional rearing of global imbalances especially in the euro zone might still be a niggling concern for the robust performance of the external sector. Yet those very concerns about the economic trouble spots may help India garner a sizeable chunk of capital flows and help garner the investments required to fund the domestic growth.

Infrastructure:

Core industries and infrastructure services, led by the robust growth momentum of power, coal and other infrastructure like ports, civil aviations and roads have also shown signs of recovery in 2009-10. Indian Industry had a higher share of 30% in the annual average growth achieved in GDP during the last 5 years. The notable feature of this growth phase is that the significant uptrend is seen in the manufacturing, construction, transportation and communication sectors.

In the core sectors, the Power Sector has emerged from the lackluster growth witnessed in the previous year and equaled its performance in 2007-2008. This was achieved despite constraints imposed by the inadequate availability of coal and dismal hydel electricity generation owing to the failure of the monsoons. The improved performance was facilitated by the improved availability of the gas for the power sector. The coal sector grew at a reasonable rate.

Inclusive development of the economy supported by a strong infrastructure is a pre requisite for sustaining the growth momentum and improving the all round quality of life. Focused and Long term efforts are required to improve every segment of infrastructure to sustain the growth momentum of the economy. In the ensuing year the Government has taken a series of measures to encourage private sector participation and increase spending on infrastructure.

Nevertheless, with a stable Central Government the stock markets have shown considerable improvement and the economy is set to improve in which infrastructure sector is expected to play a major role.

Energy:

As per the Ministry of Power, during April - December, 2009 peak deficit and energy deficit levels have come down considerably to 12.6% and 9.8% respectively when compared with corresponding previous year's figures of 13.8% and 10.9% respectively. The availability of gas from KG Basin (D6) resulted in better utilization of capacity and higher plant load factor.

Having set itself the ambitious target of ensuring "Power for All" by 2012, the Government of India is aiming to focus on promoting generation capacity based on effective utilization of indigenously available resources.

During FY 2010 Jegurupadu Phase I operated at a Plant Availability Factor (PAF) of 98.39%. The plant operated at a PLF of 89.56%. The plant is operating on natural gas and on supplies being made by GAIL(India) Ltd and Reliance Industries Ltd. A total of 1685.82 M KWh was generated during the financial year.

During the financial year 2009-10, Jegurupadu Phase II has started its commercial operations on April 14, 2009 and is currently running at full capacity. For the year ended Phase II operated at PLF of 95.30% and the PAF was 95.29%. The plant was operated on natural gas only. A total of 1742.47M KWh was generated during the financial year.

The company has proposed for an expansion project (Phase III) of 800 MW capacity. The final environmental impact assessment report has been submitted to MOEF for 400 MW capacity plant.

Gautami, a 464 MW gas based plant has started its commercial operations from June 09. During the financial year Gauthami achieved a PLF of 89.30% which is relatively low on account of shut down in GT -1 due to a fire in the GT exhaust and GT - 2 underwent forced outages of about 10 days due to failure of starting frequency convertor. The PAF during the year was 91.47%. A total of 2397.99 M KWh was generated during the financial year.

Alaknanda, a 330 MW hydro project is coming up in the State of Uttarakhand. Subsequent to the financial closure in 2007, the project is under development and most contracts have been awarded. Presently, construction works are progressing at a brisk pace, and the plant is expected to commence operations in 2012.

The Government of Uttarakhand has granted its approval for preparation of Detailed Project Report (DPR) for a single integrated project, combining both the projects for a 370 MW merchant power plant in Uttarakhand being developed on Goriganga river.

Development of a 540 MW coal based thermal power plant in the state of Punjab at Goindwal sahib has begun. 1,067 acres of land has been acquired for the project. The said project has been appraised by the IDBI Bank Ltd with an estimated cost of Rs. 3,200 Crores to be funded in the debt equity ratio of 75:25. The company has executed the necessary financing and security documents on 1st February, 2010 thereby achieving its financial closure.

During the financial year GVK Developmental Projects Private Limited a wholly-owned subsidiary of the company has won the bid to develop the 690MW Rattle hydro electric power project in Jammu and Kashmir located on River Chenab in Kishtwar district. This project was allotted on a build, own, operate and transfer (BOOT) basis for a period of 35 years.

Mining:

Tokisud & Seregarha are two captive coal mines of your company which will service the Goindwal Sahib project with a combined production of 3 million metric tonnes of coal per annum. The Mining Plan for Tokisud has been approved and it has also received the clearance from the Ministry of Environment and Forests. The Forest Advisory Committee, MOEF had accorded in principle clearance for diversion of forest land in favour of the company. The Company has so far acquired 551 Acres of non forest lands. Tokisud project has been appraised by the IDBI Bank Ltd with an estimated cost of Rs. 300 Crores to be funded in the debt equity ratio of 75:25. The company has executed the necessary financing and security documents on 27th April, 2010 achieving its financial closure.

Roads :

The Economic Survey projected that Road transport sector has shown a slow growth rate during the financial year under review as against the stipulated target in 2009-10 of developing 3,165 Kms length of NHs. The achievement up to November 2009 has been about 1490 Kms. Similarly, as against target of awarding projects for a total length of 9,800 Km under various phases of NHDP, projects have been awarded for a total length of about 1,285 Kms due to revised request for qualification (RFQ) process, MCA

conditions, and procedures for approval of PPP projects, besides lingering doubts of lenders on interpretation of many provisions of new MCA's and inadequate availability of long term debt funds.

GVK Jaipur Expressway Pvt. Ltd. continued its stellar performance during the year. It handled over 21,500 vehicles per day on average and its average daily toll collections were close to 46.65 lacs.

Your company will continue to focus on building a strong portfolio of road assets which offer superior returns. We have been evaluating various road projects in the country and have submitted RFQs for several projects announced by the National Highway Authority of India (NHAI).

Your company was recently awarded a road project for four laning of Deoli-Kota Section of National Highway No.12 from Kms. 165 to Junction of NH-76 on Kota bypass (Approx 83.04Kms) in the state of Rajasthan on BOT basis under National Highway Development Programme Phase III which will bolster revenue growth in the future years to come.

Airports:

International Airport Association in its report announced that March results show that the pace of the upturn is strong. But the trauma of the recession is not yet over. The industry has lost two years of growth, and passenger and freight markets are still 1% below early 2008 highs. Nonetheless, the pace of improvement, based on an improving global economic situation, is much faster than anybody would have expected even six months ago

The Indian aviation industry is one of the fastest-growing aviation industries in the world with private airlines accounting for more than 75 per cent of the domestic aviation market. With an increase in traffic movement during December 2009 and increase in revenues by almost US\$ 21.4 million, the Airports Authority of India seems set to accrue better margins in 2009-10, as per the latest estimates released by the Ministry of Civil Aviation. This is being primarily attributed to increase in the share of revenue from Delhi International Airport Limited (DIAL) and Mumbai International Airport Limited (MIAL).

A report released by the Ministry of Civil Aviation contended that passengers carried by domestic airlines from January-February 2010 stood at 8,056,000 as against 6,761,000 in the corresponding period of 2009-a growth of 19.2 per cent.

As part of modernization of Mumbai Airport, major development works completed during the year include development of new domestic terminal 1C at the Chhatrapati Shivaji International Airport mainly focused at increasing the passenger handling capacity and enhancing the overall passenger comfort and convenience. The primary focus behind developing this new terminal is to provide passengers with a world class travel experience.

Spread over around 300,000 sq feet across three levels, the terminal has six new passenger boarding bridges, with connectivity between terminals 1A and 1B, integrated passenger terminal, Baggage Handling System (BHS), South west pier etc., The second level has a security hold area for passengers post checking-in and can seat around 900 passengers.

The terminal also provides facilities like Wi-Fi connectivity, ATMs, foreign exchange counters, an Internet kiosk, telephone booths, an infant care room, laptop charging stations and two smoking rooms.

During the year 2009-2010 the total passenger (International and Domestic) traffic in the Mumbai Airport increased to 2.56 Crores clocking a growth of 9.26% as compared to that of 2008-09. International traffic has shown a growth of 1.35% with domestic passenger traffic showing significant growth of 13.4%.

Your Company, with a view to explore the available opportunities in aviation sector has acquired 29 percent stake in Bangalore International Airport Limited (BIAL). Bangalore Airport is the 4th biggest airport in India in terms of passenger traffic having promising potential to grow in future. Acquisition of BIAL shares is part of the Company's strategic business objective of expanding airport business in India. It will also give headway to GVK to have its presence in Southern India, a fast expanding aviation market.

As part of modernization of Bangalore Airport your company has recently decided to expand Terminal 1 which will begin in September this year. The additions will take the terminal capacity to 17 million passengers per annum, a requirement that will be sufficient to meet the projected demand till the year 2015.

During the year 2009-2010 the total passenger (international and domestic) traffic in Bangalore Airport increased to 0.99 Crores, a growth of 13.88% as compared to that of 2008-09. International traffic has shown a significant growth of 17.58% with domestic passenger traffic showing growth of 13.01%.

SEZ:

Special Economic Zone(SEZ) as a concept are aimed at increasing investment, exports and employment and companies based in the SEZs are eligible for tax and other incentives. Many SEZ projects announced across the country have not been progressing smoothly mainly on account of problems associated with acquisition of land and the recent recessionary trends in the real estate and falling export volumes. Consequently, the prospects of SEZs crimped and companies have put their SEZ projects on the back burner during the year.

During the year the TWAD has approved 3 MLD water supply scheme from river velar with an approved project cost of Rs. 9.1 Crores. The TWAD board has also given the technical approval for the permanent water supply scheme from the river Kollidam for an estimated cost of Rs. 99 crores. Topographical survey of the site and earmarking of the SEZ area has been completed.

Future of Public Private Partnership:

The development of infrastructure facilities is largely dependent on the ability of the government to attract private capital under the public private partnership (PPP) model. PPPs are the cornerstone for infrastructure development. This model has enabled greater private participation in the creation and maintenance of infrastructure. The pace of PPP projects is slowly picking up and many projects are to be awarded this year. The Government is also giving a fillip to infrastructure by delineating infrastructure as one of the key areas for focus and development in the coming years.

Risks and Concerns:

Energy:

At present, the company has three operational gas based power plants, totaling to approximately 900 MW. Gas is being sourced from ONGC through GAIL for Jegurupadu Phase - I and to the extent that GAIL is not able to supply the requirement for Jegurupadu Phase - I and for the entire requirement of Jegurupadu Phase-II and Gautami, it is sourced from Reliance Industries Limited with whom we have a contract. Even though the gas requirements are being met adequately from ONGC and Reliance, any change in Government policy on allocation of gas to these power plants will impact our plants and the plants will not be able to operate at full capacity.

The other power plants under development / construction are Alaknanda Hydro Power Company Limited - 330 MW Hydel Plant, GVK Power (Goindwal Sahib) Limited - 540 MW Thermal Plant, Goriganga Hydro Power Private Limited - 370 MW Hydel Plant. Besides, GVK Coal (Tokisud) Company Private Limited, the Coal mine linked to Goindwal Sahib Thermal Plant is also under development. Other than Goriganga Hydro Power Private Limited, financial closure has been achieved for the rest.

For the Hydel projects, any unforeseen adverse weather conditions and uncontrollable factors can delay construction and commissioning of the project. In addition, an expansion of 1600 MW of additional capacity of gas based power plants is under way. LOIs have been issued. However, allocation of gas by the EGoM is imperative for further development.

Airports:

GVK Power & Infrastructure Limited through its subsidiaries / associates, is currently operating, managing and developing the airports, Mumbai International Airport and Bangalore International Airport. Revenues at the airport are to some extent relatable to traffic-both passengers and aircraft. Further, growth in revenues is also linked to aviation fuel prices, hike in aero charges which are within the ambit of the Government. Other factors such as economic growth, weather, unforeseen events may affect growth and traffic. Likewise, aero revenues and income from real estate may also be impacted by market conditions and regulatory uncertainties.

Transportation:

Currently the company's one operational asset GVK Jaipur Expressway Private Limited is doing well and the company has realized growth in traffic and revenues. However, unforeseen events such as strikes and agitations, adverse weather conditions, economic down turns may impact growth and revenues.

SEZ:

GVKPIL is developing a multi product SEZ in Perambalur, Tamil Nadu. SEZs across the country have not progressed much because of adverse global economic conditions coupled with the factors peculiar to India. Activity at our SEZ is expected to pick up with economic growth and supporting environmental factors.

Oil & Gas:

Seven deep water blocks that were awarded under NELP-VII are currently undergoing technical analysis which will continue for another year or two. Work in progress may get delayed due to factors such as exercises that may be undertaken by Indian Navy, weather conditions, availability of equipment etc.,

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 and other income increased by 39.29% to Rs. 59.16 Crores as compared to Rs. 42.47 Crores of the previous year. The increase in gross revenue is mainly attributable to the commencement of commercial operations in Phase II and GVK Gautami Power Limited during the year.

Expenditure

The Company's total expenditure, comprising of staff costs, and other administrative expenses, increased by 53.81% to Rs. 27.39 Crores for the year ended March 31, 2010 from Rs. 17.81 Crores when compared to the previous year ended March 31, 2009.

Interest

Interest expenses stood at Rs. 1.50 Crores (previous year figure was Rs. 0.23 Crores)

Profit before tax (PBT)

PBT increased by 23.88% to Rs.30.28 Crores for the current year from Rs. 24.44 Crores in the previous year.

Profit after tax

The Company's profit after tax increased by 3.30% to Rs.21.69 Crores for the year ended 31st March, 2010 from Rs. 21 Crores as compared to the previous year.

EPS

The earnings per share for the current year stood at Rs.0.14 as compared to Rs. 0.15 per equity share of Re. 1/- each in the previous year.

Consolidated Financials

The current year results include the results of the 17 companies including 12 subsidiaries, 2 stepdown subsidiaries and 3 associates. These have been prepared under historical cost convention accrual basis to comply in all material respect with the mandatory accounting standards notified by The Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. These companies operate broadly in a) Power b) Road and C) Other sectors.

Revenue

The Company reported gross revenue of Rs. 1,815.82 crores for 2009-10 compared to Rs. 533.97 crores in the previous year. The increase in gross revenue is mainly attributable to the commencement of commercial operations in Phase II and GVK Gautami Power Limited during the year and due to increase in road revenue.

Profit after tax

The Company reported profit after tax and minority interest of Rs. 155.87 crores for 2009-10 which is 44.91% higher than the previous year's profit after tax of Rs. 107.56 Crores.

EPS

The earnings per share at consolidated level for the current year stands at Rs. 1.02 as compared to Rs. 0.77 per equity share of Re. 1/- each in the previous year.

Net Worth

The net worth in the current year stands at Rs. 3,155.92 crores as compared to Rs. 2,322.88 crores in the previous year.

Human Resources

Your company's human capital remains its key strength. Several initiatives have been undertaken during the year to increase the depth of management expertise. Highly skilled professionals from reputed institutes as well as specialists with deep industry knowledge and experience have been recruited for various roles across the organization. The company continues to value its personnel in that it designs program and policies tailored to enhance individual and organizational welfare. Participative style of management ensures excellent relations throughout the organization. Your company aims to become to "employer of choice" in the industry and is on course to achieve the stated objective.

Future Outlook

Your Company aspires to be the most trusted and respected name in infrastructure in India and the World. We seek to attain a transnational presence in Infrastructure that would be competitive and avant-garde. Even as we are going from strength to strength in the Energy and Transportation verticals, we keep abreast of constantly evolving technology, and explore potential avenues in other areas within the infrastructure space. After carefully carrying out due-diligence and satisfactory evaluation of the relevant parameters, the company strives to foray into areas considered beneficial to the interests of all stakeholders. We endeavor to contribute meaningfully to infrastructure development in India and seek to aggressively place bids for the upcoming infrastructure projects to be developed under Public Private Partnership mode.

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.

Auditor's Report on Consolidated Financial Statements

The Board of Directors

GVK Power & Infrastructure Limited

1. We have audited the attached consolidated balance sheet of GVK Power & Infrastructure Limited ('the Company'), its subsidiaries and associates (collectively, 'the GVK Group'), as at March 31, 2010, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 93,117,451 thousands as at March 31, 2010, the total revenue of Rs. 17,740,309 thousands and net cash flows amounting to Rs. 2,902,338 thousands for the year then ended. We also did not audit the financial statements of associates, whose financial statements reflect share of profit of the Company Rs. 516,838 thousands for the year ended March 31, 2010. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. Without qualifying our opinion, we draw attention to:
 - i) Note 9 (a) of Schedule 18, regarding pending confirmation for and approval by the Andhra Pradesh Electricity Regulatory Commission (APERC) of the increase in capital cost and accruals of revenue being the fixed charged components of the tariff therein for the years 1997-98 to 2000-01 aggregating to Rs. 451,250 thousands by GVK Industries Limited (the "Subsidiary Company");
 - ii) Note 9 (b) and 9 (c) of Schedule 18, regarding outstanding minimum alternate tax amounts claimed for reimbursement and other amounts aggregating to Rs. 222,184 thousands and Rs. 7,551 thousands respectively in the Subsidiary Company's books. The matters involved are interpretational in nature and subjudice respectively;
 - iii) Note 9 (d) of Schedule 18, regarding outstanding incentive amounts claimed from Transmission Corporation of Andhra Pradesh Limited (AP Transco) aggregating to Rs. 237,362 thousands in the Subsidiary Company's books. The matter is subjudice presently;
 - iv) Note 10 of Schedule 18, regarding provision for income taxes net of amounts claimed for reimbursements from AP Transco and the Subsidiary Company's intention to offer such amounts to tax on acceptance by AP Transco.The ultimate outcome of the above matters cannot presently be determined, pending approvals, acceptances and legal interpretations as referred to in the relevant notes to the consolidated accounts referred above and no provision for any liability that may result has been made in the consolidated financial statements.
5. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statements' and AS 23, 'Accounting for Investments in Associates in Consolidated Financial Statements' Notified by Companies Accounting Standards Rules, 2006.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached 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 GVK Group as at March 31, 2010;
 - (b) in the case of the consolidated profit and loss account, of the profit 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.

For S R Batliboi & Associates
Firm Registration No : 101049W
Chartered Accountants

Place : Hyderabad
Date : April 30, 2010

per Vikas Kumar Pansari
Partner, Membership No.: 93649

Consolidated Balance Sheet as at March 31, 2010

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| | Schedules | March 31, 2010 | March 31, 2009 |
|--|-----------|-------------------|----------------|
| Sources of Funds | | | |
| Shareholders' funds | | | |
| Share capital | 1 | 1,579,210 | 1,405,849 |
| Share application money pending allotment | | 517 | 290,079 |
| Reserves and surplus | 2 | 29,980,008 | 21,532,900 |
| | | 31,559,735 | 23,228,828 |
| Deferred income | | 1,786,540 | 1,641,111 |
| Minority interest | | 2,500,227 | 2,644,086 |
| Loan funds | | | |
| Secured loans | 3 | 44,304,823 | 28,686,461 |
| Unsecured loans | 4 | 150,000 | 1,111,471 |
| | | 44,454,823 | 29,797,932 |
| Deferred tax liability (net) | 18(12)(B) | 890,149 | 885,185 |
| Total | | 81,191,474 | 58,197,142 |
| Application of Funds | | | |
| Fixed assets | | | |
| 5A | | | |
| Gross block | | 48,411,158 | 21,269,167 |
| Less: Accumulated depreciation and amortisation | | 8,928,035 | 7,679,577 |
| Net block | | 39,483,123 | 13,589,590 |
| Expenditure incurred during construction period pending allocation | 5B | 4,062,866 | 11,044,496 |
| Capital work-in-progress including capital advances | | 15,891,727 | 27,457,168 |
| | | 59,437,716 | 52,091,254 |
| Investments | 6 | 19,381,962 | 3,213,952 |
| Deferred tax asset (net) | 18(12)(A) | 5,176 | 5,175 |
| Current assets, loans and advances | | | |
| Inventories | 7 | 354,673 | 441,901 |
| Sundry debtors | 8 | 675,635 | 642,560 |
| Cash and bank balances | 9 | 508,141 | 1,562,141 |
| Loans and advances | 10 | 938,091 | 625,161 |
| Other current assets | 11 | 1,933,161 | 953,856 |
| | (A) | 4,409,701 | 4,225,619 |
| Less: Current liabilities and provisions | | | |
| Current liabilities | 12 | 1,805,456 | 1,303,017 |
| Provisions | 13 | 237,625 | 35,841 |
| | (B) | 2,043,081 | 1,338,858 |
| Net current assets (A-B) | | 2,366,620 | 2,886,761 |
| Total | | 81,191,474 | 58,197,142 |
| Notes to Consolidated Accounts | 18 | | |

The Schedules referred to above and notes to consolidated accounts form an integral part of the Consolidated Balance Sheet.

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

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

Place : Hyderabad
Date : April 30, 2010

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

Dr G V Krishna Reddy
Chairman and Managing Director

A. Issac George
Director & CFO

G. V. Sanjay Reddy
Director

P. V. Rama Seshu
Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2010

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

| | Schedules | March 31, 2010 | March 31, 2009 |
|---|-----------|-------------------|----------------|
| Income | | | |
| Gross earnings from sale of electrical energy | | 16,032,778 | 3,556,022 |
| Income from Toll Operations | | 1,707,531 | 1,458,715 |
| Fees from manpower and consultancy services | | 126,050 | 123,045 |
| (Net of service tax Rs 12,983 (Previous year Rs.17,567)) | | | |
| Other income | 14 | 291,825 | 201,856 |
| | | 18,158,184 | 5,339,638 |
| Expenditure | | | |
| Cost of fuel | | 10,542,312 | 2,493,892 |
| Personnel expenses | 15 | 239,935 | 172,542 |
| Operating, Maintenance & Administration expenses | 16 | 2,401,120 | 708,359 |
| Financial expenses | 17 | 2,171,000 | 333,853 |
| Depreciation and amortisation (Refer note 3 of schedule 18) | 5A | 1,371,201 | 779,537 |
| | | 16,725,568 | 4,488,183 |
| Profit before tax and share of profits of associate and minority interest | | 1,432,616 | 851,455 |
| Provision for taxation | | | |
| Current tax | | 241,585 | 98,033 |
| Less: MAT credit entitlement | | (92,000) | - |
| Deferred tax [net of unbilled revenue Rs. 2,370 (Previous year: Rs. 3,103)] | | 2,592 | (9,582) |
| Income tax for earlier years | | 48,052 | 8,495 |
| Fringe benefit tax | | (142) | 3,410 |
| Profit after tax and before share of profits of associates and minority interest | | 1,232,529 | 751,099 |
| Add: Share of profits of associates for the year | | 516,838 | 315,509 |
| Add: Gain on sale of subsidiary | | - | 12,074 |
| Less: Minority interest | | 190,621 | 3,053 |
| Profit for the year | | 1,558,746 | 1,075,629 |
| Balance brought forward from previous year | | 2,797,382 | 1,721,753 |
| Surplus carried to Consolidated Balance Sheet | | 4,356,128 | 2,797,382 |
| Earnings per share (in Rs.) | | | |
| - Basic | | 1.02 | 0.77 |
| - Diluted | | 1.02 | 0.77 |
| Nominal value per equity share (in Rs.) | | 1 | 1 |
| Weighted average number of equity shares | | | |
| - Basic | | 1,532,189,062 | 1,405,848,900 |
| - Diluted | | 1,532,189,062 | 1,405,848,900 |
| Notes to Consolidated Accounts | 18 | | |

The Schedules referred to above and notes to consolidated accounts form an integral part of the Consolidated Profit and Loss Account.

As per our report of even date

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

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

Place : Hyderabad
Date : April 30, 2010

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

Dr G V Krishna Reddy
Chairman and Managing Director

A. Issac George
Director & CFO

G. V. Sanjay Reddy
Director

P. V. Rama Seshu
Company Secretary

Schedules to the Consolidated Accounts

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

| | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| Schedule 1: Share Capital | | |
| Authorised | | |
| 2,500,000,000 (Previous year: 1,772,500,000) equity shares of Rs.1/- each | 2,500,000 | 1,772,500 |
| Issued, subscribed and paid-up | | |
| 1,579,210,400 (Previous year: 1,405,848,900) equity shares of Rs.1/- each | 1,579,210 | 1,405,849 |
| Notes: | | |
| 1. Of the above shares: | | |
| - 52,850,000 (Previous year: 52,850,000) equity shares of Rs.1/- each are allotted as fully paid up by way of bonus shares by capitalization of General Reserve. | | |
| - 703,250,000 (Previous year: 703,250,000) equity shares of Rs. 1/- each are allotted as fully paid up as per the scheme of amalgamation. | | |
| - 90,462,150 (Previous Year: 90,462,150) equity shares of Rs.1/- each are allotted as fully paid up as per the scheme of arrangement. | | |
| 2. With effect from February 15, 2008 the nominal value of the equity shares have been sub divided from Rs. 10/- per share to Rs.1/- per share. | | |
| 3. 173,361,500 (Previous year: Nil) equity shares of Rs.1/- each have been allotted as fully paid up pursuant to the Qualified Institutional Placement. | | |
| | 1,579,210 | 1,405,849 |
| Schedule 2 : Reserves and surplus | | |
| Capital reserve on acquisition | | |
| As per last Balance Sheet | 3,923,445 | 3,923,445 |
| Add: Addition during the year on acquisition | 11,709 | - |
| | 3,935,154 | 3,923,445 |
| General reserve | 95,198 | 95,198 |
| Securities premium account | | |
| Balance as per last account | 14,716,876 | 14,716,875 |
| Add: Received during the year on Qualified Institutional Placement | 6,995,137 | - |
| Less: Utilised for Qualified Institutional Placement issue expenses | 118,485 | - |
| | 21,593,528 | 14,716,875 |
| Profit and loss account | 4,356,128 | 2,797,382 |
| | 29,980,008 | 21,532,900 |
| Schedule 3 : Secured loans | | |
| (Refer note 7 of schedule 18) | | |
| Debentures | 6,850,000 | - |
| 6,850 (Previous Year: Nil) 8.98% Secured Redeemable Non-Convertible Debentures of Rs.1,000,000 each redeemable on December 12, 2010. | | |
| Term loans | | |
| Rupee loans from banks | 17,678,327 | 17,524,394 |
| Interest accrued and due | - | 15,442 |
| Rupee loans from others | 10,254,970 | 5,414,310 |
| Foreign currency loans from banks | 4,545,819 | 5,347,925 |
| Buyers' line credit | - | 171,237 |
| Short term loans | | |
| From banks | 3,475,707 | 213,153 |
| From others | 1,500,000 | - |
| | 44,304,823 | 28,686,461 |
| Schedule 4 : Unsecured loans | | |
| Short term loans and advances from banks | 150,000 | 1,111,471 |
| | 150,000 | 1,111,471 |

Schedules to the Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| Particulars | Gross Block | | | | | | Depreciation / Amortisation | | | | Net Block | |
|-----------------------------------|---------------------|--|--|------------------------------------|---------------------|--------------------|--|------------------|--|---------------------|---------------------|-------------------|
| | As at April 01 2009 | Additions on acquisition of subsidiaries | Additions/ adjustments during the year | Deletions/ adjustments during year | As at March 31 2010 | As at April 1 2009 | Additions on acquisition of subsidiaries | For the year | Deletions/ adjustments during the year | As at March 31 2010 | As at March 31 2009 | |
| Tangible Assets: | | | | | | | | | | | | |
| Freehold Land | 2,292,588 | - | 341,227 | - | 2,633,815 | - | - | - | - | - | 2,633,815 | 2,292,588 |
| Leasehold Land | - | - | 125,287 | - | 125,287 | - | - | 6,643 | - | 6,643 | 118,644 | - |
| Buildings | | | | | | | | | | | | |
| i) Factory building | 387,816 | - | 862,965 | - | 1,250,781 | 154,802 | - | 28,437 | - | 183,239 | 1,067,542 | 233,014 |
| ii) Non-factory building | 259,314 | - | 4,571 | - | 263,885 | 45,193 | - | 5,838 | - | 51,031 | 212,854 | 214,121 |
| Plant and machinery | 9,403,398 | - | 25,300,118 | - | 34,703,516 | 5,901,503 | - | 1,657,062 | - | 7,558,565 | 27,144,951 | 3,501,895 |
| Computers and computer equipments | 43,083 | - | 11,336 | 382 | 54,037 | 26,042 | - | 5,189 | 340 | 30,891 | 23,146 | 17,041 |
| Office equipment | 42,966 | - | 10,573 | - | 53,539 | 11,444 | - | 2,362 | - | 13,806 | 39,733 | 31,522 |
| Electrical equipment | 7,869 | - | 954 | - | 8,823 | 2,309 | - | 387 | - | 2,696 | 6,127 | 5,560 |
| Furniture and fixtures | 36,888 | - | 4,679 | - | 43,567 | 15,871 | - | 2,856 | - | 18,727 | 24,840 | 23,017 |
| Vehicles | 58,635 | - | 773 | 843 | 58,565 | 17,404 | - | 5,435 | 446 | 22,393 | 36,172 | 41,231 |
| Intangible assets: | | | | | | | | | | | | |
| Toll collection rights | 6,779,632 | - | - | - | 6,779,632 | 1,505,009 | - | (465,703) | - | 1,039,306 | 5,740,326 | 5,274,623 |
| Goodwill | 1,954,978 | - | 472,139 | - | 2,427,117 | - | - | - | - | - | 2,427,117 | 1,954,978 |
| Software | - | - | 8,594 | - | 8,594 | - | - | 738 | - | 738 | 7,856 | - |
| As at March 31, 2010 | 21,269,167 | - | 27,143,216 | 1,225 | 48,411,158 | 7,679,577 | - | 1,249,244 | 786 | 8,928,035 | 39,483,123 | 13,589,590 |
| As at March 31, 2009 | 19,043,682 | 316,127 | 2,174,485 | 265,127 | 21,269,167 | 6,768,850 | 6,099 | 907,730 | 3,102 | 7,679,577 | 13,589,590 | - |

Notes:

1. Depreciation amounting to Rs.23,472 (Previous year Rs. 10,971) for the year ended March 31, 2010 transferred to expenditure incurred during construction period pending allocation.
2. Depreciation for the year ended March 31, 2010 is net of amount withdrawn from deferred income Rs.(145,429) (Previous year: Rs. 117,222).
3. Exchange gain adjusted to fixed assets during the year Rs. 370,135.

Schedules to the Consolidated Accounts

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

Schedule 5B : Expenditure incurred during construction period pending allocation

| | As at April 01, 2009 | Additions During the year | Capitalisation on account of commencement of commercial operations | March 31, 2010 |
|---|----------------------------|---------------------------------|--|----------------|
| Personnel expenses | | | | |
| Salaries, allowances and bonus | 209,320 | 43,542 | 163,224 | 89,638 |
| Contribution to Provident and other funds | 10,167 | 717 | 10,093 | 791 |
| Staff welfare | 13,719 | 3,980 | 8,047 | 9,652 |
| Power, fuel & water charges | 67,629 | 51,332 | 17,754 | 101,207 |
| Stores and consumables | 19,410 | 29,335 | - | 48,745 |
| Rent | 45,083 | 6,148 | 32,770 | 18,462 |
| Rates & Taxes | 125,445 | 17,942 | 3,688 | 139,700 |
| Communication costs | 26,246 | 2,462 | 19,064 | 9,644 |
| Travelling and Conveyance | 223,062 | 90,539 | 123,876 | 189,726 |
| Advertisement | 16,965 | 871 | 8,345 | 9,491 |
| Legal and professional charges | 1,194,536 | 353,557 | 913,034 | 635,059 |
| Survey charges | 2,634 | 4,459 | - | 7,094 |
| Project expenses | 632,826 | 56,533 | - | 689,359 |
| Repairs & Maintenance: | | | | - |
| Building | 26,043 | 5,522 | 2,668 | 28,897 |
| Plant & Machinery | 1,427 | 1,482 | - | 2,909 |
| Others | 60,111 | 4,620 | 55,689 | 9,043 |
| Land lease charges | 65 | 847 | 65 | 847 |
| Trial Run cost | | | | - |
| Power used | 22,181 | - | 22,181 | - |
| Cost of fuel | 323,159 | 450,774 | 773,933 | - |
| Operators' Training | 131,258 | - | 131,258 | - |
| Other expenses | 66 | - | 66 | - |
| Printing & Stationery | 11,301 | 448 | 10,313 | 1,436 |
| Meeting, conference and subscription | 2,169 | 107 | 1,832 | 444 |
| Remuneration to directors | 54,533 | 11,365 | 34,353 | 31,545 |
| Director sitting fees | 1,065 | 55 | 1,120 | - |
| Payments to auditors' | 2,070 | 300 | 1,657 | 713 |
| Office and Guest house maintenance | 1,985 | 1,112 | - | 3,097 |
| Temporary shed construction expenses | 111 | - | - | 111 |
| Donations | 346 | - | 316 | 30 |
| Loss on sale of assets(net) | 3,625 | - | 2,589 | 1,037 |
| Tender fees paid | 1,000 | - | - | 1,000 |
| Assets written off | 396 | - | 394 | 2 |
| Debit balances written off | 4,098 | - | 4,068 | 31 |
| Exchange fluctuations | 467,045 | (249,215) | 83,889 | 133,941 |
| Pre-operative expenses | 91,792 | - | 91,792 | - |
| Miscellaneous expenses | 66,953 | 64,157 | 37,462 | 93,648 |
| Depreciation | 30,278 | 23,471 | 18,366 | 35,383 |
| Financial expenses | | | | - |
| Interest on fixed period loans | 6,489,776 | 1,255,499 | 6,213,791 | 1,531,485 |
| Interest on other loans | 577,419 | 136,325 | 479,742 | 234,002 |
| Processing and other bank charges | 107,548 | 7,948 | 106,089 | 9,407 |
| Corporate guarantee commission | 15,100 | - | 15,100 | - |
| Sub Total - (A) | 11,356,673 | 2,436,274 | 9,602,722 | 4,190,225 |
| Less | | | | |
| Interest income | 68,919 | 10,080 | 60,443 | 18,557 |
| Dividends from mutual funds | 32,587 | 22,769 | 11,883 | 43,473 |
| Profit on Sale of mutual funds | - | 53 | - | 53 |
| Sale of Infirm power | 135,961 | 561,598 | 697,559 | - |
| Depreciation written back | 489 | - | - | 489 |
| Provisions no longer required written back | 68,660 | 100 | - | 68,760 |
| Tender fee received | 546 | - | - | 546 |
| Sale of Scrap | 98 | 5,503 | - | 5,600 |
| Gain on forward contracts | 42,001 | - | 42,001 | - |
| Other miscellaneous incomes | - | 6 | - | 6 |
| Add | | | | |
| Income Tax | 13,818 | 3,537 | 10,923 | 6,432 |
| Fringe Benefit Tax | 7,198 | 85 | 3,609 | 3,674 |
| Income tax for earlier years | 15,960 | 3,107 | 19,066 | 1 |
| Wealth Tax | 107 | 15 | 103 | 19 |
| Sub Total- (B) | 312,177 | 593,366 | 778,184 | 127,360 |
| Balance carried to Balance Sheet - (A-B) | 11,044,496 | 1,842,908 | 8,824,538 | 4,062,866 |

Schedules to the Consolidated Accounts

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

Schedule 6 : Investments

| | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| Long term investments (at cost) | | |
| Trade (unquoted), fully paid equity shares | | |
| In associates | | |
| Mumbai International Airport Private Limited (222,000,000 (Previous year: 148,000,000 equity shares of Rs.10/- each fully paid-up) | 2,220,000 | 1,480,000 |
| Add: Opening balance of accumulated profit | 1,058,607 | 743,098 |
| Add: Profit for the current year | 490,953 | 315,509 |
| | 3,769,560 | 2,538,607 |
| Bangalore International Airport Limited (111,534,000 (Previous year: Nil) equity shares of Rs.10/- each fully paid-up) (includes Goodwill amounting to: Rs. 10,798,878) | 11,731,070 | - |
| Add: Profit for the current year | 25,885 | - |
| | 11,756,955 | - |
| Seregarha Mines Limited (22,225 (Previous year: 22,225) equity shares of Rs.10/- each fully paid-up) | 222 | 222 |
| Other than trade | | |
| Investment in units of mutual fund (Market value: Rs.Nil (Previous year: Rs.22,638) [net of provision for diminution in value of investments Rs.Nil (Previous year Rs.23,528)] | - | 22,638 |
| National savings certificates (unquoted) | 50 | 50 |
| Current Investments (at lower of cost and market value) | | |
| Other than trade (quoted) | | |
| Investment in units of mutual funds (Market value: Rs.3,866,481 (Previous year: Rs.652,443) | 3,855,175 | 652,435 |
| | 19,381,962 | 3,213,952 |

Schedules to the Consolidated Accounts

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

| | March 31, 2010 | March 31, 2009 |
|---|------------------|----------------|
| Schedule 7 : Inventories (at lower of cost and net realisable value) | | |
| Stores, spares and consumables | 354,673 | 441,901 |
| | 354,673 | 441,901 |
| Schedule 8 : Sundry debtors | | |
| (Refer note 9 of schedule 18) | | |
| Unsecured, considered good | | |
| Outstanding for a period exceeding six months | 664,352 | 627,960 |
| Other debts | 11,283 | 14,600 |
| | 675,635 | 642,560 |
| Schedule 9 : Cash and bank balances | | |
| Cash and cheques on hand | 18,523 | 6,187 |
| Stamps in hand | 314 | 628 |
| Balances with scheduled banks on : | | |
| - On current accounts | 161,131 | 761,535 |
| - On fixed deposits | 202,487 | 663,367 |
| - On margin money deposit accounts | 123,235 | 126,902 |
| - On unpaid dividend accounts | 2,451 | 3,522 |
| | 508,141 | 1,562,141 |
| Schedule 10 : Loans and advances | | |
| Unsecured, considered good | | |
| Advances recoverable in cash or in kind or for value to be received | 577,507 | 230,359 |
| Share application money | 48,990 | 43,659 |
| Deposits | 147,071 | 129,240 |
| Other receivables | 23,711 | 114,389 |
| Advance tax (net of provision) | 140,812 | 107,514 |
| | 938,091 | 625,161 |
| Schedule 11 : Other current assets | | |
| Unbilled revenues | 1,917,033 | 931,606 |
| (Refer note 8 and 9 of schedule 18) | | |
| Interest accrued but not due on deposits | 7,431 | 20,780 |
| Other receivables | 3,619 | - |
| Guarantee commission receivable | 5,078 | 1,470 |
| | 1,933,161 | 953,856 |
| Schedule 12 : Current liabilities | | |
| Sundry creditors | | |
| - total outstanding dues to micro, small and medium enterprises | - | - |
| - total outstanding dues of other creditors | 1,061,521 | 350,001 |
| Advance from customer | - | 190,621 |
| Book overdraft | 16,054 | - |
| Retention money | 358,843 | 480,311 |
| Unpaid dividend | 2,451 | 3,522 |
| Due to directors | 5,224 | 7,010 |
| Interest accrued but not due on loans | 288,481 | 215,513 |
| Other liabilities | 72,882 | 56,039 |
| | 1,805,456 | 1,303,017 |
| Schedule 13 : Provisions | | |
| Provision for Income Tax (net of advance tax payments) | 14,955 | 1,317 |
| Provision for fringe benefit tax (net of advance tax payments) | - | 1,418 |
| Provision for Wealth Tax | 65 | 26 |
| Provision for resurfacing obligation (Refer note 19 of Schedule 18) | 191,164 | - |
| Provision for gratuity | 18,440 | 21,863 |
| Provision for compensated absence | 13,001 | 11,217 |
| | 237,625 | 35,841 |

Schedules to the Consolidated Accounts

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

| | March 31, 2010 | March 31, 2009 |
|--|------------------|----------------|
| Schedule 14 : Other income | | |
| Interest Income | 67,690 | 41,342 |
| Dividend income from non trade investments- short term | 130,316 | 140,785 |
| Profit on sale of investments from non trade investments- short term (net) | 7,808 | 9,300 |
| Excess provisions / credit balances written back | 6,215 | 609 |
| Profit on sale of fixed assets (net) | - | 39 |
| Guarantee commission | 9,670 | 1,333 |
| Foreign exchange fluctuations | 47,260 | - |
| Provision for diminution in value of investments no longer required written back | 19,883 | - |
| Miscellaneous income | 2,983 | 8,448 |
| | 291,825 | 201,856 |
| Schedule 15 : Personnel expenses | | |
| Salaries, allowances and bonus | 222,912 | 156,468 |
| Contribution to provident and other funds | 6,728 | 5,011 |
| Retirement benefits | 1,340 | 5,835 |
| Staff welfare | 8,955 | 5,228 |
| | 239,935 | 172,542 |
| Schedule 16 : Operating, Maintenance & Administration expenses | | |
| Operating and maintenance expenses | 28,445 | 12,891 |
| NHAI share of toll fee | 144,972 | 76,494 |
| Minimum off take price for naphtha | 1,157 | 779 |
| Rent | 18,318 | 14,240 |
| Rates and taxes | 11,468 | 17,102 |
| Insurance | 78,841 | 60,657 |
| Repairs and maintenance: | | |
| - Buildings | 4,428 | 7,295 |
| - Roads | 912,273 | 126,772 |
| - Plant and machinery | 236,133 | 36,011 |
| - Others | 35,210 | 9,309 |
| Vehicle hire charges | 4,148 | 4,287 |
| Electricity and water | 21,171 | 14,809 |
| Travel and conveyance | 42,881 | 37,773 |
| Communication | 9,691 | 6,294 |
| Printing and stationery | 5,267 | 6,289 |
| Bid and tender document charges | 15,776 | 6,718 |
| Legal and professional charges | 230,585 | 126,625 |
| Prompt payment rebate | 391,683 | 59,643 |
| Auditor's remuneration | 1,732 | 1,198 |
| Directors' sitting fee | 2,230 | 1,710 |
| Donation | 131,741 | 20,213 |
| Foreign exchange fluctuations | - | 2,566 |
| Loss on sale of investments | - | - |
| Loss on sale of fixed assets (net) | 208 | - |
| Insurance claims and assets written off | 26,614 | - |
| Provision for diminution in value of long term investments (other than trade) | - | 23,528 |
| Miscellaneous expenses | 46,148 | 35,156 |
| | 2,401,120 | 708,359 |
| Schedule 17 : Financial expenses | | |
| Interest on loans from banks | | |
| -on fixed period loans | 1,804,135 | 288,396 |
| -on other loans | 43,150 | 22,891 |
| Interest on loans from others | 237,477 | - |
| Bank charges | 77,195 | 7,736 |
| Bank guarantee commission | 9,043 | 14,830 |
| | 2,171,000 | 333,853 |

Consolidated Cash Flow Statement for the Period ended March 31,2010

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| | March 31, 2010 | March 31, 2009 |
|---|---------------------|--------------------|
| Cash flow from Operating Activities | | |
| Profit before tax | 1,432,616 | 851,455 |
| Adjustments for | | |
| Depreciation and amortisation | 1,371,201 | 779,537 |
| Dividend income from non trade investments- short term | (130,316) | (140,785) |
| Interest income | (67,690) | (41,342) |
| Interest expense | 2,084,762 | 311,287 |
| Insurance claims and assets written off | 26,614 | - |
| Profit on sale of investments from non trade investments- short term (net) | (7,808) | (9,300) |
| (Profit)/Loss on sale of fixed assets (net) | 208 | (39) |
| Unrealised foreign exchange loss | 599 | - |
| Excess provisions / credit balances returned back | (6,215) | - |
| Provision for diminution in value of long term investments (other than trade) | (19,883) | 23,528 |
| Operating profit before working capital changes | 4,684,088 | 1,774,341 |
| Movements in working capital | | |
| Increase in sundry debtors and other current assets | (1,210,361) | (29,109) |
| (Increase)/decrease in inventories | 27,085 | (214,767) |
| Increase in loans and advances | (357,866) | (5,886) |
| Increase in current liabilities and provisions | 614,893 | 217,901 |
| Cash generated from operations | 3,757,839 | 1,742,480 |
| Direct taxes paid | (219,979) | (171,020) |
| Net cash from operating activities (A) | 3,537,860 | 1,571,460 |
| Cash flows from investing activities | | |
| Purchase of fixed assets | (8,133,431) | (10,500,559) |
| Proceeds from sale of fixed assets | 87 | 58 |
| Proceeds from sale of investments | 42,666 | - |
| Payments for net assets acquired of subsidiaries, net of cash | (1,126,387) | (50,497) |
| Purchase of investments/investments in associates | (12,471,070) | (1,700,413) |
| Profit on sale of short term investment | 7,862 | 9,300 |
| Proceeds from sale of subsidiary | - | 18,157 |
| Share application money (net of refund received) | 1,250 | 1,935,314 |
| Decrease in bank deposits | 306,212 | 696,354 |
| Dividends received | 153,085 | 150,256 |
| Interest received | 90,396 | 111,716 |
| Net cash used in investing activities (B) | (21,129,330) | (9,330,314) |
| Cash flows from financing activities | | |
| Proceeds from share issue, net of share issue expenses | 7,050,013 | - |
| Money received from minority shareholders (net) | 44,834 | - |
| Proceeds from long term borrowings | 10,943,208 | 6,949,715 |
| Repayment of long term borrowings | (5,379,620) | (169,227) |
| Proceeds from/(repayment of) short term borrowings (net) | 9,472,568 | (101,298) |
| Proceeds from share application money | - | 274,763 |
| Repayment of share application money | (2,911) | - |
| Interest paid | (2,081,670) | (1,727,369) |
| Net cash from financing activities (C) | 20,046,422 | 5,226,584 |

Consolidated Cash Flow Statement for the Period ended March 31,2010

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| | March 31, 2010 | March 31, 2009 |
|--|------------------|----------------|
| Net (decrease)/increase in cash and cash equivalents A+B+C | 2,454,952 | (2,532,270) |
| Cash and cash equivalents at the beginning of the year | 1,781,441 | 4,313,711 |
| Cash and cash equivalents at the end of the year | 4,236,393 | 1,781,441 |
| Components of cash and cash equivalents | | |
| Cheques and Cash on hand | 18,523 | 6,188 |
| Stamps in hand | 314 | 628 |
| Balances with scheduled banks on : | | |
| (i) Current accounts | 161,131 | 761,535 |
| (ii) Deposit accounts | 184,387 | 357,134 |
| (iii) Unpaid dividend accounts * | 2,451 | 3,522 |
| (iv) Margin money deposit accounts * | 14,412 | |
| Balances in short term investments | 3,855,175 | 652,434 |
| | 4,236,393 | 1,781,441 |
| Reconciliation between cash and cash equivalents and amounts reported in consolidated balance sheet | | |
| Cash and cash equivalents | 4,236,393 | 1,781,441 |
| Add: Fixed deposits classified in investing activities | 126,923 | 433,135 |
| Less: Current investments classified as cash equivalents | 3,855,175 | (652,435) |
| Cash and bank balance as reported in consolidated balance sheet | 508,141 | 1,562,141 |

* Not available for ready use by the company

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

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

Place : Hyderabad
Date : April 30, 2010

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

Dr G V Krishna Reddy
Chairman and Managing Director

A. Issac George
Director & CFO

G. V. Sanjay Reddy
Director

P. V. Rama Seshu
Company Secretary

Schedule 18 : Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

1. Nature of operations

GVK Power & Infrastructure Limited ("Parent Company" or "GVKPIL") is primarily engaged in the business of providing operating & maintenance services, manpower & consultancy services and incidental services to owners of power plants and infrastructure companies. The Parent Company together with its subsidiaries and associates (collectively termed as "the Company" or "the Group") has acquired substantial ownership interest into power generating assets and are engaged in building and developing of highway project, providing infrastructure facilities, exploration of oil & natural gas, operations, maintenance and development of airport projects and exploration of coal mines.

The following is the brief description of the subsidiaries:

- a) GVK Industries Limited ("GVKIL" or "Subsidiary Company") is engaged in business of generation of Power.
- b) GVK Jaipur Expressway Private Limited ("GJEPL" or "Subsidiary Company") is engaged in building and developing of the Highway Project.
- c) Alaknanda Hydro Power Company Limited ("AHPCL" or "Subsidiary Company") is engaged in business of generation of power.
- d) GVK Power (Goindwal Sahib) Limited ("GVKPGSL" or "Subsidiary Company") is engaged in business of generation of power.
- e) GVK Coal (Tokisud) Company Private Limited ("GVKCCPL" or "Subsidiary Company") is engaged in business of mining of coal meant.
- f) GVK Airport Developers Private Limited ("GVKADPL" or "Subsidiary Company") is engaged in business of Construction and development of Airports.
- g) Goriganga Hydro Power Private Limited ("GHPPL" or "Subsidiary Company") is engaged in business of generation of Power.
- h) GVK Airport Holdings Private Limited ("GVKAHPL" or "Subsidiary Company") is engaged in business of investment as promoters and developers of the international and domestic Airport Projects.
- i) GVK Perambalur SEZ Private Limited formerly known as GVK Infratech Private Limited ("GVKPSPL" or "Subsidiary Company") is engaged in business of development, operation and maintenance of Infrastructure facility.
- j) GVK Oil & Gas Limited ("GVKOGI" or "Subsidiary Company") is engaged in business of exploration of Oil and Natural Gas.
- k) GVK Energy Limited ("GVKEL" or "Subsidiary Company") is engaged in business of generation of Power.
- l) GVK Developmental Projects Private Limited ("GVKDPPL" or "Subsidiary Company") is engaged in the business of Infrastructure Projects.
- m) GVK Gautami Power Limited ("GPL" or "Subsidiary Company") is engaged in business of generation of Power.
- n) Bangalore Airport & Infrastructure Developers Private Limited ("BAIDPL" or "Subsidiary Company") which became a Subsidiary w.e.f November 5, 2009 is engaged in construction and development of domestic and international Airports.

The following is the brief description of the associates:

- a) Mumbai International Airport Private Limited ("MIAP" or "Associate Company") is engaged in operations, maintenance and development of Chhatrapati Shivaji International Airport, Mumbai.
- b) Bangalore International Airport Limited ("BIAL" or "Associate Company") which became an associate w.e.f January 15, 2010 is engaged in operations, maintenance and development of Bangalore International Airport, Bangalore.
- c) 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 under the historical cost convention on accrual basis to comply in all material respects with the mandatory Accounting Standards ("AS") notified by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and except as discussed in note 3 below are consistent with those used in the previous year.

b. Principles of consolidation

Investments 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. The Consolidated Financial Statements are prepared on the following basis:

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

- 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 investee 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.
- 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 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, 2010.
- vii) As per Accounting Standard Interpretation (ASI-15) on Notes to the Consolidated Financial Statements, only the notes involving items 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 need not be disclosed in the Consolidated Financial Statements.

The Consolidated Financial Statements as at and for the year ended on March 31, 2010 include the financial statements of the following entities:

| Name of the consolidated entity | Country of Incorporation | Nature of Interest | % of interest | |
|---------------------------------|--------------------------|--------------------|---------------|-------|
| | | | 2010 | 2009 |
| GVKIL | India | Subsidiary | 100 | 100 |
| GJEPL | India | Subsidiary | 100 | 100 |
| AHPCL | India | Subsidiary | 100 | 100 |
| GVKPGSL | India | Subsidiary | 100 | 100 |
| GVKCCPL | India | Subsidiary | 100 | 100 |
| GVKADPL | India | Subsidiary | 100 | 100 |
| GHPPL | India | Subsidiary | 100 | 100 |
| GVAHPL | India | Subsidiary | 100 | 99 |
| GVKPSPL | India | Subsidiary | 100 | 100 |
| GVKEL | India | Subsidiary | 100 | 100 |
| GVKOGL | India | Subsidiary | 100 | 100 |
| GVKDPPL | India | Subsidiary | 100 | 100 |
| GPL | India | Subsidiary | 63.60 | 51 |
| BAIDPL | India | Subsidiary | 100 | - |
| MIAL | India | Associate | 37 | 36.63 |
| BIAL | India | Associate | 29 | - |
| SML | India | Associate | 44.45 | 44.45 |

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting period end. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

d. Fixed assets and depreciation

Fixed assets are stated at costless 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.

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.

Except as discussed in note 4 (a) below, 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 equipment | 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.

Fixed assets individually costing Rs.5 or less are fully depreciated in the year of purchase.

Oil & Gas Assets

The Company follows a full cost method of accounting for Oil & Gas Assets as set out by the Guidance Note issued by the Institute of Chartered Accountants of India. All costs incurred in prospecting, acquiring, mineral interest are accumulated in a large cost centers and are carried as Capital work-in-progress and expenditure incurred during construction period pending allocation.

e. Intangible Assets

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

Toll collection rights are amortized over the concession period proportionately in each year based on the actual traffic for the year and projected traffic for the balance concession period.

Software

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

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 on a periodic basis and impairment losses are recognized where applicable.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

f. Impairment

The carrying amounts of fixed assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized wherever the carrying amounts of an asset exceed its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

g. Investments

Investments that are readily realizable and intended to be held for not more than a year 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 Profit & Loss Account 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 Company and the revenue can be reliably measured.

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 'GPL') are also eligible to receive incentive fees for every percentage point generated in excess of Plant Load Factor as defined in PPA with AP Transco.

ii) Income from toll operations

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

iii) Manpower and consultancy services

Revenue for manpower services are recognised as and when services are rendered.

iv) Interest

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

v) Dividends

Revenue is recognised when the Shareholders'/Unit holders' right to receive payment is established by the balance sheet date.

j. Borrowing Costs

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. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

k. Foreign currency transactions

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 closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

iii) Exchange differences

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

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items of the Company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

I. 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 Profit and Loss Account on a straight-line basis over the lease term.

m. Employee benefits

- i) Retirement benefits in the form of Provident Fund, in the nature of defined contribution plans, are charged to the Profit and Loss Account of the year when the contribution to the provident fund is due. There are no other obligations other than the contribution payable to the provident fund authorities.
- 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 Profit and Loss Account and are not deferred.

n. Inventories

Spares, stores and consumables are valued at lower of cost and net realizable value. Except as discussed in note 4 (b) below, 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.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

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 period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue to existing shareholders; share split; and reverse share split (consolidation of shares).

Diluted earnings per share is determined 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 as adjusted for weighted average number of potential dilutive equity shares outstanding during the year.

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.

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 in the balance sheet comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

3. Change in accounting policy

In the current year, the GJEPL has changed (with retrospective effect) amortization method on toll rights i.e. from amortizing over concession period on straight line basis to proportionate amortization in each year based on the actual traffic for the year and projected traffic for the balance concession period. Management believes that such change will result in a more appropriate presentation of these assets and will give a systematic basis for amortization charge more representative of the time pattern in which the economic benefits will be derived from the use of such asset.

If, the GJEPL continued to use the earlier basis of providing depreciation, the cumulative charge to the Profit and Loss Account on account of depreciation including for the current year would have been higher by Rs. 842,367 and the net block of intangible assets would have been lower by Rs. 842,367. The net profit for the year after considering reversal of grant would have been lower by Rs. 579,716.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

4. Difference in accounting estimates

a. 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 | Useful life | Net Block |
|----------------------------------|--------------|-----------|
| Buildings | 3.33% - 5% | 5,250,577 |
| Engineering structures | 3.33%-5% | 4,964,799 |
| Plant and machinery | 4.75%-16.21% | 5,317,898 |
| Office equipment | 10.34%25% | 16,206 |
| Computer and computer equipments | 16.21%-25% | 534,586 |
| Furniture and fixtures | 6.33%-10% | 576,691 |
| Vehicles | 9.5%-20% | 176,811 |

b. Inventory

Valuation of certain inventory of MIAL is done on first in first out basis. The closing stock of inventory in hand was Rs. 40,800.

5. Contingent liabilities

A) Parent Company

■ Security against loans taken by others

During the year ended March 31, 2010, the Parent Company has provided security amounting to Rs. 990,533 (March 31, 2009: Rs. 1,211,200) by way of corporate guarantee given on behalf of GVK Projects and Technical Services Limited ("GVKPTSL"), formerly known as GVK Aviation Private Limited ("GVKAPL") and Rs. 144,100 (March 31, 2009: Rs. Nil) for SML, an associate. Management is of the opinion that the GVKPTSL and SML will be able to meet its obligations as they arise and consequently no adjustment is required to be made to the carrying value of the security provided.

■ Claims against GVKPIL not acknowledged as debt

- i) The Parent Company has received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs.282,960 (March 31, 2009: Rs.282,960) on transfer of shares to the shareholders of GVKIL vide the scheme of arrangement approved by the Andhra Pradesh High Court. GVKPIL 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.
- ii) The Parent Company has received a show cause notice from service tax authorities demanding the Parent Company to pay service tax of Rs. 27,943 under the category "Management, Maintenance or Repair services" for operating and maintenance of immovable property, management of Power Plant and maintenance of equipment for the period from July 1, 2003 to September 30, 2008. The Parent Company has preferred an appeal against the said order before Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The consequential liability in respect of service tax and penalty for the period from July 1, 2003 to March 31, 2010 up to March 31, 2010 is estimated at Rs. 48,529 (March 31, 2009 Rs. 30,624). The management based on its internal assessment is confident that the case will be decided in the Parent Company's favour.

B) Subsidiary companies

i) GVKIL

| Particulars | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| On account of guarantees issued by banks | 12,750 | 12,750 |
| Claims against GVKIL not acknowledged as debts | 39,888 | 39,888 |
| Interest on term loans | 440 | - |
| Income tax demand pending appeals | - | 1,742 |

- AP Transco during the year 2003-2004 made a claim of Rs.204,834 against the subsidiary company stating that effective Return on Equity ("ROE") claimed by the subsidiary company works out to 17.17% as pointed out by Comptroller and

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

Auditor General of India as against 16% to be claimed as per the Power Purchase Agreement ("PPA"). Aggrieved by the said claim, the subsidiary preferred a writ petition before the High Court of Andhra Pradesh and the High Court directed that the matter be referred to arbitration as envisaged in PPA. Pending arbitration, the High Court permitted the subsidiary company to collect ROE at 16% on a monthly basis which is accounted for as income and is being paid by AP Transco. If the decision is against GVKIL, the liability on this account up to March 31, 2010 would be Rs.437,000 (March 31, 2009: Rs.403,500). The subsidiary company is confident that its claim for ROE on a monthly basis is strictly in accordance with PPA.

- AP Transco has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) in February 2004 for adjudication of certain matters relating to tariff provisions under the PPA without specifying any amount. AP Transco has filed another petition before APERC to consider interest on working capital charged by State Bank of India to its most credit worthy customers for the tariff year 2003-04. Based on these petitions, APERC has issued notices to the subsidiary company for hearing on these matters. The subsidiary company has filed a writ petition before the High Court of Andhra Pradesh questioning the jurisdiction of APERC for adjudication of matters under the PPA. The High Court of Andhra Pradesh has issued interim directions against APERC not to proceed with the subject notice until further orders. Subsequently, in the year 2008, the Supreme Court held that all matters relating to tariff shall be adjudicated by Electricity Regulatory Commission. The subsidiary company accordingly, withdrew the writ petition and approached Andhra Pradesh Electricity Regulatory Commission (APERC) seeking directions of the Commission for adjudication of its claims. With this the proceedings in writ petition before Andhra Pradesh High Court stood disposed off and the subsidiary company's application is still pending before APERC. The subsidiary company is confident that the matter will be decided in its favour.
- In the year 2007 AP Central Power Distribution Company Ltd has filed a petition without specifying any amount before APERC against the subsidiary company stating that insurance premium relating to Business Interruption Policy is not eligible for reimbursement right from date of commencement of commercial operations. The subsidiary company 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 @ 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 reductions of 40,000 MT, which worked out to Rs.1,538 (March 31, 2009 Rs.1,538) for the year and the liability on this account up to March 31, 2010 is Rs.7,690 (March 31, 2009 Rs.6,152). The subsidiary company is confident of receiving acceptance from BPCL.

ii) GJEPL

| Particulars | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| On account of guarantees issued by Banks | 125,000 | 210,000 |
| Disputed Income Tax demands | 20,162 | 179,026 |

iii) AHPCL

| Particulars | March 31, 2010 | March 31, 2009 |
|---|----------------|----------------|
| On account of guarantees issued by Banks | 786,000 | 525,400 |
| On account of excess of interest on term loans not acknowledged as debt | 16,700 | 6,000 |

iv) GVKPGSL

Contingent liability not provided for on account of Bank guarantees Rs.405,000 (March 31, 2009 Rs.39,000).

v) GPL

| Particulars | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| On account of guarantees issued by Banks | - | 126,147 |
| Claims against the subsidiary company not acknowledged as debt | - | 5,186 |
| On account of Income Tax demands | - | 1,683 |
| On account of disputed term loan interest and other charges | 9,908 | 1,728 |
| On account of disputed entry tax demand | 51,204 | 51,204 |

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

vi) GVKAHPL

| Particulars | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| On account of guarantees issued by Banks | 1,020,000 | 1,760,000 |

vii) GVKDPPL

| Particulars | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| On account of guarantees issued by Banks | 155,300 | - |

viii) GVKOGL

- During the year ended March 31, 2010, the subsidiary company has received a demand notice from service tax authorities demanding service tax of Rs. 8,187 (March 31, 2009 Rs. Nil) under the category "Survey and Exploration of Mineral Service" on the Seismic data purchased by the subsidiary company from M/s GX Technology Corporation and M/s GGS Spectrum Limited. The subsidiary company has disputed the claim and has filed a reply to notice demanding service tax.
- During the year ended March 31, 2010, the subsidiary company has given seven multiple performance bank guarantee's amounting to Rs. 314,360 (March 31, 2009: Rs.13,706) 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.
- During the year 2008-09, GVKOGL had purchased seismic data, which is acquired in the process of bidding, from M/s GX Technology Corporation and M/s GGS Spectrum Limited. The subsidiary company remitted Rs.61,693 and Rs.4,543 to the above parties respectively 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.8,436 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 judgements, there is a high likelihood that the case will be decided in its favour.

C) Associate companies (to the extent of share holding therein)

i) MIAL

- Claims against the associate company not acknowledged as debts:
 - a) Non agricultural tax amounting to Rs. 285,122 (March 31, 2009: Rs. 282,271) levied by the appropriate authorities on the airport land, of which Rs.43,142 (March 31, 2009: Rs. 42,711) is paid under protest.
 - b) Income tax amounting to Rs. 169,016 (March 31, 2009: Rs. Nil) demanded by the concerned authorities, of which Rs. 132,275 (March 31, 2009: Rs. Nil) was adjusted / paid under protest.
- Applicability of service tax on the rent / license fee / lease being charged by the associate 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. The matter is currently subjudice and necessary actions will be taken by the associate company once the matter is decided by the Courts. However, in the opinion of the associate company, this would not have any implication on the financial results of the associate company as the same is recoverable from the said parties if payable by the associate company.

ii) SML

- On account of Bank guarantees amounting to Rs. 144,018.

iii) BIAL*

| Particulars | March 31, 2010 |
|--|----------------|
| Claims against the associate company not acknowledged as debts | 30,355 |

* March 31, 2009 figures are not disclosed as BIAL has become an associate company during the current year

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

- The associate company has issued undertaking to Customs authorities aggregating to Rs.2,262 (March 31, 2009: Rs. Nil) with respect to concessional rate of duty adopted for import of certain eligible equipment for use in BIAL.
- 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. 6,170.

6. Capital commitments

A) Subsidiary companies

Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 24,146,179 and Rs.10,001,384 as at March 31, 2010 and March 31, 2009 respectively.

B) Associate companies (to the extent of share holding therein)

Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs.5,767,562 and Rs. 3,570,070 as at March 31, 2010 and March 31, 2009 respectively.

7. Secured Loans

Secured loans from banks and others include the following:

| Name of the entities | March 31, 2010 | March 31, 2009 |
|----------------------|----------------|----------------|
| GVKPIL | 1,003,356 | - |
| GVKIL | 7,092,838 | 7,917,471 |
| GJEPL | 2,251,077 | 2,484,440 |
| AHPCL | 12,017,817 | 7,187,310 |
| GPL | 12,839,735 | 11,097,240 |
| GVKADPL | 6,850,000 | - |
| GVKPGSL | 2,250,000 | - |

The details of the security are as follows:

a) GVKPIL

- Secured by first charge on all current assets, present and future, of the Parent Company.

b) GVKIL

- Exclusive first charge on all unused spares and inventory.
- Pari passu first mortgage and charge on movable and immovable assets, present and future, pertaining to Project.
- Secured by subservient charge on movable fixed assets and current assets and further secured by corporate guarantee of Parent Company.
- Secured by corporate guarantee of Parent Company.
- Pari passu first mortgage and charge on all the immovable and movable properties (both tangible and intangible), both present and future, of the expansion project and assets common for both Phase I and the expansion project.
- Pari passu second mortgage and second charge on all the immovable and movable properties (both tangible and intangible), both present and future, pertaining to Phase I (including all receivables).
- Pari passu first charge/assignment/security interest on all the revenues/receivables of GVKIL pertaining to expansion project.
- Pari passu first charge/assignment/security interest on GVKIL's rights under the expansion Project Agreements, in respect of all clearances, licences, 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 the subsidiary company by any party to any project agreement or contract pertaining to the expansion project.
- Pledge of 26% of shares of GVKIL held by Parent Company.
- First charge on six weeks book debts by way of hypothecation.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

c) GJEPL

- First charge against immovable properties of GJEPL present and future.
- First charge by way of 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.
- First charge on all cash flows, books debts and receivables and any other revenues of whatsoever nature and wherever arising, present and future.
- First charge on all intangibles included but not limited to goodwill, uncalled capital, present and future.
- First charge by way of assignment or creation of security interest in:
 - all the 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 the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances;
 - all the 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 documents; and
 - all insurance contracts/insurance proceeds.
- First charge on the Escrow Account and other reserves, and any other bank accounts of the subsidiary company wherever maintained.
- Pledge of shares to the extent of 51% of the capital of the subsidiary company held by the Parent Company.

d) AHPCL

- First mortgage and charge against immovable properties of AHPCL, present and future.
- First charge by way of 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.
- First charge on all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising.
- First charge on all intangibles included but not limited to Goodwill, uncalled capital, present and future.
- First charge by way of 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 the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances;
 - all the 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; and
 - all insurance contracts / insurance proceeds.
- First charge on the Escrow account and other reserves, and any other bank accounts of the subsidiary company, wherever maintained.
- Pledge of shares to the extent of 51% of the paid-up capital of the subsidiary company held by Parent Company.

e) GPL

- Pari passu first charge by deposit of title deeds of immovable properties of GPL in respect of project land.
- 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 would be given to working capital lenders.
- Pari passu first charge/assignment/security interest on/ of all the rights, titles, interest and benefits and all licenses, permits, approvals and consents in respect of the project.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

- Pledge of 51% shares of paid-up Capital of the subsidiary company held by the promoters and share application money.
- Secured by corporate guarantee of Parent Company and GVKIL and Second Charge on movable assets;
- First Charge on the entire current assets of the subsidiary company, including receivables, Second Charge on the entire fixed assets of the subsidiary company, on pari passu basis with other working capital bankers.
- Secured by pledge of units of mutual funds.

f) GVKADPL

6,850 Nos. 8.98% Non-convertible Debentures with face value of Rs. 1,000,000 each are secured by pledged of:

- 1,440,000 equity shares of GVKADPL's held by GVKPIL.
- 9,996 equity shares of BIAL held by GVKADPL.
- 1,439,000 equity shares of GVKAHPL held by GVKADPL.

8. Unbilled Revenues

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. Accordingly, the subsidiary company estimated reimbursement of future taxes amounting to Rs. 624,299 (March 31, 2009: Rs. 621,929) arising on account of deferred tax liabilities and has accounted the same as unbilled revenues in the consolidated financial statements. Deferred tax liabilities as at March 31, 2010 include future tax liabilities to the extent not reimbursable by AP Transco on such unbilled revenues.

9. Sundry Debtors

- a) Sundry Debtors 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.451,250 (March 31, 2009: Rs.451,250) by GVKIL. The increased capital cost is subject to the approval of APERC. Pending approval of increased capital cost by APERC, the claim for reimbursement of fixed charges has not been made on AP Transco. 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 subsidiary company has filed a writ petition before the High Court of New Delhi against APERC, seeking a direction to APERC to take a decision on approval of completed capital cost in a time bound manner. The matter is pending hearing. The management of the subsidiary company based on its internal assessment is confident of receiving approval of completed capital cost.
- b) Sundry Debtors and unbilled revenues also 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 2009-2010, aggregating to Rs.222,184 (March 31, 2009: Rs.174,096) of which Rs. 173,909 are refuted by AP Transco and the balance are yet to be billed as at balance sheet date. While the subsidiary company contends that it is 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. Although, AP Transco is refuting such claims from time to time, in the subsidiary company's contention these amounts are considered as good and recoverable.
- c) Sundry Debtors further include an amount of Rs.7,551 (March 31, 2009: Rs.7,551), 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.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

- d) AP Transco had filed petition before APERC in the year 2004-05 seeking for revision of the incentive formulas as indicated in the PPA with reference to Clause No. 1.6 of Government of India Notification dated March 30, 1992 with retrospective effect. Based on these petitions, APERC has issued notices to the subsidiary company for hearing on these matters. The subsidiary company had filed a writ petition before the High Court of Andhra Pradesh questioning the jurisdiction of APERC for adjudication of matters under the PPA. The High Court of Andhra Pradesh had issued interim directions against APERC not to proceed with the subject notice until further orders. Subsequently, in the year 2008, the Supreme Court held that all matters relating to tariff shall be adjudicated by Electricity Regulatory Commission. The subsidiary company accordingly, withdrew the writ petition and approached APERC seeking directions of the Commission for adjudication of its claims. With this the proceedings in writ petition before Andhra Pradesh High Court stood disposed off and the subsidiary company's application is still pending before APERC.

Pending disposal AP Transco has not paid incentives amounting to Rs. 31,642 for the tariff year 2008-09 being the differential amount as computed by it based on the provisions of clause 1.6 of Government of India Notification dt March 30, 1992 as against Article 3.10.2 of the PPA. Further the subsidiary company has recognised an incentive amount of Rs. 205,720 proportionately for the tariff year 2009-10. The management of the subsidiary company based on its internal assessment is confident that the matter will be decided in its favour.

10. Income Tax

Provision for current taxes was made by GVKIL and GPL taking into account the amount claimed as reimbursable amounting to Rs. 48,275 (March 31, 2009: Rs.28,077) from AP Transco as per the terms of the PPA for the financial year ended March 31, 2010. AP Transco has disputed claims for reimbursement of MAT made by GVKIL. Since the claims are disputed, the subsidiary companies intend to offer amounts in respect of these claims to income tax as and when such claims are accepted by AP Transco.

11. Employee benefits

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on retirement or termination at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

The following tables summarize the components of net benefit expense recognized in the Profit and Loss Account under the head retirement benefits and amounts recognized in the balance sheet for the respective plans:-

i) Net employee benefit expenses (recognized in personnel expenses/ expenditure incurred during construction)

| Particulars | March 31, 2010 | March 31, 2009 |
|-------------------------------------|----------------|----------------|
| Interest cost on benefit obligation | 1,287 | 852 |
| Net actuarial (gain) / loss | (4,014) | 6,121 |
| Past service cost | - | (4,304) |
| Net benefit expenses | 1,298 | 6,542 |

ii) Changes in the present value of the defined benefit obligation are as follows:

| Particulars | March 31, 2010 | March 31, 2009 |
|------------------------------------|----------------|----------------|
| Opening defined benefit obligation | 21,863 | 11,724 |
| Interest cost | 1,287 | 852 |
| Current service cost | 4,025 | 3,873 |
| Benefits paid | (4,721) | (707) |
| Net actuarial (gain) / loss | (4,014) | 6,121 |
| Closing defined benefit obligation | 18,440 | 21,863 |

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

iii) Details of provision for gratuity

| Particulars | March 31, 2010 | March 31, 2009 |
|-----------------------------|----------------|----------------|
| Defined benefit obligations | 18,440 | 21,863 |
| Fair value of plan assets | - | - |
| Net liability | 18,440 | 21,863 |

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

| Particulars | March 31, 2010 | March 31, 2009 |
|---------------------|----------------|----------------|
| Discount rate | 7.5% | 7.5% |
| Employee turnover | 5% | 1% |
| Further salary rise | 7% | 6% |

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.

12. Deferred Taxes

A) Parent company

Deferred tax assets, net of deferred tax liability arising on account of timing differences are given below:

| Particulars | March 31, 2010 | March 31, 2009 |
|-----------------------------------|----------------|----------------|
| Provision for retirement benefits | 4,442 | 3,378 |
| Amalgamation expenditure | 762 | 1,525 |
| Depreciation | (270) | (127) |
| Others | 242 | 399 |
| Total | 5,176 | 5,175 |

B) Subsidiary companies

Deferred tax liability, net of deferred tax assets arising on account of timing differences is given below:

| Particulars | March 31, 2010 | March 31, 2009 |
|-----------------------------------|----------------|----------------|
| Depreciation | 813,472 | 812,734 |
| Tax on unbilled revenues | 79,733 | 79,603 |
| Interest Income | - | (2,861) |
| Provision for retirement benefits | (3,056) | (4,291) |
| Total | 890,149 | 885,185 |

13. Managerial remuneration

| Particulars | March 31, 2010 | March 31, 2009 |
|--------------------------------|----------------|----------------|
| Salaries | 32,330 | 23,204 |
| Contribution to provident fund | 2,575 | 6,160 |
| Commission | 2,581 | 2,233 |
| Perquisites | 533 | 1,072 |
| Total | 38,019 | 32,669 |

Note: As the future liability for gratuity is provided for the individual companies as a whole, gratuity expenses pertaining to the directors is not ascertainable and, therefore, not included in the above disclosure.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

14. Related Party Transactions

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) Associates

MIAL *

BIAL*

SML *

* Through subsidiary companies

b) Key management personnel

Mr. G V Krishna Reddy - Chairman & Managing Director

Mr. G V Sanjay Reddy - Vice Chairman and Director

Mr. Krishna Ram Bhupal - Director

Mr. A. Issac George - Director

c) Enterprises over which the key management personnel exercise significant influence

TAJ GVK Hotels & Resorts Limited

Orbit Travels & Tours Private Limited

Paigah House Hotel Private Limited

GVK Novopan Industries Limited

GVK Technical & Consultancy Services Private Limited

Gautami Power (Samalkot) Private Limited

Pinakini Share and Stock Broker Limited

GVK Projects and Technical Services Limited (Formed by merger of GVK Aviation Private Limited and Vertex Projects Limited)

Krishna Enterprises

GVK Foundation

GVK EMRI

GVK Hydrel Private Limited

GVK Projects Limited

15. 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) Others: SEZ, Manpower, Aviation, Exploration of Oil & Gas, Infrastructure Projects and Consultancy Services.

Geographical Segments:

The Company operates in a single geographical segment.

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

14. Related party transactions

| Particulars | Seregraha Mines Limited | Mumbai iPrivate Limited* | GVK Technical & Consultancy Services Private Limited | GVK Projects and Technical Services Limited | GVK Hydrel Private Limited | GVK Projects Limited | GVK Novopan Industries Limited | TAJ Hotels & Resorts Limited | Orbit Travels & Tours Private Limited | Pratikini Share and Stock Broker Limited | GVK Foundation | GVK EMRI | Patgah House Hotel Private Limited | Krishna Enterprises (Samalkot) Private Limited | Mr. G V Krishna Reddy | Mr. G V Mr. Sanjay Reddy | Mr. G V Mr. Krishna Ram Bhupal | Mr. A. Issac George |
|--|-------------------------|--------------------------|--|---|----------------------------|----------------------|--------------------------------|------------------------------|---------------------------------------|--|----------------|----------|------------------------------------|--|-----------------------|--------------------------|--------------------------------|---------------------|
| Rent | - | - | - | - | - | - | - | - | - | - | - | - | 8,237 | 2,093 | - | - | 2,709 | 540 |
| Services received | - | - | 214,469 | 615,052 | - | - | 72 | 5,624 | 102,078 | 1,365 | - | - | (8,370) | (2,128) | - | - | (2,755) | - |
| Services rendered | - | 139,033 | (193,547) | (829) | - | - | (22,537) | (3,587) | (27,898) | (540) | - | - | - | - | - | - | - | - |
| Commission received | 1,192 | (122,797) | - | 400 | - | - | 1,013 | - | - | - | - | - | - | - | - | - | - | - |
| Expenses reimbursement | - | - | - | 9,479 | - | - | (1,350) | - | - | - | - | - | - | - | - | - | - | - |
| Donations | - | - | - | - | - | - | (8,654) | - | - | - | - | - | - | - | - | - | - | - |
| Purchase of Assets | - | - | - | - | - | - | - | - | - | - | 112,026 | - | - | - | - | - | - | - |
| Advances | - | - | - | 3,189,660 | - | - | 321 | - | - | - | (19,913) | - | - | - | - | - | - | - |
| Loans given | - | - | - | - | - | (1,883,537) | - | - | - | - | - | 320,705 | - | - | 4,250 | - | - | - |
| Equity contribution including advance for equity | (222) | 740,000 | - | 10,000 | - | - | - | - | - | - | - | - | - | 4,894 | - | - | - | - |
| Repayment of share application money | - | - | - | 10,000 | (26,463) | - | - | - | - | - | - | - | - | (187) | - | - | - | - |
| Allotment of shares | - | 740,000 | - | (724,950) | - | - | - | - | - | - | - | - | - | 6,143 | - | - | - | - |
| Pledge of Investment/ corporate guarantee | 144,100 | - | - | 990,533 | - | - | (90,000) | - | - | - | - | - | - | - | - | - | - | - |
| Margin Money Deposit/ gheri | - | - | - | (1,131,495) | - | - | (9,000) | - | - | - | - | - | - | - | - | - | - | - |
| Remuneration | - | - | - | - | - | - | (9,000) | - | - | - | - | - | - | - | 12,676 | - | 14,932 | 10,412 |
| | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (14,414) | - | (15,149) | (3,106) |

Schedule 18: Notes to Accounts
 (Amounts expressed in Indian Rupees Thousands unless otherwise stated)

14. Related party balance (Contd...)

| Particulars | Seregha Mines International Limited | Mumbai International Airports iPrivate Limited" | GVK Technical & Consultancy Services Private Limited | GVK Projects and Technical Services Limited | GVK Hydrel Private Limited | GVK Projects Limited | GVK Novopan Industries | TAU GVK Hotels & Resorts Limited | Orbit Travels & Tours Private Limited | Pinakini Share and Stock Broker Limited | GVK Foundation | GVK EMRI | Paigh House Hotel Private Limited | Krishna Enterprises | GVK Power (Samalkot) Private Limited | Mr. G.V Krishna Reddy | Mr. G.V Sanjiv Reddy | Mr. Krishna Ram Bhupal | Mr.A. Isaac George |
|---|-------------------------------------|---|--|---|----------------------------|----------------------|------------------------|----------------------------------|---------------------------------------|---|----------------|----------|-----------------------------------|---------------------|--------------------------------------|-----------------------|----------------------|------------------------|--------------------|
| Remuneration payable | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | 1,300 |
| Equity contribution including advance for equity contribution | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | (850) |
| Advances | - | (740,000) | - | - | (407) | - | - | - | - | - | - | 320,705 | - | - | (1,250) | 4,250 | - | - | - |
| Pledge of Investment/ Corporate Guarantee | 144,100 | - | 1,570 | 3,189,660 | - | - | 90,000 | - | - | - | - | - | - | - | - | - | - | - | - |
| Other payables | - | - | (457) | (1,197,267) | - | - | - | 20 | 74,997 | 1,228 | - | - | - | - | - | - | - | - | - |
| Receivables | 1,073 | 8,974 | (2,002) | 26,500 | (810) | - | - | - | (266) | - | - | - | - | - | - | - | - | - | - |
| Margin money deposit | - | (9,664) | - | - | - | - | 8,089 | - | - | - | - | - | - | - | - | - | - | - | - |
| Amounts of previous year are in parenthesis | - | - | - | - | - | - | (9,000) | - | - | - | - | - | - | - | - | - | - | - | - |

Schedule 18: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

| Particulars | Power | | Roads | | Others | | Total | |
|---|-------------------|------------------|------------------|------------------|------------------|----------------|-------------------|------------------|
| | March 31, 2010 | March 31, 2009 | March 31, 2010 | March 31, 2009 | March 31, 2010 | March 31, 2009 | March 31, 2010 | March 31, 2009 |
| REVENUE | | | | | | | | |
| External Revenue | 16,032,778 | 3,556,022 | 1,707,531 | 1,458,715 | 126,050 | 123,045 | 17,866,359 | 5,137,782 |
| Inter Segment Revenue | | - | | - | | - | | - |
| Total Revenue | 16,032,778 | 3,556,022 | 1,707,531 | 1,458,715 | 126,050 | 123,045 | 17,866,359 | 5,137,782 |
| RESULT | | | | | | | | |
| Segment result | 2,287,5250 | 98,810 | 773,229 | 815,562 | 164,799 | 70,257 | 3,225,553 | 984,629 |
| Interest expense | | | | | | | (2,084,762) | (311,502) |
| Interest income | | | | | | | 67,690 | 41,342 |
| Other income (net) | | | | | | | 224,135 | 136,986 |
| Profit Before Tax (PBT) | | | | | | | 1,432,616 | 851,455 |
| Income taxes | | | | | | | 200,087 | 100,356 |
| Profit before minority interest and share of profit from associates | | | | | | | 1,232,529 | 751,099 |
| Share of profit from associates | | | | | | | 516,838 | 315,509 |
| Minority interest | | | | | | | (190,621) | (3,053) |
| Gain on sale of subsidiary | | | | | | | | 12,074 |
| Profit for the year | | | | | | | 1,558,746 | 1,075,629 |
| OTHER INFORMATION | | | | | | | | |
| Segment assets | 53,348,962 | 46,017,045 | 6,055,515 | 5,426,453 | 3,680,471 | 1,332,779 | 63,084,948 | 52,776,277 |
| Unallocable corporate assets | | | | | | | 20,149,607 | 6,759,722 |
| Total assets | 1,203,486 | 962,335 | 2,298,395 | 1,753,937 | 24,239 | 45,293 | 83,234,555 | 59,535,999 |
| Segment liabilities | | | | | | | 3,526,120 | 2,761,565 |
| Unallocable corporate liabilities | | | | | | | 48,148,700 | 33,545,607 |
| Total liabilities | | | | | | | 51,674,820 | 36,307,172 |
| Capital expenditure including capital work in progress | 7,986,354 | 27,392,265 | 1,117 | 4,520 | 135,311 | 493,293 | 8,122,782 | 27,890,078 |
| Depreciation (included in segment expense) | 1,686,693 | 513,317 | (315,921) | 263,488 | 429 | 2,732 | 1,371,201 | 779,537 |

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

16. Goodwill

During the year GVKPIL has increase stake in GPL from 51% to 63.60% and has acquired 100% stake in BAIDPL. The details of the same are given hereunder:

| Particulars | GPL | BAIDPL |
|---------------------------------------|-----------|--------|
| Share in the net assets of the entity | 858,350 | 54 |
| Less: Cost of Investment | 1,330,443 | 100 |
| Goodwill | 472,093 | 46 |

17. Operating Leases

The Parent Company has entered into operating lease agreements for various offices and guest house for period up to 3 years. The future minimum lease payments payable under non-cancellable operating lease are as follows:

| Particulars | March 31, 2010 | March 31, 2009 |
|---|----------------|----------------|
| Not later than one year | 695 | 2,686 |
| Later than one year and not later than five years | Nil | 695 |
| Later than five years | Nil | Nil |

Note: The minimum lease payments are excluding Service Tax.

No significant restrictions have been imposed by the lessors on the leases. The leases can be renewed after completion of the minimum lock in period after mutually discussing the renewal terms with the lessor.

18. Unhedged foreign currency exposure

| Particulars | March 31, 2010 | March 31, 2009 |
|-------------|----------------|----------------|
| Loans | 4,545,819 | 5,519,162 |
| Creditors | 2,320 | 43,175 |

19. Provision for resurfacing obligation

The Company 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. The Company has recognized the provision in accordance with Accounting Standard-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.

| Particulars | As on April 1, 2009 | Additions during the year | Amount used during the year | Amounts reversed during the year | As on March 31, 2010 |
|--------------------------------------|---------------------|---------------------------|-----------------------------|----------------------------------|----------------------|
| Provision for resurfacing obligation | - | 191,164 | - | - | 191,164 |
| | - | 191,164 | - | - | 191,164 |

20. Previous year comparatives

Previous year figures have been regrouped where necessary to conform to current year classification.

SIGNATORIES TO SCHEDULES 1 TO 18

As per our report of even date

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

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

Place : Hyderabad
Date : April 30, 2010

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

Dr G V Krishna Reddy
Chairman and Managing Director

A. Issac George
Director & CFO

G. V. Sanjay Reddy
Director

P. V. Rama Seshu
Company Secretary

Auditors' Report

To

The Members of GVK Power & Infrastructure Limited

1. We have audited the attached Balance Sheet of GVK Power & Infrastructure Limited ('the Company') as at March 31, 2010 and also the Profit and Loss account and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. 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;
 - iii. The balance sheet, profit and loss account and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the balance sheet, profit and loss account and cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2010, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2010 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;
 - vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, 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, 2010;
 - b) in the case of the profit and loss account, of the profit for the year ended on that date and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date.

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

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

Place: Hyderabad
Date: April 30, 2010

Annexure referred to in paragraph 3 of 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 substantial disposal of fixed assets during the year.
- (ii) In view of the nature of operations carried out by the Company. It has no inventory. Accordingly, the provisions of clause (ii) of the paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of the inventories are not applicable.
- (iii) (a) As informed, 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 the clauses (iii) (b) to (d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (e) The Company had taken loan from one company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 250,000,000 and the year-end balance of loan taken from such party was Rs. NIL.
- (f) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loan are not prima facie prejudicial to the interest of the Company.
- (g) In respect of loan taken, repayment of the principal amount is as stipulated and payment of interest has been regular.
- (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 the sale of services. Due to the nature of its business, the Company does not purchase any inventory or sell goods. During the course of our audit, no major weakness has been noticed in the internal control system 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 Act 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, transactions made in pursuance of such contract or arrangement exceeding 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. 139,033 thousand and services availed from one party aggregating to Rs. 6,083 thousand 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 services of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, though there have been slight delays in deposit of provident fund in few cases.

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.
- (b) According to the information and explanations given to us, no undisputed amounts 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. thousand) | Period to which the amount relates | Forum where dispute is pending |
|-----------------------|----------------|-----------------------|------------------------------------|--------------------------------|
| The Finance Act, 1994 | Service Tax | 27,943 | July 1,2003 to September 30, 2008 | CESTAT, Bangalore |
| Indian Stamp Act | Stamp duty | 282,960 | February 4, 2008 | High Court of Andhra Pradesh |

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or 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 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 investments.
- (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 course of our audit.

For S.R. Batliboi & Associates

Firm Registration No : 101049W
Chartered Accountants

per Vikas Kumar Pansari

Partner
Membership No.: 93649

Place: Hyderabad
Date: April 30, 2010

Balance Sheet as at March 31, 2010

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| Particulars | Schedules | March 31, 2010 | March 31, 2009 |
|---|-----------|-------------------|----------------|
| SOURCES OF FUNDS | | | |
| Shareholders' Funds | | | |
| Share capital | 1 | 1,579,210 | 1,405,849 |
| Reserves and surplus | 2 | 23,079,891 | 15,986,360 |
| TOTAL | | 24,659,101 | 17,392,209 |
| Loan Funds | | | |
| Secured loan | 3 | 1,003,356 | - |
| TOTAL | | 1,003,356 | - |
| APPLICATION OF FUNDS | | | |
| Fixed Assets | | | |
| Gross block | 4 | 5,113 | 4,077 |
| Less : Accumulated depreciation | | 1,249 | 820 |
| Net block | | 3,864 | 3,257 |
| Investments | 5 | 15,146,273 | 9,518,009 |
| Deferred tax assets (net) | 6 | 5,176 | 5,175 |
| Current Assets, Loans and Advances | | | |
| Sundry debtors | 7 | 39,487 | 61,647 |
| Cash and bank balances | 8 | 37,925 | 40,150 |
| Other current assets | 9 | 54,219 | 26,254 |
| Loans and advances | 10 | 10,414,809 | 7,773,165 |
| | | 10,546,440 | 7,901,216 |
| Less: Current Liabilities and Provisions | | | |
| Current liabilities | 11 | 26,225 | 25,242 |
| Provisions | 12 | 13,071 | 10,206 |
| | | 39,296 | 35,448 |
| Net Current Assets | | 10,507,144 | 7,865,768 |
| TOTAL | | 25,662,457 | 17,392,209 |
| Notes to Accounts | 18 | | |

The schedules referred to above and notes to accounts form an integral part of the Balance Sheet.

As per our report of even date

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

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

Place : Hyderabad
 Date : April 30, 2010

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

Dr G V Krishna Reddy
 Chairman and Managing Director

A. Issac George
 Director & CFO

G. V. Sanjay Reddy
 Director

P. V. Rama Seshu
 Company Secretary

Profit and Loss Account for the year ended March 31, 2010

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| Particulars | Schedules | March 31, 2010 | March 31, 2009 |
|--|-----------|------------------|------------------|
| INCOME | | | |
| Fees and billable expenses | | 466,719 | 278,949 |
| Less: Service tax | | 12,983 | 17,567 |
| Fees and billable expenses (Net) | 13 | 453,736 | 261,382 |
| Other income | 14 | 137,876 | 163,338 |
| TOTAL | | 591,612 | 424,720 |
| EXPENDITURE | | | |
| Personnel expenses | 15 | 111,917 | 69,567 |
| Operating and other expenses | 16 | 161,563 | 108,162 |
| Depreciation | 4 | 429 | 349 |
| Financial expenses | 17 | 14,950 | 2,250 |
| | | 288,859 | 180,328 |
| Profit before tax | | 302,753 | 244,392 |
| Provision for taxation | | | |
| - Current tax | | 71,504 | 25,811 |
| - Deferred tax credit | | (1) | (263) |
| - Fringe benefit tax | | (142) | 1,075 |
| - Income tax of earlier year, net | | 14,513 | 7,813 |
| Total Tax Expense | | 85,874 | 34,436 |
| Profit after tax | | 216,879 | 209,956 |
| Balance brought forward from previous year | | 1,256,786 | 1,046,830 |
| Surplus carried to Balance Sheet | | 1,473,665 | 1,256,786 |
| Earnings per share (in Rs.) | | | |
| - Basic | | 0.14 | 0.15 |
| - Diluted | | 0.14 | 0.15 |
| Nominal value per share (in Rs.) | | 1 | 1 |
| Weighted average number of shares | | | |
| - Basic | | 1,532,189,062 | 1,405,848,900 |
| - Diluted | | 1,532,189,062 | 1,405,848,900 |
| Notes to Accounts | 18 | | |

The schedules referred to above and the notes to accounts form an integral part of the Profit and Loss Account.

As per our report of even date

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

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

Place : Hyderabad
Date : April 30, 2010

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

Dr G V Krishna Reddy
Chairman and Managing Director

A. Issac George
Director & CFO

G. V. Sanjay Reddy
Director

P. V. Rama Seshu
Company Secretary

Schedules to the Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| Particulars | March 31, 2010 | March 31, 2009 |
|---|-------------------|----------------|
| Schedule 1: Share Capital | | |
| Authorised | | |
| 2,500,000,000 (Previous year: 1,772,500,000) equity shares of Re 1/- each Issued, subscribed and paid up | 2,500,000 | 1,772,500 |
| 1,579,210,400 (Previous year: 1,405,848,900) equity shares of Re.1/- each | 1,579,210 | 1,405,849 |
| Notes: | | |
| 1. Of the above shares 52,850,000 (Previous year: 52,850,000) equity shares of Re.1/- each are allotted as fully paid up by way of bonus shares by capitalization of General Reserve. | | |
| 2. Of the above shares 703,250,000 (Previous year: 703,250,000) equity shares of Re. 1/- each are allotted as fully paid up as per the scheme of amalgamation. | | |
| 3. Of the above shares 90,462,150 (Previous Year: 90,462,150) equity shares of Re.1/- each are allotted as fully paid up as per the scheme of arrangement. | | |
| 4. With effect from February 15, 2008 the nominal value of the equity shares have been sub divided from Rs. 10/- per share to Re. 1/- per share. | | |
| 5. Of the above shares 173,361,500 (Previous year: Nil) equity shares of Rs.1/- each have been allotted as fully paid up pursuant to the Qualified Institutional placement. | | |
| | 1,579,210 | 1,405,849 |
| Schedule 2 : Reserves and surplus | | |
| General reserve | | |
| Balance as per last account | 12,698 | 12,698 |
| | 12,698 | 12,698 |
| Securities premium account | | |
| Balance as per last account | 14,716,876 | 14,716,876 |
| Add: Received during the year on Qualified Institutional Placement | 6,995,137 | - |
| Less: Utilised for Qualified Institutional Placement issue expenses | 118,485 | - |
| | 21,593,528 | 14,716,876 |
| Profit and loss account | 1,473,665 | 1,256,786 |
| | 23,079,891 | 15,986,360 |
| Schedule 3 : Secured loans | | |
| Term loan from bank | 1,003,356 | - |
| (Secured by first charge on all current assets, present and future, of the Company) | | |
| | 1,003,356 | - |
| Schedule 6 : Deferred tax assets (net) | | |
| Deferred tax assets represents the aggregate tax effect of the timing differences arising on account of: | | |
| Provision for gratuity | 2,899 | 2,161 |
| Provision for compensated absence | 1,543 | 1,217 |
| Amalgamation expenses | 762 | 1,525 |
| Depreciation | (270) | (127) |
| Others | 242 | 399 |
| | 5,176 | 5,175 |

Schedules to the Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| Assets | Gross Block | | | | Depreciation | | | Net Block | | |
|---------------------------|---------------------|---------------------------|---------------------------|---------------------|--------------------|--------------|--------------|---------------------|---------------------|---------------------|
| | As at April 01 2009 | Additions during the year | Deletions during the year | As at March 31 2010 | Up to April 1 2009 | For the year | On Deletions | Up to March 31 2010 | As at March 31 2010 | As at March 31 2009 |
| Tangible Assets: | | | | | | | | | | |
| Furniture and fittings | 593 | 127 | - | 720 | 342 | 39 | - | 381 | 339 | 251 |
| Office equipment | 294 | 183 | - | 477 | 100 | 20 | - | 120 | 357 | 194 |
| Vehicles | 2,803 | - | - | 2,803 | 343 | 266 | - | 609 | 2,194 | 2,460 |
| Data processing equipment | 387 | 726 | - | 1,113 | 35 | 104 | - | 139 | 974 | 352 |
| Total | 4,077 | 1,036 | - | 5,113 | 820 | 429 | - | 1,249 | 3,865 | 3,257 |
| Previous year | 3,662 | 415 | - | 4,077 | 471 | 349 | - | 820 | 3,257 | - |

Schedules to the Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Schedule 5 : Investments

| | Face Value (Amount in Rs.) | March 31, 2010 | | March 31, 2009 | |
|---|----------------------------------|-------------------------------|-------------------|-------------------------------|-----------|
| | | Number of shares/ Units | Amount | Number of shares/ Units | Amount |
| Schedule 5 : Investments | | | | | |
| Long Term Investments (At cost) | | | | | |
| A. In Subsidiaries (Unquoted), fully paid equity shares | | | | | |
| GVK Industries Limited | 10 | 262,000,000 | 1,861,770 | 262,000,000 | 1,861,770 |
| GVK Jaipur Expressway Private Limited | 10 | 104,503,000 | 2,957,849 | 104,503,000 | 2,957,849 |
| Alakananda Hydro Power Company Limited | 10 | 275,000,000 | 2,750,000 | 124,200,000 | 1,242,000 |
| GVK Airport Developers Private Limited | 10 | 2,000,000 | 20,000 | 10,000 | 100 |
| GVK Coal (Tokisud) Company Private Limited | 10 | 22,510,000 | 225,100 | 10,000 | 100 |
| Goriganga Hydro Power Private Limited | 10 | 10,000 | 100 | 10,000 | 100 |
| GVK Power (Goindwal Sahib) Limited | 10 | 240,050,000 | 2,400,500 | 50,000 | 500 |
| GVK Perambalur SEZ Private Limited | | | | | |
| (formerly GVK Infratech Private Limited) | 10 | 10,000 | 100 | 10,000 | 100 |
| GVK Oil & Gas Limited (formerly GVK Energy Limited) | 10 | 50,000 | 500 | 50,000 | 500 |
| GVK Developmental Projects Pvt Ltd | 10 | 10,000 | 100 | 10,000 | 100 |
| GVK Energy Limited | 10 | 50,000 | 500 | 50,000 | 500 |
| Gautami Power Limited | 10 | 418,938,901 | 4,689,989 | 280,212,462 | 2,802,124 |
| Sub - Total (A) | | | 14,906,508 | | 8,865,743 |
| [Aggregate value of unquoted investments: Rs. 14,906,508 (Previous year: Rs. 8,865,743)] | | | | | |
| B. Current Investments (at lower of cost or market value) | | | | | |
| Other than trade (quoted) | | | | | |
| DWS Ultra Short Term Fund - Institutional Daily Dividend | 10 | - | - | 51,670 | 51,728 |
| DWS Cash Opportunities Fund - Institutional Plan - Daily Dividend | 10 | - | - | 10,001,924 | 100,019 |
| Reliance Money Manager Fund - Institutional Option - Daily Dividend Plan | 1,000 | - | - | 1,451,666 | 14,527 |
| LIC MF Savings Plus Fund - Daily Dividend Plan | 10 | 900,000 | 9,000 | 5,234,772 | 52,926 |
| LICMF Floating Rate Fund - Short Term Plan - Daily Dividend Plan | 10 | 15,531,379 | 155,314 | 70,359 | 70,375 |
| B332DD Birla Sun Life Savings Fund - Institutional - Daily Dividend - Reinvestment | 10 | - | - | 25,591,407 | 255,989 |
| UTI Treasury Advantage fund - Institutional Plan - Daily Dividend Option - Re-investment | 1,000 | - | - | 24,745 | 25,000 |
| M17DD Fortis Money Plus Institutional Plan Daily Dividend | 10 | - | - | 1,409,273 | 14,115 |
| Religare Ultra Short Term Fund (earlier Liquid Plus Fund) - Institutional Daily Dividend | 10 | - | - | 6,752,667 | 67,587 |
| Religare Credit Opportunities Fund - Instutional Monthly Dividend | 10 | 6,806,091 | 68,452 | - | - |
| LIC MF Income Plus Fund - Daily dividend reinvestment | 10 | 700,000 | 7,000 | - | - |
| Sub - Total (B) | | | 239,765 | | 652,266 |
| [Aggregate market value of quoted investments: Rs. 239,765 (Previous year: Rs. 652,274)] | | | | | |
| Total - A + B | | | 15,146,273 | | 9,518,009 |

Schedules to the Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| Particulars | March 31, 2010 | March 31, 2009 |
|--|-------------------|------------------|
| Schedule 7 : Sundry debtors – Unsecured, considered good | | |
| Debts outstanding for a period exceeding six months | - | - |
| Other debts* | 39,487 | 61,647 |
| | 39,487 | 61,647 |
| * represents Rs. 28,728 (Previous Year Rs. 51,983) receivable from GVK Industries Limited, a wholly owned subsidiary, Rs. 1,785 (Previous year Rs. Nil) from GVK Gautami Power Limited, a subsidiary and Rs. 8,974 (Previous Year Rs. 9,664) from Mumbai International Airport Private Limited, an associate enterprise. | | |
| Schedule 8 : Cash and bank balances | | |
| Cheques and Cash on hand | 11,357 | - |
| Balances with scheduled banks :- | | |
| - On current accounts | 26,201 | 22,441 |
| - On deposit accounts | - | 17,340 |
| - On unpaid dividend account | 367 | 369 |
| | 37,925 | 40,150 |
| Schedule 9 : Other current assets | | |
| Unbilled revenues | 49,141 | 24,443 |
| Interest accrued but not due on deposits | - | 341 |
| Other receivables | 5,078 | 1,470 |
| | 54,219 | 26,254 |
| Schedule 10 : Loans and advances - Unsecured, considered good | | |
| Share application money:- | | |
| - to subsidiaries | 5,265,782 | 7,686,822 |
| - to others | - | 1,250 |
| Advances to subsidiaries | 5,016,585 | 50,000 |
| Advances recoverable in cash or kind or for value to be received | 15,173 | 6,739 |
| Loan to GVK employee welfare trust | 100,000 | - |
| Deposits - others | 2,247 | 2,096 |
| Advance tax, net of provisions | 15,022 | 26,258 |
| | 10,414,809 | 7,773,165 |
| Schedule 11 : Current liabilities | | |
| Sundry creditors | | |
| - total outstanding dues to micro, small and medium enterprises | - | - |
| - total outstanding dues of other creditors | 17,249 | 18,435 |
| Unpaid dividend | 367 | 369 |
| Due to directors | 1,300 | 850 |
| Retention money | 605 | 274 |
| Other liabilities | 6,704 | 5,314 |
| | 26,225 | 25,242 |
| Schedule 12 : Provisions | | |
| Provision for fringe benefit tax, net of advance tax payments | - | 268 |
| Provision for gratuity | 8,530 | 6,358 |
| Provision for compensated absences | 4,541 | 3,580 |
| | 13,071 | 10,206 |

Schedules to the Accounts

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

| Particulars | March 31, 2010 | March 31, 2009 |
|---|----------------|----------------|
| Schedule 13 : Fees and billable expenses | | |
| Operating fees | 146,783 | 46,883 |
| Incentive fees | 56,646 | 11,172 |
| Manpower and consultancy services | 126,050 | 122,797 |
| Billable expenses | 124,257 | 80,530 |
| | 453,736 | 261,382 |
| Schedule 14 : Other income | | |
| Interest : | | |
| -Bank deposits [TDS Rs. 464 (Previous year: Rs. 594)] | 2,219 | 2,801 |
| -Others [TDS Rs. Nil (Previous year: Rs. 482)] | - | 2,126 |
| Dividend income: | | |
| -Non trade investments - short term | 111,424 | 123,792 |
| Profit on sale of investments:- | | |
| -Non trade - short term | - | 4,952 |
| -in subsidiary - long term | - | 28,334 |
| Provisions no longer required written back | 2,262 | - |
| Guarantee commission | 21,971 | 1,333 |
| | 137,876 | 163,338 |
| Schedule 15 : Personnel expenses | | |
| Salaries, wages and bonus | 95,846 | 60,169 |
| Contribution to provident fund | 6,762 | 4,148 |
| Retirement and other employee benefits | 3,577 | 2,871 |
| Staff welfare expenses | 5,732 | 2,379 |
| | 111,917 | 69,567 |
| Schedule 16 : Operating, Maintenance and Administration expenses | | |
| Rent | 3,042 | 2,951 |
| Communication | 6,066 | 2,634 |
| Travelling and conveyance | 17,563 | 14,370 |
| Operating and maintenance expenses | 28,445 | 11,946 |
| Repairs and maintenance - others | 1,572 | 632 |
| Legal and professional fees | 53,037 | 36,596 |
| Rates and taxes | 8,060 | 2,894 |
| Printing and stationery | 2,134 | 3,899 |
| Insurance | 480 | 326 |
| Auditors' remuneration | 1,732 | 1,198 |
| Donation | 4,425 | 4,174 |
| Directors sitting fee | 1,380 | 1,020 |
| Expenses for manpower services | 11,834 | 14,065 |
| Bid and tender document charges | 15,776 | 6,718 |
| Advances written off | 1,175 | - |
| Miscellaneous expenses | 4,842 | 4,739 |
| | 161,563 | 108,162 |
| Schedule 17 : Financial expenses | | |
| Interest | | |
| - on loans from bank | 5,226 | - |
| - on loans from others | 3,416 | - |
| Bank charges | 6,308 | 2,250 |
| | 14,950 | 2,250 |

Cash Flow Statement for the year ended March 31, 2010

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| | March 31, 2010 | March 31, 2009 |
|---|----------------|----------------|
| Cash flow from operating activities | | |
| Profit before taxation | 302,753 | 244,392 |
| Adjustments for: | | |
| Depreciation | 429 | 349 |
| Dividend income | (111,424) | (123,792) |
| Profit on sale of investments | - | (28,334) |
| Interest income | (2,219) | (2,801) |
| Interest income on loans to subsidiaries | - | (2,126) |
| Provisions no longer required written back | (2,262) | - |
| Interest expense | 8,642 | - |
| Operating profit before working capital changes | 195,920 | 87,688 |
| Changes in working capital : | | |
| Decrease/(Increase) in sundry debtors | 22,160 | (4,572) |
| (Increase)/Decrease in loans and advances | (108,585) | 536 |
| Increase in other current assets | (28,306) | (9,337) |
| Increase in current liabilities and provisions | 6,378 | 14,788 |
| Cash generated from operations | 87,567 | 89,103 |
| Direct taxes paid | (74,907) | (37,745) |
| Net cash from operating activities (A) | 12,660 | 51,358 |
| Cash used in investing activities | | |
| Purchase of fixed assets | (1,036) | (415) |
| Purchase of investments | (1,126,351) | (1,060,700) |
| Advance for investments to subsidiaries | (8,748,680) | (3,511,332) |
| Refund of advance for investments to subsidiaries | 1,288,721 | - |
| Advance for investments to Others | (4,893) | - |
| Refund of advance for investments to Others | 6,143 | - |
| Proceeds from sale of investments | - | 520,010 |
| Proceeds from fixed deposits | 17,340 | 1,003,099 |
| Dividends received | 111,424 | 123,792 |
| Interest received | 2,560 | 50,192 |
| Net cash used in investing activities (B) | (8,454,773) | (2,875,354) |
| Cash flows from financing activities | | |
| Proceeds from share issue, net of share issue expenses | 7,050,013 | - |
| Proceeds from short term borrowings | 1,253,356 | - |
| Repayment of short term borrowings | (250,000) | - |
| Interest paid | (8,642) | - |
| Net cash from financing activities (C) | 8,044,728 | - |
| Net decrease in cash and cash equivalents D=(A+B+C) | (397,386) | (2,823,996) |
| Cash and cash equivalents at the beginning of the year | 675,076 | 3,499,072 |
| Cash and cash equivalents at the end of the year | 277,690 | 675,076 |
| Components of cash and cash equivalents as at | | |
| Cheques and Cash on hand | 11,357 | - |
| With banks - on current account and unpaid dividend account | 26,568 | 22,810 |
| -short term investments | 239,765 | 652,266 |
| | 277,690 | 675,076 |

Reconciliation between cash and cash equivalents and amounts reported in balance sheet

Cash Flow Statement for the year ended March 31, 2010

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| | March 31, 2010 | March 31, 2009 |
|--|----------------|----------------|
| Cash and cash equivalents | 277,690 | 675,076 |
| Add: Fixed deposits classified as investing activities | - | 17,340 |
| Less: Current investments classified as cash equivalents | (239,765) | (652,266) |
| Cash and bank balance as reported in balance sheet | 37,925 | 40,150 |
| Notes: | | |
| Cash and cash equivalents include the following which are not available for ready use by the company:- | | |
| Unpaid Dividend account | 367 | 369 |

As per our report of even date

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

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

Place : Hyderabad
Date : April 30, 2010

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

Dr G V Krishna Reddy
Chairman and Managing Director

A. Issac George
Director & CFO

G. V. Sanjay Reddy
Director

P. V. Rama Seshu
Company Secretary

Notes to Accounts

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

1. Nature of operations

GVK Power & Infrastructure Limited ("the Company or "GVKPIL") provides operating and maintenance services, manpower and consultancy services and incidental services to owners of power plants and infrastructure companies. It has also acquired substantial ownership interest into power generating assets and companies engaged in providing infrastructure facilities.

2. Statement of significant accounting policies

a. Basis of preparation

The financial statements have been prepared to comply in all material respects with the notified accounting standard by Companies Accounting Standards Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared under the historical cost convention on an accrual basis. The accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.

b. Use of estimates

The preparation of financial statements are in conformity with generally accepted accounting principles in India requires Management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year end. Although these estimates are based upon Management's best knowledge of current events and actions, actual results could differ from these estimates.

c. 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.

Depreciation is provided using Straight Line Method at the rates estimated by the Management which coincides with the rates prescribed under Schedule XIV of the Companies Act, 1956.

Fixed assets individually costing 5 or less are fully depreciated in the year of purchase.

d. Impairment

The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net Selling Price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.

e. Investments

Investments that are readily realizable and intended to be held for not more than a year 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 the investments.

f. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(i) Rendering of operating and maintenance services

Revenues represent amounts billed or accrued for services rendered and for expenses incurred in relation to such services, in accordance with the Operation and Maintenance Agreement with its customers.

Per the operation and maintenance agreements, the Company's income comprises of (a) Operating fees (b) Incentive fees and (c) Reimbursement of actual expenses. Operating fees are receivable based on certain defined levels of Actual Annual Availability ("AAA") of plant or Plant load factor ("PLF"). The Company is also eligible to receive incentive fees, if the AAA and/or if the actual generation of power are higher than the defined levels and if the actual Heat Rate is below the defined levels of PPA.

The Company recognizes base fees as they become billable, and accrues for incentive fees, based on the qualifying operating levels achieved as at the tariff year end, or, if unavailable, Management's estimation thereof. Unbilled revenue represents services performed, but not billed.

(ii) Manpower and consultancy services

Revenue for manpower services are recognised as and when services are rendered.

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

(iii) **Dividends**

Revenue is recognised when the Shareholders'/Unit Holders' right to receive payment is established by the balance sheet date. Dividend from subsidiaries is recognised even if same are declared after the balance sheet date but pertains to period on or before the date of balance sheet as per the requirement of schedule VI of the Companies Act, 1956.

(iv) **Interest**

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

(v) **Guarantee commission**

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

g. Foreign currency transactions

(i) **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.

(ii) **Conversion**

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

(iii) **Exchange differences**

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

h. Retirement and other employee benefits

(i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations 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 profit and loss account and are not deferred.

i. 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 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 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.

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.

j. 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 to existing shareholders; share split; and reverse share split (consolidation of shares).

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

k. 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 recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

l. Provisions

A provision is recognized when the enterprise has a present obligation as a result of past event and 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.

m. Cash and Cash equivalents

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

3. Employee benefits

The Company has a defined Benefit Gratuity Plan. Every employee who has completed five years or more of service gets a gratuity on retirement or termination at 15 days salary (last drawn salary) for each completed year of service. The scheme is unfunded.

The following tables summarize the components of net benefit recognized in the profit and loss account and amounts recognized in the balance sheet for the respective plans.

(A) Net Employee benefit expenses (Recognised in personnel expenses)

| Particulars | 2009-10 | 2008-09 |
|--|---------|---------|
| Current service cost | 1,948 | 1,228 |
| Interest cost on benefit obligation | 466 | 392 |
| Net actuarial (gain) / loss recognized in the year | 26 | (188) |
| Net benefit expenses | 2,440 | 1,432 |

(B) Changes in the present value of the defined budget obligation are as follows

| Particulars | 2009-10 | 2008-09 |
|--|---------|---------|
| Opening defined benefit obligation | 6,358 | 5,535 |
| Interest cost | 466 | 392 |
| Current service cost | 1,948 | 1,228 |
| Benefits paid | (268) | (609) |
| Actuarial (gains)/losses on obligation | 26 | (188) |
| closing defined benefit obligation | 8,530 | 6,358 |

The principal assumptions used in determining gratuity benefit obligation for the Company's plans are shown below:

(C) Details of provision for gratuity

| Particulars | 2009-10 | 2008-09 |
|----------------------------|---------|---------|
| Defined budget obligations | 8,530 | 6,358 |
| Fair value of plan assets | - | - |
| Net benefit expenses | 8,530 | 6,358 |

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

| Particulars | % | % |
|---------------------|---------|---------|
| | 2009-10 | 2008-09 |
| Discount rate | 7.5 | 7.5 |
| Employee turnover | 5 | 1 |
| Further salary rise | 7 | 6 |

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.

4. Related party transaction

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 |
| | Alakananda 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 (Formerly GVK Infratech Private Limited) |
| | GVK Oil & Gas Limited (Formerly GVK Energy Limited) |
| | GVK Developmental Projects Pvt Ltd |
| | GVK Energy Limited |
| | GVK Gautami Power Limited (Formerly Gautami Power Limited) |
| | GVK Airport Holdings Private Limited* |
| | Bangalore Airport & Infrastructure Developers Private Limited* |
| | * Through subsidiary Company |

(b) Associates

| |
|---|
| Mumbai International Airport Private Limited ** |
| Bangalore International Airport Limited ** |
| Seregraha Mines Limited** |
| ** Through subsidiary Company |

(c) Key management personnel

| | |
|-----------------------|--------------------------------|
| Mr. G V Krishna Reddy | Chairman and Managing director |
| Mr. G V Sanjay Reddy | Director |
| Mr A Issac George | Director |
| Mr Krishna Ram Bhupal | Director |

Schedule 18: Notes to Accounts
(Amounts expressed in Indian Rupees Thousands unless otherwise stated)
Related party transactions

| Particulars | GVK Industries Limited | GVK Jaipur Expressway Pvt.Ltd | Alakananda Hydro Power Company Limited | GVK Airport Developers Pvt.Ltd | GVK Coal (Toksud) Company Pvt.Ltd | Goriganga Hydro Power Private Limited | GVK Power (Gondwal Sahib) Limited | Perambalur SEZ Private Limited | GVK Oil & Gas Limited | GVK Developmental Projects Pvt Ltd | GVK Energy Limited | GVK Gautami Power Limited | GVK Airport Holdings Pvt.Ltd | Seregraha mines limited |
|--|------------------------|-------------------------------|--|--------------------------------|-----------------------------------|---------------------------------------|-----------------------------------|--------------------------------|-----------------------|------------------------------------|--------------------|---------------------------|------------------------------|-------------------------|
| Fees for rendering services | 134,530 (58,055) | - | - | - | - | - | - | - | - | - | - | 82,467 | - | 1,192 |
| Reimbursement of expenses (Billable expenses) | 85,721 (80,530) | - | - | - | - | - | - | - | - | - | - | 38,536 | - | - |
| Payment for services rendered | 11,834 (14,065) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Investment in equity | - | - | 1,508,000 | 19,900 | 225,000 | - | 2,400,000 | - | - | - | - | 761,514 | - | - |
| Loans taken | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Loans given | 81,166 (250,000) | 60,000 | - | 5,211,660 | 102,267 | 543 | 366,938 (198) | - | 9 (760) | 102,006 | - | 155,500 (398,500) | - | - |
| Loan repaid | 131,166 (200,000) | 60,000 | - | 347,900 | - | - | 316,938 (198) | - | (760) | 102,000 | - | 155,500 (398,500) | - | - |
| Equity contribution including advance for equity contribution paid | - | - | 700,000 (858,000) | 747,600 (751,428) | 175,610 (37,028) | 220,560 (28,462) | 104,999 (2,700,684) | 42,002 (253,944) | 217,899 (185,653) | 101 (117) | 22 (16,235) | 459,798 (395,240) | - | - |
| Refund of share application monies | - | - | - | 51,405 | - | - | 42,762 | 76,900 | - | - | - | - | 4,150 | - |
| Shares Buyback | - | (500,010) | - | - | - | - | - | - | - | - | - | - | - | - |
| Interest Earned | - | - | - | - | - | - | - | - | - | - | - | (2,126) | - | - |
| Interest paid | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Guarantees Given | - | - | - | 6,850,000 | - | - | 2,250,000 | - | - | 3,500,000 | - | 1,500,000 (1,740,000) | 880,000 (1,020,000) | 144,100 |
| Pledges of investments | (158,200) | 118,168 | 769,080 | 14,400 | - | - | 1,224,255 | - | - | - | - | 1,061,103 | - | - |
| Purchase of fixed assets | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Remuneration to key managerial personnel | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Balances outstanding | - | - | - | - | - | - | - | - | - | - | - | 1,785 | - | 1,073 |
| Receivables | 28,728 (51,983) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Payables | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Share application money | - | - | 236,976 (1,044,976) | 2,488,031 (1,811,736) | (49,390) | 382,108 (161,548) | 680,021 (3,017,784) | 1,028,087 (1,062,985) | 434,681 (216,782) | 118 (17) | 15,761 (15,739) | - | (4,150) | - |
| Loans | - | (50,000) | - | 4,863,760 | 102,267 | 543 | 50,000 | - | 9 | 6 | - | - | - | - |
| Guarantees | (158,200) | - | - | 6,850,000 | - | - | 2,250,000 | - | - | 3,500,000 | - | 1,500,000 (1,740,000) | 880,000 (1,020,000) | 144,100 |
| Pledges of investments | 681,200 (681,200) | 532,965 (414,797) | 1,402,500 (633,420) | 14,400 | - | - | 1,224,255 | - | - | - | - | 2,192,598 (1,137,495) | - | - |

Schedule 18: Notes to Accounts
(Amounts expressed in Indian Rupees Thousands unless otherwise stated)
Related party transactions (contd..)

| Particulars | Mumbai International Airport Pvt Ltd | Vertex Projects Ltd | TAJ GVK Hotels & Resorts Limited | Orbit Travels & Tours Private Limited | Novopan Pvt Ltd | Phakani Share and Stock Broker Limited | Gautami Power (Samalkot) Pvt Ltd | GVK Technical & Consultancy Services Pvt Ltd | GVK Projects & Technical Services Limited | Mr. GVK Reddy | Mr. A. Issac George |
|--|--------------------------------------|---------------------|----------------------------------|---------------------------------------|-----------------|--|----------------------------------|--|---|-------------------|---------------------|
| Fees for rendering services | 139,033 (122,797) | - | - | - | - | - | - | - | 9,479 (1,333) | - | - |
| Reimbursement of expenses (Billable expenses) | - | - | - | - | - | - | - | - | - | - | - |
| Payment for services rendered | - | - | 1,385 (1,113) | 4,754 (3,153) | - | 1,365 (540) | - | 6,083 (4,422) | - | - | - |
| Investment in equity | - | - | - | - | - | - | - | - | - | - | - |
| Loans taken | - | - | - | - | - | - | - | - | 250,000 | - | - |
| Loans given | - | - | - | - | - | - | - | - | - | - | - |
| Loan repaid | - | - | - | - | - | - | - | - | 250,000 | - | - |
| Equity contribution including advance for equity contribution paid | - | - | - | - | - | - | 4,894 (187) | - | - | - | - |
| Refund of share application monies | - | - | - | - | - | - | 6,143 | - | 724,950 | - | - |
| Shares Buyback | - | - | - | - | - | - | - | - | - | - | - |
| Interest Earned | - | - | - | - | - | - | - | - | - | - | - |
| Interest paid | - | - | - | - | - | - | - | - | 3,416 | - | - |
| Guarantees Given | - | - | - | - | - | - | - | - | 990,533 | - | - |
| Pledge of Investments | - | - | - | - | - | - | - | - | - | - | - |
| Purchase of fixed assets | - | - | - | - | 127 | - | - | - | - | - | - |
| Remuneration to key managerial personnel | - | - | - | - | - | - | - | - | - | 12,676 (8,496) | 7,666 (8,496) |
| Balances outstanding | - | - | - | - | - | - | - | - | - | - | - |
| Receivables | 8,974 (9,664) | - | - | - | - | - | - | - | 4,005 (1,470) | - | - |
| Payables | - | - | - | 194 | 20 | 1,228 | - | 510 (151) | - | - | - |
| Share application money | - | - | - | - | - | - | - | - | - | - | - |
| Loans | - | - | - | - | - | - | (1,250) | - | - | - | - |
| Guarantees | - | - | - | - | - | - | - | - | 990,533 | - | - |
| Pledge of Investments | - | - | - | - | - | - | - | - | - | - | - |

Note: The previous year figures are in parenthesis.

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

(d) Companies over which the key management personnel exercise significant influence

TAJ GVK Hotels & Resorts Limited
 Orbit Travels & Tours Private Limited
 GVK Novopan Industries Limited
 GVK Technical & Consultancy Services Private Limited
 Gautami Power (Samalkot) Private Limited
 Pinakini Share and Stock Broker Limited
 GVK Projects and Technical Services Limited
 (Formed by merger of GVK Aviation Private Limited and Vertex Project Limited)
 GVK Foundation

**5. Details of Loan given to subsidiaries, associates and parties in which directors are interested
Subsidiaries****(i) GVK Gautami Power Limited**

Balance as at March 31, 2010 Rs. Nil (Previous Year Rs. Nil)
 Maximum amount outstanding during the year was Rs. 155,500 (Previous Year Rs. 348,500)
 The aforesaid loan was repayable on demand

(ii) GVK Industries Limited

Balance as at March 31, 2010 Rs. Nil (Previous Year Rs. 50,000)
 Maximum amount outstanding during the year was Rs. 83,401 (Previous Year Rs. 200,000)
 The aforesaid loan was repayable on demand

(iii) GVK Power (Goindwal Sahib) Limited

Balance as at March 31, 2010 Rs. 50,000 (Previous Year Rs. Nil)
 Maximum amount outstanding during the year was Rs. 196,938 (Previous Year Rs. 125)
 The aforesaid loan is repayable on demand

(iv) GVK Oil & Gas Limited

Balance as at March 31, 2010 Rs. 9 (Previous Year Rs. Nil)
 Maximum amount outstanding during the year was Rs. 9 (Previous Year Rs. 760)
 The aforesaid loan is repayable on demand

(v) GVK Perambalur SEZ Private Limited

Balance as at March 31, 2010 Rs. Nil (Previous Year Rs. Nil)
 Maximum amount outstanding during the year was Rs. Nil (Previous Year Rs. 20,000)
 The aforesaid loan was repayable on demand

(vi) Goriganga Hydro Power Private Limited

Balance as at March 31, 2010 Rs. 543 (Previous Year Rs. Nil)
 Maximum amount outstanding during the year was Rs. 543 (Previous Year Rs. Nil)
 The aforesaid loan is repayable on demand

(vii) GVK Airport Developers Private Limited

Balance as at March 31, 2010 Rs. 4,863,760 (Previous Year Rs. Nil)
 Maximum amount outstanding during the year was Rs. 4,911,160 (Previous Year Rs. Nil)
 The aforesaid loan is repayable on demand

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

(viii) GVK Coal (Tokisud) Company Private Limited

Balance as at March 31, 2010 Rs. 102,267 (Previous Year Rs. Nil)

Maximum amount outstanding during the year was Rs. 140,302 (Previous Year Rs. Nil)

The aforesaid loan is repayable on demand

(ix) GVK Developmental Projects Private Limited

Balance as at March 31, 2010 Rs. 6 (Previous Year Rs. Nil)

Maximum amount outstanding during the year was Rs. 102,002 (Previous Year Rs. Nil)

The aforesaid loan is repayable on demand

(x) GVK Jaipur Expressway Private Limited

Balance as at March 31, 2010 Rs. Nil (Previous Year Rs. Nil)

Maximum amount outstanding during the year was Rs. 60,000 (Previous Year Rs. Nil)

The aforesaid loan was repayable on demand

6. Contingent liability

a. Security against loans taken by others

(i) During the year ended March 31, 2010 the Company has provided security amounting to Rs. 6,047,918 (Previous Year Rs. 2,860,912) by way of pledge of its investments in subsidiaries in respect of amounts borrowed by its subsidiaries.

(ii) During the year ended March 31, 2010 the Company has provided security by way of corporate guarantees amounting to Rs. 14,980,000 (Previous Year 2,918,200) to subsidiaries and Rs. 144,100 to an associate (Previous Year Rs. Nil).

(iii) During the year ended March 31, 2010 the Company has provided security by way of corporate guarantees amounting to Rs. 990,533 (Previous Year 1,211,210) to GVK Projects and Technical Services Limited (formerly known as 'GVK Aviation Private Limited')

Management is of the opinion that the subsidiary Companies and the associate 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.

b. Claims against the Company not acknowledged as debt

(i) The Company has received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs. 282,960 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.

(ii) The Company has received a show cause notice from service tax authorities demanding the Company to pay service tax of Rs. 27,943 under the category "Management, Maintenance or Repair services" for operating and maintenance of immovable property, management of power plant and maintenance of equipment for the period from July 1, 2003 to September 30, 2008. The Company has preferred an appeal against the said order before Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The consequential liability in respect of service tax for the period from July 1, 2003 to March 31, 2010 is estimated at Rs. 48,529 (Previous Year Rs. 30,624). Management, based on its internal assessment, is confident that the case will be decided in the Company's favour.

7. 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.

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

8. Directors' remuneration

| Particulars | 2009-10 | 2008-09 |
|--------------------------------|---------|---------|
| Salaries and perquisites | 19,048 | 13,269 |
| Contribution to provident fund | 1,293 | 1,145 |
| | 20,341 | 14,414 |

Note: - As the future liability for gratuity and leave encashment is provided for the Company as a whole, gratuity expenses pertaining to the directors is not ascertainable and, therefore, not included in the above disclosure.

9. Payments to auditors (including service tax)

a) Auditor's remuneration in Schedule 16:

| Particulars | 2009-10 | 2008-09 |
|---|---------|---------|
| As Auditor | | |
| - Audit Fees | 1,053 | 772 |
| - Limited review | 397 | 337 |
| - Reimbursement of out-of-pocket expenses | - | 33 |
| As Advisor in respect of | | |
| -Taxation matters | | |
| In other manner | 282 | - |
| - Certification | - | 56 |
| | 1,732 | 1,198 |

b) Amount paid towards advisory services in connection with Qualified Institutional Placement has been adjusted against securities premium account Rs. 2,062 (Previous Year - Rs. Nil)

10. Expenditure in foreign currency (cash basis):

| Particulars | 2009-10 | 2008-09 |
|-----------------------------|---------|---------|
| Travel | 2,098 | 1,009 |
| Legal and professional fees | 11,384 | 1,890 |
| | 13,482 | 2,899 |

Included in travel and Legal and professional fees amount of Rs. 1,270 and Rs. 7,209 incurred for share issue expenses adjusted against securities premium account

11. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 to the extent Nil or not applicable have not been disclosed.

12. 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 development 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, 2010.

13. Unhedged foreign currency exposure

| Purpose | 2009-10 | 2008-09 |
|------------------|--|---------|
| Sundry creditors | Rs. 226 | - |
| | (US \$ 5,000 @ closing rate of 1 USD = Rs. 45.14) | |

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

14. Operating leases

The Company has entered into operating lease agreements for office spaces for period up to 3 years. The future minimum lease payments payable under non-cancellable operating lease are as follows:

| Particulars | 2009-10 | 2008-09 |
|---|---------|---------|
| Not later than one year | 695 | 2,686 |
| Later than one year but not later than five years | Nil | 695 |
| Later than five years | Nil | Nil |

Note: The minimum lease payments are excluding service tax.

No significant restrictions have been imposed by the lessors on the leases. The leases can be renewed after completion of the minimum lock in period after mutually discussing the renewal terms with the lessor.

15. Details of mutual funds purchased and sold/switched during the year

| Name of the plan | Number of units purchased | Amount | Number of units sold | Amount |
|---|---------------------------|-----------|----------------------|-----------|
| AIG India Treasury Fund Super - Institutional Daily Dividend | 21,576,266 | 216,000 | 21,576,266 | 215,958 |
| Birla Sun Life Savings Fund - Institutional Daily Dividend | 54,962,625 | 550,000 | 54,962,625 | 550,000 |
| Canara Robeco Treasury Advantage Super - Institutional Daily Dividend | 16,119,802 | 200,000 | 16,119,802 | 200,000 |
| DBS Chola FISTP Institutional Daily Dividend | 3,938,869 | 40,000 | 3,938,869 | 40,000 |
| DWS Cash Opportunities Fund - Daily Dividend Plan | 9,975,759 | 100,000 | 9,975,759 | 100,000 |
| DWS Credit Opportunities Cash Fund - Weekly Dividend Plan | 1,978,161 | 20,000 | 1,978,161 | 19,990 |
| DWS Money Plus Fund - Institutional Daily Dividend Plan | 4,966,476 | 50,000 | 4,966,476 | 50,000 |
| DWS Ultra Short Term Fund - Institutional Daily Dividend Plan | 44,929,324 | 450,097 | 44,929,324 | 450,097 |
| Fidelity Ultra Short Term Debt Fund - Institutional Daily Dividend | 19,995,001 | 200,000 | 19,995,001 | 200,000 |
| Fortis Money Plus - Institutional Daily Dividend | 65,182,304 | 652,025 | 65,182,304 | 652,025 |
| Fortis Short Term Income Fund - Daily Dividend | 699,706 | 7,000 | 699,706 | 6,998 |
| HDFC Cash Management Fund - Daily Dividend | 33,394,806 | 335,000 | 33,394,806 | 335,000 |
| HSBC Ultra Short Term Bond Fund - Institutional Daily Dividend | 19,809,041 | 200,000 | 19,809,041 | 200,000 |
| ICICI Prudential Flexible Income Plan - Premium | 31,399,253 | 332,000 | 31,399,253 | 332,000 |
| IDFC Money Manager Fund - TP - Super Institutional Daily Dividend | 19,997,000 | 200,000 | 19,997,000 | 200,000 |
| ING Treasury Advantage Fund - Institutional Daily Dividend | 9,996,701 | 100,000 | 9,996,701 | 100,000 |
| JM Money Manager Fund Super Plus Plan - Daily Dividend | 34,981,460 | 350,000 | 34,981,460 | 350,000 |
| JPMORGAN India Liquid Plus Fund- Daily Dividend | 36,261,286 | 363,000 | 36,261,286 | 362,936 |
| Kotak Flexi Debt Fund - Daily Dividend | 4,976,362 | 50,000 | 4,976,362 | 50,000 |
| Kotak Floater (Long Term) - Daily Dividend | 44,668,304 | 450,248 | 44,668,304 | 450,248 |
| LIC MF Floating Rate Fund - Short Term Plan - Daily Dividend | 41,800,000 | 418,000 | 41,800,000 | 418,000 |
| LIC MF Income Plus Fund - Daily Dividend Plan | 113,048,604 | 1,130,486 | 113,048,604 | 1,130,486 |
| LIC MF Savings Plus Plan - Daily Dividend Plan | 81,299,350 | 812,994 | 81,299,350 | 812,994 |
| Principal Floating Rate Fund FMP Institutional Daily Dividend | 14,981,573 | 150,000 | 14,981,573 | 150,000 |
| Reliance Money Manager Fund - Institutional Daily Dividend Plan | 549,376 | 550,000 | 549,376 | 550,000 |
| Religare Ultra Short Term Fund - Institutional Daily Dividend | 31,949,839 | 320,000 | 31,949,839 | 320,000 |
| TATA Floater Fund - Daily Dividend | 29,893,579 | 300,000 | 29,893,579 | 300,000 |
| Tata Treasury Manager SHIP - Daily Dividend | 49,823 | 50,000 | 49,823 | 50,337 |
| Templeton India FRIF - Long Term - Daily Dividend | 24,984,010 | 250,000 | 24,984,010 | 249,903 |
| Templeton India Ultra Short Bond Fund - | | | | |
| Super Institutional Daily Dividend | 29,965,240 | 300,000 | 29,965,240 | 299,727 |
| UTI Treasury Advantage fund - Institutional Daily Dividend | 499,893 | 500,000 | 499,893 | 500,000 |

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

16. Previous year comparatives

Previous year figures have been regrouped where necessary to conform to current year classification.

As per our report of even date

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

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

Place : Hyderabad
Date : April 30, 2010

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

Dr G V Krishna Reddy
Chairman and Managing Director

A. Issac George
Director & CFO

G. V. Sanjay Reddy
Director

P. V. Rama Seshu
Company Secretary

Balance sheet abstract & company's general business profile

1. Registration Details

Registration No.

| | | | | | |
|---|---|---|---|---|---|
| 0 | 5 | 9 | 0 | 1 | 3 |
|---|---|---|---|---|---|

 State Code

| | |
|---|---|
| 0 | 1 |
|---|---|

Balance Sheet Date

| | |
|---|---|
| 3 | 1 |
|---|---|

| | |
|---|---|
| 0 | 3 |
|---|---|

| | | | |
|---|---|---|---|
| 2 | 0 | 1 | 0 |
|---|---|---|---|

Date Month Year

II. Capital raised during the year (Amount in Rs. Thousands)

| | | | | | | | | | | | | | | | | | | |
|---|-------------------|---|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|
| Public Issue | Rights Issue | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table> | | | | N | I | L | | | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table> | | | | N | I | L | | | |
| | | | N | I | L | | | | | | | | | | | | | |
| | | | N | I | L | | | | | | | | | | | | | |
| Bonus Issue | Private Placement | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table> | | | | N | I | L | | | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>7</td><td>1</td><td>6</td><td>8</td><td>4</td><td>9</td><td>8</td></tr></table> | | | 7 | 1 | 6 | 8 | 4 | 9 | 8 |
| | | | N | I | L | | | | | | | | | | | | | |
| | | 7 | 1 | 6 | 8 | 4 | 9 | 8 | | | | | | | | | | |

III. Position of Mobilisation and Deployment of Funds (Amount in Rs. Thousands)

| | | | | | | | | | | | | | | | | | | | |
|---|--------------|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|
| Total Liabilities | Total Assets | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>2</td><td>5</td><td>7</td><td>0</td><td>1</td><td>7</td><td>5</td><td>3</td></tr></table> | | 2 | 5 | 7 | 0 | 1 | 7 | 5 | 3 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td>2</td><td>5</td><td>7</td><td>0</td><td>1</td><td>7</td><td>5</td><td>3</td></tr></table> | | 2 | 5 | 7 | 0 | 1 | 7 | 5 | 3 |
| | 2 | 5 | 7 | 0 | 1 | 7 | 5 | 3 | | | | | | | | | | | |
| | 2 | 5 | 7 | 0 | 1 | 7 | 5 | 3 | | | | | | | | | | | |

Sources of Funds

| | | | | | | | | | | | | | | | | | | | | |
|---|--------------------|---|---|---|---|---|---|---|---|---|--|--|---|---|---|---|---|---|---|---|
| Paid-up Capital | Reserves & Surplus | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>5</td><td>7</td><td>9</td><td>2</td><td>1</td><td>0</td></tr></table> | | | 1 | 5 | 7 | 9 | 2 | 1 | 0 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>2</td><td>3</td><td>0</td><td>7</td><td>9</td><td>8</td><td>9</td><td>1</td></tr></table> | | | 2 | 3 | 0 | 7 | 9 | 8 | 9 | 1 |
| | | 1 | 5 | 7 | 9 | 2 | 1 | 0 | | | | | | | | | | | | |
| | | 2 | 3 | 0 | 7 | 9 | 8 | 9 | 1 | | | | | | | | | | | |
| Secured Loans | Unsecured Loans | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>0</td><td>3</td><td>3</td><td>5</td><td>6</td></tr></table> | | | 1 | 0 | 0 | 3 | 3 | 5 | 6 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table> | | | | N | I | L | | | | |
| | | 1 | 0 | 0 | 3 | 3 | 5 | 6 | | | | | | | | | | | | |
| | | | N | I | L | | | | | | | | | | | | | | | |
| Deferred Tax liability | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table> | | | | N | I | L | | | | | | | | | | | | | | |
| | | | N | I | L | | | | | | | | | | | | | | | |

Application of Funds

| | | | | | | | | | | | | | | | | | | | | |
|---|-------------------|---|---|---|---|---|---|---|---|---|---|--|---|---|---|---|---|---|---|---|
| Net Fixed Assets | Investments | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>3</td><td>8</td><td>6</td><td>4</td></tr></table> | | | | | | 3 | 8 | 6 | 4 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>5</td><td>1</td><td>4</td><td>6</td><td>2</td><td>7</td><td>3</td></tr></table> | | | 1 | 5 | 1 | 4 | 6 | 2 | 7 | 3 |
| | | | | | 3 | 8 | 6 | 4 | | | | | | | | | | | | |
| | | 1 | 5 | 1 | 4 | 6 | 2 | 7 | 3 | | | | | | | | | | | |
| Net Current Assets | Misc. Expenditure | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td>1</td><td>0</td><td>5</td><td>0</td><td>7</td><td>1</td><td>4</td><td>4</td></tr></table> | | | 1 | 0 | 5 | 0 | 7 | 1 | 4 | 4 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table> | | | | N | I | L | | | |
| | | 1 | 0 | 5 | 0 | 7 | 1 | 4 | 4 | | | | | | | | | | | |
| | | | N | I | L | | | | | | | | | | | | | | | |
| Deferred Tax Assets | | | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>5</td><td>1</td><td>7</td><td>6</td></tr></table> | | | | | | 5 | 1 | 7 | 6 | | | | | | | | | | | |
| | | | | | 5 | 1 | 7 | 6 | | | | | | | | | | | | |

IV. Performance of the company (Amount in Rs. Thousands)

| | | | | | | | | | | | | | | | | | | | |
|---|-------------------|--|---|---|---|---|---|---|---|---|--|--|--|---|---|---|---|---|---|
| Turnover | Total Expenditure | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>5</td><td>9</td><td>1</td><td>6</td><td>1</td><td>2</td></tr></table> | | | | 5 | 9 | 1 | 6 | 1 | 2 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>8</td><td>8</td><td>8</td><td>5</td><td>9</td></tr></table> | | | | 2 | 8 | 8 | 8 | 5 | 9 |
| | | | 5 | 9 | 1 | 6 | 1 | 2 | | | | | | | | | | | |
| | | | 2 | 8 | 8 | 8 | 5 | 9 | | | | | | | | | | | |
| Profit before tax | Profit after tax | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>3</td><td>0</td><td>2</td><td>7</td><td>5</td><td>3</td></tr></table> | | | | 3 | 0 | 2 | 7 | 5 | 3 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>2</td><td>1</td><td>6</td><td>8</td><td>7</td><td>9</td></tr></table> | | | | 2 | 1 | 6 | 8 | 7 | 9 |
| | | | 3 | 0 | 2 | 7 | 5 | 3 | | | | | | | | | | | |
| | | | 2 | 1 | 6 | 8 | 7 | 9 | | | | | | | | | | | |
| Earnings per Share Rs. | Dividend Rate %. | | | | | | | | | | | | | | | | | | |
| <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td> </td><td> </td><td>0</td><td>.</td><td>1</td><td>4</td></tr></table> | | | | | | 0 | . | 1 | 4 | <table border="1" style="display: inline-table; border-collapse: collapse;"><tr><td> </td><td> </td><td> </td><td>N</td><td>I</td><td>L</td><td> </td><td> </td></tr></table> | | | | N | I | L | | | |
| | | | | | 0 | . | 1 | 4 | | | | | | | | | | | |
| | | | N | I | L | | | | | | | | | | | | | | |

V. Generic Names of three Principle Products/Services of Company (As per Monetary Terms)

| | |
|---------------|-----------------------------|
| Product | O & M P O W E R P L A N T S |
| Description | |
| Item Code No. | N I L |



GVK POWER & INFRASTRUCTURE LIMITED

Registered Office: 'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003.

ATTENDANCE SLIP

I/we hereby record my/our presence at the 16th Annual General Meeting held on Saturday, 31st July, 2010 at 11.30 a.m. at Sri Satya Sai Nigamagmam, 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 POWER & INFRASTRUCTURE LIMITED

Registered Office: 'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003.

PROXY

I/We _____ of _____

in the District of _____ being a Member(s) of the above named Company, hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us and on my/ our behalf at the 16th Annual General Meeting of the Company to be held on Saturday, 31st July 2010 at 11.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2010

FOLIO NO.

CLIENT ID:

DP ID:

No. of Shares: _____

Signature: _____

Note: The Proxy in order to be effective must reach duly filled in at least 48 (forty-eight) hours before the commencement of the aforesaid meeting.

Affix
Rs.1/-
Revenue
Stamp

