



Retail Spaces, Terminal 2, MIAL, Mumbai



New Terminal 1A, KIAL, Bengaluru



Alakananda HEP, Srinagar



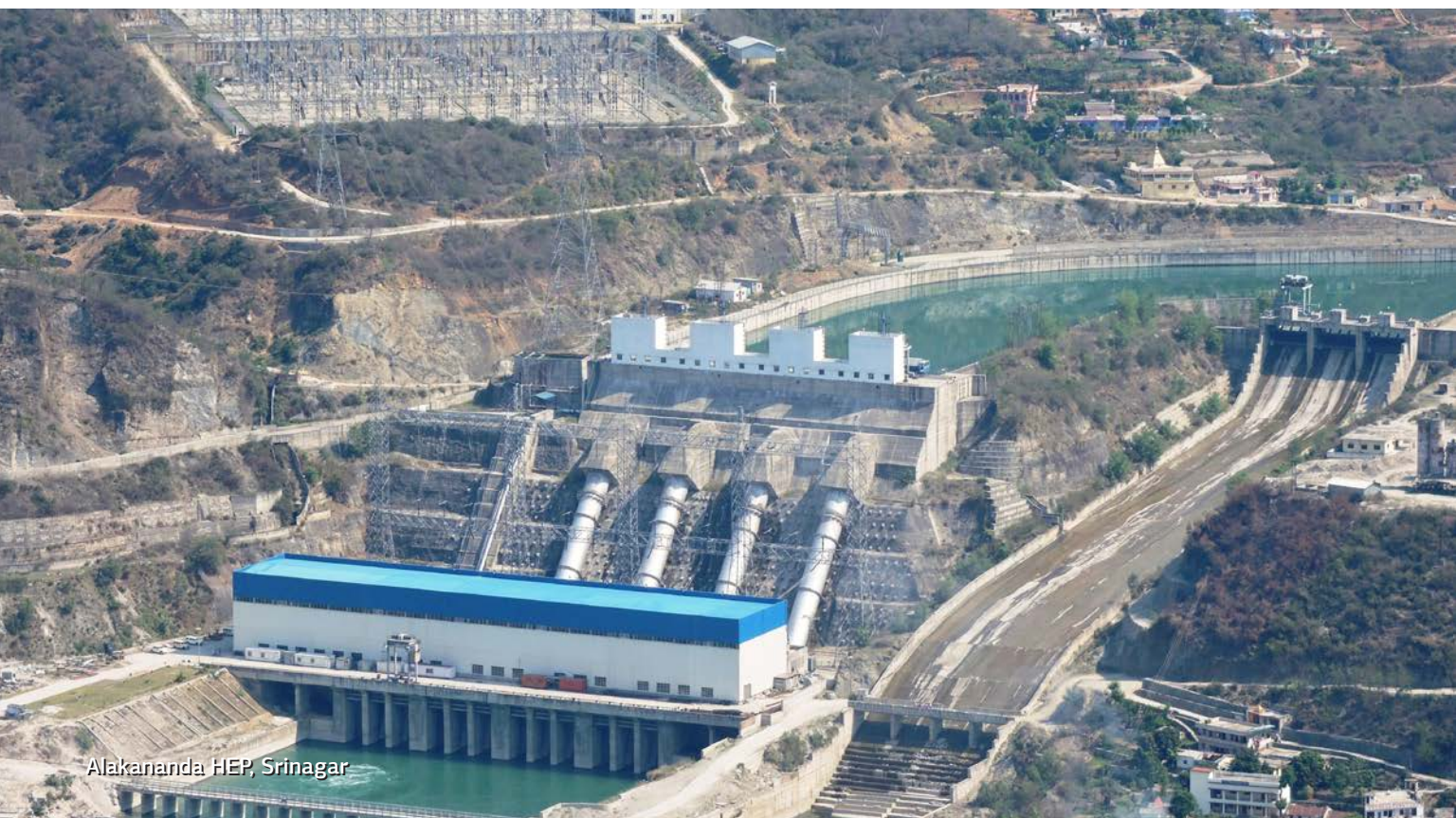
GVK Power (Goindwal Sahib) Limited



GVK Power (Goindwal Sahib) Limited



GVK Deoli-Kota Expressway



Alakananda HEP, Srinagar

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In support of the green initiatives of the Central Government and also to save trees, we sincerely urge and request the shareholders to compulsorily register their E-mail ID (as per the form provided in page no. 165) with the company/RTA. Please join us in this endeavour to reduce the usage of paper.

SAVE PAPER . . . SAVE TREES . . .

Corporate Information

Board of Directors

Dr. GVK Reddy	Chairman & Managing Director
G V Sanjay Reddy	Vice Chairman
Krishna Ram Bhupal	Director
A Issac George	Director & CFO
Ch G Krishna Murthy	Independent Director
S Balasubramanian	Independent Director
S Anwar	Independent Director
K Balarama Reddi	Independent Director
Santha K John	Independent Director
P V Rama Seshu	AVP & Company Secretary

Committees of the Board

Audit Committee

Ch G Krishna Murthy	Chairman
S Balasubramanian	
K Balarama Reddi	

Nomination & Remuneration Committee

S Anwar	Chairman
K Balarama Reddi	
Ch G Krishna Murthy	

Stakeholders Relationship Committee

Ch G Krishna Murthy	Chairman
A Issac George	
S Anwar	

Corporate Social Responsibility Committee

G V Sanjay Reddy	Chairman
K Balarama Reddi	
Ch G Krishna Murthy	

Statutory Auditors

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

Registrar & Share Transfer Agents

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32
Gachibowli, Financial District
Nanakramguda, Hyderabad – 500 032

Secretarial Auditor

M/s Narender & Associates
 CP No.: 5024
 Company Secretaries
 403, Naina Residency
 Srinivasa Nagar (East)
 Ameerpet, Hyderabad – 500 038

Internal Auditors

M/s Rambabu & Co.,
 Regd. No.: 002976S
 Chartered Accountants
 31, Pancom Chambers
 Somajiguda, Raj Bhavan Road
 Hyderabad - 500 082

Registered & Corporate Office

“Paigah House” 156-159
 Sardar Patel Road
 Secunderabad – 500 003

ISIN

INE251H01024

Stock Code

BSE : 532708
 NSE : GVKPIL

CIN

L74999AP2005PLC059013

Financials at a glance

(Rs.Lakhs)

	Standalone		Consolidated	
	2015-16	2014-15	2015-16	2014-15
Financial Performance				
Operational Income	2,718	2,628	416,447	304,965
EBIDTA	(8,257)	(5,883)	165,353	81,772
Other Income	1,974	1,804	13,400	8,665
Interest & Financial Charges	5,321	7,685	229,125	147,652
Depreciation	16	30	86,867	70,555
Profit After tax	(12,961)	(12,983)	(93,418)	(83,468)
EPS (Rupees)				
Basic and Diluted	(0.82)	(0.82)	(5.92)	(5.29)
Financial Position:				
Fixed Assets (Net of depreciation)	63	79	2,451,103	2,398,888
Cash and Bank balance	89	891	106,354	149,551
Net current assets	10,062	4,510	(488,414)	(517,478)
Total Assets	261,347	313,917	3,364,648	3,285,303
Equity	15,792	15,792	15,792	15,792
Reserves	206,109	219,070	119,812	178,076
Net worth	221,901	234,862	135,604	193,868
Market Capitalisation	107,860	150,183	107,860	150,183

Notice

Notice is hereby given that the 22nd Annual General Meeting of the members of GVK Power & Infrastructure Limited (CIN:L74999AP2005PLC059013) will be held on **Friday, the 12th August, 2016 at 11:30 a.m.** at Sri Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073 to transact the following business:

Ordinary business

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2016 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 Krishna Ram Bhupal (DIN 00005442), who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint M/s. S R Batliboi & Associates LLP, (ICAI Registration No:101049W), Chartered Accountants, Hyderabad, the retiring auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting on such remuneration as may be fixed by the Audit Committee and approved by the Board.

Special business

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

“RESOLVED THAT pursuant to the provisions of section 197 and other applicable provisions, if any of the Companies Act, 2013 read with Schedule V and the Rules framed there under including any statutory modification thereof, for the time being in force and in pursuance of the resolution passed by the members of the Company at the Annual General Meeting held on 6th August, 2011 and subject to the approval of the Central Government and/ or such other necessary approval(s), consent(s), or permission(s) as may be required and conditions / modifications if any, as may be prescribed or imposed by the Central Government and the members do hereby ratify and confirm the waiver of excess managerial remuneration paid under the relevant provisions of the erstwhile Companies Act, 1956, amounting to Rs.23,42,773/- to Mr. A Issac George (DIN:00005456), Director & CFO for part of the financial year 2012- 13 and to waive the recovery of the excess amount from him, being the remuneration agreed to be paid to him as per the terms of approval of the members, to the extent it exceeds the statutory limit laid under the erstwhile Companies Act, 1956 and also approval of the consequential retention thereof by Director & CFO of the Company.”

“RESOLVED FURTHER THAT any Director or Mr. P V Rama Seshu, AVP & Company Secretary of the Company be and is hereby severally authorized to take such steps as may be necessary for obtaining necessary approvals - statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign / execute applications, documents, undertakings, writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution.”

By order of the Board

Place : Hyderabad
Date : May 20, 2016

P V Rama Seshu
AVP & Company Secretary
M.No.: FCS 4545

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. A person can act as Proxy on behalf of the members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the Company.
2. Duly filled in Proxy form must be deposited at the Registered Office of the Company before 48 hours of the time fixed for holding the meeting. A proxy form for the AGM is enclosed.
3. The Register of Members and Share Transfer Books of the Company will remain closed from 09-08-2016 to 12-08-2016 (both days inclusive).
4. Members are requested to:
 - i) Note that as a measure of austerity, copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue, as entry to the Auditorium will be strictly on the basis of the entry slip, available at the counters at the venue to be exchanged with the attendance slip.
 - iii) Quote the Folio / Client ID & DP ID Nos. in all their correspondences.
 - iv) Note that due to strict security reasons brief cases, eatables and other belongings are not allowed inside the auditorium.
 - v) Note that no gifts / compliments / coupons will be distributed at the Annual General Meeting.
 - vi) Corporate members intending to send their authorized representatives are requested to send a duly certified copy of the Board resolution authorizing their representatives to attend.
 - vii) Members are requested to notify immediately changes, if any, in their addresses, in respect of the physical shares held by them, to the Company and to their Depository Participants (DP) in respect of shares held in the dematerialized form.
5. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to P V Rama Seshu, AVP & 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.
6. Additional information, pursuant to Regulation 36 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, in respect of the director seeking re-appointment at the AGM, is furnished as part of Corporate Governance Report.
7. The Register of Directors and Key managerial Personnel and their shareholding, maintained under Sec 170 of the Companies Act, 2013 will be available for inspection by the members at the AGM.
8. The Register of Contracts or Arrangements in which the directors are interested, maintained under Sec 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.
9. 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.
10. The Ministry of Corporate Affairs has taken a corporate "Green initiative in the corporate governance" by allowing paperless compliance by companies. As per the MCA Circular, Service of documents through electronic mode i.e. e-mail by the Company will be a valid compliance of Section 101 of the Companies Act, 2013. As such the members who are yet to register are requested to furnish/ register their e-mail id's to enable the Company to send all notices, periodical statements etc., of the Company through electronic mode at einward.ris@karvy.com.
11. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the Company/RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the Company/RTA while transacting in the securities market including transfer, transmission or any other corporate action.
12. **Voting through electronic means:**

In compliance with Sec 108 of the Companies Act, 2013, Rule 20 of the Companies (Management & Administration) Rules, 2014, substituted by Companies (Management & Administration) Amendment, Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Company has provided a facility to the members to

exercise their votes electronically through the electronic voting (E-Voting) facility provided by Karvy Computershare Pvt Ltd (KCPL). Shareholders who have not voted through remote E-Voting and those who are present at the AGM can participate in voting process through a ballot paper which would be made available at the AGM. Members attending the AGM in person or through proxy and who have not already cast their votes by remote e-voting only shall be allowed to exercise their voting right at the AGM through a ballot paper. Members who have already cast their votes by remote e-voting prior to the date of AGM may attend the meeting, but shall not be entitled to cast their votes again

Instructions for members for voting electronically are as under:-

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

- i) Log on to the e-voting website <https://www.evoting.karvy.com>
- ii) Click on "Shareholders" tab to cast your votes.
- iii) Now, select the Electronic Voting Sequence Number - "EVSN" along with "COMPANYNAME" from the drop down menu and click on "SUBMIT"
- iv) If you are holding shares in Demat form and had logged on to <https://www.evoting.karvy.com> and casted your vote earlier for EVSN of any Company, then your existing login id and password are to be used.
- v) Now, fill up the following details in the appropriate boxes:

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

- * Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and sequence number in the PAN field. In case the sequence number is less than 8 digits enter the applicable number of O's before the number after first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.
- # Please enter any one of the details in order to login. In case either of the details are not recorded with the depository please enter "99999999" in the dividend Bank details and 13/06/2014 in the date of Birth field.
- vi) After entering these details appropriately, click on "SUBMIT" tab.
 - vii) Members holding shares in physical form will then reach directly the EVSN selection screen. However, members holding shares in demat form will now reach "Password Creation" menu wherein they are required to mandatorily change their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through Karvy platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
 - viii) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - ix) Click on the relevant EVSN on which you choose to vote.
 - x) On the voting page, you will see Resolution Description and against the same the option "YES/NO" for voting. Select the option YES or NO as desired, the option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - xi) Click on the "Resolutions File Link" if you wish to view the entire Resolutions.
 - xii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

- xiii) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv) If Demat account holder has forgotten the changed password then Enter the User ID and Captcha Code click on Forgot Password & enter the details as prompted by the system.

In case of members receiving the physical copy:

- (B) Please follow all steps from sl. no. (i) to sl. no. (xiii) above, to cast vote.
- (C) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to log on to [https:// www.evoting.karvy.com](https://www.evoting.karvy.com) in and register themselves, link their account which they wish to vote on and then cast their vote. They should upload a scanned copy of the Board Resolution in PDF format in the system for the scrutinizer to verify the vote.
- (D) The voting period begins on 9th August, 2016 at 9.00 a.m. and ends on 11th August, 2016 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date, may cast their vote electronically. The e-voting module shall be disabled by Karvy Computershare Private Limited (KCPL) for voting thereafter. Once the vote on a resolution is cast by the shareholder, the shareholder shall not be allowed to change it subsequently.
- (E) For the purpose of sending AGM notices, 8th July, 2016 has been taken as the initial cut-off date to determine the list of shareholders who are entitled to receive this notice as per the Act. However the voting rights shall be determined as per the number of equity shares actually held by the Member(s) as on Friday 5th August, 2016, being the final cut off date. Members are eligible to cast vote electronically only if they are holding shares as on that date. Any person who becomes a member of the Company after dispatch of the Notice of the Meeting and holding shares as on the cut-off date i.e. 5th August, 2016, may obtain the User ID and password in the manner as mentioned below:
 - a) If the mobile number of the member is registered against Folio No. / DP ID Client ID, the member may send SMS: MYEPWD <space> E-Voting Event Number+Folio No. or DP ID Client ID to 9212993399Example for NSDL: MYEPWD <SPACE> IN12345612345678
Example for CDSL: MYEPWD <SPACE> 1402345612345678
Example for Physical: MYEPWD <SPACE> XXXX1234567890
- (F) A member may participate in the AGM even after exercising his right to vote through remote e-voting, but shall not be allowed to vote again at the AGM
- (G) The facility for voting through a ballot paper will be made available at the AGM and the members attending the AGM who have not cast their vote already by remote e-voting will be able to exercise their right at the AGM. Members who have not cast their votes electronically by remote e-voting will only be allowed to cast their vote at the AGM through a ballot paper.
- (H) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at <https://www.evoting.karvy.com> under help section or write an email to: einward.ris@karvy.com, mailmanager@karvy.com
- (I) The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company.
- (J) Mr. Narender Gandhari, Practising Company Secretary (Membership No. 4898), of M/s. Narender & Associates, Company Secretaries has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner
- (K) At the AGM, at the end of the discussion on the resolutions on which voting is to be held, the Chairman shall, with the assistance of the Scrutinizer order voting through ballot paper for all those members who are present but not cast their votes electronically through remote e-voting facility.
- (L) The Scrutinizer shall, immediately after conclusion of voting at the AGM, count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in employment of the Company. The Scrutinizer shall submit a consolidated Scrutinizer’s report of the total votes cast in favor or against, if any, by not later than three days from the conclusion of the AGM to the Chairman of the Company. Thereafter, the Chairman or any other person authorized by the Chairman, shall declare the result of the voting forthwith.
- (M) The results along with the Scrutinizer’s report shall be placed on the Company’s website www.gvk.com and on the website of KCPL immediately after the result is declared by the Chairman or any other person authorized by the Chairman and will be communicated to the Stock Exchanges on which the Company’s equity shares are listed.

Explanatory statement

(In respect of the Special business Pursuant to section 102(1) of the Companies Act, 2013)

Item No. 4

The company had earlier appointed Mr. A Issac George (DIN 00005456) as Director & CFO for a period of 3 years with effect from 01.04.2011 at the Annual General Meeting held on 6th August, 2011, on a remuneration payable as per the terms of his appointment. The said remuneration shall also be considered as the minimum remuneration payable to him in case of absence or inadequacy of profits in any financial year during the tenure of his appointment.

Subsequently, Mr. A Issac George had attained superannuation on 9th May, 2012 mid of his tenure of 3 years. Due to the absence / inadequacy of profits during the financial year 2012-13, the actual remuneration of Rs.28,55,650 paid to him for part of that year, had resulted in payment of excess remuneration of Rs.23,42,773 which is beyond the permissible limit of Rs.5,12,877 computed on pro rata basis (Rs.48,00,000/365*39 days) for a period of 39 days in the said period.

The Company had already applied to the Ministry of Corporate Affairs vide SRN B74833757 dated 13th May, 2013 for waiver of recovery of excess managerial remuneration of Rs.23,42,773/- paid to Mr. A Issac George for part of the financial year 2012-13 i.e. for 39 days (01-04-2012 to 09-05-2012). In this regard, the company is also required to provide approval of the shareholder for obtaining waiver of the said excess remuneration paid to him. Accordingly, the Board recommends the above special resolution for your approval.

Except Mr. A Issac George, the incumbent, none of Directors and Key Managerial persons or their relatives, are interested, whether directly or indirectly, in the above resolution.

Directors Report

Dear Stakeholders,

Your Directors submit the 22nd Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2016.

Consolidated Financial results

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

(Rs. Lakhs)

Particulars	2015-16	2014-15
Financial Performance		
Operational Income	416,447	304,965
EBIDTA	165,353	81,772
Other Income	13,400	8,665
Interest & Financial Charges	229,125	147,652
Depreciation	86,867	70,555
Provision for taxes	2,846	(10,922)
Profit before tax and share of profits for associate and minority interest	(140,085)	(116,848)
Add: Share of income from Associates	18,833	3,220
Less: Minority Interest	(27,834)	(30,160)
Total Profit for the year	(93,418)	(83,468)
EPS (Rupees)		
Weighted Average no. of Equity Shares	1,579,210,400	1,579,210,400
Basic and Diluted	(5.92)	(5.29)
Financial Position		
Fixed Assets (Net of Depreciation)	2,451,103	2,398,888
Cash and Bank balance	106,354	149,551
Net Current Assets	(488,414)	(517,478)
Total Assets	3,364,648	3,285,303
Equity	15,792	15,792
Reserves	119,812	178,076
Net worth	135,604	193,868

Our total income from operations increased by 36.56% to Rs.416,447 Lakhs from Rs.304,965 Lakhs in the previous year. The Power segment contributed an income of Rs.96,387 Lakhs compared to Rs.29,040 Lakhs in the previous year. The Transportation segment contributed an income of Rs.35,847 Lakhs as compared to Rs 29,983 Lakhs in the previous year. Airport Segment contributed an income of Rs. 283,918 Lakhs as compared to Rs 245,479 Lakhs in the previous year. The other segment contributed Rs. 295 Lakhs as compared to Rs 463 Lakhs.

The net loss after tax, share of profit from associate and minority interest was Rs.93,418 Lakhs as against net loss of Rs.83,468 Lakhs in the previous year. The losses during the year are attributable mainly to the restricted supply of gas for power plants as a result of which the plants did not operate at full capacity, one-time loss on write-off of investment in Oil & Gas, Road and other projects amounting to Rs 162 Crs and higher finance cost.

Dividend

The Board of Directors of your Company has not recommended any dividend for the financial year 2015-16.

Management Discussion and Analysis

In terms of the provisions of Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 Management's Discussion and Analysis is set out in a separate section forming part of the Annual Report.

Corporate Governance

Corporate Governance, as required under relevant provisions of SEBI (LODR) Regulations, 2015, a certificate from the Company Secretary in Whole Time Practice on compliance with the mandatory recommendations of the Narayana Murthy Committee on Corporate Governance is annexed to the Directors Report. As in the past, your Company continues to follow best of Corporate Governance policies.

Subsidiaries and Consolidated Financial Statements

As on March 31, 2016 your Company has 8 direct Subsidiaries, 17 step down Subsidiaries and 2 Associate Companies. There has been no material change in the nature of the business of the Company and its subsidiaries. Details of major subsidiaries of the Company and their business operations during the year under review are covered in the Management Discussion and Analysis Report.

A statement containing salient features of the financial statement of these companies as required to be provided under section 129(3) of the Act, are enclosed herewith in the specified form, as **Annexure A**. Accordingly, this annual report does not contain the reports and other statements of the subsidiary companies. Any member intends to have a certified copy of the Balance Sheet and other financial statements of these subsidiaries may write to the Company Secretary. These documents are available for inspection during business hours at the registered office of the Company and that of the respective subsidiary companies. The Policy for determining material subsidiaries as approved may be accessed on the Company's website at the link: [http:// www.gvk.com/underinvestorrelations/investors/policyfordeterminingmaterialsubsidiaries](http://www.gvk.com/underinvestorrelations/investors/policyfordeterminingmaterialsubsidiaries)

Developments in the existing assets

(i) Energy

As informed in the last annual report, the validity period of PPA for Jegurupadu Phase I power plant was expired on 20th June, 2015 and APDISCOM has issued buy-out notice on 19th June, 2015. Agreement for Buy out of the Project was signed on 8th February, 2016. In terms of this agreement, APDISCOM has taken over the Phase I Power project on 22nd April, 2016 with a Terminal Value of Rs.261.27 Crore. Discussions are being held with APPCC/APDISCOMs regarding lease amount for utilizing the land for Phase-II power plant and cost of operating the shared facilities. Once these are crystallised, a lease agreement would be executed with them.

Construction of 330MW Shrinagar Hydro Electric Project has been completed in all respects. This power plant comprises of four units of 82.5MW each. Commissioning and synchronization of all units to the grid have been done in a phased manner and was completed by June, 2015. The plant achieved Capacity Index of 96.01% for the FY 2015-16 with a Plant Load Factor of 43.08%. Based on the water flows, the plant is being operated with at least one turbine, either on part or full load. All four turbines are expected to run this monsoon season.

Construction of 2 x 270MW Coal based power plant situated at Goindwal Sahib, Tarn Tarn District in the State of Punjab is completed in all respects. The Punjab State Power Corporation Limited (PSPCL) had confirmed and accepted 16th April, 2016 as the Commercial operations Date (CoD) after receiving the Independent Engineers Final Test Certificate. However, the plant has been shut down on 22nd April, 2016 due to non-availability of Coal. The Ministry of Power / Ministry of Coal are yet to finalize the long term coal linkage policy. Company will apply for suitable schedule-I coal mines, to be auctioned (shortly) to have permanent source of coal linkage for long term planning.

(ii) Airports

During the year under review, Mumbai International Airport Private Limited (MIAL) has handled total of 296,634 aircraft movements compared to 269,456 during the previous year, an increase of 10.01%. On an average 810 flights were operated per day during the current year as against 738 flights per day during the previous year. MIAL handled 41.67 million passengers during the year compared to 36.63 million passengers during the previous year, an increase of 13.76%. On an average 113,853 passengers travelled per day through the airport during the year as against 100,369 passengers during the previous year.

Bangalore International Airport Limited (BIAL) has handled 18.97 Mio (PY 15.40 mio) passengers, 153,831 ATMs (PY 134,209 ATMs) and 291,920 MT (PY 279,532 MT) of Cargo resulting in an increase of 23.20%, 14.60 % and 4.40 % respectively during the year. It has received its 100 Millionth Passenger since AOD on 18th March 2016 and has achieved the distinction of becoming the first Airport in the country to achieve the GreenCo platinum rating from CII Green Building council. BIAL has received GreenCo best practices Award for solid waste management organized by CII in June 2015. Kempegowda International Airport, Bengaluru has achieved an overall satisfaction score of 4.66 for the year 2015 in the ACI Airport Service Quality passenger survey (ASQ) and was ranked 29 among 258 participating airports worldwide.

(iii) Transportation

Partial Commercial Operations for the 83.04 km Deoli-Kota Road Project, in the State of Rajasthan, have commenced from August, 2015 and full commercial operations started from March 2016.

Directors / Key Managerial Personnel (KMP)

Appointments by rotation

In accordance with the provisions of the Companies Act, 2013 read with the Articles of Association of the Company and Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Mr. Krishna Ram Bhupal, Director of the Company will retire by rotation at this meeting and being eligible, your Board recommends his re- appointment.

Details of the director seeking re-appointment at this meeting have been given separately under the corporate governance section of this report.

During the year review, there is no change in the Key Managerial Personnel of the Company.

Each of the Independent Directors have given a declaration to the Company that they meet the criteria of independence as required under section 149(7) of the Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 of the Listing Agreement with the Stock Exchanges.

Based on the recommendations of the Nomination and Remuneration Committee, the Board of Directors have formulated and adopted a policy on appointment / remuneration of directors including criteria for determining qualifications, positive attributes, independence of the Directors and other matters. This policy also covers the performance evaluation of all directors, Board, Committees and Key Managerial Personnel.

An exclusive meeting of the Independent Directors of the Company has been held on 12th February, 2016 which was attended by all the Independent Directors. They have reviewed the performance of the non-independent directors and the Board as a whole, performance of chairperson and quality of information to the Board as provided under Schedule IV of the Companies Act, 2013.

The Company has adopted a program on familiarisation of Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of business and the industry in which the Company operates among other things. The same is put up on the website of the company at the following link; <http://www.gvk.comunderinvestorrelations/investors/familiarisationprogrammeofindependentdirectors>.

Mechanism for Evaluation of Board

Evaluation of all Board members is done on an annual basis. The evaluation is done by the Board, Nomination and Remuneration committee and Independent Directors with specific focus on the performance and effective functioning of the Board and individual Directors.

1. Criteria for evaluation of Board of Directors as a whole

- i) The frequency of meetings;
- ii) The length of meetings;
- iii) The administration of meeting;
- iv) The number of committees and their notes;
- v) The flow of information to board members and between board members
- vi) The quality and quantity of information; and
- vii) The disclosure of information to the stakeholders

2. Criteria for evaluation of the Individual Directors

1. Ability to contribute and monitor corporate governance practices;
2. Ability to contribute by introducing best practices to address top management issues;
3. Participation in long term strategic planning;
4. Commitment to the fulfilment of director obligations and fiduciary responsibilities;
5. Guiding strategy;
6. Monitoring management performance and development;
7. Statutory compliance & Corporate governance;
8. Attendance and contribution at Board/Committee meetings;
9. Time spent by each of the member; and
10. Core competencies

Nomination and remuneration policy

Objectives of the Policy:

- a) To lay down criteria and terms and conditions with regard to identifying persons who are qualified to become Directors (Executive and Non-Executive) and persons who may be appointed in Senior Management and Key Managerial positions and to determine their remuneration.
- b) To determine remuneration based on the Company's size and financial position and trends and practices on remuneration prevailing in peer Companies.
- c) To carry out evaluation of the performance of Directors,
- d) To provide them reward linked directly to their effort, performance, dedication and achievement relating to the Company's operations.
- e) To retain, motivate and promote talent and to ensure long term sustainability of talented managerial persons and create competitive advantage.
- f) The brief Nomination and Remuneration policy is annexed to this report.

Board Committees

All Committees of the Board of Directors are in line with the provisions of the Companies Act, 2013 and the applicable SEBI (LODR) Regulations, 2015.

Directors' Responsibilities Statement

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory, and secretarial auditors including Audit of internal financial controls over financial reporting by the Statutory Auditors and the reviews performed by Management and the relevant Board Committees, including the Audit Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during the financial year 2015-16

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, 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, 2016, 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, 2016 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, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) the directors had prepared the annual accounts for the financial year ended March 31, 2016 on a "going concern" basis;
- v) they have laid down internal financial controls in the company that are adequate and were operating effectively and
- vi) they have devised proper systems to ensure compliance with the provisions of all applicable laws and these are adequate and are operating effectively.

Financial Statements

As required under the Listing Agreement entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under section 133 of the Companies Act, 2013 read with Rule 7 of The Companies (Accounts) Rules, 2014. These financial statements disclose the assets, liabilities, income, expenses and other details of the Company, its subsidiaries and associate companies.

Indian Accounting Standards (Ind AS) – IFRS Converged Standards

Your Company will adopt Indian Accounting Standards (Ind AS) with effect from 1st April, 2016 pursuant to the Companies (Indian Accounting Standard) Rules, 2015 as notified by the Ministry of Corporate Affairs on 16th February, 2015. The implementation of Ind AS is a major change process and the preliminary impact assessment on Company's standalone financial statements would be prepared and presented to the Board.

Secretarial Auditor

The Board had appointed M/s Narendar & Associates, Company Secretaries in Whole-time Practice to carry out the Secretarial

Audit under the provisions of section 204 of the Companies Act, 2013 and the Rules made thereunder. The report of the Secretarial Auditor in form MR-3 is enclosed to this report as **Annexure B**.

Statutory Auditors

In terms of the sub-section (2) of section 139 of the Companies Act, 2013 (effective from 01-04-2014) no Listed Company shall appoint or re-appoint an Auditing Firm as the Auditor for more than two terms of five consecutive years. Provided that the firm is eligible to be re-appointed in the same Company for another five years from the completion of first term.

In pursuance of the above, every listed Company shall comply with this requirement within a transitional period of three years from the date of commencement of the Act i.e. 1st April, 2014. M/s. S R Batliboi & Associates LLP, the existing Auditors, have been appointed on 13-09-2002 as the Statutory Auditors of the Company for auditing the annual financial statements of the company from the financial year 2002-03 and have completed the permissible period of two terms of five years each as on date.

At the Board meetings held on 29-05-2014 and 16-05-2015, the Board had reappointed them for financial years 2014-15 & 2015-16 separately and the company now proposes to re-appoint M/s. S R Batliboi & Associates LLP as Statutory Auditors for another financial year i.e. 2016-17 subject to approval of the Shareholders. This will be the last financial year, for which, they can be reappointed as the Statutory Auditors within the transitional period of 3 years and the Company will appoint a new firm of Chartered Accountants as its Statutory Auditors to comply with the provisions of the Companies Act, 2013 as amended from time to time.

Based on the recommendations of the Audit Committee and subject to the approval of the shareholders, it is proposed to re-appoint M/s. S R Batliboi & Associates LLP as the Statutory Auditors of the Company for another financial year i.e. 2016-17. M/s. S R Batliboi & Associates LLP, the Statutory Auditors of the Company will retire at the conclusion of this Annual General Meeting and being eligible, they have offered themselves for re-appointment as Statutory Auditors and have confirmed that their re-appointment, if made, would be within the limits prescribed under section 141 of the Companies Act, 2013. Accordingly, the Board recommends their reappointment at this AGM. The Notes to Accounts forming part of the financial statements are self-explanatory and need no further explanation.

Management's response on the Statutory Auditors Qualification / Comments

Qualification on recoverability against carrying value of assets of GVK Coal (Tokisud) Private Limited

GVK Coal (Tokisud) Private Limited was incorporated for developing a coal mine with minable reserve of 52 Million Tons (geological reserve of around 92 Million Tons) in the state of Jharkhand as a captive coal mine to meet the requirements of coal of one of the step down subsidiary i.e. GVK Power (Goindwal Sahib) Limited, which is implementing a 540 MW Power Plant at Goindwal Sahib in Punjab.

The Honorable Supreme Court vide its decision of September 24, 2014 held that allotment of various coal blocks including those allotted to GVK Coal (Tokisud) Company Private Limited is arbitrary and illegal and had cancelled the allotment. Subsequently, the government promulgated The Coal Mines (Special Provisions) Ordinance 2014, which intends to take appropriate action to deal with situation arising pursuant to the Honorable Supreme Court's judgment. GVK Coal Tokisud, subsidiary company has filed writ petition before the Hon'ble High Court of Delhi challenging the decision of the Nominated Authority, Ministry of Coal which quantified the compensation payable to GVK for taking over the Tokisud Coal Block as Rs.11,129 Lakhs against the carrying value of assets of Rs.34,862 Lakhs. The matter has been heard and kept reserved for judgement. Management believes that the subsidiary will be appropriately reimbursed for cancelled coal mine accordingly no provision was required to be made on carrying value of assets.

Awards and recognitions

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

Certifications, Recognitions and Awards for Bengaluru International Airport (BIAL)

- a) Company has received its 100 Millionth Passenger since AOD on 18th March 2016 at 15:20 hours arriving from Mumbai on 9W 394. Mr. Vinay Kulkarni who was identified as our 100 Millionth Passenger was felicitated at the terminal.
- b) Kempegowda International Airport, Bengaluru has achieved the distinction of becoming the first Airport in the Country to achieve the GreenCo Platinum rating from CII Green Building Council (GBC).
- c) Kempegowda International Airport, Bengaluru has achieved an overall satisfaction score of 4.66 for the year 2015 in the ACI Airport Service Quality passenger survey (ASQ) and was ranked 29 among 258 participating airports worldwide.
- d) The Business Continuity Management Systems surveillance Audit by the British Standard Institutions (BSI) under ISO 22301:2012 was successfully completed and the ISO BCM certification has been recommended for continuation until December 2017.
- e) Successfully renewed Airport Carbon Accreditation Certificate for Level - 3 (Optimization level) for year 2015 - 16 in May 2015. This is successfully achieved for 3 years now.

- f) BIAL received GreenCo Best Practices Award for Solid Waste Management, organized by CII in June 2015.
- g) The Business Continuity Management Systems surveillance audit by the British Standard Institutions (BSI) under ISO 22301:2012 was successfully completed in the last week of September 2015. Subsequently, it is recommended for continuation of the ISO BCM certification until December 2017.
- h) CII “Energy Efficient Unit” Award in September 2015. CII “GreenCo Best Practice” Award on 24th June 2015.
- i) All the 13 QC projects that were nominated for the Quality Circle Forum of India Competition 2015 has been awarded Gold Category.

Certifications, Recognitions and Awards for Mumbai International Airport Private Limited (MIAL)

Awards, Accolades and Accreditation

- a) GVK CSIA has been voted as the Best Airport in India and Central Asia by Skytrax World Airport Awards 2016
- b) GVK CSIA has been inducted in the ACREX Hall of Fame for its world class design, architecture, infrastructure and operational efficiency.
- c) GVK MIAL has been rated as the World’s Best Airport in the 25-40 million passengers per year category by ACI in the Airport Service Quality Awards 2015.
- d) GVK MIAL has bagged the ‘Cargo Airport of the Year – Region India’ award for the second consecutive year at the ‘STAT Trade Times International Awards’ for excellence in Air Cargo.
- e) GVK CSIA has become the first Brownfield airport to receive the ‘GreenCo Gold Rating’.
- f) GVK MIAL’s Cargo division has bagged the ‘Air Cargo Terminal Award 2014-15’ at the Economic Times Logistics Awards.
- g) GVK MIAL has been awarded the ‘Best Airport - National’ for excellence in connecting air cargo community by ‘Air Cargo Agents Association of India’ during the 42nd ACAAI Annual Convention.
- h) GVK CSIA has been selected as the ‘World’s Leading Airport Lounge - First Class’ at the World Travel Awards 2015.
- i) GVK CSIA has been awarded the Golden Peacock National Award for Risk Management.
- j) GVK CSIA has been rated as the ‘Smartest Airport Building in India’ and the ‘Smartest Building in India’ at the recently concluded ‘Times of India and Honeywell Smart Building Awards’ for 2015.
- k) Obtained CII GREENCO Gold certification (A rating system to analyze business impact on environment)
- l) GVK CSIA’s has bagged the ‘Innovation in Tunnels Award’ for its proposed Airside Road Tunnel project at the Third Arabian Tunnelling Conference & Exhibition 2015, Dubai.
- m) GVK CSIA has been awarded the Asia Pacific Airport of the Year 2015 at the CAPA Aviation Awards for Excellence 2015.
- n) CSIA’s GVK Lounge at Terminal 2 has been conferred as Asia’s Leading Airport Lounge at the World Travel Awards 2015.
- o) GVK CSIA has been bestowed with the ‘Dr. A Ramakrishna Award 2015 for the Best Project with Precast Concrete in India’ by Indian Concrete Institute.
- p) Pranaam GVK Guest Services has been recognized for its service excellence with the ‘Best Customer Experience award’ by Customer Experience Management (CEM) Asia.
- q) GVK CSIA has bagged the Asia Training & Development Excellence Awards 2015 for ‘Best Change Management Initiative or Program’.
- r) Mr. R. K. Jain, CEO, Mumbai International Airport Private Limited was conferred with the ‘Best CEO with HR Orientation Award’ at the 6th Asia’s Best Employer Brand awards.
- s) GVK MIAL has received the ISO 50001:2011 accreditation for its efforts towards effective Energy Management System.

Particulars of Loans given, Investments made and Guarantees given and Securities provided:

Particulars of loans given, investments made, guarantees given and securities provided under Sec 186 of the Companies Act, 2013 forms part of the Notes to the financial statements are provided in this Annual Report

Contracts and Arrangements with the Related Parties:

All the related party transactions that were entered during the financial year were on an arm’s length basis and were in the ordinary course of business. These transactions, for a financial year, are placed before the Audit Committee and the Board for their prior approvals. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the company on a materiality of related party transactions.

Particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 in the prescribed Form AOC-2, is appended as **Annexure C** to the Board’s report.

Extract of Annual Return

An extract of the Annual Return for the financial year ended 31st March, 2016 as required under Section 92(3) of the Act is enclosed herewith, in the specified format, as **Annexure D**

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 periodically reviews internal audit reports and effectiveness of internal control systems.

Apart from the above, the Company in consultations with the external and independent consultants adopted a policy for development and implementation of risk management for the company including identification of elements of risk, if any, that may threaten the existence of the Company and a mechanism to mitigate the same.

Public Deposits

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

Vigil Mechanism

In terms of section 177(9) & (10) of the Companies Act, 2013, a Vigil Mechanism for Directors and employees to report genuine concerns has been established by the Board along with the whistle blower policy. The Vigil Mechanism and whistle blower policy have been uploaded on the website of the Company. The same can be accessed at the link www.gvk.comunderinvestorrelations/investors/codeofconduct.

Corporate Social Responsibility

Since, there are no average net profits for the Company during the previous three financial years, there are no specific funds that are required to be set aside and spent by the Company during the year under review. Members can access the CSR Policy on the website of the Company at link <http://www.gvk.comunderinvestorrelations/investors/corporategovernance/CSR Policy>

Particulars of employees and related disclosures

In terms of the provisions of Section 197(12) of the Act read with Rules 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, none of the employees are in receipt of the remuneration which is in excess of the limits as specified in the regulation.

Disclosures pertaining to remuneration and other details as required under Section 197(12) read with Rule 5(1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 are enclosed to this report.

Conservation of Energy, Technology Absorption, Foreign Exchange Earning and outgo Etc.,

Information on conservation of Energy, Technology absorption, Foreign Exchange earnings and outgo required to be disclosed under Section 134 of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 are provided hereunder:

(A) Conservation of Energy:

- (i) the steps taken or impact on conservation of energy : NA
- (ii) the steps taken by the company for utilising alternate sources of energy : NA
- (iii) the capital investment on energy conservation equipments; : NA

(B) Technology absorption :

- (i) the efforts made towards technology absorption; : NA
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution; : NA
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : NA
 - (a) the details of technology imported;
 - (b) the year of import;
 - (c) whether the technology been fully absorbed;
 - (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof;
- (iv) the expenditure incurred on Research and Development : NA

Expenditure on R& D

(Rs. in lakhs)

S.No.	Particulars	2015-16	2014-15
A	Capital	Nil	Nil
B	Recurring	Nil	Nil
C	Total	Nil	Nil
D	Total R&D expenditure as a percentage of total turnover	Nil	Nil

(C) Foreign exchange earnings and Outgo :

In accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013, read with the Rule 5 of the Companies (Accounts) Rules, 2014, the information relating to foreign exchange earnings and outgo is provided under Notes to the Balance Sheet and Profit and Loss Account.

General

Your Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions on these items during the year under review:

1. Details relating to deposits covered under Chapter V of the Act.
2. Issue of equity shares with differential rights as to dividend, voting or otherwise.
3. Issue of shares (including sweat equity shares) to employees of the Company under any scheme save and except ESOS referred to in this Report.
4. No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and Company's operations in future.

Your Directors further state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

Acknowledgements

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

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

For and on behalf of the Board of Directors

Place : Hyderabad
Date : May 20, 2016

Dr. GVK Reddy
Chairman & Managing Director

Holding Company

GVK Power & Infrastructure Limited

Subsidiaries (As on March 31, 2016)

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

Step Down Subsidiaries (As on March 31, 2016)

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

Associates (As on March 31, 2016)

1. Bangalore International Airport Limited
2. Seregarha Mines Limited

Annexures

Annexure – A

FORM No. AOC-1

(Pursuant to First proviso to sub-section (3) of section 129 of the Companies Act, 2013 read with Rule 5 of the Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries / associate companies / joint ventures

Part “A”: Subsidiaries

(Rs.Lakhs)

Sl. No.	1	2	3	4	5	6	7	8
Name of the Subsidiary	GVK Energy Ltd	GVK Airport Developers Pvt Ltd	GVK Transportation Pvt Ltd	Goriganga Hydro Power Pvt Ltd	GVK Oil & Gas Ltd	GVK Perambalur SEZ Pvt Ltd	GVK Developmental Projects Pvt Ltd	GVK AIRPORT SERVICES PVT LTD
Reporting period for subsidiary concerned, if different from the holding company's reporting period	01-04-2015 to 31-03-2016	01-04-2015 to 31-03-2016	01-04-2015 to 31-03-2016	01-04-2015 to 31-03-2016	01-04-2015 to 31-03-2016	01-04-2015 to 31-03-2016	01-04-2015 to 31-03-2016	01-04-2015 to 31-03-2016
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR	INR	INR
Share Capital	88,831	130,000	3,770	1	5	1	1	1
Reserves & Surplus	163,895	(161,032)	(24,923)	(4)	(765)	(38)	(3,680)	(1)
Total Assets	317,145	354,739	68,016	5,003	135	11,716	59,810	1
Total Liabilities	317,145	354,739	68,016	5,003	135	11,716	45,203	1
Investments	306,668	25,078	32,171	-	-	-	-	-
Turnover	5,325	9,659	7,265	-	1	-	-	-
Profit before Taxation	(3,615)	(48,883)	1,013	(4)	(488)	(38)	(470)	(0)
Provision for taxation	998	2,918	-	-	-	-	-	-
Profit after taxation	(4,613)	(46,801)	1,013	(4)	(488)	(38)	(470)	(0)
Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
% of shareholding	62.80	100	100	100	100	100	100	100

Part "B": Associates and Joint Ventures

Statement pursuant to section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Sl. No.	Name of Associate / Joint Venture	Bangalore International Airport Limited	Seregarha Mines Limited
1	Latest audited Balance Sheet Date	31-03-2016	31-03-2016
2	Shares of Associate / Joint Ventures held by the company on the year end	43%	29.87%
	No.	165,378,000	4,776,105
	Amount of Investment in Associates / Joint Venture	Rs. 179,339 Lakhs	
	Extent of Holding %	43	44.45
3	Description of how there is significant influence	We have power to participate in the financial and /or operating policy decisions of the investee but not control over those policies	We have power to participate in the financial and /or operating policy decisions of the investee but not control over those policies
4	Reason why the associate / joint venture is not consolidated	Not applicable	Not applicable
5	Net worth attributable to Shareholding as per latest audited Balance Sheet	Rs.55,415 Lakhs	Rs. 478 Lakhs
6	Profit / Loss for the year	Rs. 43,736 Lakhs	Nil
	i. Considered in Consolidation	Rs.18,833 Lakhs	Nil
	ii. Not considered in Consolidation	Not applicable	Not applicable

For and on behalf of the Board of Directors

Place : Hyderabad
Date : May 20, 2016**Dr. GVK Reddy**
Chairman & Managing Director

Annexure – B

Secretarial Audit Report

(As per Form No. MR-3)

For the Financial Year Ended 31st March, 2016

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members,
M/s GVK Power & Infrastructure Limited
(CIN: L74999AP2005PLC059013)
Paigah House, 156-159, Sardar Patel Road
Secunderabad 500003

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. GVK Power & Infrastructure Limited (hereinafter referred to as the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

The maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.

Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events etc.

The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

Based on our verification of the Company's secretarial records, documents, books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion the Company has, during the financial year ended on 31st March, 2016 (audit period), complied with all the statutory provisions listed hereunder and proper Board-processes and compliance-mechanism are in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the secretarial records, documents, books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the Rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the Rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
4. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act):
 - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011;
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (upto 14th May, 2015) and Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (effective 15th May, 2015)
 - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; and The

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and;
d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

6. The Company being an "Ultimate Holding Company" and without any manufacturing/ production activities on its own, most of the Labour Laws are not applicable to the company. However, the Company is complying with the provisions of The Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and The Payment of Gratuity Act, 1972.
7. As regards compliance of Environmental Laws, as may be applicable to the company, we state that the company don't have any manufacturing unit, since it is a Holding Company. As per the Management, the respective subsidiary / associates of the company are complying with the applicable Environmental Laws. Therefore, the company need not comply with any specific Environmental Laws by itself.

We have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by the Institute of Company Secretaries of India.
- ii. The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited and National Stock Exchange of India Limited as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (effective 1st December, 2015).

We further report that;

The Board of directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors and Independent Directors. The Changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company that commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period, the shareholders of the Company at their 21st Annual General Meeting held on 13-08-2015 authorized the Company to issue securities under Chapter VIII of SEBI (ICDR) Regulations, 2009 and as on 31st March, 2016 the Company has not issued or allotted any securities under this authorization.

For Narender & Associates

Place : Hyderabad
Date : 20-05-2016

G Narender
FCS NO.4898
CP.NO.5024

Annexure – C

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014.

Form for Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arms length transaction under third proviso is given below:

1. Details of contracts or arrangements or transactions not at Arm's length basis:

There were no contracts or arrangements or transactions entered in to during the year ended March 31, 2015, which were not at arm's length basis.

2. Details of contracts or arrangements or transactions at Arm's length basis.

(Rs. in lakhs)

Name (s) of the related party	Nature of relationship	Duration of contract	Salient terms	Amount
Nature of contract:				
Fees for Services rendered				
GVK Gautami Power Ltd	Subsidiary	During the terms of PPA	O&M Service	1,046
Mumbai International Airport Pvt Ltd	Subsidiary	3 years from 01-02-2014 to 31-01-2017	Manpower & Consultancy Services	1,432
GVK Projects & Technical Services Ltd	Group company	Till loan is paid	Corporate Guarantee commission	26
GVK Energy Limited	Subsidiary	As per the financing documents with the lenders	Corporate Guarantee commission	177
Seregraha Mines Limited	Associate	Till the completion of the project	Corporate Guarantee commission	8
GVK Coal Developers (Singapore) Pte Ltd	Group company	Till loan is paid	Corporate Guarantee commission	1,641
Reimbursement of expenses (Billable expenses)				
GVK Gautami Power Ltd	Subsidiary	During the terms of PPA	O&M Service.	415
Services rendered :				
GVK Industries Limited	Subsidiary	Yearly	Reimbursement of expenses	-
GVK Technical & Consultancy Services Pvt Ltd	Group Company	3 years from 01-02-2014 to 31-01-2017	Manpower Services	138
Pinakini Share & stock Broker Limited	Group Company	Yearly	Investment maintenance services	-
TAJ GVK Hotels & Resorts Limited	Group Company	Yearly	Hospitality services	2
Orbit Travels & Tours Private Limited	Group Company	3 years from 01-02-2014 to 31-01-2014	Cost of flight tickets	6
Investment in equity				
GVK Airport Developers Ltd	Subsidiary	Not applicable	Equity shares allotment	-
GVK Transportation Pvt Ltd	Subsidiary	Not applicable	Equity shares allotment	-
Loans/advances given/expenditure incurred on behalf				
GVK Industries Ltd	Subsidiary	One time	Expenditure incurred on behalf	6
Mumbai International Airport Pvt Ltd	Subsidiary	One time	Expenditure incurred on behalf	40
GVK Jaipur Expressway Pvt Ltd	Subsidiary	One time	Expenditure incurred on behalf	1

Name (s) of the related party	Nature of relationship	Duration of contract	Salient terms	Amount
GVK Bagodara Vasad Expressway Pvt Ltd	Subsidiary	One time	Expenditure incurred on behalf	1
Goriganga Hydro Power Pvt Ltd	Subsidiary	One time	Expenditure incurred on behalf	4
GVK Power (Goindwal Sahib) Limited	Subsidiary	One time	Expenditure incurred on behalf	6
GVK Airport Developers Ltd	Subsidiary	Yearly	Advance given	27,623
GVK Ratle Hydro Electric Project Private Ltd.	Subsidiary	One time	Expenditure incurred on behalf	0
GVK Transportation Pvt Ltd	Subsidiary	Yearly	Advance given	9,383
GVK Perambalur SEZ Pvt Ltd	Subsidiary	Yearly	Advance given	13
GVK Developmental Projects Pvt Ltd	Subsidiary	Yearly	Advance given	122
GVK Energy Limited	Subsidiary	Yearly	Advance given	177
GVK Oil & Gas Limited	Subsidiary	Yearly	Advance given	-
Bangalore International Airport Ltd	Associate	One time	Reimbursement of expenses	1
Loans/advances recovered:				
GVK Jaipur Expressway Pvt Ltd	Subsidiary	Not applicable	Advance recovered	3
GVK Airport Developers Ltd	Subsidiary	Not applicable	Advance recovered	75,372
GVK Transportation Pvt Ltd	Subsidiary	Not applicable	Advance recovered	4,077
GVK Developmental Projects Pvt Ltd	Subsidiary	Not applicable	Advance recovered	4,156
GVK Energy Limited	Subsidiary	Not applicable	Advance recovered	216
Bangalore International Airport Ltd	Associate	Not applicable	Advance recovered	8
GVK Coal Developers (Singapore) Pte Ltd	Group Company	Not applicable	Advance recovered	3
Share application money given:				
GVK Coal Developers (Singapore) Pte Ltd	Group company	Not applicable	Share application money given	2,984
Guarantees given:				
GVK Airport Developers Ltd	Subsidiary	Till the loan is paid	Guarantee given	13,151
GVK Ratle Hydro Electric Project Private Ltd.	Subsidiary	Till the loan is paid	Guarantee given	26,472
Bangalore Airport & Infrastructure Developers Pvt. Ltd.	Subsidiary	Till the loan is paid	Guarantee given	4,200
GVK Coal Developers (Singapore) Pte Ltd	Group company	Till the loan is paid	Guarantee given	56,838
Guarantees released:				
GVK Jaipur Expressway Pvt Ltd	Subsidiary	Not applicable	Not applicable	6,157
GVK Transportation Pvt Ltd	Subsidiary	Not applicable	Not applicable	11,288
GVK Projects & Technical Services Ltd	Group company	Not applicable	Not applicable	1,935
Director Sitting fees:				
Mr G V Sanjay Reddy	Vice Chairman		Not applicable	1
Mr Krishna Ram Bhupal	Director		Not applicable	1

Annexure – D

Extract of Annual Return

Form No. MGT 9

as on financial year ended on 31.03.2015

(Pursuant to Section 92 (3) of the Companies Act, 2013 and

Rule 12(1) of the Company (Management & Administration) Rules, 2014.)

I. Registration & Other Details:

i	CIN	L74999AP2005PLC059013
ii	Registration Date	20-04-2005
iii	Name of the Company	GVK POWER & INFRASTRUCTURE LIMITED
iv	Category/Sub-category of the Company	Public Company/ Limited by Shares
v	Address of the Registered office & contact details	156-159,'Paigah House' Sardar Patel Road Secunderabad 500013
vi	Whether listed company	YES
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32,Gacchibowli, Financial District, Nanakramguda, Hyderabad 500032 Tel: +91 40 67161700 Fax:+91 40 23114087

II. Principal Business Activities of the Company:

All the business activities contributing 10% or more of the total turnover of the company shall be stated

Sl. No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company	
i	Generation of power as an operator	NIL	Guarantee commission	38.90%
			Manpower & Consultancy fees	26.75%
			Revenue from Operations and Generation of power	31.18%

III. Particulars of Holding, Subsidiary & Associate Companies:

SI No	Name of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
Subsidiaries (As on March,31,2016)					
1	GVK Energy Limited	U40102AP2008PLC058683	Subsidiary	62.80	Section 2(87)
2	GVK Airport Developers Limited	U62200TG2005PLC046510	Subsidiary	100	Section 2(87)
3	GVK Transportation Private Limited	U63030TG2009PTC064808	Subsidiary	100	Section 2(87)
4	GVK Oil & Gas Limited	U40105TG2008PLC057645	Subsidiary	100	Section 2(87)
5	GVK Perambalur SEZ Private Limited	U45209DL2006PTC156157	Subsidiary	100	Section 2(87)
6	GVK Developmental Projects Private Limited	U74140DL2006PTC156789	Subsidiary	100	Section 2(87)
7	Goriganga Hydro Power Private Limited	U40101TG2006PTC073854	Subsidiary	100	Section 2(87)
8	GVK Airport Services Private Limited	U45400TG2007PTC054816	Subsidiary	100	Section 2(87)
Step Down Subsidiaries (As on March,31,2016)					
1	GVK Industries Limited	U74999AP1992PLC014388	Subsidiary	100	Section 2(87)
2	GVK Gautami Power Limited	U40102TG1996PLC024970	Subsidiary	63.60	Section 2(87)
3	Alaknanda Hydro Power Company Limited	U40100TG1996PLC074796	Subsidiary	100	Section 2(87)
4	GVK Power (Goindwal Sahib) Limited	U40109TG1997PLC028483	Subsidiary	100	Section 2(87)
5	GVK Coal (Tokisud) Company Private Limited	U10101TG2005PTC047275	Subsidiary	100	Section 2(87)
6	GVK Ratle Hydro Electric Project Private Limited	U40108TG2010PTC069067	Subsidiary	100	Section 2(87)
7	GVK Power (Khadur Sahib) Private Limited	U40102TG2011PTC073797	Subsidiary	99	Section 2(87)
8	GVK Airport Holdings Private Limited	U62200TG2005PTC046505	Subsidiary	72	Section 2(87)
9	Bangalore Airport & Infrastructure Developers Private Limited	U45200TG2006PTC051693	Subsidiary	100	Section 2(87)
10	GVK Airports International Pte Ltd, Singapore	NA	Subsidiary	100	Section 2(87)
11	Mumbai International Airport Private Limited	U45200MH2006PTC160164	Subsidiary	50.50	Section 2(87)
12	GVK Jaipur Expressway Private Limited	U45203AP2002PTC063406	Subsidiary	100	Section 2(87)
13	GVK Deoli Kota Expressway Private Limited	U45209TG2010PTC067999	Subsidiary	99.97	Section 2(87)
14	GVK Bagodara Vasad Expressway Private Limited	U45200TG2011PTC072500	Subsidiary	99.49	Section 2(87)
15	GVK Shivpuri Dewas Expressway Private Limited	U45400TG2011PTC076856	Subsidiary	100	Section 2(87)
16	GVK Energy Ventures Private Limited	U45203TG2004PTC081081	Subsidiary	100	Section 2(87)
17	PT GVK Services,Indonesia	NA	Subsidiary	97	Section 2(87)
Associates (As on March 31,2016)					
1	Bangalore International Airport Limited	U45203KA2001PLC028418	Associate	43	Section 2(6)
2	Seregarha Mines Limited	U10101JH2008PLC013089	Associate	44.45	Section 2(6)

IV. Share holding pattern (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding:

Category Code	Category of Shareholder	No. of Shares held at the beginning of the Year				No. of Shares held at the end of the Year				% Change during the Year
		Demat	Physical	Total	% Of total Shares	Demat	Physical	Total	% Of total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	Promoter and Promoter Group									
(1)	Indian									
(a)	Individual /HUF	708822410	0	708822410	44.88	260422905	0	260422905	16.49	(28.39)
(b)	Central Government/State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	147906930	0	147906930	9.37	596306435	0	596306435	37.76	(28.39)
(d)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(1):	856729340	0	856729340	54.25	856729340	0	856729340	54.25	0.00
(2)	Foreign									
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total A(2):	0	0	0	0.00	0	0	0	0.00	0.00
	Total A=A(1)+A(2)	856729340	0	856729340	54.25	856729340	0	856729340	54.25	0.00
(B)	Public Shareholding									
(1)	Institutions									
(a)	Mutual Funds /UTI	17654788	0	17654788	1.12	72558	0	72558	0.00	(1.12)
(b)	Financial Institutions /Banks	2393431	3000	2396431	0.15	2330621	3000	2333621	0.15	0.00
(c)	Central Government / State Government(s)	6330000	0	6330000	0.40	6330000	0	6330000	0.40	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	8182011	0	8182011	0.52	8182011	0	8182011	0.52	0.00
(f)	Foreign Institutional Investors	183342677	0	183342677	11.61	139469360	0	139469360	8.83	(2.78)
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(1):	217902907	3000	217905907	13.80	156384550	3000	156387550	9.90	(3.90)
(2)	Non-Institutions									
(a)	Bodies Corporate	92601163	547031	93148194	5.90	94525686	547031	95072717	6.02	0.12
(b)	Individuals									
	(i) Individuals holding nominal share capital upto Rs.1 lakh	307839240	1287259	309126499	19.57	336020093	1251983	337272076	21.36	1.78
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	63315963	0	63315963	4.01	95040340	0	95040340	6.02	2.01
(c)	Others									
	Clearing Members	5768281	0	5768281	0.37	2455075	0	2455075	0.16	(0.21)
	Non Resident Indians	20505041	87700	20592741	1.30	23648864	87700	23736564	1.50	0.20
	Overseas Corporate Bodies	0	375000	375000	0.02	0	375000	375000	0.02	0.00
	Trusts	12248475	0	12248475	0.78	12141738	0	12141738	0.77	(0.01)
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total B(2):	502278163	2296990	504575153	31.95	563831796	2261714	566093510	35.85	3.90
	Total B=B(1)+B(2):	720181070	2299990	722481060	45.75	720216346	2264714	722481060	45.75	0.00
	Total (A+B):	1576910410	2299990	1579210400	100.00	1576945686	2264714	1579210400	100.00	0.00
(C)	Shares held by custodians, against which Depository Receipts have been issued									
(1)	Promoter and Promoter Group	0	0	0	0.00	0.00	0	0.00	0.00	0.00
(2)	Public	0	0	0	0.00	0.00	0	0.00	0.00	0.00
	Grand Total (A+B+C):	1576910410	2299990	1579210400	100.00	1576945686	2264714	1579210400	100.00	0.00

(ii) Share Holding of Promoters:

SI No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	G Indira Krishna Reddy	23,03,40,730	14.59	0.00	2,86,22,290	1.81	0.00	(12.78)
2	G V Sanjay Reddy	15,43,34,480	9.77	0.00	5,64,00,154	3.57	0.00	(6.20)
3	Vertex Projects Limited	14,06,32,430	8.91	0.00	59,63,06,435	37.76	0.00	28.85
4	Krishnam Bhupal	11,81,55,990	7.48	0.00	2,51,33,435	1.59	0.00	(5.89)
5	G Aparna Reddy	7,56,45,000	4.79	0.00	6,44,00,154	4.08	0.00	(0.71)
6	Shalini Bhupal	5,90,77,995	3.74	0.00	4,29,33,436	2.72	0.00	(1.02)
8	G V Krishna Reddy	78,82,720	0.50	0.00	4,29,33,436	2.72	0.00	(2.20)
7	Shriya Bhupal	5,80,65,495	3.68	0.00	0.00	0.00	0.00	(3.68)
9	Greenridge Hotels and Resorts LLP	72,74,500	0.46	0.00	0.00	0.00	0.00	(0.46)
10	G V Keshav Reddy	26,60,600	0.17	0.00	0.00	0.00	0.00	(0.17)
11	G Mallika Reddy	26,60,600	0.17	0.00	0.00	0.00	0.00	(0.17)
	Total	85,67,29,340	54.25	0.00	85,67,29,340	54.25	0	0

(iii) Change in Promoters' Shareholding (Specify if there is no Change)

SI No.	For Each of the Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	G Indira Krishna Reddy				
	At the beginning of the year	78,82,720	0.50	78,82,720	0.50
	Acquisition on 28-09-2015	4,91,05,175	3.11	5,69,87,895	3.61
	Sale on 06-11-2015	(67,04,459)	(0.42)	5,02,83,436	3.18
	Sale on 31-01-2016	(73,50,000)	(0.46)	4,29,33,436	2.72
	At the end of the year	4,29,33,436	2.72	4,29,33,436	2.72
2	Vertex Projects LLP				
	At the beginning of the year	14,06,32,430	8.91	14,06,32,430	8.91
	Acquisition on 16-04-2015	3,12,50,000	1.98	17,18,82,430	10.88
	Acquisition on 22-04-2015	3,25,00,000	2.06	20,43,82,430	12.94
	Acquisition on 29-04-2015	3,62,50,000	2.30	24,06,32,430	15.24
	Acquisition on 07-05-2015	3,58,74,500	2.27	27,65,06,930	17.51
	Acquisition on 29-06-2015	2,99,99,505	1.90	30,65,06,435	19.41
	Acquisition on 07-09-2015	8,00,00,000	5.07	38,65,06,435	24.47
	Acquisition on 14-09-2015	4,50,00,000	2.85	43,15,06,435	27.32
	Acquisition on 21-09-2015	7,50,00,000	4.75	50,65,06,435	32.07
	Acquisition on 28-09-2015	1,50,00,000	0.95	52,15,06,435	33.02
	Acquisition on 21-01-2016	4,90,00,000	3.10	57,05,06,435	36.13
	Acquisition on 04-03-2016	2,58,00,000	1.63	59,63,06,435	37.76
	At the end of the year	59,63,06,435	37.76	59,63,06,435	37.76
3	G Aparna Reddy				
	At the beginning of the year	7,56,45,000	4.79	7,56,45,000	4.79
	Sale on 14-09-2015	(2,00,00,000)	(1.27)	5,56,45,000	3.52
	Sale on 28-09-2015	(3,33,221)	(0.02)	5,53,11,779	3.50
	Acquisition on 06-11-2015	2,01,13,375	1.27	7,54,25,154	4.77
	Sale on 21-01-2016	(73,50,000)	(0.46)	6,80,75,154	4.31
	Sale on 04-02-2016	(36,75,000)	(0.23)	6,44,00,154	4.07
	At the end of the year	6,44,00,154	4.07	6,44,00,154	4.07
4	G V Sanjay Reddy				
	At the beginning of the year	15,43,34,480	9.77	15,43,34,480	9.77
	Sale on 07-09-2015	(8,00,00,000)	(5.06)	7,43,34,480	4.71
	Sale on 28-09-2015	(1,90,22,701)	(1.20)	5,53,11,779	3.50
	Acquisition on 6-11-2015	2,01,13,375	1.27	7,54,25,154	4.78
	Sale on 21-01-2016	(4,16,50,000)	(2.64)	3,37,75,154	2.14
	Acquisition on 21-01-2016	3,06,25,000	1.94	6,44,00,154	4.08
	Sale on 04-03-2016	(80,00,000)	(0.51)	5,64,00,154	3.57
	At the end of the year	5,64,00,154	3.57	5,64,00,154	3.57

SI No.	For Each of the Promoters	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
5	Krishna Ram Bhupal				
	At the beginning of the year	11,81,55,990	7.78	11,81,55,990	7.78
	Sale on 29-06-2015	(1,28,69,395)	(0.81)	10,52,86,595	6.67
	Sale on 21-09-2015	(7,50,00,000)	(4.75)	3,02,86,595	1.92
	Acquisition on 28-09-2015	2,50,25,184	1.58	5,53,11,779	3.50
	Sale on 06-11-2015	(50,28,344)	(0.32)	5,02,83,435	3.18
	Sale on 21-01-2016	(73,50,000)	(0.46)	4,29,33,435	2.72
	Sale on 04-03-2016	(1,78,00,000)	(1.13)	2,51,33,435	1.59
	At the end of the year	2,51,33,435	1.59	2,51,33,435	1.59
6	Shalini Bhupal				
	At the beginning of the year	5,90,77,995	3.74	5,90,77,995	3.74
	Sale on 28-09-2015	(37,66,216)	(0.24)	5,53,11,779	3.50
	Sale on 06-11-2015	(50,28,343)	(0.32)	5,02,83,436	3.18
	Sale on 21-01-2016	(1,10,25,000)	(0.70)	3,92,58,436	2.48
	Acquisition on 04-02-2016	36,75,000	0.23	4,29,33,436	2.72
	At the end of the year	4,29,33,436	2.72	4,29,33,436	2.72
7	Shriya Bhupal				
	At the beginning of the year	5,80,65,495	3.68	5,80,65,495	3.68
	Sale on 29-06-2015	(80,65,000)	(0.51)	5,00,00,495	3.17
	Sale on 14-09-2015	(2,50,00,000)	(1.58)	2,50,00,495	1.58
	Sale on 28-09-2015	(2,50,00,495)	(1.58)	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
8	Dr GVK Reddy				
	At the beginning of the year	78,82,720	0.50	78,82,720	0.50
	Acquisition on 28-09-2015	4,91,05,175	3.11	5,69,87,895	3.61
	Sale on 06-11-2015	(67,04,459)	(0.42)	5,02,83,436	3.18
	Sale on 31-01-2016	(73,50,000)	(0.46)	4,29,33,436	2.72
	At the end of the year	4,29,33,436	2.72	4,29,33,436	2.72
9	Greenridge Hotels & Resorts Ltd				
	At the beginning of the year	72,74,500	0.46	72,74,500	0.46
	Sale on 07-05-2015	(72,74,500)	(0.46)	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
10	G Mallika Reddy				
	At the beginning of the year	26,60,000	0.17	26,60,000	0.17
	Sale on 28-09-2015	(26,60,000)	(0.17)	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
11	G V Keshav Reddy				
	At the beginning of the year	26,60,000	0.17	26,60,000	0.17
	Sale on 28-09-2015	(26,60,000)	(0.17)	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

SI No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
1	HSBC Global Investment Funds	11,04,28,344	6.99	6,36,05,482	4.03
2	Copthall Mauritius Investment Limited	1,83,94,477	1.16	1,83,94,477	1.16
3	HDFC Trustee Company Limited	1,70,82,105	1.08	0	0.00
4	GVK Employees Welfare Trust	1,21,75,855	0.77	1,21,25,885	0.77
5	HSBC (Bank) Mauritius Limited	1,58,76,064	1.01	1,18,01,589	0.75
6	MV Scif Mauritius	84,02,444	0.53	51,66,289	0.33
7	Life Insurance Corporation of India	81,82,011	0.52	81,82,011	0.52
8	Akash Bhansali	82,29,052	0.52	77,73,793	0.49
9	Talma Chemical Industries Pvt Ltd	81,82,011	0.52	0	0.00
10	Sushil Sheoduttrai Sanghai	68,25,020	0.43	68,25,020	0.43
11	Transmission Corporation Of Andhra Pradesh Limited	0.00	0.00	63,30,000	0.40
12	EDEL Investments Limited	0.00	0.00	60,00,000	0.38

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No.	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No of shares	% of total shares of the company	No of shares	% of total shares of the company
Shareholding of Key Managerial Personnel :					
1	Dr GVK Reddy				
	At the beginning of the year	78,82,720	0.50	78,82,720	0.50
	Acquisition on 28-09-2015	4,91,05,175	3.11	5,69,87,895	3.61
	Sale on 06-11-2015	(67,04,459)	(0.42)	5,02,83,436	3.18
	Sale on 31-01-2016	(73,50,000)	(0.46)	4,29,33,436	2.72
	At the end of the year	4,29,33,436	2.72	4,29,33,436	2.72
2	Mr. A Issac George				
	At the beginning of the year	2,700	0.00	2,700	0.00
	At the end of the year	2,700	0.00	2,700	0.00
3	Mr. P.V. Rama Seshu				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
Shareholding of Directors :					
4	Mr. G V Sanjay Reddy				
	At the beginning of the year	15,43,34,480	9.77	15,43,34,480	9.77
	Sale on 07-09-2015	(8,00,00,000)	(5.06)	7,43,34,480	4.71
	Sale on 28-09-2015	(1,90,22,701)	(1.20)	5,53,11,779	3.50
	Acquisition on 6-11-2015	2,01,13,375	1.27	7,54,25,154	4.78
	Sale on 21-01-2016	(4,16,50,000)	(2.64)	3,37,75,154	2.14
	Acquisition on 21-01-2016	3,06,25,000	1.94	6,44,00,154	4.08
	Sale on 04-03-2016	80,00,000	0.51	5,64,00,154	3.57
	At the end of the year	5,64,00,154	3.57	5,64,00,154	3.57
5	Mr. Krishna Ram Bhupal				
	At the beginning of the year	11,81,55,990	7.78	11,81,55,990	7.78
	Sale on 29-06-2015	(1,28,69,395)	(0.81)	10,52,86,595	6.67
	Sale on 21-09-2015	(7,50,00,000)	(4.75)	3,02,86,595	1.92
	Acquisition on 28-09-2015	2,50,25,184	1.58	5,53,11,779	3.50
	Sale on 06-11-2015	(50,28,344)	(0.32)	5,02,83,435	3.18
	Sale on 21-01-2016	(73,50,000)	(0.46)	4,29,33,435	2.72
	Sale on 04-03-2016	(1,78,00,000)	(1.13)	2,51,33,435	1.59
	At the end of the year	2,51,33,435	1.59	2,51,33,435	1.59
6	Mr. Ch G Krishna Murthy				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
7	Mr. S Balasubramanian				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
8	Mr. S Anwar				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
9	Mr. K Balarama Reddi				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil
10	Ms. Santha K John				
	At the beginning of the year	Nil	Nil	Nil	Nil
	At the end of the year	Nil	Nil	Nil	Nil

V. Indebtedness:

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Rs. In lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	2,328,805	158,558	-	2,487,363
ii) Interest due but not paid	18,913	-	-	18,913
iii) Interest accrued but not due	13,599	-	-	13,599
Total (i+ii+iii)	2,361,317	158,558	-	2,519,875
Change in Indebtedness during the financial year				
Addition / (Reduction)	230,028	(6,632)	-	223,416
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount	2,521,664	151,926	-	2,673,590
ii) Interest due but not paid	43,503	-	-	43,503
iii) Interest accrued but not due	26,198	-	-	26,198
Total (i+ii+iii)	2,591,365	151,926	-	2,743,291

VI. Remuneration of Directors and Key Managerial Personnel:
A) Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. In lakhs)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager Dr GVK Reddy, Chairman & Managing Director*
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00
2.	Stock Option	-
3.	Sweat Equity	-
4.	Commission - as % of profit - others, specify...	0.00
5.	Others, please specify (perquisites)	0.00
	Total (A)	0.00

* CMD declined to take any salary until the company start making profits.

B) Remuneration to other directors:

(Rs. In lakhs)

Sl. No.	Particulars of Remuneration	Name of the Directors					Total Amount
		Mr. Ch. G Krishna Murthy	Mr. S Balasubramanian	Mr. S. Anwar	Mr. K Balarama Reddi	Ms Santha K John	
1.	Independent Directors						
	• Fee for attending board/ committee meetings • Commission • Others, please specify	1.20	1.00	1.20	1.20	1.20	5.80
	Total (1)	1.20	1.00	1.20	1.20	1.20	5.80
2.	Other Non-Executive Directors	Mr G V Sanjay Reddy	Mr. Krishna Ram Bhupal	Mrs G Indira Krishna Reddy	-	-	
	•Fee for attending board/ committee meetings •Commission •Others, please specify	1.20	1.20	-	-	-	2.40
	Total (2)	1.20	1.20	-	-	-	2.40
	Total (B) = (1 + 2)	2.40	2.20	1.20	1.20	1.20	8.20

C) Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

(Rs. In lakhs)

Sl. No.	Particulars of Remuneration	Name of KMP		
		P V Rama Seshu AVP & CS	A Issac George Director & CFO*	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	27.00	0.00	27.00
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - as % of profit - others, specify...	-	-	-
5.	Others - Leave Travel Allowance	0.35	-	0.35
	Group Medical Policy	0.175	-	0.175
	Group Personal Accident	0.02	-	0.02
	Total	27.55	0.00	27.55

* Redesignated as Director & CFO with no salary.

VII. Penalties / Punishment / Compounding of Offences

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority (RD/NCLT/Court)	Appeal made if any (give details)
A. Company					
Penalty			None		
Punishment					
Compounding					
B. Directors					
Penalty			None		
Punishment					
Compounding					
C. Other Officers in Default					
Penalty			None		
Punishment					
Compounding					

Disclosures pertaining to remuneration and other details as required under Section 197(12) read with Rule 5(1) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014

Sl. No.	Name of the Director/KMP and Designation	Remuneration of Director/KMP for financial year 2015-16 (Rs In lakhs)	% Increase in Remuneration in the Financial year 2015-16	Ratio of remuneration of each director/median remuneration of employees	Comparison of the Remuneration of the KMP against the performance of the Company
1.	Dr. GVK Reddy* Chairman & Managing Director	--	--	--	Best efforts are being taken to reduce the net losses. Hence not applicable
2.	A Issac George** Director & CFO	--	--	--	
3.	P V Rama Seshu AVP & Company Secretary	27.55	NA	NA	

* CMD declined to take any salary until the company start making profits.

** Redesignated as Director & CFO with no salary.

I. Remuneration to Non-Executive Directors:

- The Board, on the recommendation of the Nomination and Remuneration Committee (NRC), shall review and approve the remuneration payable to the Non-Executive Directors of the Company within the overall limits as permitted under the Act and approved by the shareholders.
- Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof.

II. Remuneration to other employees

Employees shall be assigned grades according to their qualifications and work experience, competencies as well as their roles and responsibilities in the organization. Individual remuneration shall be determined within the appropriate grade and shall be based on various factors such as job profile, skill sets, seniority, experience and prevailing remuneration levels for equivalent jobs.

III. Remuneration Policy for Directors, Key Managerial Personnel and other Employees

1. Introduction

GVK Power & Infrastructure Limited (GVK PIL) recognizes the importance of aligning the business objectives with specific and measurable individual objectives and targets. The Company has therefore formulated the remuneration policy for its directors, key managerial personnel and other employees keeping in view the following objectives:

- Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate, to run the company successfully.
- Ensuring that relationship of remuneration to performance is clear and meets the performance benchmarks.
- Ensuring that remuneration involves a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the company and its goals.

2. Scope and Exclusion:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for recommending to the Board the remuneration of the directors, key managerial personnel and other employees of the Company.

3. Terms and References:

In this Policy, the following terms shall have the following meanings:

“Director” means a director appointed to the Board of the Company.

“Key Managerial Personnel” means (i) the Chief Executive Officer or the managing director or the manager; (ii) the company secretary; (iii) the whole-time director; (iv) the Chief Financial Officer; and (v) such other officer as may be prescribed under the Companies Act, 2013

“Nomination and Remuneration Committee” means the committee constituted by Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

4. Policy

Remuneration to Executive Directors and Key Managerial Personnel:

The Board, on the recommendation of the, Nomination and Remuneration (NRC) Committee, shall review and approve the remuneration payable to the Whole- time Directors of the Company within the overall limits as permitted under the Act and approved by the shareholders.

The Board, on the recommendation of the Nomination and Remuneration Committee, shall also review and approve the remuneration payable to the Key Managerial Personnel of the Company.

The remuneration structure to the Executive Directors and Key Managerial Personnel may include the following components:

- (i) Basic Pay
- (ii) Perquisites and Allowances
- (iii) Commission (Applicable in case of Whole Time Directors)
- (iv) Retiral benefits
- (v) Annual Performance Bonus

5. Policy for Selection of Directors and determining Directors’ Independence

1 Introduction

GVK PIL believes that an enlightened Board consciously creates a culture of leadership to provide a long-term vision and policy approach to improve the quality of governance. Towards this, GVK PIL ensures constitution of Board of Directors with an appropriate composition, size, diversified expertise and experience and commitment to discharge their responsibilities and duties effectively.

GVK PIL recognizes the importance of Independent Directors in achieving the effectiveness of the Board. GVK PIL aims to have an optimum combination of Executive, Non-Executive and Independent Directors.

2 Scope and Exclusion:

This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified to become Directors and to determine the independence of Directors, in case of their appointment as independent directors of the Company.

3 Terms and References:

In this Policy, the following terms shall have the following meanings:

“Director” means a director appointed to the Board of a company.

“Nomination and Remuneration Committee”(NRC) means the committee constituted by Board in accordance with the provisions of Section 178 of the Companies Act, 2013 and Regulation 19 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations,2015.

“Independent Director” means a director referred to in sub-section (6) of Section 149 of the Companies Act, 2013.

4. Policy

1. Qualifications and criteria

The Nomination and Remuneration Committee (NRC), and the Board, shall review on an annual basis, appropriate skills, knowledge and experience required of the Board as a whole and its individual members. The objective is to have a Board with diverse background and experience that are relevant for the Company's operations.

In evaluating the suitability of individual Board members, the NRC Committee may take into account factors, such as:

- General understanding of the Company
- Business dynamics, global business
- Social perspective
- Educational and professional background
- Standing in the profession
- Personal and professional ethics, integrity and values
- Willingness to devote sufficient time and energy in carrying out their duties and responsibilities effectively.

The proposed appointee shall also fulfill the following requirements:

- Shall possess a Director Identification Number
- Shall not be disqualified under the Companies Act, 2013
- Shall give his/her written consent to act as a Director
- Shall endeavor to attend all Board Meetings and wherever he/she is appointed as a Committee Member, the Committee Meetings
- Shall abide by the Code of Conduct established by the Company for Directors and Senior Management Personnel
- Shall disclose his/her concern or interest in any company or companies or bodies corporate, firms, or other association of individuals including his/her shareholding at the first meeting of the Board in every financial year and thereafter whenever there is a change in the disclosures already made
- Such other requirements as may be prescribed, from time to time, under the Companies Act, 2013, Equity listing Agreements and other relevant laws. The NRC shall evaluate each individual with the objective of having a group that best enables the success of the Company's business.

2. Criteria of Independence

The NRC shall assess the independence of Directors at the time of appointment/re-appointment and the Board shall assess the same annually. The Board shall re-assess determinations of independence when any new interests or relationships are disclosed by a Director.

The criteria of independence, as laid down in Companies Act, 2013 and Regulation 25 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, is as below:

An independent director in relation to a company, means a director other than a managing director or a whole-time director or a nominee director.

- a. who, in the opinion of the Board, is a person of integrity and possesses relevant expertise and experience;
- b. (i) who is or was not a promoter of the company or its holding, subsidiary or associate company;
(ii) who is not related to promoters or directors in the company, its holding, subsidiary or associate company;
- c. who has or had no pecuniary relationship with the company, its holding, subsidiary or associate company, or their promoters, or directors, during the two immediately preceding financial years or during the current financial year;
- d. none of whose relatives has or had pecuniary relationship or transaction with the company, its holding, subsidiary or associate company, or their promoters, or directors, amounting to two per cent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower, during the two immediately preceding financial years or during the current financial year;
- e. who, neither himself nor any of his relatives
 - (i) holds or has held the position of a key managerial personnel or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed;

- (ii) is or has been an employee or proprietor or a partner, in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed, of
 - (A) a firm of auditors or company secretaries in practice or cost auditors of the company or its holding, subsidiary or associate company; or
 - B) any legal or a consulting firm that has or had any transaction with the company, its holding, subsidiary or associate company amounting to ten per cent or more of the gross turnover of such firm;
- (iii) holds together with his relatives two per cent or more of the total voting power of the company; or
- (iv) is a Chief Executive or director, by whatever name called, of any non profit organization that receives twenty-five per cent or more of its receipts from the company, any of its promoters, directors or its holding, subsidiary or associate company or that holds two per cent or more of the total voting power of the company; or
- (v) is a material supplier, service provider or customer or a lessor or lessee of the company.
- f. shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations, corporate social responsibility or other disciplines related to the Company's business.
- g. shall possess such other qualifications as may be prescribed, from time to time, under the Companies Act, 2013.
- h. who is not less than 21 years of age.

The Independent Directors shall abide by the "Code for Independent Directors" as specified in Schedule IV to the Companies Act, 2013.

Other directorships / committee memberships

The Board members are expected to have adequate time and expertise and experience to contribute to effective Board performance. Accordingly, members should voluntarily limit their directorships in other listed public limited companies in such a way that it does not interfere with their role as directors of the Company. The NRC shall take into account the nature of, and the time involved in a Director's service on other Boards, in evaluating the suitability of the individual Director and making its recommendations to the Board.

A Director shall not serve as Director in more than 20 companies of which not more than 10 shall be Public limited Companies.

A Director shall not serve as an Independent Director in more than 7 listed Companies and not more than 3 listed Companies in case he/she is serving as a Whole-time Director in any listed Company.

A Director shall not be a member in more than 10 Committees or act as Chairman of more than 5 Committees across all companies in which he/she holds directorships. For the purpose of considering the limit of the Committees, Audit Committee and Stakeholders' Relationship Committee of all public limited Companies, whether listed or not, shall be included and all other companies including Private limited Companies, Foreign Companies and Companies under Section 8 of the Companies Act, 2013 shall be excluded.

Report on Corporate Governance

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

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 of Directors

Size and composition of the Board

The policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board and to separate the Board functions of governance and management. The total strength of the Board as on March 31, 2016 is 9 (Nine) Directors comprising of Three Promoter Directors, Five Independent Directors and one Non-Independent Director. Among the Directors, Two are Executive (full time) Directors and 7 are Non-executive Directors as on March 31, 2016. The Board periodically evaluates the need for increasing or decreasing its size. Following is the present composition of our Board and their number of directorships in other companies as on 31-03-2016.

Name of the Director	Category	Director Identification Number	Relationship with other directors	Number of memberships in Board of other Public Limited Companies	+ Associated with other Committees of Public Limited Companies	
					Member	Chairman
Dr. GVK Reddy	Chairman & Managing Director	00005212	All promoter directors are relatives	5	-	-
G V Sanjay Reddy	Vice Chairman NEPD	00005282	All promoter directors are relatives	5	-	-
Krishna Ram Bhupal	NEPD	00005442	All promoter directors are relatives	4	-	-
A Issac George	NID	00005456	None	5	3	-
Ch G Krishna Murthy	NEID	01667614	None	4	-	1
S Balasubramanian	NEID	02849971	None	8	1	-
S Anwar	NEID	06454745	None	1	1	-
K Balarama Reddi	NEID	00012884	None	7	-	-
Santha K John	NEID	00848172	None	3	-	-

NEPD – Non-Executive Promoter Director

NEID – Non-Executive Independent Director

NID – Non-Independent Director

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

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

Brief details of Directors seeking re-appointment at this Annual General Meeting as required under Regulation 36(3) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015

Name of the Director	Mr. Krishna Ram Bhupal
Date of Appointment	14th October 2009
Date of Birth	16th March 1983
Qualifications	Graduate from Villanova University, USA with double major in Finance & Accounting
Expertise in specific functional areas	<p>Director of GVK Power & Infrastructure Limited, a leading Indian conglomerate with interests across energy, resources, airports, transportation, hospitality and life-sciences sectors.</p> <p>He is on the Board of Directors of several key companies of the GVK group and has been instrumental in the refurbishment of the Chhatrapati Shivaji International Airport, Mumbai, is a Director on Board of TAJGVK Hotels and Resorts Limited and is a member with GVK EMRI (Emergency Management and Research Institute). Mr. Bhupal is a member of a Global - Non-Profit Educational Organization for today's leading business owners, the Entrepreneurs' Organization (EO), and is the Learning Chair of the EO Hyderabad Chapter.</p> <p>His visionary leadership and commitment towards developmental projects has led him to become a member of Confederation of Indian Industry [CII] - Andhra Pradesh State Council and Convener of CII - AP State Energy Panel for Power Sector besides leading the Sub Committee as Co-Chairman for Power & Energy - Southern Region. Mr. Bhupal has graduated from Villanova University, USA with a double major in Finance and Accounting and was youngest to be conferred with the prestigious Fellowship by GITAM School of International Business, GITAM University, Visakhapatnam, India.</p>
List of companies in which outside Directorship is held as on 31.03.2016	<ol style="list-style-type: none"> 1) GVK Energy Limited 2) Bangalore International Airport Ltd 3) Bangalore Airport & infrastructure Developers Pvt Ltd 4) GVK Airport Holdings Pvt Ltd 5) GVK Technical & Consultancy Services Pvt Ltd 6) TAJ GVK Hotels & Resorts Ltd 7) Mallikarjuna Finance Pvt Ltd 8) Raghavendra Finance Pvt Ltd 9) SR Finance Pvt Ltd 10) GVK Davix Technologies Pvt Ltd 11) GVK Bio Sciences Pvt Ltd 12) GVK Airport Developers Ltd 13) Mumbai International Airport Pvt Ltd 14) Genesis Realtors Pvt Ltd 15) GVK Jaipur Expressway Pvt Ltd
Chairman/ Member of the Committees* of other Companies in which he/she is a member as on 31.03.2016	Nil

Board Meetings held during the Year

The Board of Directors met six times during the year on May 16, 2015, August 13, 2015, October 14, 2015, November 10, 2015, February 12, 2016 and March 26, 2016. The maximum gap between the two meetings was less than four months.

Directors Attendance and Sitting fee paid

Given in the table below is the Board Meeting attendance record of the directors during the year 2015-16.

Name of the Director	No. of meetings held	No. of meetings attended	Sitting Fees Paid (Rs.)	Presence at last AGM
Dr. GVK Reddy	6	6	-	Yes
G V Sanjay Reddy	6	6	1,20,000	Yes
Krishna Ram Bhupal	6	6	1,20,000	Yes
A Issac George	6	6	-	Yes
Ch G Krishna Murthy	6	6	1,20,000	Yes
S Balasubramanian	6	5	1,00,000	Yes
S Anwar	6	6	1,20,000	Yes
K Balarama Reddi	6	6	1,20,000	Yes
Santha K John	6	6	1,20,000	Yes

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 notice 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 for the year under review. A declaration to this effect duly signed by Dr. GVK Reddy, Chairman & Managing Director is annexed to this report.

Audit Committee

In terms of Regulation 18 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Audit Committee constituted by the Board consists of only Non-Executive and Independent Directors. The committee had met four times on May 15, 2015,

August 12, 2015, November 09, 2015 and February 11, 2016. The attendance details for the Committee meetings are as follows:

Name of the Member	Category	No. of meetings	
		Held	Attended
Ch G Krishna Murthy	Chairman	4	4
S Balasubramanian	Member	4	3
K Balarama Reddi	Member	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.

Nomination & Remuneration Committee

This Committee comprises of following three Non-Executive Independent Directors.

S Anwar	-	Chairman
Ch G Krishna Murthy	-	Member
K Balarama Reddi	-	Member

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

Shareholders' / Investors' Grievance Committee

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

Ch G Krishna Murthy	-	Chairman
A Issac George	-	Member
S Anwar	-	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 2015-16

Nature of Complaint	Received	Resolved	Pending
Non receipt of Refund Order	0	0	0
For Non receipt of			
- Dividend Warrant	3	3	0
- Annual Report	11	11	0
- Share Certificate	1	1	0
Total	15	15	0

Ethics & Compliance Committee

The Ethics & Compliance Committee was constituted pursuant to the amended regulations of SEBI (Insider Trading Regulations), 2015. During the year, K Balarama Reddi was appointed as member of this Committee. This Committee comprises of the following Non-Executive Independent Directors.

- Ch G Krishna Murthy - Member
K Balarama Reddi - 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 Eligible 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 2015-16, no employee has been denied access to the audit committee.

Mr. P V Rama Seshu, AVP & 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
2012-13	12.08.2013	11.30 A.M	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad – 500 074
2013-14	13.08.2014	11.30 A.M	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad – 500 074
2014-15	13.08.2015	11.30 A.M	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad – 500 074

Extraordinary General Meeting / Postal ballot

During the FY 2015-16 the Company had not held any Extra ordinary General Meeting / Postal Ballot.

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

Further, Sec 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management & Administration) Rules, 2014 and Regulation 44 of SEBI LODR Regulations, 2015 also requires a listed Company to provide e-voting facility to its shareholders, in respect of all shareholders' resolutions, to be passed at General Meetings.

Disclosures

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

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

Means of Communication

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

SEBI Complaints Redressal System (SCORES)

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

NSE Electronic Application Processing System (NEAPS)

The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are filed electronically on NEAPS.

BSE Corporate Compliance & Listing Centre (the 'Listing Centre')

BSE's Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, among others are also filed electronically on the Listing Centre.

Managing Director and CFO Certification under Regulation 17(8) of SEBI (LODR) Regulations, 2015

To
The Board of Directors of
GVK Power & Infrastructure Limited

In relation to the Audited Financial Accounts of the Company as at March 31, 2016, 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.

Place : Hyderabad
Date : 20-05-2016

Dr GVK Reddy
Chairman & Managing Director
A Issac George
Director & CFO

Certificate from a Company Secretary in Whole-time Practice on compliance of conditions as stipulated in regulations Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

To
The Members of
GVK Power & Infrastructure Limited

We have examined the compliance of regulations of Corporate Governance by GVK Power & Infrastructure Limited for the year ended March 31, 2016, as stipulated in regulations Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

The compliance of regulations of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the regulations of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the regulations of Corporate Governance as stipulated in the above-mentioned Listing Regulations.

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

Place : Hyderabad
Date : 20-05-2016

Narender & Associates
G Narender
FCS-4898
CP:5024

9. General Shareholder Information

1. Annual General Meeting : Friday, the August 12th , 2016 at 11:30 am
Day, date and time : Sri Satya Sai Nigamagmam,
Venue : 8-3-987/2, Srinagar Colony,
Hyderabad - 500 073
2. Book Closure Dates : 09-08-2016 to 12-08-2016 (both days inclusive)
3. Calendar of events
(tentative and subject to change)
for financial reporting for the period ending
 - June 30, 2016 : 12th August 2016
 - September 30, 2016 : November 2017*
 - December 31, 2016 : February 2017*
 - March 31, 2017 : May 2017*
 - AGM for 2016-17 : August 2017*
(*tentative)
4. Listing of equity shares is at : **The National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex,
Bandra East, Mumbai - 400 051

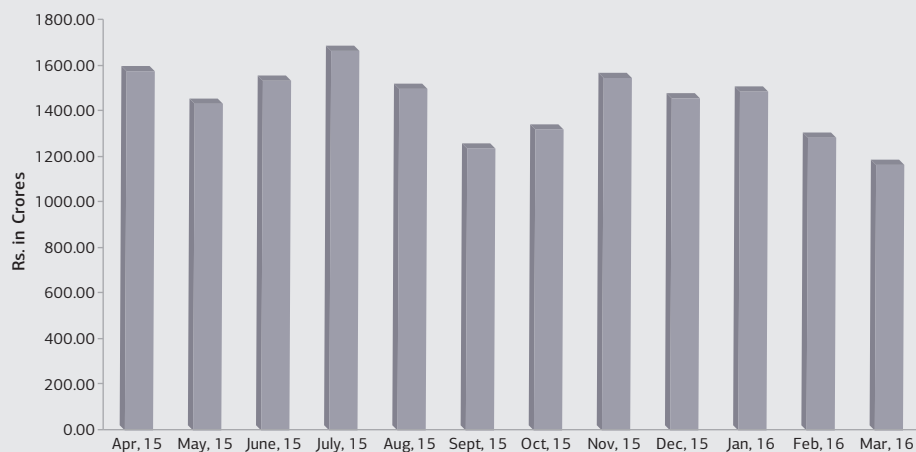
The Bombay Stock Exchange Limited
Floor 25, P J Towers, Dalal Street Fort, Mumbai – 400001

Annual Listing Fee has been paid for the year 2016-17
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.gvcpil@gvk.com, Website: www.gvk.com
10. Registrar & Share Transfer Agents : Karvy Computershare Private Limited
Unit: GVK Power & Infrastructure Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial Dt,
Nanakramguda, Hyderabad - 500 032.
Phone: 040 - 67161569, Fax : 040 - 23420814
E-mail: mailmanager@karvy.com, website: www.karvy.com
11. Query on the Annual Report : P V Rama Seshu,
(Shall reach 10 days before the AGM) AVP & Company Secretary-Compliance Officer
GVK Power & Infrastructure Limited,
'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003
Ph: 040-27902663/64, Fax: 040-27902665
E-mail : cs.gvcpil@gvk.com

Changes in Share Capital

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

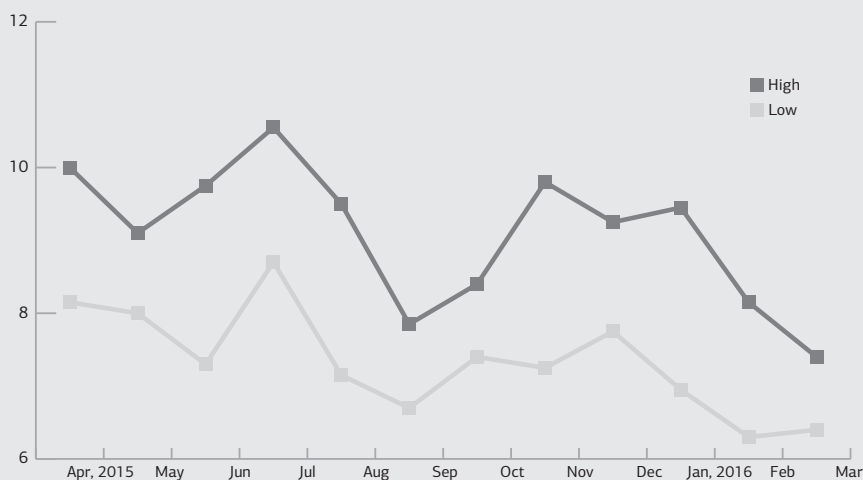
* Effective from 15.02.2008 the face value of the share has been changed from Rs.10/- per share to Re.1/- per share.



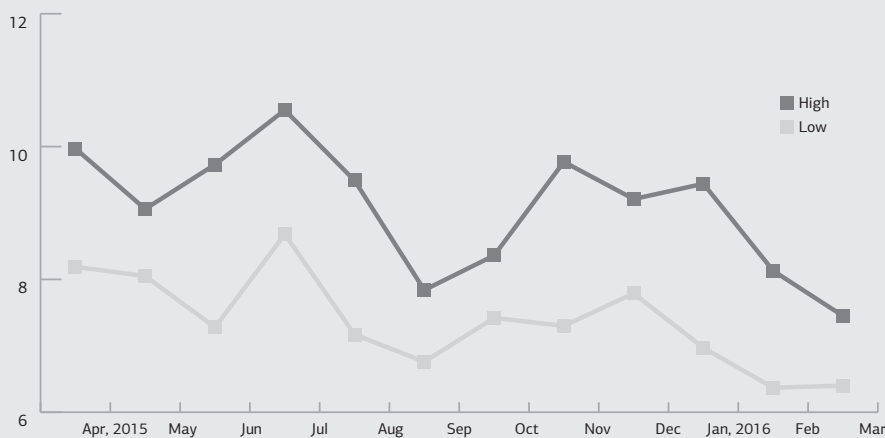
NSE Market Capitalisation Chart

Monthly high, low and trading volume of equity shares of the Company during the financial year 2015-16

Month, Year	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)			Total Volume(Nos)
	High (Rs)	Low (Rs)	Volume (No)	High (Rs)	Low (Rs)	Volume (No.)	BSE & NSE
April, 2015	10.00	8.15	172464249	9.97	8.19	13450174	185914423
May	9.1	8.00	69216182	9.06	8.05	5760423	74976605
June	9.75	7.30	105558874	9.73	7.28	11546645	117105519
July	10.55	8.70	102240159	10.55	8.68	14049432	116289591
August	9.50	7.15	64264324	9.49	7.17	10138511	74402835
September	7.85	6.70	280771402	7.84	6.76	10750590	291521992
October	8.40	7.40	63764220	8.36	7.42	14319590	78083810
November	9.80	7.25	108475609	9.77	7.30	20002930	128478539
December	9.25	7.75	88841310	9.21	7.79	14941057	103782367
January, 2016	9.45	6.95	147755699	9.44	6.97	21579924	169335623
February	8.15	6.30	60608161	8.13	6.37	11583409	72191570
March	7.40	6.40	92033406	7.45	6.40	14956417	106989823



Price Movement in NSE



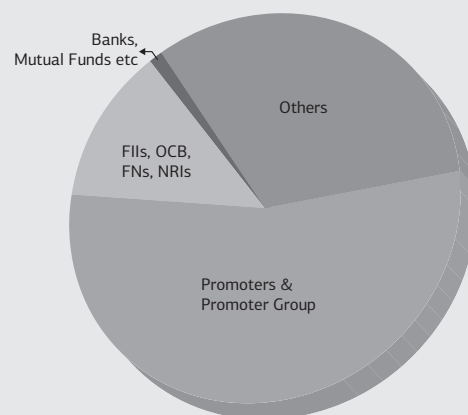
Price Movement in BSE

Share Holding Pattern as on 31/03/2016

Category	No. of shareholders	Total shares	% Holding
BANKS	7	2333621	0.15
CLEARING MEMBERS	116	2455075	0.16
DIRECTORS & RELATIVES	4	15680	0.00
FOREIGN INSTITUTIONAL INVESTOR	21	116387210	7.37
FOREIGN NATIONALS	1	2000	0.00
FOREIGN PORTFOLIO INVESTORS	25	23082150	1.46
STATE GOVERNMENTS	1	6330000	0.40
H U F	4691	16907341	1.07
INSURANCE COMPANIES	1	8182011	0.52
BODIES CORPORATES	1656	94672027	5.99
MUTUAL FUNDS	3	72558	0.00
NBFC	14	400690	0.03
NON RESIDENT INDIANS	3251	23736564	1.50
OVERSEAS CORPORATE BODIES	1	375000	0.02
PROMOTER DIRECTOR	4	153089315	9.69
PROMOTER INDIVIDUALS	2	107333590	6.80
PROMOTER COMPANIES	1	596306435	37.76
RESIDENT INDIVIDUALS	279310	415387395	26.30
TRUSTS	10	12141738	0.77
Total:	289119	1579210400	100.00

Distribution by category as on March 31, 2016

Category	Number of Shares	% of holding
Promoters & Promoter Group	85,67,29,340	54.25
Foreign Institutional Investors, OCB, Foreign Nationals, NRIs	19,62,80,729	12.43
Banks, Mutual Funds etc	2,00,51,219	1.27
Others	50,61,49,112	32.05
Total	157,92,10,400	100.00

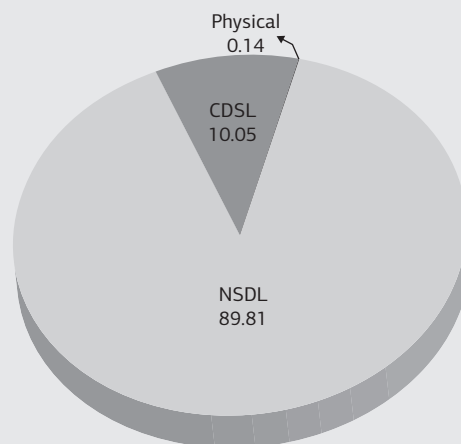


Distribution Schedule as on March 31, 2016

Category	No. of Cases	% of Cases	Amount	% Amount
1 - 5000	276377	95.59	173007749.00	10.96
5001 - 10000	6806	2.35	51853935.00	3.28
10001 - 20000	3064	1.06	44808993.00	2.84
20001 - 30000	1006	0.35	25308621.00	1.60
30001 - 40000	434	0.15	15483418.00	0.98
40001 - 50000	382	0.13	18027326.00	1.14
50001 - 100000	560	0.19	41329585.00	2.62
100001 & ABOVE	490	0.17	1209390773.00	76.58
Total:	289119	100.00	1579210400.00	100.00

De-materialization of shares as on March 31, 2016

Category	Number of Shareholders	Number of Shares	% Equity
Physical	5521	2264714	0.14
NSDL	182551	1418230421	89.81
CDSL	101047	139695572	10.05
Total	289119	1579210400	100.00



As on March 31, 2016 over 99.86% of outstanding shares are held in de-mat form and the balance 0.14% in physical form. Trading in equity shares of the Company is permitted only in de-materialised form as per notification issued by the Securities and Exchange Board of India (SEBI). Shareholders interested in dematerializing / rematerializing their shares are requested to write to the Registrar & Transfer Agent through their Depository Participants.

Compliance with Regulation 26 & Part D of Schedule V of SEBI (LODR) Regulations, 2015

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 Regulation 26 & Part D of Schedule V of SEBI (LODR) Regulations, 2015, 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, 2016.

Place: Hyderabad
Date: May 20, 2016

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

Management Discussion and Analysis

1. About the Company

GVK Power & Infrastructure Limited (the Company) is a listed entity and an ultimate holding company of "GVK" which operates in diversified business operations under different verticals. The Company operates predominantly in Energy, Airports, Transportation and has presence in other business like Resources, Urban infrastructures etc. It conducts and operates its business through 8 subsidiaries, 17 step down subsidiaries and 2 associate companies (as on March 31, 2016). Revenues of the company are derived primarily from the O&M fee, incentives for operating the business of subsidiaries /associate and secondly from the interest income earned out of managing the surplus funds through a better financial planning.

2. The Economy and the Sectoral growth

India's growth story has largely remained positive on the strength of domestic absorption and the country has registered a robust and steady pace of economic growth in 2015-16 as it did in 2014-15. Additionally, its other macroeconomic parameters like inflation, fiscal deficit and current account balance have exhibited distinct signs of improvement. Wholesale price inflation has been in negative territory for more than a year and the all-important consumer prices inflation has declined to nearly half of what it was a few years ago.

Growth in agriculture has slackened due to two successive years of less than normal monsoon rains. Saving and investment rates are showing hardly any signs of revival. The rupee has depreciated vis-à-vis the US dollar, like most other currencies in the world, although less so in magnitude. At the same time, it has appreciated against a number of other major currencies.

Despite global headwinds and a truant monsoon, India registered a growth of 7.2 per cent in 2014-15 and 7.6 per cent in 2015-16, thus becoming the fastest growing economy in the world. As per the estimates of the International Monetary Fund (IMF) global growth averaged 3.1 per cent in 2015, declining from 3.4 per cent registered in 2014. While growth in advanced economies has improved modestly since 2013, the emerging economies have witnessed a consistently declining trend in growth rate since 2010.

The global economy, in particular the global growth powerhouse, China is rebalancing, leading to an increasing role for India. After the onset of the multiple crises in different parts of the world, India's contribution has become much more valuable to the global economy.

Rapid economic growth has increased the burden on India's infrastructure one of the country's weak areas and infrastructure deficit is widely considered to be one of the factors that could severely impact India's economic growth. During the last few years policy makers have repaired this and have made concerted efforts to accelerate infrastructure development. Even though considerable progress is made in sectors like Telecom, Road, Airports and Ports, Power sector continues to lag behind despite the introduction of progressive measures.

A) ENERGY

India's power demand is likely to cross 300 GW in the next ten years earlier than most estimates to meet this demand there is requirement of 5 to 10 times of capacity addition. This cannot materialize unless there is a drastic change to the ongoing traditional approach with more radical new approach. An analysis by McKinsey & Co. suggest if India continues to grow at an average rate of 8% for the next 10 years the country's demand for power is likely to soar from the present 120 GW to 310 – 335 GW by 2017. To full fill this requirement India will require a generation capacity of 415 – 440 GW after adjusting for plant availability and modest 5% spinning reserve. To achieve this quantum increase in capacity addition, India needs to adopt a radically new approach like - address viability and market risks by reducing AT&C losses by 15% and create market mechanisms; accelerate capacity addition with end to end approvals in place; create 30 GW per year capacity; train and develop skilled and unskilled workers; secure fuel supplies; improve efficiencies and strengthen governance to drive implementation etc.

Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for all' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides.

The Planning Commission's 12th Five-Year Plan estimates the total domestic energy production to reach 669.6 million tons of oil equivalent (MTOE) by 2016–17 and 844 MTOE by 2021–22. By 2030–35, energy demand in India is projected to be the highest among all countries according to the 2014 energy outlook report by British oil giant, BP.

The Indian power sector is one of the most diversified in the world. Sources for power generation range from conventional ones such as coal, lignite, natural gas, oil, hydro and nuclear power to other viable non-conventional sources such as wind, solar, and agriculture and domestic waste. The demand for electricity in the country has been growing at a rapid rate and is expected to grow further in the years to come. In order to meet the increasing requirement of electricity, massive addition to the installed generating capacity in the country is required.

The Power sector in India had an installed capacity of 267.637 GW as on 31st March, 2015 out of which 63.3% is contributed by the Public sector (both Central and State levels) and 36.7% is by the Private Sector. The 12th Plan expects that the total domestic energy production to reach 669.6 Million Tons of Oil Equivalent (MTOE) by 2016–17 and 844 MTOE by 2021–22.

Government of India has approved the establishment of a National Smart Grid Mission (NSGM) in the power sector to plan and monitor implementation of policies and programs related to smart grid activities in India. The Central Government has allocated a budget of Rs.40 Crore for NSGM activities for the financial year 2015-16.

The electricity generation target for the year 2016-17 has been fixed as 1178 Billion Unit (BU). i.e. growth of around 6.38% over actual generation of 1107.822 BU for the previous year (2015-16). The generation during 2015-16 was 1107.822 BU as compared to 1048.673 BU generated during April- March 2015, representing a growth of about 5.64%.

The Thermal Power segment's generation capacity has witnessed a strong growth. Nuclear power generation is expected to jump by 19.3% in the coming financial year. Indian solar installations are forecasted to be approximately 1,000 megawatt (MW) in 2014, according to Mercom Capital Group, a global clean energy communications and consulting firm. Wind energy market in the Indian economy is expected to attract about Rs.20,000 Crore (US\$ 3.16 billion) of investments in next year, as companies across sectors plan to add 3,000 MW of capacity powered by wind energy.

The immediate goal of the government is to produce two trillion units (kilowatt hours) of energy by 2019. This will mean doubling the current production capacity in order to achieve to provide 24x7 electricity for residential, industrial, commercial and agriculture use in the Country.

B) AIRPORTS

Today, India has the fastest growing domestic aviation market in the world, as per the International Air Transport Association (IATA). India's improved economy over the last few years has led to a revival in the civil aviation sector. Passenger traffic has grown at a rate of 9.29% over the last five years, reaching 223 million in 2015-16, with domestic traffic accounting for nearly 76% and international traffic 24%. As well as a significant growth in GDP, the decline in fuel prices has contributed to the improved outlook for India's economic growth.

Aviation Industry in India holds around 69% of the total share of the airlines traffic in the region of South Asia. This time period, thus, is critical for the industry and requires serious governance and leadership to create global Indian Airports.

The civil aviation market in India is all set to become the world's third largest by 2020. Total passenger traffic stood at a 190.1 million in FY15, registering an increase of 12.47 per cent. By 2020, passenger traffic at Indian airports is expected to increase to 421 million from 190.1 million in 2015. Domestic passenger traffic expanded at a compounded annual growth rate (CAGR) of 11.8 per cent over FY06–15. It is expected to touch 209 million by FY17. International passenger traffic posted a CAGR of 9.5 per cent over FY06-15 and is set to touch 60 million by FY17.

C) TRANSPORTATION

The transport sector constitutes 6% of the country's GDP and 70% of the share of the roads sector. India has an extensive road network of 5.23 Million kms which is the second largest in the world. More than 60 volumes of freight and 90% of the passenger traffic in the country is handled by road. The Government of India has launched major initiatives to upgrade and strengthen highways and expressways in the country. The private sector has emerged as a key player in the development of road infrastructure. The value of roadways and bridge infrastructure in India is expected to grow at a CAGR of 17.4% between 2012-17, to reach USD 10 Billion.

The National Highway Authority of India (NHAI) and the Ministry of Road Transport & Highways had sanctioned projects for 3161 kms in 2014-15 & 2337 in 2015-16. During the next five years, investment through PPPs are expected to be in the region of USD 31 Billion for National highways. The type of PPP modules used in the highways sector are Build Operate Transfer (BOT) toll and BOT annuity.

The government of India aims to develop a total of 57,653 kms of National Highways under various programs such as The National Highway Development Project (NHDP), Special Accelerated Road Development Program for the North-east region and Left Wing Extremist (SARDP-NE), National Highways Interconnectivity Improvement Project (NHIIP).

3. Assets under Operation

i) Energy

The three gas based projects i.e. 464 MW GVK Gautami Power Limited and 235 MW Phase I & 220 MW Phase II projects of GVK Industries Limited and one Hydel power project i.e. 330 MW Alaknanda Hydro Power Company Limited have recorded revenue of Rs.963.87 Crore for the year ended March 31, 2016 as against Rs. 290.40 Crore for the previous year. This increase is mainly due to commencement of commercial operations of 330 MW Alaknanda Hydro Power during the year despite shortage of Gas supply from KG basin to gas plants. EBIDTA margin improved to 51.90% as compared to 15.63% in previous year.

GVK Industries Ltd

Phase I

During the year Jegurupadu Phase I has operated at a Plant Load Factor (PLF) of 29.83% (PY 31.11%) and Station Head Rate was 2200 kCal/kwh as against 2148 kCal/kwh for the previous year. The Plant was operated partially based on the limited gas supplies from GAIL and intermittently through Naphtha as and when availed by Discoms during the year. This plant has now been taken over by the AP Discoms through buy out option at a terminal value of Rs.261.27 Crore. The unit reported a profit after tax of Rs. 86.11 Crs for the financial year 2015-16 (PY Rs 59.07 Crores)

Phase II

During the year Jegurupadu Phase II was operated at a Plant Availability Factor (PAF) of 99.73% (PY 99.73%) and Plant Load Factor (PLF) of 6.15% (PY 0.00%). The plant operated under the "Scheme for utilization of stranded assets under Phase-II" by the Central Government, on E-bid RLNG in the months of November and December, 2015 and presently is shut down and kept under maintenance for which it is importing energy @250kw towards preservation activities. Even though, the company has been declaring availability of the plant on alternate fuel since November, 2013 and submitting the monthly tariff bills for the respective tariff months towards capacity charges, the APPCC has rejected our claim stating that HSD does not come under the definition of alternate fuel as per PPA. This has been refuted by the Company by submitting relevant government notifications. The unit reported a loss of Rs. 134 Crs for the financial year 2015-16 (PY loss of Rs 127 Crores).

GVK Gautami Power Ltd

During the year, Gautami plant was operated only for 22 days in the month of April, 2015 using RLNG arranged by APPCC to meet the summer load of 2015. It had achieved 99.91% PAF for the year based on the availability declaration on alternate fuel. Presently this plant is shut down and kept under maintenance for which it is drawing 0.5 MW power from the Grid towards preservation activities. Even though, the company has been declaring availability of the plant on alternate fuel since June, 2012 and submitting the monthly tariff bills for the respective tariff months towards capacity charges, the APPCC has rejected our claim stating that HSD does not come under the definition of alternate fuel as per PPA. This has been refuted by the Company by submitting relevant government notifications. As there is no clarity of gas supplies in the foreseeable future, the Major Maintenance is deferred and will be reviewed only after the gas availability and operation of the plant resumes.

During the year Gautami Power Ltd operated at a Plant Load Factor of 3% (PY Nil). The unit reported a loss of Rs. 220 Crs for the financial year 2015-16 (PY loss of Rs 205 Crores).

Alaknanda Hydro Power Company Limited

The construction of 330MW Shrinagar Hydro Electric Project has been completed in all respects. This power plant comprises of four units of 82.5MW each. Commissioning and synchronization of all units to the grid have been done in a phased manner

and was completed by June, 2015. The plant achieved Capacity Index of 96.01% for the FY 2015-16 with a Plant Load Factor of 43.08%. Based on the water flows, the plant is being operated with at least one turbine, either on part or full load. All four turbines are expected to run this monsoon season.

During the year under review, the company has generated revenues of Rs.528.82 Crore with a negative profit of Rs.116.31 Crore. The negative profit is mainly attributable to the increase in finance cost and increase in depreciation rate which is in line with UPERC regulations.

Currently, minor finishing works of the project such as strengthening of the river banks, repairs of roads and green belt development, Dhari Devi Ma temple works etc., are being carried out. There was no major / minor accident during FY 2015-16 at the plant resulting into Zero man-day's loss. Necessary training related to operations, firefighting and First Aid etc., are being given to O&M personnel.

During the current year all four units of AHPCL started operations on 21st Jun'16 and sold 1001 mn units (P Y Nil). The unit reported a loss of Rs. 139 Crs for the financial year 2015-16 (PY loss of Rs 1 Crores).

GVK Power (Goindwal Sahib) Limited

Construction of 2 x 270MW Coal based power plant situated at Goindwal Sahib, Tarn Tarn District in the State of Punjab is completed in all respects. The Punjab State Power Corporation Limited (PSPCL) had confirmed and accepted 16th April, 2016 as the Commercial operations Date (CoD) after receiving the Independent Engineers Final Test Certificate. However, the plant has been shut down on 22nd April, 2016 due to non-availability of Coal. The Ministry of Power / Ministry of Coal are yet to finalize the long term coal linkage policy. Company will apply for suitable schedule-I coal mines, to be auctioned (shortly) to have permanent source of coal linkage for long term planning. The Government of Punjab has recommended to the Ministry of Coal, Government of India to provide long term coal linkage to the project. Your company is making best of its efforts to get a coal linkage through available means.

ii) Airports

Mumbai International Airport Pvt Ltd (MIAL)

During the year MIAL handled 41.67 Mio (PY 36.63 mio) passengers, 296,634 ATMs (PY 269,456 ATMs) and 705,250 MT (PY 694,261 MT) of Cargo reflecting an increase of 13.76%, 10.1% and 1.6% respectively. The Company reported a loss after tax of Rs. (85.16) Crore for the financial year 2015-16 (PY Rs.319.21 Crore).

During the year under review, the Terminal T2 Phase III Building (North East and South East Piers) and associated Apron works were completed and these areas were made operational from 1st October, 2015 with Air India Domestic flights. The extension of South East Pier was also completed and domestic operations commenced from 15th March 2016 with Jet Airways. With the completion of the said works, most of the New Integrated Common user Terminal T2 and associated Apron works are over. Now the new Terminal T2 is catering to all the needs of most of the domestic and all international passengers.

Mumbai International Airport Private Limited recorded revenue of Rs.2,691.07 Crore for the year ended March 31, 2016 as against that of Rs. 2,376.58 Crore for the previous year, registering an increase of 13.23%. EBIDTA margin improved to 37.07% as compared to 25.94% in previous year. Net loss for the quarter ended March 31, 2016 is Rs. 85.16 Crore as against net loss of Rs. 319.21 Crore in the corresponding quarter of the previous year.

During the year MIAL handled 41.35 Mn passengers (PY 36.47 mn), handled 810 ATM/Day (PY 754 ATM/Day) and 4,94,400 MT (PY 4,82,557 MT) of Cargo reflecting an increase of 13%, 7% and 2% respectively.

Bangalore International Airport Ltd (BIAL)

BIAL handled 18.97 Mio (PY 15.40 mio) passengers, 153,831 ATMs (PY 134,209 ATMs) and 291,920 MT (PY 279,532 MT) of Cargo resulting in an increase of 23.20%, 14.60 % and 4.40 % respectively. The company reported a profit after tax of Rs. 437.61 Crore for the financial year (PY Rs.75.31 Crore).

The expansion of existing Terminal 1A is completed and fully operational to cater 20 million passenger capacity. However, since the passenger traffic already crossing 19 million during the year, the company has already initiated further expansion program to set up parallel runway to handle 30-35 million passenger capacity. All the related works are in full progress and in fast track mode.

Bangalore International Airport Limited recorded revenue of Rs. 1,127.73 Crore for the year ended March 31, 2016 as against Rs 915.51 Crore for the previous year registering an increase of 23.18%. EBIDTA margin improved to 71.58% as compared to 65.71% in previous year. Net adjusted Profit for the for the year ended March 31, 2016 is Rs. 438.23 Crore as against Rs.74.98 Crore for the previous year recording an increase of 484.46%.

BIAL handled 18.97 Mn passengers (PY 15.40 mn) , handled 393 ATM/Day (PY 368 ATM/Day) and 291,977 MT (PY 279,532 MT) of Cargo resulting an increase of 23%, 7 % and 4% respectively.

PT GVK Services – BALI

PT GVK Services – BALI a subsidiary of GVKPIL which is having a Management contract for the Bali Ngurah Rai International Airport, Indonesia has recorded a revenue of Rs. 121.58 Crore as against Rs. 78.21 Crore for the previous year recording an increase of 55.45%.

iii) Transportation

GVK Jaipur Expressway Pvt Ltd

During the year toll collections recorded were Rs.330.11Crore (PY Rs.299.77 Crore) registering an increase of 10.12%. The Company reported a profit after tax of Rs.37.26 Crore for the financial year (PY Rs.48.61Crore). The reduction in net profits is mainly attributable to the major maintenance undertaken during the financial year. During the year under review, the company paid an amount of Rs.48.16 Crore to NHAI as their revenue share (PY Rs.41.91 Crore) since the toll revenues are beyond the threshold limit as specified under the Concession Agreement. The average traffic is 30,650 vehicles per day during the current financial year as compared to 27,996 vehicles per day during the previous year. The average toll collection per day is Rs.90.44 Lacs during the year as compared to 82.17 Lacs of the previous year.

GVK Jaipur Expressway Private Limited recorded revenue of Rs. 330.14 Crore for the year ended March 31, 2016 as against Rs. 299.83 Crore for the previous year registering an increase of 10.11%. Net Profit for the for the year ended March 31, 2016 is Rs. 37.61 Crore as against Rs.48.61 Crore for the previous year. Traffic increased by 9.78% over the same period in previous year.

GVK Deoli Kota Expressway Pvt Ltd

The 4 laning of 83.04 Km Deoli Kota section on NH 12 in the State of Rajasthan has been completed during the current financial year with an approved project cost of Rs.1,026.39 Crore as against the original envisaged cost of Rs.823.45 Crore with a revised debt equity ratio of 75:25. The Partial Commercial Operations (PCoD) were commenced on 25th August, 2015 and the Full Commercial Operations were commenced on 7th March, 2016. The average toll collection is Rs.18.77 Lacs per day during the year 2015-16. No comparable collection figures since this is the first year of operations. However, the company has noticed that the average toll collection is increased to Rs.21.22 Lacs per day during the April, 2016 thereby giving a positive indication that this might increase reasonably well by end of the financial year 2016-17.

Deoli-Kota Expressway, 332.16 lane km project, commenced partial commercial operations on 25th Aug' 2015 and completed commercial operations from 7th March 2016. It recorded revenue of Rs. 28.32 Crore for the year ended March 31, 2016. Net loss for the year ended March 31, 2016 is Rs.60.25 Crore.

4. Assets under Development

i) Energy

GVK Coal (Tokisud) Company Pvt Ltd

This coal mine has been handed over to Essar Power Madhya Pradesh Limited (successful bidder) as per vesting orders issued by the Nominated Authority constituted by the Government of India. As informed in the last report, your company is not in agreement with the assessed value of this coal mine by the Nominated Authority and accordingly, filed a writ petition before the Hon'ble High Court of Delhi. The same was admitted by the Court, arguments were heard and reserved the judgement. The Court again heard the matter on 8th January, 2016 to ensure that there are no further points from the Petitioners. Meanwhile, The Hon'ble High Court of Delhi directed the Ministry of Coal / Government of India to release the money deposited by the successful bidder (Essar Power) to the secured lenders of the Company. However, there is no further progress on this as of date.

GVK Ratle Hydro Electric Project Pvt Ltd

As informed in the previous annual report, due to frequent disturbances at the project site, the then ongoing works at the project site have been affected and were subsequently stopped since July, 2014. The company is in discussions with the Government to find a way forward.

GVK Power (Khadur Sahib) Pvt Ltd

This company is still waiting for a firm coal allocation / linkage. Until then, no progress can be envisaged.

ii) Airports

I Gusti Ngurah Rai International Airport in Bali, Indonesia

You are aware that PT GVK Services Indonesia ("GVK Indonesia") had entered into a Management Services Agreement with Angkasa Pura Airports on November 1, 2012 for Commercial and Operation Development of Commercial Facilities at I Gusti Ngurah International Airport, Bali (the "Management Services") for a period of five years effective from December 1, 2012 with a ROFR for extension for another five years. PT GVK Services Indonesia is eligible to receive Management Fee from Angkasa Pura Airports. All operating and capital expenses will be borne by Angkasa Pura Airports.

Within short period of time, I Gusti Ngurah Rai International Airport has been transformed to become one of the best airports in the world. Bali Airport is now No. 1 airport in the Airport Service Quality in Indonesia and ranked 3rd best airport in the world in the category of 15-25 million passengers, according to survey conducted by Airport Council International;

Development of Greenfield International Airport at Yogyakarta, Java in Indonesia

As informed earlier, your company had entered into a binding term sheet with Angkasa Pura Airports that provides exclusivity to GVK on the Yogyakarta Airport Project, to negotiate terms of shareholder agreement and definitive transaction documents and other terms. Feasibility study and a master plan have been completed for the Project; location permit has been granted by Ministry of Transportation; land acquisition process has been initiated by Angkasa Pura Airports. Obstacle Clearance certificate has been issued by Ministry of Transportation on October 20, 2014. Discussions are underway between Angkasa Pura Airports and GVK on the next steps for the progress of the project.

Transformation of Medan KualaNamu Airport and Silangit Airport in Indonesia

Angkasa Pura II has chosen GVK to transform Medan KualaNamu International Airport to into a regional hub in western Indonesia and develop Silangit Airport as a tourist destination. Key areas of cooperation includes enhance aeronautical operations and revenue; enhance non aeronautical revenue; knowledge transfer; and enhance service quality at the airports. Angkasa Pura II and GVK are in the process of finalising the scope of work and commercial terms for the projects. GVK is likely to commence the services in the near future.

Expert Technical Review of Soekarno Hatta International Airport, Terminal 2, Jakarta:

GVK has provided technical services to Angkasa Pura II for conversion to domestic terminal and revitalization of Jakarta Terminal T2. Angkasa Pura II has appreciated the innovative and cost efficient solutions provided by GVK.

Other Indonesia Business Pursuits

As per the study by IATA, global aviation market will double in next twenty years and the fastest growth will be in Asia. Indonesia will become 6th biggest global market by 2034. GVK is very committed to Indonesia and wish to act as a long term partner to Government of Indonesia by not only bringing financial investments but also in investing and developing human capital in Indonesia. GVK has already proven its strengths based on the success of its business in Indonesia.

GVK is actively pursuing and closely working with State Owned Airport Enterprises in the areas of master planning, commercial development, human capital development, airport investments etc. GVK is confident of securing more projects in the future.

iii) Transportation

GVK Bagodara Vasad Expressway Pvt Ltd

This project is making a very slow progress due to inordinate delay in getting the possession of encumbrance free right of way from the concerned. Other minor works like dismantling of structures etc., are going on.

iv) Others

GVK Oil & Gas Limited:

As informed during the last year, the Company could not go ahead with the remaining works in 7 deep water blocks, due to denial of access by the Ministry of Defense (Indian Navy) resulting in force majeure condition in these blocks. As a result of this, all blocks were surrendered after giving a termination notice. The entire expenses incurred so far on this project have been completely written off from the books of account of the company.

Future of Public Private Partnership

The Central Government had set up an exclusive body called 3P India to resolve any disputes and issues arising in planning and implementation of PPP model projects. A Panel of 10 Member Committee, headed by former Finance Secretary Mr. Vijay Kelkar, has been constituted on 26th May, 2015 with the task of examining & suggesting reforms for the PPP model in Infrastructure projects. This Panel is also likely to recommend the need for better pitching to private sector investors of success stories in PPP, especially in roadways & ports, in addition to recommending the ways to improve dispute redressal mechanism through better exit model for investors.

3P India will be a non-profit company, without regulatory power, has a mandate to look at a whole gamut of issues obstructing the growth of PPP's in India such as model concessionaire agreements, bidding process, dispute resolution mechanism etc. This Panel is expected to review the PPP policies, analyzing the risks involved in PPP projects in different sectors and existing framework of sharing of such risks, suggesting an optimal risk sharing mechanism between private investors and the Government and suggesting the measures to improve capacity building in Government for effective implementation of PPP projects.

It is expected that a streamlined PPP model, with more realistic contractual arrangements and better dispute mechanism with exit provisions, will once again attract more private players. Even though the Central Government had earmarked a budget of Rs.500 Crore in the FY 2014-15 for 3P India, this allocation could not be utilized since the proposed entity was not established during that financial year. The above said body has since been constituted, we have to wait and watch as to how effectively this 3P India would make the difference for the PPP projects from what it was earlier.

5. Risks and Concerns

Energy

A number of power plants are stranded or operating under capacity due to fuel shortages. For example, PLFs of gas-based power plants have come down from 67.5% (2010) to 20.8% (2015), with declining production from local gas fields. Domestic manufacturing in renewable energy is under-equipped to serve the ambitious growth target. Solar PV manufacturing is fragmented with many small players (total capacity is a mere 1.38 GW of solar cells and 2.75 GW solar modules) and lacks vertical integration.

The distribution network connects about 200 million consumers with a total load of over 400 GW. It is served by 73 distribution companies, of which 17 are privately owned. Several of the distribution utilities suffer large volumetric losses and are financially distressed. This raises a significant counterparty risk which is manifested in delayed payments to generators and other suppliers. The cost under-recovery of state utilities is estimated at an accumulated 24,000 billion INR prompting the government to focus on severely distressed utilities for a turnaround program.

India is the world's 4th largest energy consumer. Its energy needs continues to increase but national energy shortages and an inadequate energy infrastructure could perpetuate national energy poverty. With fast depleting gas reserves in the country resulting in significant fall of national gas production in recent years is a clear reflection of downfall from the gas based projects. Given the growing demand and reliance on natural gas for power, issues with obtaining natural gas from other countries and its own falling production, satisfying national gas needs is one of the India's the most urgent challenges.

Currently India meets its electricity demand with 65% use of Non-Renewables, 19% with Hydro Power, 12% from Renewables and 2% from Nuclear Power. The demand for power is far outpacing the supply, while meeting the rapidly growing electricity needs of the country. While the country has undertaken various programs and initiatives to address energy poverty they have been faced with logistical and inadequate implementation to overcome this. The country needs major reforms in infrastructure and its efficiency.

Airport

The last few years have been without doubt some of the most challenging in India's aviation history. Over capacity high input costs, intense competition and a negative policy and regulatory environment conspired to threaten the viability of virtually the entire aviation value chain. India's airlines alone have lost more than USD 10 billion combined since FY2009. Airline debt stands at around USD 11.3 billion, rising to close to USD14 billion if liabilities to vendors are included. At an industry level airline debt is now equivalent to more than 100% of airline revenue.

The greatest risk to recovery and profitability – other than an increase in fuel prices – is a failure to maintain pricing discipline. If India is to achieve a genuine, transformational step-change and claim its rightful place as one of the world's leading aviation markets, the onus in the coming year will be on the Government to establish a clear vision and roadmap for the sector, supported by an enabling policy and regulatory framework.

Major airports in Indonesia are under the control of Government of Indonesia and the Government is deliberating on relaxing foreign direct investment regulations and the same is expected to take some more time. Also, government enterprises have to go through various approval processes, similar to any other government projects in India. However, GVK has established its brand and strong relationship with Government of Indonesia through its achievements and knowledge sharing initiatives. With its strong relationship with various government entities and success story, GVK is confident of securing more business in Indonesia.

Transportation

Not all projects in the roads sector will have the same set of risks and the risks that are common will vary in importance from one project to another. However, it is possible to identify a set of risks that generally apply to projects in the sector. Today, most of the road projects are facing the problem of getting an unencumbered land, right of way, removal of religious structures to name a few. Most of the projects facing these risks are finding it difficult to proceed with the implementation since they end up becoming unviable financially.

Further, road transport includes a number of regulatory challenges including managing PPPs in road construction; increasing safety and reducing environmental impact of road-based transport; ensuring competition in road transport services, and potentially using regulation among other tools to ensure widespread access to road transport. The PPP option is on the agenda for all transport infrastructure, but particularly for roads in which technology is more straightforward and project structures can be replicated as 'model documents.' Expert regulation is particularly important for resolving disputes after the concession. In addition, functions such as tariff setting, regulation of service quality, assessment of concessionaire claims, collection and dissemination of sector information could be performed by an independent body with expert staff tasked with making technical decisions.

6. GVK Power & Infrastructure Limited - Financial Performance Review

Standalone Financials

Revenue

Total income of company, which comprises of income in from operations, of power plant, Fees for technical services and other income increased to Rs. 4,692 lakhs as compared to Rs. 4,432 lakhs of the previous year.

Expenditure

The Company's total expenditure, comprising of Cost of Operation, Employee Benefit Expenses and other administrative expenses, increased to Rs 16,312 Lakhs for the year ended March 31, 2016 from Rs. 16,226 lakhs for the year ended March 31, 2015. The above expenses includes write off of Rs 10,161 lakhs advance given to one of the subsidiary (PY 7,590 lakhs).

Interest

Interest expenses stood at Rs.5,138 lakhs (previous year figure was Rs. 7,674 lakhs)

Profit before tax (PBT)

Loss before tax for the year is Rs. 11,620 lakhs for the current year as compared to Rs. 11,794 lakhs in the previous year.

Profit after tax

Loss after tax is Rs. 12,961 lakhs for the year ended March 31, 2016 as compared to Rs. 12,983 lakhs as compared to the previous year.

EPS

The earnings per share stood at same level of Rs (0.82) per equity share of Re.1 /- each in the previous year.

Consolidated Financials

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

Revenue

GVK PIL registered a consolidated total income from operations of Rs. 4,16,447 Lakhs for the year ended March 31, 2016, as against Rs. 3,04,965 Lakhs during the corresponding period of the previous year recording an increase of 37%.

EBIDTA at a consolidated level for the year stood at Rs. 1,81,552 Lakhs as against Rs. 1,14,348 Lakhs in the previous year. EBIDTA margin at consolidated level improved to 44% as compared to 37% in the previous year.

Profit after tax

Loss after tax and minority interest attributable equity holder of GVKPIL for the the current year is Rs. 93,418 lakhs for 2015-16 as compared to Rs. 83,468 lakhs in the previous year.

Earning Per Share (EPS)

The earnings per share at consolidated level for the current year stands at Rs. (5.92) as compared to Rs. (5.29) per equity share of Re.1/- each in the previous year.

Net Worth

The net worth as at the end of Financial Year 2015-16 stands at Rs. 135,604 lakhs as compared to Rs. 193,868 lakhs as at the end of the previous year.

7. Clean Development Mechanism

The Clean Development Mechanism (CDM) allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of Carbon-di-oxide (CO₂). These CERs can be traded and sold, and used by industrialized countries to a meet a part of their emission reduction targets under the Kyoto Protocol.

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

Three of the group companies i.e. GVK Industries Ltd (Phase II), GVK Gautami power Ltd and Alaknanda Hydro Power Company Ltd were registered with UNFCCC and as such these projects are eligible for CER credits.

8. Internal Control System and Adequacy

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

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

9. Human Resources

The total number of employees of GVK at the corporate office and projects sites as on March 31, 2016 stands at 2,992 approximately. Your company periodically reviews the requirement of these employees across various projects based on the need and necessity. The optimal utilization of the human resources with multi-tasking is what is being emphasized across the group.

10. Future Outlook

As you may be aware, all infrastructure companies across India are facing challenging times due to their financial exposure to Banks and Lending Institutions. Repayment of these loans have become a real task particularly when their revenue flows are which are either minimal or nothing due to delays or very long gestation periods. As a result, they are unable to make loan repayments and are branded as Non Performing Assets (NPA) by their Lenders. The situation for some companies is very bad because even though their projects / plants are completed / ready for operations, they are unable to operate due to non-availability of natural gas / coal etc. Majority of these factors are not under the control of the management. GVK is no exception to this.

During these challenging times your company is making every possible effort to reduce its debt burden. As informed in the last report, your company had taken various initiatives to raise funds through IPO / QIP / Private Equity / Stake Sale in subsidiaries / associate companies etc. One of these efforts bore fruits. During March, 2016, your company has been successful in finding an equity investor i.e. Fairfax India Holdings Corporation, with whom we have signed an agreement to sell 33% of our equity stake in Bangalore International Airport Limited (BIAL) for a consideration of Rs.2,149 Crore. As informed earlier, this transaction is subject to various approvals, including from the lenders. Proceeds of this sale would be utilized to reduce our debt burden to some extent. Your management is very positive and confident to come out of these challenging times sooner or later.

11. Cautionary Statement

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

Independent Auditor's Report

To the Members of GVK Power & Infrastructure Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of GVK Power & Infrastructure Limited (hereinafter referred to as "the Holding Company" or "the Company"), its subsidiaries (collectively "the Group") its associates and joint controlled entity, comprising of the consolidated Balance Sheet as at March 31, 2016, the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the consolidated financial statements').

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, its associates and jointly controlled entity in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group, its associates and jointly controlled entity are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group, its associates and jointly controlled entity and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for qualified opinion:

As discussed more fully in Note 39 to the consolidated financial statements, the Hon'ble Supreme Court of India has de-allocated coal mine allocated to GVK Coal (Tokisud) Private Limited, subsidiary company and Nominated Authority has offered compensation of Rs. 11,129 lakhs as against carrying value of assets of Rs. 34,862 lakhs. In the absence of appropriate evidence, we are unable to comment upon recoverability of assets together with consequential impact, if any, arising out of the same in these accompanying consolidated financial statements.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion paragraph above, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of consolidated the state of affairs of the Group, its associates and jointly controlled entity as at March 31, 2016, of their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to:

- a. Note 41 to the consolidated financial statements, regarding losses being incurred by the Group, current liabilities exceeding current assets, defaults in loan and interest payments and material uncertainties faced by various projects in the Group or for project for which the Company has provided guarantees and commitments. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. These financial statements have been prepared on a going concern basis for the reasons stated in the said note;
- b. Note 17 (i) (a) to the consolidated financial statements, regarding outstanding fixed charge component of the tariff on the increased capital cost for the years 1997-98 to 2000-01 aggregating to Rs. 4,512 lakhs considered recoverable from AP Transco in GVK Industries Limited, a subsidiary company;
- c. Notes 17(i) (b), (c) and (d) to the consolidated financial statements, regarding outstanding minimum alternate tax amounts claimed for reimbursement, disincentives recoverable and other receivable aggregating to Rs. 3,530 lakhs, Rs. 3,023 lakhs and Rs. 76 lakhs respectively considered recoverable from AP Transco and consequential impact on taxes in GVK Industries Limited and GVK Gautami Power Limited's books, subsidiary companies;
- d. Note 35 to the consolidated financial statements, regarding uncertainty towards supplies/availability of natural gas to power generating plants and power projects under construction of GVK Industries Limited and GVK Gautami Power Limited, subsidiary companies. The Management of the subsidiary companies is confident of obtaining the requisite gas allocation/recover fixed charges and believes that the subsidiary companies will continue to be in operation in foreseeable future despite continued losses. The Management accordingly believes that fixed assets with carrying value of Rs. 198,900 lakhs are recoverable in normal course of business; and
- e. Note 37 to the consolidated financial statements, regarding application made by company for the waiver of excess managerial remuneration for the year ended March 31, 2013 amounting to Rs. 21 lakhs paid to a director in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956;
- f. Note 40 to the consolidated financial statements, regarding the uncertainty faced by coal plant with carrying value of Rs. 466,972 lakhs of subsidiary company towards supply of fuel and tariff. However, due to rights available under power purchase agreement whereby a petition has been filed with the regulatory authority and is pending hearing by the said regulator, new coal linkages obtained and other reasons mentioned in the aforesaid note, Management believes that cancellation of coal mine will not impact the operations of the subsidiary company and accordingly no adjustments are considered necessary in these consolidated financial statements.
- g. Note 38 of the consolidated financial statements, the Company has made investments and has receivables aggregating to Rs. 39,071 lakhs and provided guarantees and commitments for loans amounting to Rs. 769,444 lakhs taken by GVK Coal Developers (Singapore) Pte. Limited (GVK Coal) as at March 31, 2016, an entity whose current liabilities exceeds current assets by USD 900 million (Rs. 574,160 lakhs) as at June 30, 2015 and is witnessing material uncertainties. The Management believes that for reasons stated in the note the entity will establish profitable operations and no adjustments is required to aforesaid investments, receivables, guarantees and commitments.
- h. We have relied on the Auditor's report of an associate company and as stated in other matters paragraph below includes matters, in respect of which such Auditors report included Emphasis of Matter as given below :
 - i. Note 43 to the consolidated financial statements, the associate company in the financial year 2013-14, accounted for depreciation as per its accounting policy which was in accordance with the requirements of Schedule XIV of the Companies Act, 1956. The associate company computed and accounted for deferred tax amounting to Rs. 2,150 lakhs as at March 31, 2014, after considering reversal of temporary timing differences during the tax holiday period upto financial year 2021-22,

based on the revised useful lives of fixed assets, as approved by the Board of Directors vide a circular resolution dated April 22, 2014. The revised useful lives of fixed assets was effective from April 01, 2014 and was in accordance with Part C of Schedule II of the Companies Act, 2013 ("the Act")

During the financial year 2014-15, the Airport Economic Regulatory Authority ('AERA') in its Order No. 08/2014-15 dated June 10, 2014 issued to the associate company has stated that it has initiated the process to issue a notification on the useful lives for airport specific assets based on the guidance provided in Part B of Schedule II of the Act. Accordingly, the circular resolution as mentioned in the above paragraph was cancelled during the Board of Directors meeting held on August 04, 2014. We have been informed by the Management that pending notification of such useful lives of fixed assets by AERA, the associate company would continue to follow the useful lives of fixed assets as per the existing accounting policy and has accounted for deferred tax liability as at March 31, 2015 aggregating Rs. 15,870 lakhs and Rs. 17,549 lakhs as at March 31, 2016 after considering reversal of temporary timing differences during the tax holiday period upto financial year 2021-22, based on the current useful lives of the fixed assets. Pending the aforesaid notification from AERA, any impact on the depreciation, book value of fixed assets and the consequential impact on profit for the year, reserves and surplus as at March 31, 2016 and taxes including deferred taxes of the associate company is currently not ascertainable.

- ii. Note 44 to the consolidated financial statements, The Institute of Chartered Accountants of India has issued the "Guidance note on Accounting for Rate Regulated activities" which is applicable with effect from April 1, 2015. The associate company is governed by the Airports Economic Regulatory Authority of India ('AERA' or 'the Regulator') which determines the Tariff to be charged by the associate company in providing the regulated Aeronautical services. The above mentioned Guidance note requires the associate company to estimate the regulated revenue and consequently the regulatory asset or liability, as the case may be, based on the guidance provided by the Regulator which determines the fees to be charged by the associate company for the regulated aeronautical services.

The management believes that in view of the uncertainties relating to the useful lives of fixed assets to be followed by the associate company and tariff determination approach, which are pending clarification from AERA, as more fully explained in note 44 to the consolidated financial statements, it is not in a position to reliably estimate the regulated revenue and the consequent regulatory asset or liability, as the case may be, to be accounted as at March 31, 2016 as per the provisions of the above mentioned guidance note. Accordingly, any adjustment to regulated revenue and its consequent impact on regulatory asset or liability, as the case may be, arising out of clarifications to be issued by AERA is currently not ascertainable.

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

Report on Other Legal and Regulatory Requirements

1. As required by section 143(3) of the Act, to the extent applicable, we report that
 - (a) We have sought and except for the matters described in the Basis for Qualified Opinion paragraph, we/the other auditors whose reports we have relied upon obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
 - (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, in our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as appears from our examination of those books and the reports of the other auditors;
 - (c) The consolidated Balance Sheet, consolidated Statement of Profit and Loss, and consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
 - (d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

- (e) The matter described in the Basis for Qualified Opinion paragraph above and matters described in sub-paragraphs (a) to (d) and (f) under the Emphasis of Matter paragraph, in our opinion, may have an adverse effect on the functioning of the Group, its associates and jointly controlled entity;
- (f) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the auditors who are appointed under Section 139 of the Act, of its subsidiary companies, associate companies and jointly controlled entity incorporated in India, none of the directors of the Group's companies, its associates and jointly controlled entity incorporated in India is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company, subsidiary companies, associate companies and jointly controlled entity incorporated in India, refer to our separate report in "Annexure 1" to this report;
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and jointly controlled entity – Refer notes 17 (i) (a) to (d), 28, 35, 36, 39 and 40 to the consolidated financial statements;
 - ii. The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and jointly controlled entity incorporated in India.

Other Matter

The accompanying consolidated financial statements include total assets of Rs. 1,938,355 lakhs as at March 31, 2016, and total revenues and net cash outflows of Rs. 147,194 lakhs and Rs. 37,655 lakhs respectively for the year ended on that date, in respect of twenty seven subsidiaries, and one jointly controlled entity, which have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. The accompanying consolidated financial statements include total assets of Rs.1,260,202 lakhs as at March 31, 2016, and total revenues and net cash outflows of Rs. 268,957 lakhs and Rs.6,811 lakhs respectively for the year ended on that date, in respect of a subsidiary, which has been audited by SRBC & Co LLP jointly with other auditors. Further, the consolidated financial statements also include the Company's share of net profit of Rs. 18,833 lakhs for the year ended March 31, 2016, as considered in the consolidated financial statements, in respect of three associates, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and jointly controlled entity, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and jointly controlled entity, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

For S.R. Batliboi & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership No.: 093649

Place: Hyderabad

Date : May 20, 2016

Annexure-1 to the Independent Auditor's report of even date on the consolidated financial statements of GVK Power & Infrastructure Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of GVK Power & Infrastructure Limited as of and for the year ended March 31, 2016, we have audited the internal financial controls over financial reporting of GVK Power & Infrastructure Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate companies and jointly controlled company, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on, "the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Report on the Internal Financial Controls under Clause (i) of Sub Section 3 of Section 143 of the Companies Act, 2013 ("the Act")

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide

reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified opinion

According to the information and explanations given to us and based on the report issued by other auditors on internal financial controls system over financial reporting in case of subsidiary companies, its associate companies and jointly controlled company, which are companies incorporated in India, the following material weakness have been identified as at March 31, 2016:

- a. The Holding Company's and one of the subsidiary company's internal financial controls over use of assumptions for analysis of asset impairments were not operating effectively which could potentially result in the Holding Company and subsidiary company not recognising possible impairment losses.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the holding company's annual or interim consolidated financial statements will not be prevented or detected on a timely basis.

In our opinion, except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria in respect of the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on "the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

Other Matter

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to twenty eight subsidiary companies, three associate companies and one jointly controlled entity, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, the consolidated financial statements of the Holding Company, which comprise the Consolidated Balance Sheet as at March 31, 2016, and the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information, and our report dated May 20, 2016 expressed a qualified opinion.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership No.: 093649

Place: Hyderabad

Date : May 20, 2016

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Consolidated Balance sheet as at March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2016	March 31, 2015
Equity and liabilities			
Shareholders' funds			
Share capital	4	15,792	15,792
Reserves and surplus	5	119,812	178,076
		135,604	193,868
Deferred income	2(h) & 25	12,830	13,924
Minority interest		167,071	230,461
Non-current liabilities			
Long-term borrowings	6	2,167,616	1,922,177
Deferred tax liabilities (net)	7	22,037	26,726
Trade payables			
total outstanding dues of micro enterprises and small enterprises	45	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		36,920	42,827
Other long-term liabilities	8	93,887	80,972
Long-term provisions	9	1,341	1,108
		2,321,801	2,073,810
Current liabilities			
Short-term borrowings	10	310,909	308,757
Trade payables			
total outstanding dues of micro enterprises and small enterprises	45	-	-
total outstanding dues of creditors other than micro enterprises and small enterprises		27,067	32,484
Other current liabilities	11	374,034	416,759
Short-term provisions	9	15,332	15,240
		727,342	773,240
		3,364,648	3,285,303
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	1,584,346	950,674
Intangible assets	13	295,744	197,775
Capital work-in-progress		299,198	717,325
Expenditure incurred during construction period	14	239,169	429,816
Intangible assets under development		32,646	103,298
Non-current investments	15	241,957	200,867
Deferred tax assets (net)	7	13	110
Long-term loans and advances	16	144,947	132,418
Trade receivables	17 (i)	11,141	11,141
Other non-current assets	17(ii)	276,559	286,117
		3,125,720	3,029,541
Current assets			
Current investments	18	2,348	5,361
Inventories	19	10,996	3,990
Trade receivables	17 (i)	59,725	32,052
Cash and bank balances	20	106,354	149,551
Short-term loans and advances	16	14,788	26,722
Other current assets	17(ii)	44,717	38,086
		238,928	255,762
		3,364,648	3,285,303
Summary of significant accounting policies	2		

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

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W/E300004
Chartered Accountants

per **Vikas Kumar Pansari**
Partner

Membership No. 93649

Place: Hyderabad
Date: May 20, 2016

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

Dr. GVK Reddy
Chairman & Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
AVP & Company Secretary

Statement of consolidated profit and loss for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2016	March 31, 2015
Income			
Revenue from operations	21	416,447	304,965
Other income	22	13,400	8,665
Total revenue		429,847	313,630
Expenses			
Cost of fuel		31,012	18,932
Annual fee to Airport Authority of India		106,606	93,125
Employee benefit expense	23	18,358	16,194
Other expenses	24	95,118	94,942
Depreciation and amortization expense	25	86,867	70,555
Finance costs	26	229,125	147,362
		567,086	441,110
Loss before tax, prior period expenses, share of profits of associates and minority interest		(137,239)	(127,480)
Prior period expense - interest expense		-	290
Loss before tax, share of profits of associates and minority interest		(137,239)	(127,770)
Tax expenses			
Current tax		7,774	3,729
MAT credit		(363)	(588)
Deferred tax (credit)		(4,592)	(14,063)
Income tax for earlier years		27	-
Total tax (credit)/expenses		2,846	(10,922)
Loss after tax and before share of profits of associate and minority interest		(140,085)	(116,848)
Add: Share of profits of associates for the year		18,833	3,220
Loss for the year		(121,252)	(113,628)
Attributable to:			
Equity holders of the parent		(93,418)	(83,468)
Minority interest		(27,834)	(30,160)
		(121,252)	(113,628)
Earnings per equity share (in Rs.)			
-Basic		(5.92)	(5.29)
-Diluted		(5.92)	(5.29)
Nominal value per equity share (in Rs.)		1.00	1.00
Weighted average number of equity shares			
-Basic		1,579,210,400	1,579,210,400
-Diluted		1,579,210,400	1,579,210,400
Summary of significant accounting policies	2		

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

As per our report of even date

For **S. R. Batliboi & Associates LLP**

ICAI Firm Registration No : 101049W/E300004

Chartered Accountants

per **Vikas Kumar Pansari**

Partner

Membership No. 93649

Place: Hyderabad

Date: May 20, 2016

For and on behalf of the Board of Directors of

GVK Power & Infrastructure Limited

Dr. GVK Reddy

Chairman & Managing Director

A Issac George

Director & CFO

G V Sanjay Reddy

Director

P V Rama Seshu

AVP & Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2016

(All amounts in Indian Rupees Lakhs unless otherwise stated)

		March 31, 2016	March 31, 2015
A. Cash flow from Operating Activities			
Loss before tax and share of profits of associate and minority interest		(137,239)	(127,770)
Adjustments for			
Depreciation and amortisation expense		86,867	70,555
Bad debts		173	-
Provision for doubtful trade receivables		100	160
Loss on sale / write off of assets (net)		15,317	32,138
Provision for diminution in value of investment		31	446
Unrealised foreign exchange fluctuation		1,838	(867)
Profit on sale of non trade current investments		(401)	(940)
Dividend income from non trade current investments		(3)	-
Profit on disposal of controlling interest in subsidiary		-	(496)
Interest expense		214,936	139,846
Interest income		(7,417)	(5,485)
Liabilities written back		(2,764)	(65)
Operating profit before working capital changes		171,438	107,522
Movements in working capital			
Increase in inventories		(398)	(158)
Increase in current and non current liabilities and provisions		(2,805)	26,420
(Increase)/decrease in current and non current trade receivables and other assets		(54,533)	10,461
(Increase)/decrease in loans and advances		(1,704)	(6,277)
Cash generated from operations		111,998	137,968
Less: Direct taxes paid		5,718	(8,573)
Net cash generated from operating activities	(A)	117,716	129,395
B. Cash flows from investing activities			
Purchase of fixed assets including capital work in progress and capital advances		(149,156)	(160,864)
Proceeds from sale of fixed assets		2,933	3,647
Purchase of current investments		(110,997)	(231,414)
Proceeds from sale/maturity of current investments		114,417	248,347
Investment in Associates and others		(2,931)	(11,120)
Investments in bank deposits (having original maturity of more than 3 months)		(1,790)	(4,022)
Redemption/maturity of bank deposits (having original maturity of more than 3 months)		837	34,001
Dividends received		56	1,011
Interest received		9,494	9,930
Net cash used in investing activities	(B)	(137,137)	(110,484)

Consolidated Cash Flow Statement for the year ended March 31, 2016

(All amounts in Indian Rupees Lakhs unless otherwise stated)

		March 31, 2016	March 31, 2015
C. Cash flows from financing activities			
Money paid to minority share holders		-	(39,839)
Proceeds from short-term borrowings (net)		2,152	59,190
Proceeds from long-term borrowings		215,491	164,145
Repayment of long-term borrowings		(91,461)	(42,066)
Proceeds from development fee		46,818	12,420
Interest paid		(198,110)	(179,072)
Net cash flow from financing activities	(C)	(25,110)	(25,222)
Net decrease in cash and cash equivalents	(A+B+C)	(44,531)	(6,311)
Cash and cash equivalents at the beginning of the year		130,819	137,613
Effect of exchange differences on cash and cash equivalents		190	(483)
Cash and cash equivalents at the end of the year		86,478	130,819
Components of cash and cash equivalents:			
Cash on hand		156	161
Cheques/drafts on hand		78	235
Balances with banks on:			
Current accounts		18,128	27,306
Deposit account		67,293	103,087
Cash and bank balances of joint venture		823	30
Total cash and cash equivalents		86,478	130,819
Add: Fixed deposits classified in investing activities		19,876	18,732
Cash and bank balances as reported in consolidated balance sheet		106,354	149,551

During the year, interest of Rs. 50,469 (March 31, 2015: Rs. 60,256) accrued on loans has been converted into principal. This has been considered as non-cash item for the purpose of cash flow statement.

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

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W/E300004
Chartered Accountants

per **Vikas Kumar Pansari**
Partner

Membership No. 93649

Place: Hyderabad
Date: May 20, 2016

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

Dr. GVK Reddy
Chairman & Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
AVP & Company Secretary

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

1. Nature of operations

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

The following is the brief description of the subsidiaries:

- a) GVK Industries Limited ("GVKIL" or "Subsidiary company") is engaged in the business of generation of power.
- b) GVK Jaipur Expressway Private Limited ("GJEPL" or "Subsidiary company") is engaged in building and developing highway project.
- c) Alaknanda Hydro Power Company Limited ("AHPCL" or "Subsidiary company") is engaged in the business of generation of power.
- d) GVK Power (Goindwal Sahib) Limited ("GVKPGSL" or "Subsidiary company") is engaged in the business of generation of power.
- e) GVK Coal (Tokisud) Company Private Limited ("GVKCCPL" or "Subsidiary company") is engaged in the business of mining of coal meant.
- f) GVK Airport Developers Limited ("GVKADL" or "Subsidiary company") is engaged in the business of construction and development of airports.
- g) Goriganga Hydro Power Private Limited ("GHPPL" or "Subsidiary company") is engaged in the business of generation of power.
- h) GVK Airport Holdings Private Limited ("GVKAHPL" or "Subsidiary company") is engaged in the business of investment as promoters and developers of the international and domestic airport projects.
- i) GVK Perambalur SEZ Private Limited ("GVKPSPL" or "Subsidiary company") is engaged in the business of development, operation and maintenance of infrastructure facility.
- j) GVK Oil & Gas Limited ("GVKOGI" or "Subsidiary company") is engaged in the business of exploration of oil and natural gas.
- k) GVK Energy Limited ("GVKEL" or "Subsidiary company") is engaged in the business of providing operation and maintenance services to owners of power plants.
- l) GVK Developmental Projects Private Limited ("GVKDPPL" or "Subsidiary company") is engaged in the business of infrastructure projects.
- m) GVK Gautami Power Limited ("GVKGPL" or "Subsidiary company") is engaged in the business of generation of power.
- n) Bangalore Airport & Infrastructure Developers Private Limited ("BAIDPL" or "Subsidiary company") is engaged in construction and development of domestic and international airports.
- o) GVK Energy Venture Private Limited ("GVKEVPL" or "Subsidiary company") is engaged in the business of investment in mega power projects.
- p) GVK Bagodara Vasad Expressway Private Limited ("GVKBVEPL" or "Subsidiary company") is engaged in the business of building and developing highway project.
- q) GVK Deoli Kota Expressway Private Limited ("GVKDKEPL" or "Subsidiary company") is engaged in the business of building and developing highway project.
- r) GVK Ratle Hydro Electric Project Private Limited ("GVKRHEPPL" or "Subsidiary company") is engaged in the business of generation of power.
- s) GVK Transportation Private Limited ("GVKTPL" or "Subsidiary company") is engaged in building and developing highway project.
- t) Mumbai International Airport Private Limited ("MIAL" or "Subsidiary company") is engaged in operations, maintenance and development of Chhatrapati Shivaji International Airport, Mumbai.
- u) GVK Power (Khadur Sahib) Private Limited ("GVKPKSPL" or "Subsidiary company") is engaged in the business of generation of power.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- v) GVK Airports International Pte Limited (“GVKAIPL” or “Subsidiary company”) is engaged in construction and development of airports.
- w) GVK Shivpuri Dewas Expressway Private Limited (“GVKSDEPL” or “Subsidiary company”) is engaged in building and developing highway project.
- x) PT. GVK Services (“PGVKS” or “Subsidiary company”) is engaged in management and operations of commercial facilities at Bali International Airport.
- y) Navi Mumbai Airport Developers Private Limited (“NMADPL”) is engaged in the business of providing allied and support services to its parent company.
- z) Mumbai Airport Habitation Private Limited (“MAHPL”) is engaged in the business of providing allied and support services to its parent company.
- aa) Mumbai Aerotropolis Private Limited (“MAPL”) is engaged in the business of providing allied and support services to its parent company.
- bb) Mumbai Airport Meet and Assist Services Private Limited (“MAMASPL”) is engaged in the business of providing allied and support services to its parent company.
- cc) GVK Airport Services Private Limited (“GVKASPL”) is engaged in the business promoting management and operations of commercial facilities at domestic and international airports.
- dd) Sutara Roads & Infra Limited (“SRIL”) is engaged in the business of building and developing highway project.

The following is the brief description of the associates:

- a) Bangalore International Airport Limited (“BIAL” or “Associate Company”) is engaged in operations, maintenance and development of Bangalore International Airport, Bangalore.
- b) Seregarha Mines Limited (“SML” or “Associate company”) is engaged in exploration of coal mines.
- c) Bangalore Airport Hotel Limited (“BAHL” or “Associate company”) is engaged in the business of hotel.

The following is the brief description of the joint venture:

- a) Mumbai Aviation Fuel Farm Facility Private Limited is engaged in the business of rendering fueling services to airlines.

2. Statement of significant accounting policies

a. Basis of preparation

The consolidated financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

b. Principles of consolidation

Investments in subsidiaries and associates in consolidated financial statements are accounted in accordance with accounting principles as defined in the AS 21 “Consolidated financial statements”, AS 23 “Accounting for investments in associates in consolidated financial statements” and AS 27 “Financial Reporting of Interests in Joint Ventures”, notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. The consolidated financial statements are prepared on the following basis:

- i) Subsidiary companies and the joint venture are consolidated on a line-by-line by adding together the book values of the like items of assets, liabilities, income and expenses (proportionately in case of joint venture) after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered and proportionately (to the extent it pertains to the Group) on consolidation of joint venture.
- ii) The difference between the cost to the Group of investments in subsidiaries and joint venture and the proportionate share in the equity of the subsidiary and joint venture company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Any gain/loss arising upon acquiring additional stake in subsidiary/joint venture from parties outside the group is accounted for as goodwill/

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- capital reserve. Similarly, any gain/loss arising upon dilution of stake in subsidiary/joint venture in favour of parties outside the group is recorded in capital reserve.
- iii) Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the consolidated balance sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.
 - iv) Investments in associates are accounted for using equity method. The excess of cost of investment over the proportionate share in equity of the associate as at the date of acquisition of stake is identified as Goodwill and is disclosed as part of investment in associate in the consolidated financial statements. The carrying amount of the investment is adjusted thereafter for the post-acquisition change in the share of net assets of associate. However, share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped.
 - v) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand-alone financial statements.
 - vi) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2016.
 - vii) As per Accounting Standard 21, only those notes which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the consolidated financial statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the consolidated financial statements are not disclosed in the consolidated financial statements.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

The consolidated financial statements as at and for the year ended on March 31, 2016 include the financial statements of the following entities:

Name of the consolidated entity	Country of Incorporation	Nature of Interest	% of interest	
			2016	2015
GVKIL	India	Subsidiary	62.80	73.94
GVKJEPL	India	Subsidiary	100.00	100.00
AHPCL	India	Subsidiary	62.80	73.94
GVKPGSL	India	Subsidiary	62.80	73.94
GVKCCPL	India	Subsidiary	62.80	73.94
GVKADL	India	Subsidiary	100.00	100.00
GHPPL	India	Subsidiary	100.00	100.00
GVKAHPL	India	Subsidiary	100.00	100.00
GVKPSPL	India	Subsidiary	100.00	100.00
GVKEL	India	Subsidiary	62.80	73.94
GVKOGI	India	Subsidiary	100.00	100.00
GVKDPPL	India	Subsidiary	100.00	100.00
GVKGPL	India	Subsidiary	39.94*	47.02*
BAIDPL	India	Subsidiary	100.00	100.00
GVKEVPL	India	Subsidiary	100.00	100.00
GVKDKPEL	India	Subsidiary	100.00	100.00
GVKBVEPL	India	Subsidiary	100.00	100.00
GVKRHEPPL	India	Subsidiary	100.00	100.00
GVKTPL	India	Subsidiary	100.00	100.00
GVKPKSPL	India	Subsidiary	62.80	73.94
GVKSDEPL	India	Subsidiary	100.00	100.00
GVKA IPL	Singapore	Subsidiary	100.00	100.00
MIAL	India	Subsidiary	50.50	50.50
PTGVKS	Indonesia	Subsidiary	97.00	97.00
NMADPL	India	Subsidiary	50.50	50.50
MAHPL	India	Subsidiary	50.50	50.50
MAPL	India	Subsidiary	50.50	50.50
MAMASPL	India	Subsidiary	50.50	50.50
BIAL	India	Associate	43.00	43.00
BAHL	India	Associate	43.00	43.00
SML	India	Associate	29.87	32.87
MAFFPL	India	Joint Venture	12.63	12.63
SRIL (w.e.f, May 26, 2015)	India	Sub Subsidiary	100.00	-
ASPL (w.e.f May 15,2015)	India	Subsidiary	100.00	-

* GVKEL, subsidiary company holds 63.60% equity stake in GVKGPL and the Parent Company holds 62.80% in GVKEL.

c. Use of estimates

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

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

d. Tangible fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use. Subsequent expenditure incurred on existing fixed assets is added to their book value only if such expenditure increases the future benefits from the existing assets beyond their previously assessed standard of performance. Gains or losses arising from de-recognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Dead Stock is the minimum level of material needed to be maintained in the plant and machinery for its intended use. Minimum level of fuel is required to be maintained in the storage tanks by design/nature- below this level of the fuel cannot be withdrawn from the tanks. The dead stock held by the group is not held for sale in its ordinary course of business. Accordingly, as per Para 9.1 of AS 10, the cost of acquiring dead stock is in the nature of a cost that is directly attributable cost of bringing the oil storage tanks/plant and machinery to its working condition for its intended use of providing storage services and accordingly form part of fixed assets.

Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management which coincides with the rates as per Schedule II of Companies Act, 2013. Leasehold land is amortised over the period of lease. The Management based on technical assessment of usage pattern believes that useful life of certain class of assets in MIAL is different from those prescribed under Schedule II of the Companies Act, 2013 as given under:

Asset Description	Useful Life
Buildings (other than factory buildings) other than RCC Frame Structure	5 to 30 years
Buildings - Temporary Structures	5 years
Runways, taxiways and aprons	7 - 30 years
Road	5 to 10 years
Electrical Installations & Equipment	5 to 10 years
Plant and Equipment	7.5 to 10 years
Office Equipment - Mobile Phones	2 years

Further depreciation on assets covered under definition of "Generating Station" as defined in "Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014" is provided under Straight Line Method at the rates and the manner prescribed under the State Regulations if they prescribe rates and the manner of depreciation else on the basis of rates and manner prescribed in Central Regulations.

Aeronautical assets

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

e. Intangible assets and amortization

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

Toll collection rights

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

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

Software

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

Airport grant for upfront fees and other compensations

is classified under "Intangible Assets" and is amortized over the primary period of the grant available under Operation, Maintenance and Development Agreement ('OMDA') i.e. 30 years and tested for impairment annually.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Goodwill

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

f. Impairment

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

g. Investments

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

h. Government grants

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

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

i. Revenue recognition

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

i) Generation of power

Revenue from sale of energy is recognized on accrual basis in accordance with the provisions of the Power Purchase Agreements ("PPA") with respective Transmission Corporations. Where the subsidiary companies are eligible to receive incentive fees for every percentage point generated in excess of Plant Load Factor as defined in PPA, such incentives are accrued on achievement of specified Plant Load Factor.

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

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

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

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

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

iii) Income from toll operations

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

iv) Operating services

Revenue for operating services are recognised as and when services are rendered based on terms of fixed price contract on proportionate basis.

v) Interest

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

vi) Dividends

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

vii) Guarantee commission

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

j. Borrowing Costs

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

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

k. Foreign currency translation

Foreign currency transaction and balances

i) Initial recognition

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

ii) Conversion

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

iii) Exchange differences

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

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

Translation of integral and non-integral foreign operation

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

I. Operating Lease

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

m. Retirement and other employee benefits

- i) Retirement benefit in the form of Provident Fund is a defined contribution scheme. The contributions are charged to the statement of profit and loss of the year when the contributions are due. The company has no obligation other than the contribution payable to the provident fund.
- ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.
- v) The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

n. Inventories

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

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

o. Income taxes

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

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

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the Minimum Alternative tax (MAT) credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified period.

p. Earnings per share

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

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

q. Provisions

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

Provision for resurfacing obligations

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

r. Segment Reporting Policies

Identification of segments

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

Intersegment Transfers

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

Allocation of common costs

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

Unallocated items

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

s. Cash and Cash equivalents

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

t. Derivative instruments

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

u. Contingent liabilities

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

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

3. Difference in accounting estimates

Depreciation

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

Asset Description	Depreciation rates	March 31, 2016	March 31, 2015
Buildings	3.33% - 5%	138,551	143,415
Engineering structures	3.33%-5%	52,193	54,926
Plant and machinery	4.75%-16.21%	46,364	55,283
Office equipment	10.34%25%	514	520
Computer and computer equipments	16.21%-25%	1,449	1,619
Furniture and fixtures	6.33%-10%	8,081	8,209
Vehicles	9.5%-20%	665	878
Software	20%-33.33%	566	759

4. Share capital

	March 31, 2016	March 31, 2015
Authorized shares		
2,500,000,000 (March 31, 2015: 2,500,000,000) equity shares of Re. 1/ each	25,000	25,000
Issued, subscribed and fully paid-up shares		
1,579,210,400 (March 31,2015: 1,579,210,400) equity shares of Re. 1/ each	15,792	15,792
	15,792	15,792

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

Equity shares	March 31, 2016		March 31, 2015	
	No.	Rs.	No.	Rs.
At the beginning of the year	1,579,210,400	15,792	1,579,210,400	15,792
Issued during the year	-	-	-	-
Total equity shares	1,579,210,400	15,792	1,579,210,400	15,792

(b) Terms/rights attached to equity shares

The Company has only one class of equity share having par value of Re.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholder	March 31, 2016		March 31, 2015	
	No	% holding	No	% holding
G Indira Krishna Reddy	28,622,290	1.81	230,340,730	14.59
G V Sanjay Reddy	56,400,154	3.57	154,334,480	9.77
Vertex Projects LLP	596,306,435	37.76	140,632,430	8.91
Krishnaram Bhupal	25,133,435	1.59	118,155,990	7.48
HSBC Global Investment Funds	63,605,482	4.03	110,428,344	6.99

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

5. Reserves and surplus

	March 31, 2016	March 31, 2015
Capital reserve on acquisition	50,835	50,835
Balance as per the last financial statements	34,964	-
Add: Gain on dilution of stake in GVK Energy Limited	85,799	50,835
General reserve	952	952
Securities premium account	215,352	215,352
Deficit in the statement of profit and loss		
Balance as per the last financial statements	(88,735)	(5,267)
Loss for the year	(93,418)	(83,468)
Net deficit in the statement of profit and loss	(182,153)	(88,735)
Foreign currency translation reserve		
Balance as per the last financial statements	(328)	154
Movement during the year	190	(482)
	(138)	(328)
Total reserves and surplus	119,812	178,076

6. Long term borrowings

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Debentures				
45 (March 31, 2015: Nil) 14.50% Nonconvertible debentures of Rs.100/ each (secured)	4,050	4,500	450	-
Term loans				
Indian rupee loan from banks (secured)	1,427,781	1,355,431	105,914	57,607
Foreign currency loan from banks (secured)	37,816	40,155	7,632	4,090
Indian rupee loan from financial institutions (secured)	648,809	478,748	67,969	183,910
Term loans from others (secured)	44,604	43,343	1,607	-
Term loans from banks of joint venture (secured)	4,511	-	-	-
Other loans and advances				
Buyers credit (secured)	-	-	11,464	10,822
Vehicle loan (secured)	45	-	29	-
	2,167,616	1,922,177	195,065	256,429
The above amount includes				
Secured borrowings	2,167,616	1,922,177	195,065	256,429
Amount disclosed under the head "other current liabilities" (note 11)	-	-	(195,065)	(256,429)
Net amount	2,167,616	1,922,177	-	-

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

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

Name of the entities	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2014
Parent Company	14,350	-	21,106	31,635
GVKEL	4,095	4,500	26,929	26,450
GVKGPL	100,910	96,203	17,921	10,822
GVKIL	32,233	45,800	26,671	14,820
AHPCL	376,656	373,767	35,987	22,285
GVKPGSL	311,212	257,078	14,381	-
GVKCCPL	20,700	21,825	1,230	675
GVKRHEPPL	81,690	81,690	-	-
GJEPL	79,049	90,905	10,827	6,802
GVKDKPEL	81,899	73,085	197	-
GVKBVEPL	46,848	39,660	-	-
GVKADL	185,936	32,336	6,210	142,940
MIAL	828,220	805,328	33,224	-
BAIDPL	3,818	-	382	-
	2,167,616	1,922,177	195,065	256,429

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

a) Parent Company

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	14,350	-	21,106	31,635
Secured borrowings	14,350	-	21,106	31,635
Amount disclosed under the head "other current liabilities"	-	-	(21,106)	(31,635)
Net amount	14,350	-	-	-

- A. Term loan aggregating to Rs. 20,500 is secured by first pari-passu charge on the current assets, present and future of the Company and pledge of 299,000 preference shares of GVK Airport Developers Limited, out of which 239,800 preference shares are held by Sutara Roads & Infra Limited. The loan is further secured by subservient charge of property, admeasuring 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perumbalur belonging to GVK Perumbalur SEZ Private Limited and presently carries interest of 13.40% per annum. The entire loan is repayable in 24 unequal monthly instalments starting from April 30, 2016.
- B. Term loan aggregating to Rs. 14,956 is secured by first charge of property, admeasuring 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perumbalur belonging to GVK Perumbalur SEZ Private Limited and presently carries interest of 15.15% per annum. The entire loan was repayable on August 27, 2015.
- C. The Company has not made payment of principal dues in certain cases. The details of payments not made are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount	Period of delay*	Amount	Period of delay
Principal due on term loans	14,956	218 days	3,333	Upto 29 days

*Paid subsequently on April 27, 2015

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

b) GVKEL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Debentures				
45 (March 31, 2015: Nil) 14.50% Nonconvertible debentures of Rs.100 each (secured)	4,500	4,500	450	-
Term loans				
Indian rupee loan from financial institutions (secured)	-	-	26,450	26,450
From banks-vehicle loan (secured)	45	-	29	-
	4,095	4,500	26,929	26,450
The above amount includes				
Secured borrowings	4,095	4,500	26,929	26,450
Amount disclosed under the head "other current liabilities"	-	-	(26,929)	(26,450)
Net amount	4,095	4,500	-	-

- A.** 14.50% Non-convertible debentures are secured by way of pledge of 40% of equity shares of AHPCL, pledge of 26% fully paid up equity shares of subsidiary company, pledge of 49% of equity shares of GVKPGSL, pledge of 49% of equity shares of GVKCTCPL on pari- passu basis and Corporate Guarantee by GVKPIL. The debentures are repayable at a premium of 3.60% per annum in three annual instalments starting from July 31, 2016
- B.** Term loan from financial institutions carries an interest rate of 18.1% p.a. Loan amounting to Rs. 26,450 is secured by way of pledge of 40% of equity shares of AHPCL, pledge of 26% fully paid up equity shares of borrower on pari- passu basis and by the Corporate Guarantee of GVKPIL. Further, loan to the extent of Rs. 12,450 is secured by pledge of 49% of equity shares of GVKPGSL and pledge of 49% of equity shares of GVKCTCPL on pari-passu basis. The loan amounting to Rs. 14,000 is repayable in three annual instalments starting from March 30, 2016 with an option to lender to demand repayment of the entire loan once in every six months from September 30, 2015. The balance loan amounting to Rs. 12,450 is repayable in three unequal annual instalments along with interest starting from March 30, 2016 with an option to lender to demand repayment of the entire loan once in every six months from December 30, 2015.
- C.** Vehicle loans from banks are secured by charge over assets for which finance is provided. The loans are repayable in thirty six equated instalments commencing from September 2015 and carries interest of 10% p.a.
- D.** The subsidiary company has not made payment of principal dues in certain cases. The details of payments not made are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount	Period of delay	Amount	Period of delay
Principal due on rupee term loans from financial institutions	2,250	1 day	-	-

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

c) GVKGPL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	32,051	30,265	2,046	-
Foreign currency loan from banks (secured)	12,698	12,802	829	-
Indian rupee loan from financial institutions (secured)	56,161	53,136	3,582	-
Other loans and advances				
Buyers credit (secured)	-	-	11,464	10,822
	100,910	96,203	17,921	10,822
The above amount includes				
Secured borrowings	100,910	96,203	17,921	10,822
Amount disclosed under the head "other current liabilities"	-	-	(17,921)	(10,822)
Net amount	100,910	96,203	-	-

- A.** Rupee term loans from banks, financial institutions and foreign currency loans from banks are secured by:
- Pari passu first charge by deposit of title deeds of immovable properties 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 was given to working capital lender;
 - Pari passu first charge on all bank accounts including without limitation, the Trust and Retention account;
 - Pari passu first charge on intangible assets including but not limited to goodwill, undertaking and uncalled capital;
 - Unconditional corporate guarantee of GVK Energy Limited;
 - Credit support by the promoters for Rs.4,300 towards upfront equity commitment;
 - 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;
 - Pledge of 51% shares of paid-up capital of the subsidiary company held by "Sponsors" (GVKEL, IJM corporation Behrad, IEMceE Infra (Mauritius) Limited and IL&FS Engineering & Construction Company Limited); and
 - Non-disposal undertaking for the balance 49% stake in GVKGPL by the Sponsors.
- B.** Buyers credit is secured by:
- Exclusive charge on spares the subsidiary company; and
 - Second charge on the fixed assets of the subsidiary company on pari passu basis with the working capital lenders.
- C.** Repayment and other terms of loans are as follows:
- During the previous year long term loans were restructured and accordingly, rupee term loans from banks and financial institution are repayable in 30 quarterly installments commencing from October 2016. All Indian rupee term loans from banks and financial institution currently carry interest of 12% and 12.25% per annum respectively.
 - Foreign currency loan carries interest at 3 M Libor plus 2.50% margin. The loans are repayable in 43 quarterly installments commencing from 2008-09
 - Buyer's credit is repayable by June 12, 2016 and carries interest in the range of 0.55%- 1.70% per annum.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

d) GVKIL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	22,966	33,252	18,845	10,844
Foreign currency loan from banks (secured)	5,285	7,354	5,459	2,820
Indian rupee loan from financial institution (secured)	3,982	5,194	2,368	1,156
	32,233	45,800	26,672	14,820
The above amount includes				
Secured borrowings	32,233	45,800	26,672	14,820
Amount disclosed under the head "other current liabilities"	-	-	(26,672)	(14,820)
Net amount	32,233	45,800	-	-

- A.** Rupee term loans from banks and financial institutions and foreign currency loan aggregating to Rs. 36,106 from banks are secured by:
- Pari passu first mortgage and charge on all the immovable and movable properties (both tangible and intangible), present and future of the expansion project and assets common for both Phase I and Phase II;
 - Pari passu first charge on all the immovable and movable properties (both tangible and intangible), present and future, pertaining to Phase I;
 - Pari passu first charge/assignment/security interest on all the revenues/receivables of Phase II;
 - Pari passu first charge/assignment/security interest on subsidiary company's rights under Phase II agreements, in respect of all clearances, licenses, permits, approvals and consents in respect of the expansion project and letters of credit, guarantee or performance bond that may be provided in favour of subsidiary company; and
 - Pledge of 28% of shares of the subsidiary company held by GVKEL.
- B.** Additional rupee term loan from banks and financial institutions aggregating to Rs. 22,799 are secured by :
- Pari passu first charge by way of mortgage on all immovable and movable properties both tangibles and intangibles present and future of Phase II, subject to prior mortgage and charge in favour of banks and financial institutions;
 - Pari passu first charge on all the immovable and movable properties both tangible and intangible of Phase I including receivables and shared facilities, subject to prior mortgage and charge in favour of banks and financial institutions;
 - Collaterally secured by way of pari passu first charge/assignment/security on all the revenues/receivables of Phase II; and
 - Pledge of 51% of shares of the subsidiary company held by GVKEL including pledge of 28% shares referred in A(v) above.
- C.** Repayment and other terms of loans as follows:
- Rupee loans from banks and financial institutions are repayable in 43 quarterly installments from 2008-09 and 2007-08 respectively, and currently carries interest of 11.35% to 12.85% per annum;
 - Additional rupee term loans from banks and financial institutions are repayable in 16 quarterly installments from 2015-16 and currently carries interest in the range of 11.35% to 11.93% per annum;
 - Foreign currency loan is repayable in 13 half yearly foreign currency installments from 2008-2009 and 13 quarterly rupee installments from 2015-2016. Interest is payable half yearly at 6 Month Libor plus 2.50% margin and interest on rupee installments would be agreed at the time of conversion.
- D.** The subsidiary company has not made payment of principal dues in certain cases. The details of payments not made are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount	Period of delay*	Amount	Period of delay
Principal due on Indian rupee loan from banks (secured)	2,757	Upto 90 days	248	Upto 1 day
Principal due on Indian rupee loan from banks (secured)	7,978	Upto 365 days	-	-
Principal due on Indian rupee loan from financial institutions (secured)	1,156	Upto 365 days	-	-

* Subsequently paid on May 12, 2016

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

e) AHPCL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	222,289	218,320	16,288	10,712
Foreign currency loan from banks (secured)	19,833	19,999	1,345	1,270
Indian rupee loan from financial institutions (secured)	134,534	135,448	18,354	10,303
	376,656	373,767	35,987	22,285
The above amount includes				
Secured borrowings	376,656	373,767	35,987	22,285
Amount disclosed under the head "other current liabilities"	-	-	(35,987)	(22,285)
Net amount	376,656	373,767	-	-

- A. Rupee term loans from banks, financial institutions and foreign currency loan from bank are secured by:
- Pari passu first Mortgage on the subsidiary company's immovable properties present and future except forest land;
 - Pari passu first Hypothecation of all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles, receivables, book debts, operating cash flows and all other movable assets, present and future
 - Pari passu first charge on all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising and all intangibles including but not limited to goodwill, uncalled capital, present and future; and
 - Pari passu first assignment or creation of security interest in:
 - All rights, titles, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time;
 - All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances, in any letter of credit, guarantee, performance bond provided by any party to the project document;
 - Escrow receivables and other reserves, and any other bank accounts of the subsidiary company wherever maintained;
 - All insurance contracts / insurance proceeds;
 - Pledge of 60% of equity shares issued or to be issued by the subsidiary company during the period of the term loans;
 - First charge on all intangible assets of borrower including but not limited to goodwill, undertaking and uncalled capital of the subsidiary company.
 - The aforesaid mortgages, hypothecation, assignment charges and pledge of shares, shall in all respects, rank pari passu interest; and
 - The Lenders, at their option, have a right to convert the whole or part of the Loan into equity, at par, in case of default in payment of two consecutive installments and / or interest without prior intimation.
 - Corporate guarantee of GVKEL.
- B. Repayment and other terms of loans are as follows:
- Rupee term loans from banks and financial institutions aggregating to Rs. 391,465 currently carry interest in the range of 12.35% to 15.25% and are repayable in 46 quarterly installments commencing October 2015, as against original commencement of May 2015;
 - The foreign currency loans carries floating rate of interest at 3 month LIBOR + 248 bps (i.e.2.48%) and are repayable in 60 quarterly installments commencing from January 1, 2012.
- C. The subsidiary company has not made payment of principal dues in certain cases. The details of payments not made are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount	Period of delay*	Amount	Period of delay
Principal due on Indian rupee loan from banks (secured)	803	Upto 183 days	-	-
Principal due on Indian rupee loan from financial institutions (secured)	5,519	Upto 183 days	-	-

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

f) GVKPGSL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	259,642	216,467	11,997	-
Indian rupee loan from financial institutions (secured)	51,570	40,611	2,384	-
	311,212	257,078	14,381	-
The above amount includes				
Secured borrowings	311,212	257,078	14,381	-
Amount disclosed under the head "other current liabilities"	-	-	(14,381)	-
Net amount	311,212	257,078	-	-

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

- i. First charge on the subsidiary company's all movable, immovable properties, intangibles, uncalled capital, designated bank accounts and receivables present and future;
- ii. First charge by way of Assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever in the project documents; and
- iii. Pledge of 51% of equity shares held by GVKEL.
- iv. Irrevocable and unconditional Corporate Guarantee of GVKEL.

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

- i. IDBI Bank, the lead of consortium has approved shift in repayment schedule. As per the said schedule, for term loans aggregating to Rs.240,000, 70% is repayable in 41 quarterly installments commencing from 01st May, 2016 and the balance is repayable as a bullet repayment at 41st installment. The rupee term loans currently carries interest at 13.25% per annum;
- ii. For term loans aggregating to Rs.49,133, 70% of loans are repayable in 38 quarterly installments commencing from November 1, 2015 and the balance 30% is repayable in a single/bullet repayment installment along with 38th quarter installment. The rupee term loans currently carry interest at 13.50% per annum.
- iii. For term loans aggregating to Rs.36,460, 70% of loans are repayable in 38 quarterly installments commencing from April 16, 2016. The balance 30% is repayable in a single/bullet repayment installment along with 38th quarter installment. The rupee term loans currently carry interest at IDBI Base rate plus spread 3.5%.

g) GVKCCPL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	20,700	21,825	1,230	675
The above amount includes				
Secured borrowings	20,700	21,825	1,230	675
Amount disclosed under the head "other current liabilities"			(1,230)	(675)
Net amount	20,700	21,825	-	-

A. Rupee term loans from banks are secured by:

- i. First charge on all movable, immovable properties and receivables present and future;
- ii. Assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever in the project documents; and
- iii. Pledge of 51% of equity shares held by GVKEL.

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

Rupee term loans are repayable in 37 quarterly installments commencing from April 2015. The loans currently carry interest at 13.65% p.a. subject to reset.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

h) GVKRHEPPL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from financial institutions (secured)	81,690	81,690	-	-
	81,690	81,690	-	-
The above amount includes				
Secured borrowings	81,690	81,690	-	-
Net amount	81,690	81,690	-	-

- A. Rupee term loans from financial institution are secured by:
- i. A first ranking charge/mortgage/assignment/hypothecation of:
 - a. Subsidiary company's immovable properties, present and future, except forest land, river bed area and land for realignment of National Highway - 1B, subject to the Transfer of Property Act of the State Government of Jammu & Kashmir and Right to Use Forest Land;
 - b. Subsidiary company's movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future, intangible, goodwill, uncalled capital, present and future relating to the Project;
 - c. All book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, of the subsidiary company, present and future; and
 - d. Debt Service Reserve Account, the Trust and Retention Account, any letter of credit and other reserves and any other bank accounts of the subsidiary company wherever maintained, present and future.
 - ii. Bankers, at their option, have a right to convert the whole or part of the Loan to equity, at par, in case of default in payment.
 - iii. Undertaking from the Promoter Companies i.e. GVKPIL and GVKDPPL for infusion of equity.
 - iv. First ranking assignment on
 - a. All the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents (including but not limited to Power Purchase Agreements/memorandum of understanding for sale of power, package/ engineering, procurement and construction contracts/Construction contracts, O & M Agreement, land lease agreements, etc.), if any, duly acknowledged and consented to by the relevant counter parties to such project documents, each as amended, varied or supplemented from time to time;
 - b. All the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the permits, approvals and clearances pertaining to the Project;
 - c. All the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee provided by any party under the project documents; and
 - d. All the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company under all insurance contracts/insurance proceeds.
 - v. First ranking pledge of 51% shares held by GVKDPPL in subsidiary company which may be reduced to 30% of the shares held by GVKDPPL upon 75% of the Rupee Loans being repaid.
- B. Loan is repayable in 80 quarterly structured installments commencing from July 15, 2019 and presently carries interest in the range of 13.50% to 13.75%.

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(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

i) GJEPL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	34,796	40,397	5,328	3,741
Indian rupee loan from financial institutions (secured)	44,253	50,508	5,499	3,061
	79,049	90,905	10,827	6,802
The above amount includes				
Secured borrowings	79,049	90,905	10,827	6,802
Amount disclosed under the head "other current liabilities"	-	-	(10,827)	(6,802)
Net amount	79,049	90,905	-	-

A. Rupee term loans from banks to the extent of Rs. 5,640 are secured by:

- i. First charge on the subsidiary company's immovable properties present and future;
- ii. Pari passu first charge on hypothecation of all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future;
- iii. Pari passu first charge on all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising, present and future;
- iv. Pari passu first charge on all intangibles including but not limited to Goodwill, uncalled capital, present and future;
- v. Pari passu assignment or creation of security interest in:
 - All rights, titles, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time;
 - All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances; and
 - All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, and performance bond provided by any party to the project document and all insurance contracts/ insurance proceeds.
- vi. Charge on the escrow account and other reserves, and any other bank accounts of the subsidiary company wherever maintained;
- vii. Pledge of shares to the extent of 51% of the equity shares of the subsidiary company held by the holding Company i.e. GVKTPL ("Sponsor") with effect from 1.4.2011; and
- viii. Further the debt servicing is secured by way of a bank guarantee for Rs. 1,000 from Indian Overseas Bank, Secunderabad.

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

The aforesaid loans carry interest of 10.50%. The loans have to be fully repaid by November 2017.

C. Rupee term loans from banks to the extent of Rs. 84,236 are secured by:

- i. Mortgage by way of second exclusive charge of entire immovable properties of the subsidiary company, except project assets, both present and future, if any;
- ii. Second charge by way of hypothecation of entire movable properties of the subsidiary company, except project assets, both present and future, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable properties of whatsoever nature;
- iii. Second charge on entire cash flows, receivables, book debts and revenues of the subsidiary company of whatsoever nature and wherever arising, subject to the terms of the Concession Agreement and the Escrow Agreement, both present and future;
- iv. Second charge on entire intangible assets of the subsidiary company, including but not limited to, goodwill and uncalled capital, both present and future;
- v. Pledge of shares held by Sponsor in dematerialized form in the equity share capital of the subsidiary company representing 51% of the total paid up equity share capital of the subsidiary company. The shares to be pledged shall be free from any restrictive covenants/lien or other encumbrance under any contract/arrangement, including shareholder agreement/joint venture agreement/ financing arrangement, with regard to pledge/transfer of the

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

shares including transfer upon enforcement of the pledge except for the encumbrance created in favor of the existing senior lenders to the Project; and

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

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

The loans currently carry interest at 10.25% p.a and were raised in October 2011 and scheduled to be repaid fully by September 15, 2021.

j) GVKDKPEL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	67,408	59,699	162	-
Indian rupee loan from financial institutions (secured)	14,491	13,386	35	-
	81,899	73,085	197	-
The above amount includes				
Secured borrowings	81,899	73,085	197	-
Amount disclosed under the head "other current liabilities"			(197)	-
Net amount	81,899	73,085	-	-

A. Indian rupee loans from banks and financial institutions are secured to the extent permitted under the concession agreement by:

- i. First ranking pari passu charge on all the present and future movable assets and intangible assets except the project assets as defined under the rupee loan agreement;
- ii. First ranking pari passu charge on all revenues and receivables of the borrower from the project or otherwise;
- iii. Pledge of 26% equity shares of the subsidiary company held by the Sponsor's for a period of 2 years from commercial operation date;
- iv. A first ranking pari passu charge / assignment by way of security of all the project documents to the extent provided under the Substitution Agreement entered into by the subsidiary company with the Rupee Lender and the NHAI;
- v. A first ranking pari passu charge on all rights, title, interests, benefits, demands, and claims under the contractor guarantees, liquidated damages, any guarantees, letter of credit, or performance bonds provided by any counter party under any contract of the subsidiary company, Insurance Contracts, and Insurance proceeds; and

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

- i. Loan currently carries interest at 11.50% p.a.
- ii. The loan is repayable in 58 quarterly unequal installments starting from September 2016 as per shift in repayment commencement accorded by the lead banker.

k) GVKBVEPL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	36,322	31,109	-	-
Indian rupee loan from financial institutions (secured)	10,526	8,551	-	-
	46,848	39,660	-	-
The above amount includes				
Secured borrowings	46,848	39,660	-	-
Net amount	46,848	39,660	-	-

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- A.** Indian rupee loan is secured to the extent permitted under the concession agreement by:
- First charge on all the present and future tangible movable assets, machinery spares, tools and accessories etc., save and except the project Assets as defined under the rupee loan agreement;
 - First charge on all the bank accounts of the subsidiary company including Debt service reserve Account/Escrow accounts/its sub accounts except the Distribution Sub-sub account. Charge on the Escrow account shall be in a manner and only to the extent of order of priorities of payment as permitted under the Escrow agreement and supplementary Escrow agreement;
 - First charge on all intangibles of the subsidiary company including goodwill, rights, undertakings and uncalled capital both present and future save and except the Project assets as defined under the Rupee loan agreement.;
 - Assignment by way of security of the right, title, interests, benefits, claims and demands of the subsidiary company in and under all the project documents, approvals, insurance contracts, letter of credit, guarantees, liquidated damages and performance bond. Provided however, that the assignment as mentioned above shall be in accordance with and to the extent provided under the Substitution agreement.;
 - Pledge of 51% of voting equity share capital of the subsidiary company held by the Sponsor's until the Commercial operation date (COD). Pledge of shares will be gradually reduced to 26% over a period of 3 years from the date of COD if there is no outstanding event of default;
- B.** Indian rupee loan carries interest @ 11.75% p.a.
- C.** The loan is repayable over a period of 13.50 years (including the construction period) in 54 quarterly installments starting from December 31, 2017 as per shift in repayment commencement accorded by the lead banker.

I) GVKADL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from financial institutions (secured)	185,936	32,336	6,210	142,940
Secured borrowings	185,936	32,336		
Amount disclosed under the head "other current liabilities"	-	-	(6,210)	(142,940)
Net amount	185,936	32,336	-	-

- A.** Rupee term loans from financial institutions are secured by:
- Pledge of 61% of the equity shares of the subsidiary company held by GVK Power & Infrastructure Limited ("Parent Company"), pledge of 61% of the shares held by the subsidiary company in GVK Airport Holdings Private Limited and Bangalore Airport & Infrastructure Developers Private Limited each on pari-passu basis with other lenders;
 - First pari passu mortgage of land and building located at Himayatsagar and Secunderabad respectively;
 - First pari-passu charge on GVK Office Building comprising of land admeasuring 17,500 sq. yards and building forming part of "Paigah House".
 - Loan amounting to Rs.159,858 is further secured by second pari-passu charge on 2,683.90 acres of land belonging to GVK Perambalur SEZ Private Limited. Further, loan amounting to Rs.32,288 is secured by corporate guarantee of Parent Company and further pledge of 23% of the equity shares held by the subsidiary company in BAIDPL and pledge of 63,648,000 shares of GVKIL held by GVKEL.
- B.** Repayment and other terms of loans are as follows:
- Loan amounting to Rs. 159,858 currently carries interest of 13.50%. The loan is repayable in a single bullet payment on September 05, 2017.
 - Loan amounting to Rs. 32,288 currently carries interest of 20% per annum. The loan is repayable in 31 quarterly installments commencing from October 2014.
- C.** The subsidiary company has not made payment of principal dues in certain cases. The details of payments not made are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount	Period of delay*	Amount	Period of delay
Principal due on Indian rupee loan from financial institutions (secured)	1,242	Upto 60 days	1,242	Upto 59 days

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

m) MIAL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	717,257	704,097	28,912	-
Indian rupee loan from financial institutions (secured)	61,848	57,888	2,705	-
Term loans from others (secured)	44,604	43,343	1,607	-
Term loans from Banks of joint venture (secured)	4,511	-	-	-
	828,220	805,328	33,224	-
The above amount includes				
Secured borrowings	828,220	805,328	33,224	-
Amount disclosed under the head "other current liabilities"			(33,224)	-
Net amount	828,220	805,328	-	-

- A.** Term loans from consortium of bank and financial institution aggregating to Rs. 420,089 are secured by way of:
- Pari passu charge on all the amounts lying in certain designated bank accounts, present and future, of the subsidiary company; and first charge on all assets of the subsidiary company present and future to the extent permitted under Operation Management and Development Agreement ("OMDA"); and
 - Pledge of equity shares of the subsidiary company held by the prime members (i.e. GVKAHPL, Bid Services Division (Mauritius) Limited ("Bidvest") and "ACSA" Global Limited ("ACSA") constituting not less than 74% of the total voting paid-up equity share capital of the subsidiary company on pari passu basis.
 - Undertaking for non-disposal of share-holding to the extent of 26% of entire JVC equity share capital by GVK Group and 26% of entire JVC equity share capital by ACSA/Bidvest.
- B.** Additional term loans aggregating to Rs. 180,521 are secured by of:
- First pari passu charge on all the amounts lying in certain designated bank accounts, present and future, of the subsidiary company; and first charge on all assets of the subsidiary company present and future, to the extent permitted under OMDA;
 - Pledge of equity shares of the subsidiary company held by the prime members (i.e. GVK Airport Holdings Private Limited, Bid Services Division (Mauritius) Ltd. and ACSA Global Ltd.) constituting not less than 74% of the total voting paid-up equity share capital of the subsidiary company on pari passu basis.
 - Additional security by way of undertaking from prime members (i.e. GVK Airport Holdings Private Limited., Bid Services Division (Mauritius) Ltd. and ACSA Global Ltd.) in proportion to their shareholding/GVK Airport Holdings Private Limited for meeting shortfall, if any, between total debt outstanding and termination payments receivable from Airports Authority of India/Government of India.
 - Undertaking for non-disposal of shares held by the Prime Members in MIAL to the extent of 74% of the entire equity share capital of the borrower. Provided the equity holding of GVKAHPL in MIAL shall not fall below 38% of the equity capital of the Borrower at any point of time during the currency of the Term Loan Agreement.
 - A first mortgage and charge on pari passu basis with existing charge- holders on all the assets of the borrower present and future if permitted under OMDA.
- C.** Term loans from banks and others of Rs. 230,808 on securitization of development fee are secured by First pari passu charge by way of hypothecation on the ESCROW Account, real estate security deposit in excess of Rs. 100,000 and any additional means of finance as may be approved by Airport Economic Regulatory Authority to fund the shortfall in the cost of the project. Second charge over all the bank accounts of the subsidiary company to the extent permitted by Airport Authority of India under Operation Management and Development Agreement (OMDA) or Escrow agreement dated April 28th, 2006 present or in future, including but not limited to the surplus account and all other accounts / sub accounts created under and pursuant to the Trust and Retention Accounts ("TRA") Agreement wherein all the cash inflows from Surplus Account shall be deposited and all the proceeds shall be utilized in the manner and with the prior approval by lenders agent under the TRA Agreement.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- D.** Term loans from banks aggregating to Rs. 25,515 are secured by second pari passu charge on cash flows of the subsidiary company.
- E.** Repayment and other term of the loan are as follows:
- Term loans from consortium of banks and financial institution aggregating to Rs. 420,089 are repayable in 120 monthly installments commencing from the 109th month after first disbursement i.e. August 2016. 18% of total loan amount outstanding will be repaid in 36 equal installments commencing August 2016, 30% of total loan amount will be repaid in 36 equal installments commencing August 2019 and balance will be repaid in subsequent 48 equal installments commencing August 2022. The repayment terms were restructured during the previous year. As per the common loan agreement dated May 27, 2007 (as modified) with consortium of banks and financial institution, the applicable rate of interest shall be Base rate ("the Benchmark Rate") plus 125 bps ("the spread") with effect from April 1, 2014 per annum payable monthly. The interest rate would be reset at the end of every 3 years from April 1, 2014 and once in every 3 years thereafter.
 - Term loans aggregating to Rs. 180,521 are repayable in 128 structured monthly installments as per the schedule commencing from August 2016. Applicable rate of interest shall be the IDBI base rate ("the Benchmark Rate") plus 1.25%. The interest rate would be reset from the date of first drawn i.e. September 30, 2014 and once every three years thereafter.
 - Term loans aggregating to Rs. 230,808 are repayable in 49 structured quarterly installments as per the schedule commencing from April 1, 2013. Applicable rate of interest shall be base rate ("the Benchmark Rate") plus spread ranging from 2% to 2.25%.
 - Term loans from banks and others aggregating to Rs. 25,515 are repayable at the end of 2 years from the date of first disbursement and the applicable rate of interest shall be Axis Bank Rate plus 2.25%.
- F.** Term loans from banks relating to joint venture aggregating to Rs. 4,511 are secured by first pari passu charge by way of hypothecation of receivable, cash flows, revenue under Escrow mechanism after deduction of statutory dues and license fees payable to MIAL. The loans carry an interest rate at Base Rate + Fixed Spread of 0.05% for tenure of facility totaling to 9.40% p.a. as on the balance sheet date. The Term Loan is repayable in 42 quarterly installments starting from September 2015.

n) BAIDPL

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from financial institutions (secured)	3,818	-	382	-
	3,818	-	382	-
The above amount includes				
Secured borrowings	3,818	-	382	-
Amount disclosed under the head "other current liabilities"			(382)	-
Net amount	3,818	-	-	-

- A.** Rupee term loans from financial institutions are secured by:
- Pledge of 61% of the equity shares of the GVKADL held by GVKPIL, pledge of 61% of the shares held by the GVKADL in GVKAHPL and BAIDPL each on pari-passu basis with other lenders;
 - First pari passu mortgage of land and building located at Himayatsagar and Secunderabad respectively;
 - First pari-passu charge on GVK Office Building comprising of land admeasuring 17,500 sq. yards and building forming part of "Paigah House".
 - Further, the loan is secured by corporate guarantee of GVKPIL and further pledge of 23% of the equity shares held by the GVKADL in BAIDPL and pledge of 63,648,000 shares of GVKIL held by GVKEL.
- B.** Repayment and other terms of loans are as follows:
- The loan currently carries an interest rate of 16.25% p.a. and is repayable in 22 equal quarterly instalments starting from December 31, 2016.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

7. Deferred tax liabilities and assets

	March 31, 2016	March 31, 2015
Deferred tax liabilities (net)		
Depreciation	54,919	57,898
Provision for doubtful trade receivables	(264)	(224)
Provision for retirement benefits	(1,194)	(1,033)
Brought forward losses and unabsorbed depreciation*	(27,818)	(26,479)
Others	(3,606)	(3,436)
	22,037	26,726
Deferred tax assets (net)		
Provision for retirement benefits	15	24
Depreciation	(2)	(6)
	13	18
Deferred tax asset of joint venture	-	92
Gross deferred tax asset	13	110

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

8. Other long-term liabilities

	March 31, 2016	March 31, 2015
Premium on redemption of debentures	146	-
Retention money	2,435	3,800
Retirement compensation payable to AAI under OMDA	3,791	5,720
Security deposits	82,694	71,113
Capital creditors	4,821	339
	93,887	80,972

9. Provisions

	Long-term		Short-term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits				
Provision for gratuity (note 27)	1,341	1,108	137	92
Provision for leave benefits	-	-	2,473	2,272
Provision for resurfacing obligation (note 33)	-	-	2,274	8,165
	1,341	1,108	4,884	10,529
Other provisions				
Provision for income tax (net)	-	-	9,445	4,711
Provision for dividend distribution tax	-	-	1,003	-
	-	-	10,448	4,711
	1,341	1,108	15,332	15,240

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

10. Short term borrowings

	March 31, 2016	March 31, 2015
Cash credit (secured)	32,739	18,321
Bill discounting facility from bank (secured)	2,620	-
Overdraft from banks (unsecured)	59,501	79,478
Other loans and advances		
- Loan from banks (secured)	107,674	124,628
- Loan from banks (unsecured)	4,192	20,891
- Loan from financial institutions (secured)	19,650	7,250
- Inter-corporate deposits (unsecured)	-	3,390
- Loan from others (unsecured)	84,533	54,799
	310,909	308,757
The above amount includes		
Secured borrowings	162,683	150,199
Unsecured borrowings	148,226	158,588

Entity wise details of the borrowings are as follows:

Name of the entities	March 31, 2016	March 31, 2015
Parent Company	-	46,270
GVKEL	6,955	7,000
GVKIL	4,363	2,667
AHPCL	4,318	-
GVKPGSL	3,699	12,161
GVKTPL	63,355	74,984
GVKADL	138,672	66,629
MIAL	26,678	45,654
GVKDPPL	62,869	53,392
Total	310,909	308,757

The details of the loan entity wise are as follows:

a) Parent Company

	March 31, 2016	March 31, 2015
Other loans and advances		
- Term loans from banks (secured)	-	42,880
- 18% Inter-corporate deposits (unsecured)	-	3,390
	-	46,270
The above amount includes		
Secured borrowings	-	42,880
Unsecured borrowings	-	3,390

Term loan aggregating to Rs. Nil (March 31, 2015: 42,880) carried an interest of 11.50% per annum and secured by:

- Charge on loans and advances of the company to GVKADL and also loans and advances provided by GVKADL to GVKAHPL and BAIDPL;
- Exclusive charge on shares of GVKADL to the extent of two times of facility amount;

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- iii. Exclusive charge on shares of GVKAHPL and BAIDPL not exceeding 30% of the shares of the companies and the no. of shares to be pledged would be in proportion to the lenders at GVKADL;
- iv. First pari passu mortgage of land and building located at Himayatsagar and Secunderabad respectively;
- v. Second pari passu charge on land of 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVKPSPL; and
- vi. Proportionate proceeds of liquidity event at GVKADL, GVKAHPL and BAIDPL.
- vii. charge on shares of GVKADL, GVK AHPL and BAIDPL along with HDFC and SREI or any other future lender representing at least 61% of the paid up share capital of the subsidiary companies.

b) GVKEL

	March 31, 2016	March 31, 2015
Interest free loans from related parties repayable on demand (unsecured)	6,955	7,000
	6,955	7,000

c) GVKIL

	March 31, 2016	March 31, 2015
Cash credit from banks (secured)	4,363	2,667
	4,363	2,667

A. Cash credit from banks are secured by.

- i. In respect of Phase I working capital lenders, first charge on receivables of Phase-I on Pari passu basis and pari passu second charge on fixed assets of Phase I; and
- ii. In respect of Phase-II working capital lenders, first charge on fixed assets and on current assets of Phase II on pari passu with Phase II term lenders;
- iii. Collateral security by pledge of 51% of paid up share capital of subsidiary held by GVKEL and Corporate Guarantee of GVKEL.

B. Cash credit carries interest at PLR+ margin which ranged from 12.00% to 16.30% per annum and are repayable on demand.

d) AHPCL

	March 31, 2016	March 31, 2015
Cash credit from banks (secured)	1,698	-
Bill discounting facilities from banks (secured)	2,620	-
	4,318	-

Cash credit facilities from banks carry an interest rate of 14.45% per annum and are repayable on demand. These loans are secured by the existing security available for term loans of the subsidiary and further secured by receivables.

Bill discounting facilities from banks are secured by the existing security available for term loans of the subsidiary and further secured by trade receivables. These loans carry an interest rate ranging from 9.70% to 15.00% per annum and have a tenor of three months.

e) GVKPGSL

	March 31, 2016	March 31, 2015
Other loans and advances		
- Loan from banks (secured)	3,699	12,128
- Loan from others (unsecured)	-	33
	3,699	12,161

A. Loan is secured by

- i. Second charge on all immovable and movable assets of the subsidiary company present and future;
- ii. Corporate Guarantee of GVKPIL; and

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

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

f) GVKTPL

	March 31, 2016	March 31, 2015
Overdraft from banks (unsecured)	10,989	20,099
Other loans and advances		
- Loan from banks (secured)	33,465	44,620
- Loan from others (unsecured)	18,901	10,265
	63,355	74,984

- A. Secured loan carries interest presently set at 11.5% per annum. The loan is secured by:
- Charge on loans and advances given by the Parent company to GVKADL and also loans and advances provided by GVKADL to GVKAHPL and BAIDPL;
 - Exclusive charge on shares of GVKADL, however the lender has option to create pari-passu basis of pledge of shares;
 - Exclusive charge on shares of GVKAHPL and BAIDPL however the lender has option to create pari-passu basis of pledge of shares;
 - Corporate guarantee by the parent company;
 - Pari passu first charge on Paigah House located at Hyderabad along with other lenders.
 - Pledge of 61% of shares held by the Parent company in GVKADL and shares held by GVKADL in GVK Airport Holdings Private Limited and Bangalore Airport & Infrastructure Developers Private Limited. Share pledge is ranking pari passu with loan extended by other lenders;
 - Pari passu first charge by way of mortgage of land and building located at Himayatsagar and Secunderabad respectively; and
 - Second pari-passu charge on 2683.905 acres of land belonging to GVKPSPL.
- B. Overdraft from bank carries interest rate in range of 10% to 11.5% per annum and is repayable on demand.
- C. Unsecured loan from others is interest free and repayable on demand.

g) GVKADL

	March 31, 2016	March 31, 2015
Rupee loan from financial institutions (secured)	19,650	7,250
Rupee loan from banks (secured)	70,510	-
Overdraft from banks (Unsecured)	48,512	59,379
	138,672	66,629

- A. Overdraft from banks carries interest in the range of 8.74% p.a to 10.70% p.a. and is repayable on demand.
- B. The loans from financial institution is secured by:
- Pledge of 61% of the equity shares of the subsidiary company held by Parent Company, pledge of 61% of the shares held by the subsidiary company in GVKAHPL and BAIDPL each on pari-passu basis with other lenders.
 - The loan is also secured by way of charge on following properties:
 - First pari passu mortgage of land and building located at Himayatsagar and Secunderabad respectively;
 - First pari-passu charge on GVK Office Building comprising of land admeasuring 17,500 sq. yards and building forming part of "Paigah House".
 - Further, loan is secured by corporate guarantee of GVKPIL and further pledge of 23% of the equity shares held by the subsidiary company in BAIDPL and pledge of 63,648,000 shares of GVKIL held by GVKEL
 - The loan carries an interest rate of 13.00% p.a.
 - The loan is repayable in 25 equal quarterly installments commencing from April 30, 2016. The lender holds an option to demand repayment of the entire loan once in every six months from the date of initial drawdown.
- C. Rupee loans from banks currently carries interest of 11.00%- 11.50% per annum and secured by:
- Charge on loans and advances of provided by GVKADL to GVKAHPL and BAIDPL.
 - Exclusive charge on shares of subsidiary company to the extent of two times of facility amount;
 - Exclusive charge on shares of GVKAHPL and BAIDPL not exceeding 30% of the shares of the Companies and the no. of shares to be pledged would be in proportion to the lenders at GVKADL;
 - First pari passu charge on Himayatsagar and Paigah House property, Hyderabad;
 - Second pari passu charge on land of 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited;
 - Proportionate proceeds of liquidity event at GVKADL, GVK AHPL and BAIDPL and
 - Charge on shares of GVKADL, GVK AHPL and BAIDPL along with HDFC and SREI on pari passu basis or any other future lender representing at least 61% of the paid up share capital of the subsidiary companies.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- D. The subsidiary company has not made payment of principal and interest dues in certain cases. The details of payments not made are as follows:

Particulars	Nature of due	Amount	Period of delay March 31, 2016	Period of delay March 31, 2015
Overdraft from banks	Principal	57	-	Upto 66 days
Overdraft from banks	Principal	68	-	Upto 96 days
Overdraft from banks	Interest	257	-	Upto 95 days

h) MIAL

	March 31, 2016	March 31, 2015
Cash credit from banks (secured)	26,678	15,654
Other loans and advances		
- Loan from banks (secured)	-	25,000
- Loan from banks (unsecured)	-	5,000
	26,678	45,654

A. Cash credit facility from banks is secured by first charge on all the amounts lying in certain designated bank accounts of the subsidiary company on pari passu basis, charge on receivables including unbilled revenue, spares & tools and other current assets to the extent permitted under OMDA, pledge of equity shares of the subsidiary company held by GVKAHPL, Bid Services Division (Mauritius) Limited and ACSA Global Limited constituting not less than 74% of the total voting paid-up equity share capital of the subsidiary company.

B. Cash credit facilities carries interest from 12.15% to 12.25%

C. Secured loan from bank carried an interest rate of 12.15%.

D. Unsecured loan from banks carried interest rate of 11.5%

i) GVKDPPL

	March 31, 2016	March 31, 2015
Loans from banks (unsecured)	4,192	15,892
Loans from Others (unsecured)	58,677	37,500
Total	62,869	53,392

Unsecured loan carries interest in the range of 10.25% to 10.70% per annum and are repayable on demand.

11. Other current liabilities

	March 31, 2016	March 31, 2015
Premium on redemption of debentures	16	-
Current maturities of long-term borrowings (note 6)	195,065	256,429
Interest accrued but not due on borrowings	26,198	13,599
Interest accrued and due on borrowings(note below)	43,503	18,913
Retirement compensation payable to Airports Authority of India under OMDA	1,929	1,998
Retention money	18,084	28,240
Security deposits	4,706	6,760
Advances from customers	1,360	1,047
Payable for capital goods	47,330	58,624
Payable for purchase of investments	11,111	-
Other liabilities	24,066	20,310
Share application money due for refund	-	6,861
	373,368	412,781
Other current liabilities of joint venture	666	3,978
	374,034	416,759

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Notes:

- A.** The subsidiary company, AHPCL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2016 are as follows:

Particulars	Nature of due	March 31, 2016	Period of delay	March 31, 2015	Period of delay
Indian rupee term loan from banks (secured)	Interest	6,811	Upto 152 days	3,614	Upto 59 days
Indian rupee term loan from financial institutions (secured)	Interest	7,316	Upto 183 days	3,096	Upto 59 days

- B.** The subsidiary company, GVKGPL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2016 are as follows:

Particulars	Nature of due	March 31, 2016	Period of delay	March 31, 2015	Period of delay
Indian rupee term loan from banks (secured)	Interest	413	1 day	-	-
Interest on loans from financial institutions (secured)	Interest	311	1 day	-	-

- C.** The subsidiary company, GVKIL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2016 are as follows:

Particulars	Nature of due	March 31, 2016	Period of delay	March 31, 2015	Period of delay
Indian rupee term loan from banks (secured)	Interest	4,126	Upto 365 days	197	Upto 150 days
Indian rupee term loan from financial institutions (secured)	Interest	851	Upto 351 days		
Foreign currency term loans (secured)	Interest	587	Upto 336 days	-	-

- D.** The subsidiary company, GVKADL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2016 are as follows:

Particulars	Nature of due	March 31, 2016	Period of delay	March 31, 2015	Period of delay
Indian rupee term loan from financial institutions (secured)	Interest	4,319	Upto 60 days	1,839	Upto 59 days

- E.** The subsidiary company, GVK BVEPL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2016 are as follows:

Particulars	Nature of due	March 31, 2016	Period of delay	March 31, 2015	Period of delay
Indian rupee term loan from banks (secured)	Interest	468	Upto 60 days	333	Upto 90 days
Indian rupee term loan from financial institutions (secured)	Interest	102	-	250	Upto 90 days

- F.** The subsidiary company, GVKPGSL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2016 are as follows:

Particulars	Nature of due	March 31, 2016	Period of delay	March 31, 2015	Period of delay
Indian rupee term loan from banks (secured)	Interest	10,158	Upto 90 days	6,772	Upto 90 days
Indian rupee term loan from financial institutions (secured)	Interest	2,291	Upto 90 days	2,812	Upto 150 days

- G.** The subsidiary company, GVKEL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2016 are as follows:

Particulars	Nature of due	March 31, 2016	Period of delay	March 31, 2015	Period of delay
Indian rupee term loan from banks (secured)	Interest	1,731	Upto 183 days	-	-
Interest due on debentures (secured)	Interest	308	Upto 183 days	-	-

- H.** The subsidiary company, GVKPIL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2016 are as follows:

Particulars	Nature of due	March 31, 2016	Period of delay	March 31, 2015	Period of delay
Indian rupee term loan from banks (secured)	Interest	1,734	Upto 213 days	-	-

- I.** The subsidiary company, GVKEL has not made payment of interest dues in certain cases. The details of payments not made as at March 31, 2016 are as follows:

Particulars	Nature of due	March 31, 2016	Period of delay	March 31, 2015	Period of delay
Indian rupee term loan from banks (secured)	Interest	1,294	Upto 60 days	-	-
Loan from banks others (secured)	Interest	370	Upto 91 days	-	-

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

12 Tangible assets (note 35)

	Freehold Land	Leasehold Land	Factory building	Non-factory building	Roads and Bridges	Tangible assets of JV	Plant and machinery	Computers and computer equipments	Office equipment	Electrical equipment	Furniture and fixtures	Vehicles	Runways, Taxiways and Aprons	Total
Cost														
As at April 1, 2014	53,812	1,253	6,880	418,896	62,793	-	448,152	13,123	3,121	44,816	28,998	1,171	128,331	1,211,346
Additions	106	-	-	26,605	5,935	5,637	3,574	462	120	2,316	352	31	13,400	58,538
Disposals/adjustments	-	-	-	29,673	815	50	15,338	1,791	331	3,460	475	347	116	52,396
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Funded through Development Fee	-	-	-	(436)	(253)	-	3	88	-	(2)	(54)	-	(163)	(817)
- Exchange differences	-	-	-	-	-	-	981	-	-	-	-	-	-	981
As at March 31, 2015	53,918	1,253	6,880	415,392	67,660	5,587	437,372	11,882	2,910	43,670	28,821	855	141,452	1,217,652
Additions	876	-	379,322	93,099	11,782	2,265	157,527	119	499	54,853	9,078	240	51,373	761,033
Disposals/adjustments	10,200	-	-	12,363	(12,381)	119	(40,418)	390	485	38,919	1,864	59	33	11,633
Other adjustments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
- Funded through Development Fee	-	-	-	(1,054)	(6,544)	-	(1,043)	(5)	-	(1,381)	(306)	-	(11,750)	(34,083)
- Exchange differences	-	-	-	-	-	-	2,370	-	-	-	-	-	-	2,370
As at March 31, 2016	44,594	1,253	386,202	483,074	85,279	7,733	636,644	11,606	2,924	58,223	35,729	1,036	181,042	1,935,339
Depreciation														
As at April 1, 2014	-	234	2,712	19,030	1,479	-	158,062	4,331	1,314	7,445	3,529	525	18,109	216,770
Charge for the year	-	42	283	13,887	6,670	255	28,282	2,306	980	4,736	2,843	139	6,399	66,822
Disposals/adjustments	-	-	(3)	5,307	148	11	7,012	1,578	196	1,955	214	175	20	16,614
As at March 31, 2015	-	275	2,998	27,610	8,001	244	179,332	5,059	2,098	10,226	6,158	489	24,488	266,978
Charge for the year	-	42	11,423	16,342	3,243	960	35,334	1,509	325	4,808	3,129	83	6,598	83,796
Disposals/adjustments	-	-	-	(2,927)	2,874	36	(9,757)	(425)	525	9,185	250	28	(8)	(219)
As at March 31, 2016	-	317	14,421	46,879	8,370	1,168	224,423	6,993	1,898	5,849	9,037	544	31,094	350,993
Net Block														
As at March 31, 2015	53,918	978	3,882	387,782	59,659	5,343	258,040	6,823	812	33,444	22,663	366	116,964	950,674
As at March 31, 2016	44,594	936	371,781	436,195	76,909	6,565	412,221	4,613	1,026	52,374	26,692	492	149,948	1,584,346

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

ii) As per Part B of Schedule II to the Companies Act 2013 ("the Act") 'Depreciation on specific assets is to be provided considering useful lives and residual value of those assets, as may be notified by the Airports Economic Regulatory Authority of India (AERA)'. Since AERA has yet to notify the useful lives and residual values for the said assets, Company has adopted the useful lives and residual values as mentioned in note 2(d).

iii) Depreciation for the year includes reversal of excess depreciation in relation to prior years amounting to Rs. 1,571 (March 31, 2015: Rs. Nil).

iv) 'Roads and Bridges' includes contribution towards elevated expressway to the Terminal 2.

v) Additions to Buildings includes Rs. Nil (March 31, 2015:Rs. 18,691) towards site development cost

(vi) Fixed assets include certain assets in airport and energy vertical, which will/can be acquired by grantor upon making transfer payments.

(vii) Certain tangible fixed assets comprising of buildings / improvements, roads, bridges and runways, taxiways and aprons are on land leased by Airports Authority of India ('AAI') to MIAL pursuant to terms of OMDA and Lease Deed between AAI and MIAL

(viii) Tangible assets include assets held for sale:

	Freehold Land	Factory building	Non factory building	Plant and machinery	Furniture and fixtures	Office equipment	Computers and computer equipments
Gross block	794	3,870	2,097	82,589	206	264	285
Opening accumulated depreciation	-	2,351	744	75,332	148	144	258
Depreciation expense	-	157	159	80	7	13	8
Net book value	794	1,362	1,194	7,177	51	107	19

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

13. Intangible assets

	Toll collection rights*	Goodwill	Software	Airport Grant**	Total
Cost					
As at April 1, 2014	67,796	116,161	4,091	47,081	235,129
Additions	554	-	1,323	-	1,877
Disposals/adjustments	-	-	16	-	16
-Funded through development fee	-	-	(1,212)	-	(1,212)
As at March 31, 2015	68,350	116,161	4,186	47,081	235,778
Additions	102,969	-	962	-	103,931
Disposals/adjustments	-	592	(11)	-	581
-Funded through development fee	-	-	(2)	-	(2)
As at March 31, 2016	171,319	115,569	5,157	47,081	339,126
Depreciation					
As at April 1, 2014	19,919	-	3,391	9,403	32,713
Charge for the year	3,139	-	461	1,702	5,302
Disposals/adjustments	-	-	12	-	12
As at March 31, 2015	23,058	-	3,840	11,105	38,003
Charge for the year	3,763	-	325	1,702	5,790
Disposals/adjustments	-	-	411	-	411
As at March 31, 2016	26,821	-	3,754	12,807	43,382
Net Block					
As at March 31, 2015	45,292	116,161	346	35,976	197,775
As at March 31, 2016	144,498	115,569	1,403	34,274	295,744

Note:

*Will be transferred to grantor after the end of concession period.

**Other compensation with gross block of Rs. 31,696 (March 31, 2015: Rs. 31,696) and net block of Rs. 23,989 (March 31, 2015: Rs. 25,177) under Airport Grant represents obligation towards retirement compensation as per terms of OMDA.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

14. Expenditure incurred during construction period

Particulars	As at April 1, 2015	Additions	As at March 31, 2016
Personnel expenses:			
Salaries, allowances and bonus	42,819	5,455	48,274
Contribution to provident and other funds	537	80	617
Staff welfare	821	139	960
Power, fuel and water charges	4,383	6,127	10,510
Stores and consumables	918	24	942
Rent	9,788	145	9,933
Rates and taxes	2,649	76	2,725
Communication costs	679	59	738
Travelling and conveyance	11,356	846	12,202
Legal and professional charges	46,913	2,113	49,026
Survey charges	175	102	277
Repairs and maintenance:			-
Building	843	11	854
Plant and machinery	36	2	38
Others	612	88	700
Insurance	9,878	1,356	11,234
Land lease charges	14	-	14
Printing and stationery	235	7	242
Remuneration to directors	821	50	871
Office and guest house maintenance	1,426	783	2,209
Loss on sale of assets (net)	56	-	56
Exchange fluctuations	8,255	110	8,365
Miscellaneous expenses	6,380	646	7,026
Depreciation	2,044	1,625	3,669
Project premium	8,704	2,516	11,220
Financial expenses:			-
Interest expenses	501,027	70,994	572,021
Bank charges	10,095	720	10,815
Sub Total - (A)	671,464	94,074	765,538
Less:			
Interest income	11,138	1,309	12,447
Dividend income from mutual funds	6,788	53	6,841
Profit on sale of mutual funds	109	6	115
Provisions no longer required written back	3,263	5	3,268
Miscellaneous income	768	4	772
Infirm Power	-	2,939	2,939
Insurance claim	11,672	-	11,672
Gain on forward contracts	141	-	141
Sub Total- (B)	33,879	4,316	38,195
Amount capitalised (C)	206,878	267,246	474,124
Amount written off (D)	891	13,159	14,050
Balance carried to balance sheet (A-B-C-D)	429,816	(190,647)	239,169

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

15. Non-current investments

	March 31, 2016	March 31, 2015
Trade investments (unquoted, at cost)		
Investment in associates		
A] Seregraha Mines Limited		
4,776,105 (March 31, 2015: 4,463,242) equity shares of Rs. 10 each fully paid up	477	446
Less: Provision for diminution in value of investments	(477)	(446)
	-	-
B] Bangalore International Airport Limited		
165,378,000 (March 31, 2015: 165,378,000) equity shares of Rs. 10 each fully paid up (includes Goodwill amounting to Rs. 160,730 (March 31, 2015: Rs. 160,730))	179,340	179,340
Add: Opening balance of accumulated profit	21,495	18,275
Add: Profit for the year	18,833	3,220
	219,668	200,835
Investment in equity and preference instruments		
50,000 (March 31, 2015: 50,000) equity shares of USD 1 each fully paid-up in GVK Coal Developers Singapore Pte Limited (note 38)	25	25
35,000,000 (March 31, 2015: Nil) non-cumulative redeemable preferential shares of USD 1 each fully paid-up in GVK Coal Developers (Singapore) Pte Limited (note 38)	22,258	-
Non-trade investments (unquoted, at cost)		
Investment in Government or trust securities		
National Savings Certificates	6	7
	22,289	32
	241,957	200,867
Aggregate amount of unquoted investments	241,957	200,867

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

16. Loans and advances

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Loan and advances to related parties				
Unsecured, considered good				
Loan to GVK employee welfare trust (note 34)	4,500	4,500	-	-
Others	953	-	4,571	66
(A)	5,453	4,500	4,571	66
Capital advances				
Unsecured, considered good	103,019	96,709	-	-
(B)	103,019	96,709	-	-
Deposits				
Unsecured, considered good	1,978	831	822	945
(C)	1,978	831	822	945
Advances recoverable in cash or kind				
Unsecured considered good	654	1,940	6,494	11,024
(D)	654	1,940	6,494	11,024
Other loans and advances				
(Unsecured, considered good)				
Advance income-tax (net of provision for taxation)	17,774	13,038	-	12,518
Prepaid expenses	237	290	1,633	1,855
MAT credit entitlement	15,473	15,110	-	-
Balances with government authorities	-	-	7	-
Others	92	-	1,234	260
(E)	33,576	28,438	2,874	14,633
Loans and advances of joint venture				
	267	-	27	54
(F)	267	-	27	54
(A+B+C+D+E+F)	144,947	132,418	14,788	26,722

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

17. Trade receivables and other assets

(i) Trade receivables

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	11,141	11,141	23,377	10,674
Doubtful	-	-	760	660
	11,141	11,141	24,137	11,334
Provision for doubtful receivables	-	-	(760)	(660)
(A)	11,141	11,141	23,377	10,674
Other receivables				
Unsecured, considered good	-	-	36,322	20,921
(B)	-	-	36,322	20,921
Trade receivables of joint venture	-	-	26	457
(C)	-	-	26	457
(A+B+C)	11,141	11,141	59,725	32,052

- a) Non-current trade receivables include accruals towards reimbursement of fixed charges for the financial years 1997-1998 to 2000-2001, on increased capital cost worked out as per ratios set out in the PPA aggregating to Rs. 4,512 (March 31, 2015: Rs. 4,512) by GVKIL. The increased capital cost was subject to the approval of APERC. In the earlier years, APERC had passed an Order allowing partial increase in capital cost. AP Transco had filed an appeal in Appellate Tribunal for Electricity (APTEL) against the APERC Order. The Company had also filed an appeal in APTEL against APERC Order for allowing only partial increase in capital cost. During the previous year, APTEL dismissed the appeals filed by both the parties and upheld APERC order. During the current year, APTRANSCO has challenged APTEL's order in Supreme Court. Pending disposal of the appeal by Supreme Court, the claim for reimbursement of fixed charges based on the increased capital cost as approved by APERC and APTEL has not been made on AP Transco. The management of the subsidiary company based on its internal assessment and legal advice is confident 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.
- b) Non-current trade receivables include amounts receivable from AP Transco towards reimbursement of minimum alternate tax under the provisions of Income Tax Act, 1961, for the period commencing from the financial year 2000-2001 up to the financial year 2010-2011, aggregating to Rs. 3,530 (March 31, 2015: Rs. 3,530) are refuted by AP Transco. While the subsidiary companies contend that they are entitled to claim payments on account of minimum alternate taxes also under the provisions of PPA, AP Transco contends only taxes on the net taxable income under the regular provisions of the Income Tax Act, 1961 are reimbursable and not taxes levied on book profits under the deemed provisions of Section 115 JB of the Income Tax Act, 1961. Further, provision for current taxes is being made after considering reimbursable amount from AP Transco. During the current year, Supreme Court has also passed an order in favour of one of the subsidiary companies. The management based on legal advice, favourable judgements and internal assessment, believes that both the subsidiary companies will realise the amount in due course.
- c) Non-current trade receivables further include an amount of Rs. 3,023 (March 31, 2015: Rs. 3,023) being the disincentives recovered by AP Transco for allegedly GVKIL not achieving the minimum PLF as specified under PPA. The Management based on its computation of PLF believes that threshold as specified in PPA has been achieved and accordingly believes

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

that AP Transco has incorrectly recovered the aforesaid amount. GVKIL is in the process of filing suit against AP Transco for recovery of the aforesaid amount. The management of the subsidiary company based on its internal assessment and legal advice is confident of recovery of the aforesaid amounts.

- d) Non-current trade receivables further include an amount of Rs. 76 (March 31, 2015: Rs. 76) being the differential interest recovered by AP Transco considering the actual working capital limits as against the working capital limits computed as per the terms of the PPA and interest rate charged as per rates available with AP Transco and not with the subsidiary company. The subsidiary company has filed a petition under Section 9 of Arbitration & Conciliation Act 1996, and the City Civil Court of Hyderabad has restrained AP Transco from considering the lower level of working capital limits by granting a stay in the matter. The appeal filed by AP Transco before the High Court of Andhra Pradesh against the aforesaid stay, is pending disposal. The management of the subsidiary company based on its internal assessment is confident that the matter will be decided in its favour.
- e) MIAL has to recover Rs. 20,034 (March 31, 2015: Rs. 14,253) from Air India Limited (Air India) a Company wholly owned by Government of India, and its subsidiaries. Air India has been facing financial difficulties and has been settling its dues with significant delays. Air India has been consistently receiving budgetary support from the Central Government during the past few years which are expected to continue so as to enable it to turnaround. MIAL accordingly considers its dues from Air India as good and recoverable.

(ii) Other assets

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good				
Non-current bank balances (note 20)	597	788	-	-
Non-current inventory (note 19)	12,276	18,884	-	-
Unamortised expenditure				
Unamortised portion of ancillary cost of arranging the borrowings	1,224	3,123	3,966	2,926
Others				
Unbilled revenues	-	-	11,606	6,902
Interest accrued on fixed deposits	4	4	1,335	2,103
DF Fund receivable (note below)	210,971	230,028	17,717	11,393
Cost of asset held for sale	-	-	-	5,455
Share application money to associate/related parties	14,017	33,290	-	-
Receivable from joint venture	-	-	7,093	7,713
Other receivables	37,470	-	3,000	1,594
	276,559	286,117	44,717	38,086

In terms of Airports Economic Regulatory Authority (AERA) order dated December 21, 2012, MIAL is allowed to collect Development Fee (DF) upto Rs. 340,000 (excluding Rs. 133,050 towards interest on loan taken against securitisation of DF (DF Loan) which is to be utilized exclusively for development of airport assets and to meet the funding gap of the project. The DF to the extent of Rs. 340,000 has been reduced from the assets (note 12).

Following transactions have taken place during the year on account of DF

- i. Billed to airlines - Rs. 41,291 (March 31, 2015: Rs. 38,008)
- ii. Interest incurred and loan processing charges - Rs. 29,099 (March 31, 2015: Rs. 31,093)
- iii. Income earned on unutilized funds - Rs. 171 (March 31, 2015: Rs. 756)

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

18. Current investments

	March 31, 2016	March 31, 2015
Current investments (valued at lower of cost and fair value)		
Other than trade (unquoted)		
Investments in units of Mutual Funds	2,348	5,361
	2,348	5,361

19. Inventories (valued at lower of cost and net realizable value)

	Non-current		Current *	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Stores, spares and consumables	12,276	18,884	9,697	1,020
Raw materials (fuel)	-	-	1,299	2,970
	12,276	18,884	10,996	3,990
Amount disclosed under non-current assets [note 17 (ii)]	12,276	18,884	10,996	3,990
	-	-	-	-

* Includes inventory held for sale Rs. 7,240

20. Cash and bank balances

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	18,128	27,306
– Deposits with originally maturity of less than three months	-	-	67,293	103,087
Cheques/drafts on hand	-	-	78	235
Cash on hand	-	-	156	161
	-	-	85,655	130,789
Other bank balances				
– Deposits with original maturity for more than 3 months but less than 12 months	5	5	4,131	5,566
– Margin money deposit/security against borrowings	592	783	15,745	13,166
	597	788	19,876	18,732
Amount disclosed under non-current assets [note 17 (ii)]	(597)	(788)	-	-
	-	-	105,531	149,521
Cash and bank balances of joint venture	-	-	823	30
	-	-	106,354	149,551

Balances with banks in current accounts include balances of Rs. 1,380 (March 31, 2015: Rs. 1,142) on account of marketing fund collected from concessionaries which is to be utilised for specific purposes.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

21. Revenue from Operations

	March 31, 2016	March 31, 2015
Sale of electrical energy	96,387	29,040
Sale of services		
Income from toll operations	35,847	29,983
Aeronautical	140,385	127,242
Non-aeronautical	101,347	87,270
Cargo operations	27,225	23,146
Operating fee	12,453	7,821
	413,644	304,502
Revenue from operations of joint venture	2,803	463
	416,447	304,965

22. Other income

	March 31, 2016	March 31, 2015
Interest income on		
Bank deposits	5,701	5,098
Others	1,716	387
Dividend income on		
Non trade current investments (net)	3	-
Profit on sale of investments		
Non trade current investments (net)	401	940
Profit on sale of fixed assets (net) *	882	-
Guarantee commission	1,633	1,548
Liabilities written back	2,764	65
Profit on disposal of controlling interest in subsidiary	-	496
Miscellaneous income	226	128
	13,326	8,662
Other income of joint venture	74	3
	13,400	8,665

*Includes loss on transfer of assets to joint venture in current year to an extent of Rs. 235 (March 31, 2015: Rs. Nil)

23. Employee benefit expense

	March 31, 2016	March 31, 2015
Salaries, wages and bonus	16,944	14,930
Contribution to provident and other funds	652	614
Retirement and other employee benefits	357	363
Staff welfare expenses	362	183
	18,315	16,090
Employee benefit expenses of joint venture	43	104
	18,358	16,194

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

24. Other expenses

	March 31, 2016	March 31, 2015
Operating and maintenance expenses	14,409	11,429
NHAI share of toll fee	8,056	4,191
Rent	1,205	1,250
Rates and taxes	962	1,944
Repairs and maintenance:		
- Buildings	2,250	5,839
- Roads	8,694	4,751
- Plant and machinery	5,498	5,030
- Others	950	931
Vehicle hire charges	191	124
Insurance	1,653	997
Electricity and water	10,444	10,537
Travel and conveyance	2,189	1,319
Communication	285	274
Printing and stationery	65	49
Advertisement	715	575
Bid and tender document charges	-	69
Legal and professional charges	13,471	6,953
Prompt payment rebate	1,706	592
Auditor's remuneration (refer note below)	19	25
Directors' sitting fee	43	29
Donation	20	140
Foreign exchange fluctuations (net)	2,043	916
Provision for diminution in value of investments	31	446
Write off of assets*	16,199	32,138
Provision for doubtful trade receivable	100	160
Bad debts	173	-
Miscellaneous expenses	3,069	2,420
	94,440	93,128
Other expenses of joint venture	678	1,814
	95,118	94,942

*Write off of assets represents write off of capital work in progress including expenditure incurred during construction period in GVKPGSL, GVKCCPL, GVKOGL, GVKSDPEL and MIAL to an extent of Rs. 1,607 (March 31, 2015: Rs. Nil), Rs. 1,535 (March 31, 2015: Rs. Nil), Rs. 10,595 (March 31, 2015: Rs. 7,590), Rs. 1,108 (March 31, 2015: Rs. Nil) and Rs. 1,354 (March 31, 2015: Rs. Nil) respectively and loss on demolition of old T2 in MIAL to an extent of Rs. Nil (March 31, 2015: Rs. 24,548).

Auditor's Remuneration (including service tax):

	March 31, 2016	March 31, 2015
As auditor:		
Audit fee	13	13
Limited Review	5	5
In other Capacity:		
Other services (certification fees)	0	6
Reimbursement of expenses	1	1
	19	25

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

25. Depreciation and amortization expense

	March 31, 2016	March 31, 2015
Depreciation of tangible assets	83,796	66,822
Amortization of intangible assets	5,790	5,302
	89,586	72,124
Less: Transfer to Expenditure incurred during construction period	1,625	592
Less: Amount withdrawn from deferred income	1,094	977
	86,867	70,555

26. Finance costs

	March 31, 2016	March 31, 2015
Interest	214,551	139,556
Bank charges	4,154	1,285
Amortization of ancillary borrowing costs	10,035	6,521
	228,740	147,362
Finance cost of Joint Venture	385	-
	229,125	147,362

27. Gratuity and other post-employment benefit plans

The Group operates one defined plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on retirement or termination at 15 days of last drawn salary for each completed year of service. The scheme is funded for all significant subsidiaries except for MIAL.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan.

(A) Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	March 31, 2016	March 31, 2015
Current service cost	251	220
Interest cost on benefit obligation	120	105
Expected return on plan assets	(15)	(13)
Net actuarial(gain) / loss recognized in the year	3	166
Net benefit expense	359	478

(B) Balance sheet

	March 31, 2016	March 31, 2015
Present value of funded obligation	521	417
Fair value of plan assets	(249)	(220)
	272	197
Present value of unfunded obligation	1,188	984
Net liability *	1,460	1,181

*The Company and certain subsidiaries have paid Rs. 18 (March 31, 2015: Rs. 19) to the trust in excess of liability as at balance sheet date which is included under the head "Advances recoverable in cash or kind" under "Short term loans and advances".

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

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

	March 31, 2016	March 31, 2015
Opening defined benefit obligation	1,401	1,054
Current service cost	251	220
Interest cost	120	105
Benefits paid	(70)	(147)
Actuarial (gains) / losses on obligation	7	169
Closing defined benefit obligation	1,709	1,401

(D) Changes in the fair value of plan assets are as follows:

	March 31, 2016	March 31, 2015
Opening fair value of plan assets	220	163
Expected return	15	13
Contributions by employer	13	48
Benefits paid	(3)	(7)
Actuarial gains / (losses)	4	3
Closing fair value of plan assets	249	220

(E) The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	March 31, 2016	March 31, 2015
Discount rate	7.75% to 7.80% p.a.	7.80% to 7.95% p.a.
Expected rate of return on assets	7% p.a.	7% p.a.
Employee turnover	5%	5%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

28. Contingent liabilities

A) Parent Company

1. Direct and indirect taxes

- Income tax demand for assessment year 2008-09 for Rs. 73 (March 31, 2015: Rs. 73), for assessment year 2009-10 Rs. 10 (March 31, 2015: Rs. 10), for assessment year 2010-11 for Rs. 279 (March 31, 2015: 279), for assessment year 2011-12 for Rs. 11 (March 31, 2015 : Rs. 11) and for assessment year 2012-13 Rs. 44 (March 31, 2015: Rs. 44).
- The Company had received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs. 2,829 on transfer of shares to the shareholders of GVK Industries Limited vide the scheme of arrangement approved by the Andhra Pradesh High Court. The Company has obtained an order from the Andhra Pradesh High Court staying the above notice on March 13, 2008 until such further orders from the said court.

Management based on its internal assessment and/or legal advice is confident that the cases will be decided in the Company's favour.

2. Security against loans taken by others

- The Company has provided security by way of corporate guarantees amounting to Rs. 2,006 (March 31, 2015: 3,941) for securing loans obtained by GVK Projects and Technical Services Limited.
- The Company has provided security by way of guarantee amounting to Rs. 377,027 (March 31, 2015: Rs. 320,189) for securing loans obtained by GVK Coal Developers (Singapore) Pte Limited.

Management is of the opinion that the aforesaid companies will be able to meet their obligations as they arise and consequently no adjustment is required to be made to the carrying value of the security and guarantees provided.

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

B) Subsidiary companies**i) GVKIL**

Particulars	March 31, 2016	March 31, 2015
On account of guarantees issued by banks	162	128
Service Tax demand on operator of the power plant*	1,637	1,286
Claims not acknowledged as debts- electricity duty*	1,865	1,865
Income tax demands pending in appeals*	7,407	5,981
Refund of duty drawback under deemed exports scheme*	1,498	1,498

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

- AP Transco has filed petition before APERC to consider interest on working capital charged by State Bank of India to its most credit worthy customers for the purpose of determining tariff for the year 2003-04. The subsidiary company is contesting the contention of AP Transco and is confident that the matter will be decided in its favour.
- As per the terms of contract with Bharat Petroleum Corporation Limited (BPCL) for supply of Naphtha, the Subsidiary Company has to pay for 80,000 MT @ Rs. 38.45 as 'Minimum off Take charges. 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 such acceptance by BPCL, no provision is made in the books for the requested reduction of 40,000 MT. The contract with BPCL expired on January 29, 2012. Liability on account of this as at March 31, 2016 is Rs.117 (March 31, 2015: Rs. 117).
- AP State Load Dispatch Centre (APSLDC) has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) for appointment of adjudicating officer for assessment of charges to be levied for non-adherence to backing down instructions by GVK Power & Infrastructure Limited, operator of the power plant of the subsidiary. APSLDC has claimed an amount of Rs.1,320 (March 31, 2015 Rs.1,320) for the aforesaid non-compliance. APERC has appointed adjudicating officer to conduct an enquiry into the matter. Management based on its internal assessment is confident that the matter will be decided in the subsidiary company's favour.
- The subsidiary company approached AP Transco for new connection while constructing its new power plant upon which AP Transco raised demand of Rs.406 (March 31,2015: Rs.406) towards minimum monthly charges regarding electricity connection taken earlier which was surrendered on October 7, 1996. The subsidiary company filed petition before the APERC claiming levy of demand as arbitrary, which was disposed directing GVKIL to approach Consumer Grievance Redressal Cell as dispute is not in connection with power purchase agreement. The GVKIL has filed a writ petition before the High Court of Andhra Pradesh contesting that the matter is within ambit of PPA. The High Court of Andhra Pradesh has issued stay on demand. Management based on its internal assessment/ legal advice is confident that the matter will be decided in the subsidiary company's favour.

ii) GJEPL

Particulars	March 31, 2016	March 31, 2015
On account of guarantees issued by banks	1,000	1,000
Disputed income tax demands*	67	72
Entry tax*	39	-
Interest debited by lenders not acknowledged as debt*	3	-

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

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iii) AHPCL

Particulars	March 31, 2016	March 31, 2015
Claims not acknowledged as debts- royalty*	-	13,100
Disputed income tax demands*	214	195

* Management based on its internal assessment and/or legal advice was confident that the matter will be decided in the subsidiary company's favour.

iv) GVKPGSL

Particulars	March 31, 2016	March 31, 2015
On account of guarantees issued by banks	4,050	4,050
Interest and other charges debited by Financial Institutions not acknowledged as debt*	-	1,863

* Management based on its internal assessment was confident that the matter will be decided in the subsidiary company's favour.

v) GVKGPL

Particulars	March 31, 2016	March 31, 2015
Service Tax demand on operator of the power plant*	1,021	815
Claims not acknowledged as debts- electricity duty*	3,475	3,475
Interest debited by lenders not acknowledged as debt*	49	-
Disputed income tax demands*	-	1,669

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

■ AP State Load Despatch Centre (APSLDC) has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) for appointment of adjudicating officer for assessment of charges to be levied for non-adherence to backing down instructions by subsidiary. APSLDC has claimed an amount of Rs. 290 (March 31, 2015: Rs.290) for the aforesaid non- compliance. APERC has appointed adjudicating officer to conduct an enquiry into the matter. Management based on its internal assessment is confident that the matter will be decided in favour of subsidiary company.

vi) GVKDPPL

Particulars	March 31, 2016	March 31, 2015
On account of guarantees issued by banks	5,200	5,200

vii) GVKRHEPPL

Particulars	March 31, 2016	March 31, 2015
On account of guarantees issued by banks	98	98

viii) GVKSDEPL

Particulars	March 31, 2016	March 31, 2015
On account of guarantees issued by banks*	2,815	14,075

*The subsidiary company has filed an application before the Honourable Delhi High Court, praying for relief from possible invocation of the performance security by NHAI and the Honourable Delhi High Court has granted interim injunction against invocation and encashment of performance security and referred the matter for Arbitration under the provisions

Notes to consolidated financial statements for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

of the concession agreement. The proceedings before the Arbitral Tribunal are in progress. The interim orders of the Honourable High Court of Delhi to maintain status quo on the performance security is in force as on the date of the balance sheet. As requested by NHAI, without prejudice to the pending litigation, the subsidiary company submitted a proposal to NHAI asking for various concessions and reliefs which include compensation for increase in capital cost, site mobilization cost, tolling the existing 2-lane highway during construction period, premium re-schedulement etc. if the subsidiary company were to take up the project. Pending proceedings before the Arbitration tribunal, the subsidiary company is yet to receive response from NHAI on the said proposal. NHAI has also filed its statement of defense along with counter claim of Rs.45,374 as against the Subsidiary Company's claim statement of Rs.4,551 and demand for return of performance security. The subsidiary company's application for revision of its claim statement was allowed by the Tribunal vide Order dated September 29, 2015 and accordingly the subsidiary company filed its revised claim statement totaling to Rs. 55,058. NHAI filed application expressing its intention to revise their claims against the Subsidiary Company, which is yet to be heard by the Tribunal. The subsidiary company is confident that the matter will be decided in its favour.

ix) GVKOGL

- The subsidiary company has received a demand notice from service tax authorities demanding service tax of Rs. 82 (March 31, 2015: Rs.82) under the category "Survey and Exploration of Mineral Service" on the seismic data purchased by the subsidiary company. The subsidiary company has disputed the claim and has filed a reply to notice demanding service tax. The same appeal is pending with the commissioner of Service Tax.
- During the year 2008-09, GVKOGL had purchased seismic data and remitted Rs.662 without deduction of tax, on the opinion that remittance for purchase of data is not covered u/s 195 of the Income Tax Act. Subsequently, the Income Tax Department raised a demand aggregating to Rs.84 (March 31, 2015: Rs.84) stating that the payments made were in the nature of royalty and were subject to TDS. The subsidiary company has filed an appeal against the said notice and the case is pending before the Commissioner of Income tax (Appeals). Management of the subsidiary company is of the opinion that in the light of recent judgments, there is a high likelihood that the case will be decided in its favour.

x) GVKDKEPL

- During the year 2011-12, the subsidiary company had received a demand from NHAI for taking any other action or measures including recovering from escrow account Rs. 157 (March 31, 2015: Rs. 157), for alleged delay in achieving financial closure, purportedly in terms of provisions of Article 24.1.1 of the concession agreement dated May 17, 2010. The subsidiary Company has contested the claim on the grounds that the financing arrangement had to be executed and funds had to be placed for financial close, and that this was achieved by the subsidiary without delay and by fulfilling its obligations under the said concession agreement in a timely manner. The subsidiary thereafter approached the Honourable High Court at Delhi in April 2013 under the Arbitration and Conciliation Act, 1996 with an application seeking to restrain NHAI from recovering the said amount including from the escrow account. The Honourable High Court vide its order dated May 23, 2013 has granted injunctive relief by directing NHAI to maintain status quo with respect to its said demand. The said order has been extended from time to time and the same is subsisting as of the date of this balance sheet. The matter is presently sub-judice and pending resolution with NHAI. Management based on its internal assessment is confident that the matter will be decided in the subsidiary company's favour.

xi) GHPPL

- The subsidiary company had filed an appeal before Honorable High court of Uttarakhand challenging a common judgment and order dated 8th November, 2010 passed by Single Judge on a writ petition filed by Reliance Infrastructure Limited in awarding Hydro Electric Power Project, Mapang-Bogudiyar, in favour of consortium of GVK Group and L&T. The Honorable High Court has dismissed the petition filed by the GVK group vide its order dated April 27, 2012. The Court has however allowed recovery of the sum paid by GVK to the State of Uttarakhand and directed Reliance

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Infrastructure Limited to pay a sum of Rs.1,683 lakhs to the Subsidiary Company after deducting Rs.1,334 lakhs. The Subsidiary Company has preferred an appeal before the Honorable Supreme Court of India and the Subsidiary company is of the view that the matter will be decided in its favour.

xii) MIAL

- Claims against MIAL not acknowledged as debts:
 - a) Income tax amounting to Rs. 12,837 (March 31, 2015: Rs.5,764) demanded by the concerned authorities in respect of the expenses disallowed for various assessment year starting from AY 2008-09 upto 2013-14 against which Subsidiary company has filled the an appeal to the Hon'ble ITAT, Mumbai, which are pending as of date.
 - b) Service Tax amounting to Rs. 13,923 (March 31, 2015: Rs. 13,923) demanded by the concerned authorities under Section 73, 76, 77 and 78 of the Finance Act, 1994 on development fee considered not payable based as per the advice received by the subsidiary company. of this Rs. 2,959 lakhs (March 31, 2015: 2959) was paid under protest.
 - c) Claim for the utilization of Cenvat credit in relation to construction activity amounting to Rs. 3,680 (March 31, 2015: 3,680) contested by the Subsidiary company on ground that restriction of the utilization of cenvat credit are not applicable to Airport Services as defined under clause (zzm) of section 65 (105) of the finance act 1994.
 - d) The Ministry of Civil Aviation issued an Order No. AV. 13024/03/2011-AS dated February 18, 2014 regarding expenditure out of Passenger Service Fee (Security Component) ["PSF (SC)"] wherein all airport operators were directed to reverse/reimburse back to the PSF(SC) the total amount spent on capital costs/expenditure towards procurement and maintenance of security system/equipment and on creation of fixed assets out of PSF(SC). Up to March 31, 2016 the funds spent on such expenditure by the subsidiary company is Rs 33,434 (March 31, 2015: Rs. 32,617). The company has challenged the said order before the Hon'ble Bombay High Court by way of writ petition. Hon'ble Bombay High Court vide its order dated April 17, 2014 has stayed the recovery against the subsidiary company. Based on an internal assessment and aforesaid order of Hon'ble Bombay High Court, the management is confident that no liability in this regard would be payable and as such no provision has been made in these financial statement.
 - e) Other claims from Airports Authority of India of Rs 10,367 (March 31, 2015: Rs 6,215) and from Customers and Others Rs. 220 (March 31, 2015: Rs 248) respectively.
- The subsidiary company had awarded a contract to Housing Development and Infrastructure Ltd (HDIL) to undertake activities relating to rehabilitation of slum dwellers and restoration of airport land. Due to non-performance of the contract by HDIL, the subsidiary company had encashed the bank guarantee of Rs. 2,500 provided by HDIL to the subsidiary company under the contract. Thereafter, the subsidiary company terminated the agreement. Post termination of the agreement, HDIL moved an application under section 9 of The Arbitration and Conciliation Act, 1996 before Honourable Bombay High Court seeking certain reliefs which was rejected by the Learned Single Judge. Similarly HDIL's appeals were also dismissed by the Learned Division Bench of the Honourable Bombay High Court and Honourable Supreme Court. Meanwhile, HDIL invoked the arbitration clause of the agreement and both the subsidiary company and HDIL nominated their respective arbitrators who in turn nominated the presiding arbitrator and thus, the arbitral tribunal is constituted. HDIL has filed its statement of claim for Rs. 323,700 together with interest thereon @ 18% p.a. and also made an application for interim reliefs under section 17 of The Arbitration and Conciliation Act, 1996. The subsidiary company has also filed its statement of defence and counter claim for Rs. 1,138,500 together with interest thereon @ 18% p.a. (an application to amend MIAL's Counter Claim to Rs. 819,975 based on expert reports obtained by MIAL is pending before the Tribunal). The Arbitral Tribunal vide its order dated February 17, 2015 has also rejected application filed by HDIL under section 17 seeking interim direction for protection of the properties, which is the subject matter of dispute. Thereafter the Tribunal proceeded to frame the points of determination and mark documents in evidence. The process of marking documents in evidence was incomplete and was to be completed during the hearings fixed in January and February 2016. However MIAL's nominee arbitrator expired in the month of January 2016. The Arbitration Tribunal has to be reconstituted and further dates will be fixed after such reconstitution.

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- The subsidiary company is a party to various land litigations with respect to the land demised to it pursuant to entering into OMDA and Lease Deed with AAI. Based on the internal legal assessment, the management is confident that these litigations would not result into any liability to the subsidiary company and as such no provision has been made in these financial statements.
- Applicability of service tax on the rent/license fee/ lease being charged by the subsidiary company has been disputed by certain airlines and concessionaries who have not paid the service tax on such services and most of them have obtained stay order from various Courts. However some of these concessionaires who are members of Retailers Association of India (“RAI”) have deposited the arrears of Service tax due for the period prior to September 30, 2011 with the Court as per the order given by the Honourable Supreme Court. The matter is currently subjudice and necessary actions will be taken by the subsidiary company once the matter is decided by the courts. However, in the opinion of the subsidiary company, this would not have any impact on the financial results of the subsidiary company as the same is recoverable from the said parties if it becomes payable by the subsidiary company.
- The Airports Authority of India has claimed service tax on the Annual Fee being paid by the subsidiary company. The subsidiary company has disputed the grounds of the levy under the provisions of the OMDA and the Finance Act. As the matter is under dispute and pending with Honourable High Court of Delhi, no adjustment has been considered in this financial statement. However, in the opinion of the subsidiary company, this would not have any impact on the financial results of the subsidiary company as the same would be adjusted against service tax payable on services provided by the subsidiary company.
- The subsidiary company has paid Annual Fee to AAI on interest recovered from its customers on delayed payment under protest. The applicability of Annual Fee on such interest is disputed by the Subsidiary Company as the Annual Fee on related revenues has already been paid in time as per OMDA even though such dues are not collected from customers in time and the interest recovered is primarily to compensate for the subsidiary company’s own borrowing cost.
- The Comptroller and Auditor General of India (CAG) has conducted the performance audit of Public Private Partnership (PPP) project of AAI at Chhatrapati Shivaji International Airport (Mumbai Airport) for the period 2006 to 2012. The CAG Report has been laid on the table of the Parliament House on July 18, 2014 wherein they have made certain observations on MIAL project. The management is of the opinion that the observations in the CAG report do not have any financial impact on these financial statements of the subsidiary company.

C) Associate companies (to the extent of shareholding therein)**i) SML**

Particulars	March 31, 2016	March 31, 2015
On account of guarantees issued by banks	1,065	1,065

ii) BIAL

Particulars	March 31, 2016	March 31, 2015
Claims against the associate company not acknowledged as debts	-	15

- The associate company has issued bank guarantee to Customs authorities aggregating to Rs. 117 (March 31, 2015: Rs. 117) with respect to grant of project import license to extend concessional rate of duty for import of certain eligible equipment’s for use in KIA terminal I expansion project.
- The associate company has filed an application to get itself impleaded as one of the aggrieved party against an appeal filed by the State of Karnataka, challenging the order of the Karnataka High Court, issued in April, 2007, quashing the levy of Special Entry Tax of Rs.92 (March 31, 2015: Rs. 92).

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- The Income Tax Department has filed an appeal in the Karnataka High Court against the Income Tax Appellate Tribunal (ITAT) order regarding the Tax Deducted at Source (TDS) on the reimbursement of development costs to overseas promoters by the associate company. The associate company had earlier paid the TDS amount of Rs. 255 (March 31, 2015: Rs. 255) under protest before getting the relief from ITAT. This was refunded to the associate company along with the interest of Rs. 39 (March 31, 2015: Rs. 39) as a result of favorable ITAT Order. The High Court heard the case on July 01, 2014 and remanded it back to Tribunal for reconsideration. The Income Tax Tribunal resumed the case on January 7, 2015 and has posted the matter for further hearing on February 16, 2016, post which the next hearing will be held in due course.
- The associate company has received demand orders from Commissioner of service tax for the periods 2005-2009, 2009-10 and 2010-11 for payment of service tax of Rs. 137 (March 31, 2015: Rs. 137) as a recipient of service towards reimbursement of salary costs to Zurich Airport. The interest and penalty as per the above demand orders till 31st march 2016 amounts to Rs. 160 (March 31, 2015: Rs. 135) and Rs. 158 (March 31, 2015: Rs. 151) respectively. Further, a show cause notice has been issued for period 2012-2013 for a sum of Rs. 12 (net of payment made amounting to Rs. 51) (March 31, 2015: Rs.12) on the same account and few other matters. These payments relate to salaries of expatriates who were seconded to associate company. The associate company has preferred an appeal against demand orders before Customs, Excise, and Service Tax Appellate Tribunal ("CESTAT") and challenged the show cause notice which is not confirmed by formal demand as on the balance sheet date. During the previous period, the associate company has obtained stay orders from the CESTAT on the demand orders in original and presently awaiting disposal on merits. The associate company has challenged the demand based on the judicial precedence on the matter and is confident of non-applicability of service tax since the payment relates to salary costs to expatriate employees of the associate company which cannot be treated as services received by the associate company. In view of the Management, Zurich Airport is only a remitter of the foreign currency remuneration as is evidenced by Expatriate Remuneration Reimbursement Agreement between the associate company and Zurich Airport. The associate company has accounted these payments as salaries and discharged appropriate TDS as the economic employer of the said expatriates.
- The associate company received an Income-tax assessment order for assessment year 2010-11 in March 2013 from Deputy Commissioner of Income Tax, Bangalore for the assessment year 2010-11 with a net demand of Rs. 670 (March 31, 2015: Rs. 670). During the year, the associate company preferred Rectification and Appeal before Commissioner of Income Tax (Appeals) and successfully obtained partial relief at the appellate stage. The net demand was reduced to Rs. 144 which was fully covered by the pre-deposit and refunds due to the Associate Company from the Department. The associate company approached the Income Tax Appellate Tribunal ("ITAT") for the balance relief and the department has also challenged the Commissioner of Income Tax (Appeals) Order. The case was admitted by the ITAT on February 5, 2015 and is posted for hearing on June 9, 2016.
- The associate company had received a demand order dated November 21, 2013 from Anneswara Gram Panchayat to pay property tax amounting to Rs. 839 (March 31, 2015: Rs. 839) for the period 2010-2014. Further, during the year the associate company has received demand order dated October 21, 2014 from Bettakotte Gram Panchyat for Rs. 88 for the period 2010-2013 and 2014-15 as per Karnataka Panchyat Raj Act, 1933. The associate company has paid the property tax for the financial year 2013-2014 for all the Panchayats to 310. Further, the associate company had written to the Government of Karnataka seeking a waiver/reduction for the period 2010-2013. The associate company has not received any demand order from the other Panchayats for the earlier years except as stated above. The associate company based on the prescribed rates has accounted for the property tax for the earlier years and 2015-16 as at March 31, 2016 based on the best estimate of the liability.
- The associate company had received a demand order dated March 10, 2016 from Bangalore International Area Planning Authority ("BIAAPA") to pay tank rejuvenation cess amounting to Rs. 212 for the current year. The associate

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company based on the prescribed rates has accounted for the liability for the current year based on the order received from BIAAPA. Furthermore, the associate company's Management believes that this is a one-time cess and no further liability needs to be booked for the prior years.

- The associate company had received observations from the Comptroller and Auditor General of India ('CAG') during the audit for the years 2010-2011 stating that the airport perimeter wall costing Rs 410 should not form a part of the PSF(SC) books based on Ministry of Civil Aviation ('MoCA') SOP and clarification dated July 5, 2010. The associate company had replied to the CAG stating that the general clarification by MoCA in July 2010, stated that the April 16, 2010 order shall be applicable prospectively and should not be applied retrospectively and accordingly no adjustment is required to be carried out. The CAG had also sent their comments to the MoCA for the audit for the year 2010-2011 in the month of March 2012 with a copy of the same to the associate company. During the audit for the year 2011-2012, the CAG had sought the latest position on this issue. The associate company had once again justified the treatment of expenditure on the airport security wall as security related expenditure. In June 2013, the associate company received a communication from MoCA in relation to the audit for the year 2011-12, which did not request for further comments on the issue related to treatment of expenditure on the security wall as security related expenditure. The CAG has during the audit for years 2012-2013 and 2013-2014 also did not request for any further information on the aforesaid expenditure on airport security wall. Accordingly, the associate company has retained the security related capital assets (including perimeter wall) in the books of PSF (SC). During the earlier year, the associate company has received an order from MoCA dated February 18, 2014 directing the associate company to reimburse all capital expenditure incurred out of the PSF (SC) within a period of one month together with the interest accrued. The associate company has filed a writ petition with the High Court of Karnataka seeking a stay on MoCA's order. The Honourable High Court has granted an interim stay on the said order. The Honorable High Court has also granted MoCA time to file their objections in the matter. The tax expense of the PSF(SC) books for the current year amounting to Rs 128 has not been considered in the tax computation of the associate company for the current year. The same has been adjusted with the PSF (SC) fund balance as at March 31, 2016 in the books of PSF (SC). During the previous year, the tax loss of the PSF(SC) amounting to Rs 221 has been adjusted with the total income of the associate company. During the current year, the associate company has also transferred PSF(SC) tax for the financial year 2012-13 amounting to Rs 74 as per the MoCA SOP. The associate company is not carrying provisions for all the above mentioned amounts in its books of account, as the associate company is confident of successfully litigating the matters.

29. Capital and other commitments

A) Parent and subsidiary companies

- The Company has given undertaking to infuse equity aggregating to Rs. 392,416 (March 31, 2015: Rs. 333,258) in GVK Coal Developers (Singapore) Pte. Limited, towards shortfall, if any, of its loan repayment obligations. Further, the Company has pledged 81,148,236 (March 31, 2015: 81,148,236), 22,495,000 (March 31, 2015: 22,495,000) and 48,000,000 (March 31, 2015: 48,000,00) shares of GVK Energy Limited, GVK Transportation Private Limited and GVK Airport Developers Private Limited respectively for securing loan obtained by GVK Coal (Singapore) Pte. Limited, an entity in which Company has 10% stake. Management believes that GVK Coal Developers (Singapore) Pte. Limited will be able to meet its obligations.
- During the year ended March 31, 2011, the Company, GVK Energy Limited (subsidiary Company) and certain private equity investors ('investors') had entered into an investment agreement pursuant to which the Company has undertaken to conduct an initial public offering of the GVK Energy Limited's equity shares ('Qualified IPO' or 'QIPO') within 72 months from the date of investment agreement (preferred listing period). If the GVK Energy Limited does not make a QIPO during the preferred listing period and no offer for sale or demerger takes place within 12 months of the preferred listing period, then, at any time thereafter, the investors will have a put option with respect to all of the securities held by the Investor ("Put Right") on the Company and the GVK Energy Limited at the higher of i) 20% IRR from the date of investment to the date of receipt of proceeds from the investor ("Put IRR") and ii) the fair market

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value of the investor's shares. Provided the Put IRR shall be reduced to 15%, if at least 3 private sector initial public offerings with an issue size of Rs.100,000 or more each have not taken place in India between the 48th month to the 72nd month from date of investment agreement.

The Company believes that the subsidiary company would be able to successfully conduct QIPO in the preferred listing period or successfully complete offer for sale or demerger. The Company further believes that return guaranteed would be subjected to regulations of Reserve Bank of India.

- Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 347,806 (March 31, 2015: Rs. 476,184).

B) Associate companies (to the extent of shareholding therein)

- Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 23,888 (March 31, 2015: Rs. 2,336).
- On account of open forward exchange contracts and lease commitments aggregating Rs. 971 (March 31, 2015: Rs. Nil).

30. Related Party Transactions

During the year ended March 31, 2016, the Company has entered into certain related party transactions. Details of the related party and transactions are as follows:

Name of the related party	Nature of relationship
SML *	Associates
BIAL *	Associates
Dr. GVK Reddy, Chairman & Managing Director	Key management personnel
Mr. G V Sanjay Reddy, Vice Chairman and Director	
Mrs. Indira Krishna Reddy, Director	
Mr. Krishna Ram Bhupal, Director	
Mr. A. Issac George, Director	
TAJ GVK Hotels & Resorts Limited	Enterprises over which the key management personnel exercise significant influence
Orbit Travels & Tours Private Limited	
Paigah House Hotel Private Limited	
GVK Novopan Industries Limited	
Pinakini Share and Stock Broker Limited	
GVK Technical & Consultancy Services Private Limited	
Krishna Enterprises	
GVK Emergency Management and Research Institute (a society registered under Societies Registration Act) (GVK EMRI)	
GVK Foundation	
GVK Airport Foundation	
GVK Employee Welfare Trust	
GVK Coal Developers (Singapore) Pte Ltd	
GVK Projects & Technical Services Limited	

* Through subsidiary companies

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Details of related party transactions during the year:

Particulars	GVK Projects & Technical Services Ltd	GVK Technical & Consultancy Services Pvt Ltd	Pinakani Share and Stock Broker Ltd	GVK Coal Developers (Singapore) Pte Ltd	Taj GVK Hotels & Resorts Ltd	Orbit Travels & Tours Pvt Ltd	GVK Novopan Industries Ltd	GVK Foundation	Paigah House Hotel Pvt Ltd
Rent	-	-	-	-	-	-	-	-	80
	-	-	-	-	-	-	-	-	(142)
Services received (including EPC services)	34,983 (30,527)	3,830 (6,316)	- (6)	-	28 (36)	237 (330)	105 -	-	-
Services rendered	- (17)	-	-	1,641 (1,507)	-	-	-	-	-
Donation	-	-	-	-	-	-	-	(109)	-
Advances given	44,054 (4,940)	58 (2,949)	-	-	-	-	-	-	-
Advances recovered	15,424 (141)	-	-	-	-	-	-	-	-
Loans given	-	-	-	(537)	(4)	-	-	-	-
Loans recovered	- (39,839)	-	-	3	-	-	-	-	-
Loans taken	641	-	-	-	-	-	-	-	-
Loans repaid	8,871 (39,839)	-	-	-	-	-	-	-	-
Share application money given	-	-	-	2,984 (11,288)	-	-	-	-	-
Share application money recovered	-	-	-	(173)	-	-	-	-	-
Investment in equity	-	-	-	22,258	-	-	-	-	-
Corporate guarantee given	-	-	-	56,838 (25,700)	-	-	-	-	-
Corporate guarantee released	1,935 (1,693)	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-
Refund of remuneration by key managerial personnel	-	-	-	-	-	-	-	-	-
Director sitting fee	-	-	-	-	-	-	-	-	-
Balances outstanding									
Receivables/(Payables) - March 31, 2016	47,208	(2,020)	(5)	16,788	(1)	(50)	-	-	-
Receivables/(Payables) - March 31, 2015	46,337	(1,398)	(17)	35,398	(5)	(58)	-	(63)	(37)
Corporate Guarantee	2,006 (3,941)	-	-	377,027 (320,189)	-	-	-	-	-
Shares pledged (no. of shares)	-	-	-	151643236*	-	-	-	-	-
	-	-	-	151,643,236	-	-	-	-	-

Note: Note: Previous year figures are in parenthesis except for receivable/(payable) at year end.

* Pledge of 81,148,236 (March 31, 2015: 81,148,236) shares of GVK Energy Limited, 22,495,000 (March 31, 2015: 22,495,000) shares of GVK Transportation Private Limited and 48,000,000 (March 31, 2015: 48,000,000) shares of GVK Airport Developers Limited

The advances/loans have been provided to meet the normal business needs of the respective entity

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Details of related party transactions during the year:

Particulars	Krishna Enterprises	Seregraha Mines Ltd	GVK Employee welfare trust	Ybrant Engineering and Construction Pvt Ltd	Bengaluru International Airport Limited	Dr. GVK Reddy	Mrs. Indira Krishna Reddy	Mr. G V Sanjay Reddy	Mr. Krishna Ram Bhupal	Mr. A Issac George
Rent	30	-	-	-	-	-	-	-	-	-
	(28)	-	-	-	-	-	-	-	(23)	-
Services received (including EPC services)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Services rendered	-	8	-	-	-	-	-	-	-	-
	-	(8)	-	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Advances given	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Advances recovered	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Loans given	-	-	-	-	-	1	-	-	-	-
	-	-	-	-	-	(8)	-	-	-	-
Loans recovered	-	-	-	-	-	8	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Loans taken	-	-	-	8,816	-	-	-	-	-	-
	-	-	-	(6,850)	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Share application money given	-	13	-	-	-	-	-	-	-	-
	-	(23)	-	-	-	-	-	-	-	-
Share application money recovered	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Corporate guarantee given	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Corporate guarantee released	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	313	-	313	288	40
	-	-	-	-	-	(313)	-	(313)	(308)	(122)
Refund of remuneration by key managerial personnel	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Director sitting fee	-	-	-	-	-	1	-	2	2	1
	-	-	-	-	-	(2)	(2)	(2)	(2)	(3)
Balances outstanding										
Receivables/(Payables) - March 31, 2015	-	(0)	4,500	(18,681)	76,290	-	-	-	(45)	-
Receivables/(Payables) - March 31, 2014	-	24	4,500	(9,865)	8	-	-	-	(61)	-
Corporate Guarantee	-	1,441	-	-	-	-	-	-	-	-
	-	(1,441)	-	-	-	-	-	-	-	-
Shares pledged (no. of shares)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

Note: Note: Previous year figures are in parenthesis except for receivable/(payable) at year end.

* Pledge of 81,148,236 (March 31, 2015: 81,148,236) shares of GVK Energy Limited, 22,495,000 (March 31, 2015: 22,495,000) shares of GVK Transportation Private Limited and 48,000,000 (March 31, 2015: 48,000,000) shares of GVK Airport Developers Limited
The advances/loans have been provided to meet the normal business needs of the respective entity

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(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

31. Segment information

Business segments:

The Company organized its operations into three major businesses:

- Power: Generation, Operation and Maintenance services to the power plants
- Roads: Building, development and maintenance of roads
- Airport: Operation and maintenance of airport
- Others: SEZ, Manpower and Exploration of Oil & Gas.

Geographical segments:

The Company's secondary segments are the geographic distribution of activities. Revenue is specified by location of customers while the other geographic information is specified by location of the assets.

a. Primary segment information (by business segment)

Particulars	Power		Roads		Airports		Others		Eliminations		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
REVENUE												
External revenue	96,387	29,040	35,847	29,983	284,213	245,942	-	-	-	-	416,447	304,965
Inter segment revenue							1,254	1,254	(1,254)	(1,254)	-	-
Total revenue	96,387	29,040	35,847	29,983	284,213	245,942	1,254	1,254			416,447	304,965
RESULT												
Segment result	17,713	(9,819)	11,426	16,016	45,032	4,543	(9,874)	(7,329)			64,297	3,411
Interest expense [including prior expense of Rs. Nil (March 31, 2015: Rs. 290)]											214,936	139,846
Interest income											7,417	5,485
Other income (net)											5,983	3,180
Loss before tax, share of profits of associates and minority interest											(137,239)	(127,770)
Income taxes											2,846	(10,922)
Loss after tax and before share of profits of associate and minority interest											(140,085)	(116,848)
Share of profits of associates for the year											18,833	3,220
Loss for the year											(121,252)	(113,628)
Attributable to:												
Equity holders of the parent											(93,418)	(83,468)
Minority interest											(27,834)	(30,160)
Other Information												
Segment assets	1,441,584	1,355,446	207,239	208,303	1,198,720	1,170,902	12,313	23,323	-	-	2,859,856	2,757,974
Unallocable corporate assets											504,792	527,329
Total assets											3,364,648	3,285,303
Segment liabilities	93,728	94,276	28,375	31,247	167,427	176,131	1,235	1,149	-	-	290,765	302,803
Unallocable corporate liabilities											2,938,279	2,788,632
Total liabilities											3,229,044	3,091,435
Capital Employed	1,347,856	1,261,170	178,864	177,056	1,031,293	994,771	11,078	22,174			135,604	193,868
Capital expenditure including capital work in progress *	64,904	135,983	16,767	24,553	88,333	117,197	20	13			170,024	277,746
Depreciation (included in segment expense)	32,474	14,926	2,738	2,379	51,639	53,179	16	71			86,867	70,555
Non-cash expenses other than depreciation	4,250	-	-	-	1,354	24,548	10,595	7,590			16,199	32,138

*Capital expenditure of airport segment is net of development fees of Rs. 34,083 (March 31, 2015: Rs.2,028).

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b) Secondary segment information (by geographical segment)

Particulars	India		Overseas		Total	
	2015-16	2014-15	2015-16	2014-15	2015-16	2014-15
Revenue	403,994	297,144	12,453	7,821	416,447	304,965
Assets	3,354,102	3,279,846	10,546	5,457	3,364,648	3,285,303

The Company has entire fixed assets situated within India. Hence, separate figures for fixed assets/additions to fixed assets have not been furnished.

32. Unhedged foreign currency exposure

Particulars	March 31, 2016	March 31, 2015
Payables		
Loans	45,448	44,245
Buyers credit	11,464	10,822
Trade payables and other current liabilities	27,863	24,901
Receivables		
Investments and share application money	36,300	33,318
Guarantee commission	2,771	1,568
Trade receivables	12	-

33. Provision for resurfacing obligation

The Group has a contractual obligation to periodically maintain, replace or restore infrastructure at the end of each five years or earlier as per the terms of the concession agreement. Movement in provision for resurfacing obligation is as follows:

Particulars	March 31, 2016	March 31, 2015
Opening balance	8,165	4,532
Additions during the year	2,274	3,633
Utilised during the year	(8,165)	-
	2,274	8,165

34. On January 17, 2013 and subsequently from time to time, Securities and Exchange Board of India (SEBI) made amendment to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Equity Listing Agreement, pursuant to which listed entities have been prohibited from framing any employee benefit schemes involving acquisition of own securities from secondary market in excess of 10% of total assets of the scheme. The Company had formed GVK Employee Welfare Trust on July 15, 2009 which currently holds 18,083,890 own equity shares which were acquired from secondary market. SEBI circular requires such Trust to dispose shares within five years from October 28, 2014 or to align the Trust with SEBI (ESOS and ESPS) Guidelines. Management is evaluating options available in the circular and believes that application of this circular will not have any material impact on statement of profit and loss.
35. The subsidiary companies GVK Industries Limited (GVKIL) and GVK Gautami Power Limited (GVKGPL) (collectively 'subsidiary companies') had commenced construction of phase III and phase II power plants respectively on which they have incurred aggregated cost of Rs. 15,651 (March 31, 2015: Rs. 15,655). Due to lower supply/availability of gas, the subsidiary companies have temporarily suspended the construction activities and intend to resume construction once natural gas is available which Management expects to happen in foreseeable future. Further, phase II of GVKIL and Phase I of GVKGPL having fixed assets with Written Down Value of Rs. 183,249 (March 31, 2015: Rs. 196,252) have during the current financial year achieved 6% PLF (March 31, 2015: Nil) and 2.6% PLF (March 31, 2015: Nil) respectively. Also, GVKIL and GVKGPL have incurred losses of Rs. 4,751 (March 31, 2015: Rs. 6,916) and Rs. 21,968 (March 31, 2015: Rs. 20,474) respectively. Further, certain banks have classified loan balances of GVKIL as non-performing asset. However, GVKIL is in the process of regularization of loans by using proceeds of its disposal of Phase I plant, post which it is planning to tie-up for additional loans and GVKGPL has already obtained moratorium for payments until mid of next year. Further, the Company is confident that Government of

Notes to consolidated financial statements for the year ended March 31, 2016

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India will continue to take necessary steps/initiatives to improve the situation of natural gas for e.g. scheme envisaging supplying of domestic gas to gas based upto the target plant load factor ('PLF'), selected through a reverse e-bidding process and also intervention/sacrifices to be collectively made by all stakeholders. Further, Management based on its rights under power purchase agreement to recover capacity charges and in view of installing alternate fuel equipment and on the basis of aforesaid discussions believes the subsidiary companies will continue to be in operation in foreseeable future despite continued losses. The Management accordingly believes that fixed assets with carrying value of Rs. 198,900 are recoverable in normal course of the business.

- 36.** During the earlier year, Termination Notice was served by GVK Oil & Gas Limited, a subsidiary involved in oil & gas activity on Ministry of Petroleum and Natural Gas (Ministry) for termination of Production Sharing Contract. The subsidiary had alleged that it has not been able to effectively carry out exploration operations in the Blocks allotted to it due to Ministry of Defense clearance issues. While the Management continues to pursue with Ministry for reimbursement of costs, the Company has written off assets aggregating to Rs. 10,595 (March 31, 2015: Rs. 7,590).
- 37.** The Company had applied to Central government on May 13, 2013 for waiver of excess managerial remuneration amounting to Rs. 21 for the year ended March 31, 2013 paid to a director in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956. The Company believes approval will be obtained in due course and would not have any material impact upon the financial statements.
- 38.** The Company has made investments aggregating to Rs. 39,071 (March 31, 2015: Rs. 34,886) by way of advances, subscription of shares and share application money and provided guarantees and commitments aggregating to Rs. 769,444 to lenders of GVK Coal Developers (Singapore) Pte Limited (GVK Coal) against its borrowings, an entity in which Company owns 10%. GVK Coal is currently under development phase and is making losses and its current liabilities exceed current assets by USD 900 million (March 31, 2015: USD 885 million) i.e. Rs. 574,160 (March 31, 2015: Rs. 553,929) (includes USD 758 million due to non-controlling shareholder who has extended time for repayment from time to time, the most recent extension until July 15, 2016), based on unaudited financial statements for the year ended June 30, 2015. In addition to aforesaid commitments, the Company has also given assurance for financial assistance, if required. The prices of the coal have significantly fallen since GVK coal had acquired stake in the coal mines. GVK Coal has not been able to achieve financial closure resulting in delays in commencement of mine development activity when compared to scheduled date, delays in entering into definitive agreements for port and rail development and agreement for sale of coal. Further, certain lenders of GVK Coal have classified the loan as non-performing and the lenders had abridgement option on the loans either on October 2015 or every year thereafter.

GVK coal is in discussion with non-controlling shareholders to realign the option exercise dates, looking for additional funding from potential investors and working with lenders to reach to optimal solution. Management believes that while the prices of coal have fallen, the fall in prices of other commodities and services would offset the impact of fall in coal prices on the project by reducing capital and operating cost requirements and hence, GVK Coal would be able to establish profitable operations, meet its obligations and its current liabilities being in excess of current assets is temporary in nature and will not impact ability of the GVK Coal to continue in operation in foreseeable future. The aforesaid will not have any material adverse impact upon cash flows of the Company and accordingly no adjustment is required to receivable, investments, share application money and guarantees and commitments.

- 39.** The Honourable Supreme Court vide its decision of September 24, 2014 held that allotment of various coal blocks including those allotted to GVK Coal (Tokisud) Company Private Limited, subsidiary of GVK Energy Limited is arbitrary and illegal and has cancelled the allotment. Subsequently, the government promulgated The Coal Mines (Special Provisions) Ordinance 2014, which intends to take appropriate action to deal with situation arising pursuant to the Honourable Supreme Court's judgment. The subsidiary company has filed writ petition before the Hon'ble High Court of Delhi impugning the decision of the Nominated Authority, Ministry of Coal which quantified the compensation payable to the subsidiary company for taking over

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the Tokisud Coal Block as Rs. 11,129 against the carrying value of assets of Rs. 34,862 in the books of subsidiary company. The Management believes that the subsidiary will be appropriately reimbursed for cancelled coal mine and accordingly the cancellation of coal mine will not have any material impact upon the financial statements.

40. GVK Goindwal (Sahib) Limited, subsidiary company of GVK Energy Limited has subsequent to year completed construction of its 540 MW power project with carrying value of Rs. 466,972 and has completed commercial test but not declared availability in the absence of coal. In the wake of cancellation of coal mine as referred in note 39, Management has obtained coal linkage for six months, taken opinion for running plant on imported coal, tied up for importing coal and is mulling other options such as, obtaining coal linkage locally and has filed petition with Punjab State Electricity Regulatory Commission (PSERC) for re-negotiation of terms of power purchase agreement such as rate revision, approval for using imported coal etc. claiming force majeure and change in law as envisaged under Power Purchase Agreement. PSERC in its interim order has allowed the subsidiary company to run the plant on imported fuel for upto two and half years within which the Company should make arrangements for coal on long term basis. Management based on internal assessment/legal advise believes that cancellation of coal mine will not impact the operations of the power project.
41. As at March 31, 2016, the Group has accumulated losses of Rs. 182,153 and the Group has incurred losses of Rs. 93,418 and Rs. 83,468 in the current and previous year respectively. The Group's current liabilities exceed current assets by 488,414. The Group has delayed payment of loans and interest and certain loan accounts have been classified as nonperforming by banks. Further, as discussed in notes 28 (A) (2) and 29A the Company has provided guarantees and commitments on behalf of various entities and as further detailed in notes 35, 38, 39 and 40 uncertainties are being faced by various projects in the Group such as delays in development of coal mines in an overseas project where Company has provided guarantees and commitments for the borrowings, losses incurred by gas based plants in the absence of gas and litigations on rights to claim capacity charge, cancellation of coal linkage to coal based plant and re-negotiation of terms of PPA of coal based plant. Notwithstanding the above, the financial statements of the Group have been prepared on going concern basis as Management believes that the Group would be able to establish profitable operations, meet its commitments, reduce debt by stake sale and the entities on whose behalf guarantees/ commitments have been extended would be able to meet their obligations. Further, the Management is confident that aforesaid entities would win litigations; obtain approvals of regulators; will reach an optimal solution with non-controlling shareholders and lenders; obtain requisite gas/coal allocation etc. as required and despite current macro- economic environment challenges would establish profitable operations.
42. The associate company ("BIAL") opted to claim deduction under Section 80-IA of the Income Tax Act, 1961 ("IT Act") on the entire income effective year ended March 31, 2013, and had also claimed Minimum alternate tax ("MAT") credit under Section 115JAA of the IT Act aggregating Rs 9,067 upto March 31, 2013. The MAT credit asset aggregating to Rs 9,067 as at March 31, 2013, was based on the projected future profits of the associate company from the real estate and other businesses which may not be eligible for a deduction under Section 80-IA of the IT Act; which is supported by the Land lease agreement, which gives the Company the right to use the land parcel for various Non-Airport activities for a period of 30 years from the Airport opening date (i.e. May 23, 2008), which the associate company is committed to undertake. The Management believed that there will be sufficient future taxable profits to utilise the aforementioned MAT credit entitlement within the stipulated period prescribed as per the provisions of the IT Act. As per the provisions of the IT Act, the associate company can avail and set off these MAT credits against normal tax within a stipulated period of ten years from the year of availment. Further, as per the prescribed accounting regulations, MAT can be recognised only if there is convincing evidence that the Company would be in a position to set off the carried forward MAT in future years. As at March 31, 2014, in the absence of convincing evidence of profits emanating from the non-eligible 80-IA businesses, the Management decided to write down the MAT credit entitlement aggregating to Rs 7,106 crore which was availed upto March 31, 2012 as the same was to be utilised within the tax holiday period or else it would have lapsed.

The Management believes that the associate company would generate sufficient profits which will be subject to normal tax in the post-tax holiday period (effective April 1, 2022) and has retained the MAT credit recognised from the financial year

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ended March 31, 2013 onwards aggregating to Rs 18,827 (including Rs 9,509 crore availed for the current year). The amounts reported in this paragraph are full amounts as appearing in the financial statements of the associate company.

- 43.** The associate company ("BIAL"), in the previous year, accounted for depreciation using useful life based on their internal assessment which is different with useful lives specified in Part C of Schedule II of the Act. The associate company computed and accounted for deferred tax amounting to Rs. 2,150 as at March 31, 2014, after considering reversal of temporary timing differences during the tax holiday period upto financial year 2021-22, based on the revised useful lives of fixed assets, as approved by the Board of Directors vide a circular resolution dated April 22, 2014. The revised useful lives of fixed assets was effective from April 1, 2014 and was in accordance with Part C of Schedule II of the Companies Act, 2013 ("the Act"). The Airports Economic Regulatory Authority ('AERA') of India's Order No 08 / 2014-15 dated June 10, 2014 which is specific to the associate company, mentioned that they have initiated the process to issue a notification on the useful lives for airport specific assets as per Part B of Schedule II of the Act. Accordingly, the associate company continues to follow the useful lives of fixed assets in line with the earlier financial years based on the Management's assessment. The circular resolution which approved the revised useful lives which were in line with the useful lives of fixed assets as per Part C of Schedule II of the Act as mentioned above was cancelled during the Board of Directors meeting held on August 4, 2014. Pending notification of such useful lives of fixed assets by AERA, the associate company would continue to follow the useful lives of fixed assets as per the existing accounting policy and as at March 31, 2016 has also accounted for the deferred tax based on the current useful lives of fixed assets amounting to Rs. 17,549 after considering reversal of temporary timing differences during the tax holiday period upto financial year 2021-22. The Management would change the useful lives of the fixed assets and record adjustments related to depreciation, book value of fixed assets and the consequential impact on taxes including deferred tax computation arising out of temporary timing differences on account of depreciation post notification of useful lives by AERA as per Part B of Schedule II of the Act as aforesaid. The associate company has furnished the required disclosure as part of the accounting policy that the useful lives of fixed assets followed by the associate company are different from the useful lives of fixed assets prescribed in Part C of Schedule II of the Act. The amounts reported in this paragraph are full amounts as appearing in the financial statements of the associate company.
- 44.** The associate company ("BIAL") is governed by the Airports Economic Regulatory Authority of India ('AERA'). The tariffs for the Aeronautical services is determined by AERA on the basis of the revenue requirement for a control period in relation to Aeronautical services which will cover the expected cost of providing the regulated service, including a fair return on the investment in the regulated operations i.e. Regulatory Asset Base. As per the AERA Order No 08/2014-15 dated June 10, 2014 applicable to the associate company, the aeronautical revenues covered as a part of the rate regulation primarily include the User development fee, Landing fees, Parking fees, Housing fees, Fuel throughput charges, etc. AERA has approved the rates to be charged for the services mentioned above for the current control period i.e. April 1, 2011 to March 31, 2016 with effect from July 1, 2014. AERA at the end of the control period will true up various variables which primarily include adjustments to Regulatory asset base, Operational cost, Aggregate required revenue from 40% shared revenue till to a Single till, number of passengers and the depreciation on the airport assets. The Institute of Chartered Accountants of India has issued the "Guidance note on Accounting for Rate Regulated activities" which is applicable with effect from April 1, 2015. The Guidance note requires the Company to estimate the regulated revenue and consequently account for the Regulatory asset or a Regulatory liability based on the guidance provided by the Regulator which determines the fees to be charged by the associate company for the Regulated services. Adjustment to the rates will be carried out at the end of the control period to determine the revised rates to be charged for the next control period basis the difference between the estimates used for the Tariff determination with the actuals to be considered. The Management of the associate company is of the view that the below mentioned uncertainties pertaining to the Regulatory decisions will not enable the associate company to determine the regulated revenue and consequently the regulatory asset or regulatory liability to be accounted as at March 31, 2016 as a reliable estimate of the amount of the obligation cannot be determined:
- a. AERA has initiated the process to issue a notification on the useful lives for airport specific assets based on the guidance provided in Part B of Schedule II of the Act;

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- b. The associate company has contested the AERA's tariff order in AERAAT Tribunal. The associate company has made the submission of tariff proposal on 30% Shared Revenue till (SRT) whereas AERA has used a methodology where the tariff determination will ultimately result in a Single Till.
- c. There exists precedence where MoCA has directed AERA to approve a 30% SRT in case of another Greenfield Airport from a retrospective date.

The above factors will impact the true up amount to the Regulated revenue and the consequent impact on the Regulatory asset or liability which is required to be estimated and accounted as at March 31, 2016.

45. Micro, small and medium enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2016 or March 31, 2015.

46. Summary of net assets and profit and loss

	Name of the entity	Net Assets*				Share in loss			
		As % of consolidated net assets	Net Assets	As % of consolidated net assets	Net Assets	As % of consolidated loss	Net loss	As % of consolidated loss	Net loss
		March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
A.	Parent	0.51%	687	-21.00%	(40,714)	16.99%	(15,871)	9.74%	(8,132)
B.	Subsidiaries incorporated in India								
	GVK Energy Limited	-37.67%	(51,087)	-19.74%	(38,260)	10.36%	(9,675)	7.17%	(5,982)
	GVK Gautami Power Limited	-0.69%	(930)	12.77%	24,765	21.92%	(20,477)	22.86%	(19,079)
	GVK Industries Ltd	25.15%	34,101	20.29%	39,328	1.68%	(1,566)	5.77%	(4,813)
	Alaknanda Hydro Power Company Ltd	70.32%	95,361	56.05%	108,668	12.66%	(11,825)	0.14%	(119)
	GVK Power (Goindwal Sahib) Ltd	84.13%	114,082	55.52%	107,637	1.87%	(1,745)	0.69%	(578)
	GVK Coal (Tokisud) Company Pvt Ltd	6.68%	9,059	5.24%	10,149	5.16%	(4,819)	0.00%	-
	GVK Power Khadir Sahib Private Limited	0.02%	24	0.01%	24	0.00%	-	0.00%	-
	Goriganga Hydro Power Private Limited	3.57%	4,843	2.50%	4,845	0.00%	(4)	0.00%	-
	GVK Ratle Hydroelectric Project Pvt Ltd	27.40%	37,158	23.28%	45,140	9.08%	(8,485)	0.00%	(1)
	GVK Transportation Pvt Ltd	-46.75%	(63,400)	-38.70%	(75,026)	6.69%	(6,248)	9.43%	(7,874)
	GVK Jaipur Expressway Private Limited	-23.57%	(31,963)	-13.59%	(26,347)	-2.44%	2,283	-5.82%	4,861
	GVK Deoli Kota Expressway Pvt Ltd	11.93%	16,171	11.07%	21,459	6.45%	(6,025)	0.00%	-
	GVK Bagodara Vasad Expressway Pvt Ltd	10.68%	14,489	7.08%	13,717	0.00%	-	0.00%	-
	Shivpuri - Dewas Expressway Pvt Ltd	0.70%	951	4.60%	8,920	1.29%	(1,201)	0.00%	-
	GVK Airport Developers Limited	-249.06%	(337,738)	-129.26%	(250,592)	60.04%	(56,092)	48.39%	(40,387)
	GVK Airport Holdings Pvt Ltd	0.15%	197	0.10%	197	0.00%	(1)	0.12%	(97)
	Bangalore Airport & Infrastructure Developers Pvt Ltd	-2.95%	(4,006)	0.00%	1	0.00%	(3)	0.00%	-
	Mumbai International Airport Private Limited**	212.64%	288,351	153.05%	296,711	7.73%	(7,220)	38.09%	(31,790)
	GVK Oil & Gas Limited	-0.56%	(760)	5.10%	9,883	0.52%	(488)	9.18%	(7,659)
	GVK Perumbalur SEZ Private Limited	8.62%	11,695	6.04%	11,719	0.00%	(4)	0.00%	-
	GVK Developmental Projects Pvt Limited	-46.36%	(62,860)	-27.54%	(53,389)	0.50%	(470)	2.40%	(2,001)
	GVK Energy Ventures Pvt Ltd	0.00%	-	0.00%	-	0.00%	-	0.00%	-
	GVK Airport Services Pvt Ltd.	0.00%	1	0.00%	-	0.00%	(0)	0.00%	-
	Sutaraa Roads & Infrastructure Pvt. Ltd.	0.00%	5	0.00%	-	0.00%	(0)	0.00%	-
C.	Subsidiaries incorporated outside India								
	PT.GVK Services, Indonesia.	6.32%	8,568	2.40%	4,650	-10.55%	9,854	-8.16%	6,809
	GVK Airports International Pte Ltd.	0.01%	8	0.00%	9	0.00%	(2)	0.01%	(6)
D.	Minority interests in all subsidiaries	-123.21%	(167,071)	-118.88%	(230,461)	-29.80%	27,834	-36.13%	30,160
E.	Associates incorporated in India (Investment as per equity method)	161.99%	219,668	103.59%	200,835	-20.16%	18,833	-3.86%	3,220
		100.00%	135,604	100.00%	193,868	100.00%	(93,418)	100.00%	(83,468)

* Net assets means total assets minus total liabilities excluding minority and equity

** Includes net assets and losses of its subsidiaries and joint venture.

47. Previous year figures have been regrouped/re-arranged wherever necessary to conform to current year classification.

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W/E3000004
Chartered Accountants

per **Vikas Kumar Pansari**
Partner

Membership No. 93649

Place: Hyderabad

Date: May 20, 2016

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

Dr. GVK Reddy
Chairman & Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
AVP & Company Secretary

Independent Auditor's Report

To

The Members of GVK Power & Infrastructure Limited

Report on the Financial Statements

We have audited the accompanying standalone financial statements of GVK Power & Infrastructure Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the standalone financial statements.

Basis for qualified opinion

As discussed more fully in Note 31 to the accompanying financial statements, the Hon'ble Supreme Court of India has de-allocated coal mine allocated to GVK Coal (Tokisud) Private Limited, subsidiary company and Nominated Authority has offered compensation of Rs. 11,129 lakhs as against the carrying value of assets of Rs. 34,862 lakhs in books of subsidiary. In the absence of appropriate evidence, we are unable to comment upon recoverability of assets together with consequential impact, if any, arising out of the same in these accompanying financial statements.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of matter described in the Basis for Qualified Opinion paragraph above, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, of its loss and its cash flows for the year ended on that date.

Emphasis of Matter

- i. We draw attention to note 35 to the financial statements, regarding losses being incurred by the Company, defaults in loan and interest payments and material uncertainties faced by various projects in which the Company has made investments or provided guarantees and commitments. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These financial statements have been prepared on a going concern basis for the reasons stated in the said note.
- ii. We draw attention to note 33 to the financial statements, regarding application made by the Company for the waiver of excess managerial remuneration for the year ended March 31, 2013 amounting to Rs. 21 lakhs paid to a director in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956.
- iii. We draw attention to note 34 to the financial statements, material uncertainties are being faced by subsidiaries of GVK Energy Limited, one of the subsidiaries of the Company, in which the Company has an investment of Rs. 108,323 lakhs as detailed below:
 - a. Uncertainty towards recovery of capacity charge and supplies/availability of natural gas to gas based power generating plants and power projects under construction of subsidiary companies of subsidiary company, GVK Energy Limited.
 - b. Uncertainty towards availability of fuel and regulatory approvals faced by coal plant under construction of subsidiary company of GVK Energy Limited.
- iv. We draw attention to note 32 to the financial statements, the Company has made investments and has receivables aggregating to Rs. 39,071 lakhs and provided guarantees and commitments for loans amounting to Rs. 769,444 lakhs taken by GVK Coal Developers (Singapore) Pte. Limited (GVK Coal) as at March 31, 2016, an entity whose current liabilities exceeds current assets by USD 900 million (Rs. 574,160 lakhs) as at June 30, 2015 and is witnessing material uncertainties. The Management believes that for reasons stated in the note the entity will establish profitable operations and no adjustments is required to aforesaid investments, receivables, guarantees and commitments.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - (a) We have sought and except for the matters described in the Basis for Qualified Opinion paragraph, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - (b) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - (d) Except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
 - (e) The matters described in Basis of qualified opinion paragraph, paragraphs i and iii of Emphasis of Matter paragraph and paragraph viii to statement on the matters specified in paragraph 3 and 4 of the Order above, in our opinion, may have an adverse effect on the functioning of the Company.
 - (f) On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the

Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;

- (g) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above;
- (h) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2" to this report; and
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements- Refer note 25 (a) to the financial statements.
 - ii) The Company did not have any material foreseeable losses in long-term contracts including derivative contracts.
 - iii) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership No.: 093649

Place: Hyderabad

Date : May 20, 2016

Annexure-1 referred to in our report of even date

Re: GVK Power & Infrastructure Limited ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) According to the information and explanations given by the management, there are no immovable properties, included in fixed assets of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company and hence not commented upon.
- (ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees and securities given have been complied with by the Company.
- (v) The Company has not accepted any deposits from the public.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the services of the Company and, accordingly, the requirements under paragraph 3(vi) of the Order are not applicable to the Company and hence not commented upon.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material 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, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows :

Name of the statute	Nature of dues	Amount in (Rs. Lakhs)	Period to which the amount includes	Forum where dispute is pending
The Finance Act, 1994	Service Tax	877	July 1, 2003 to March 31, 2013	Commissioner of central excise and customs, Visakhapatnam II
Indian stamp Act, 1899	Stamp Duty	2,829	February 4, 2008	High Court of Andhra Pradesh
Income Tax Act, 1961	Income tax liability	73*	Assessment Year 08-09	Income tax Appellate Tribunal
Income Tax Act, 1961	Income tax liability	10	Assessment Year 09-10	Commissioner of Income tax (Appeals) – Visakhapatnam
Income Tax Act, 1961	Income tax liability	279*	Assessment Year 10-11	Income tax Appellate Tribunal, Visakhapatnam
Income Tax Act, 1961	Income tax liability	11*	Assessment Year 11-12	Commissioner of Income tax (Appeals) – Visakhapatnam
Income Tax Act, 1961	Income tax liability	44*	Assessment Year 12-13	Commissioner of Income tax (Appeals) – Visakhapatnam

*Paid under protest/refund adjusted.

- (viii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to information and explanations given by the management, the Company has delayed in repayment of dues to banks during the year. The Company did not have any outstanding dues in respect of a financial institution or to government during the year. The lender wise details are tabulated as under:

Particulars	Name of the Lender	Period	Amount in (Rs. Lakhs)	Delay in days
Interest on loans from banks	Axis Bank Limited	May 2015 and June 2015	410	2 to 15 days
Interest on loans from banks	Axis Bank Limited	July 2015 and August 2015	324	30 to 60 days
Interest on loans from banks	Axis Bank Limited	September 2015 and December 2015	1,066	61 to 130 days
Interest on loans from banks	Axis Bank Limited	January 2016 and February 2016	454	Unpaid as at March 31, 2016
Interest on loans from banks	Syndicate Bank Limited	April 2015 to July 2015	466	2 to 15 days
Interest on loans from banks	Syndicate Bank Limited	August 2015 to February 2016	1,280	Unpaid as at March 31, 2016
Principal payment on loans	Syndicate Bank Limited	August 2015	14,956	Unpaid as at March 31, 2016

- (ix) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management and on an overall examination of the balance sheet, we report that monies raised by way of term loans were applied for the purposes for which those were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no managerial remuneration has been paid/ provided and hence reporting under clause 3(xi) are not applicable and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting requirements under clause 3(xiv) are not applicable to the Company and not commented upon.
- (xv) Based on our audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership No.: 093649

Place: Hyderabad

Date : May 20, 2016

Annexure-2 to the Independent Auditor's report of even date on the standalone financial statements of GVK Power & Infrastructure Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

To

The Members of GVK Power & Infrastructure Limited

We have audited the internal financial controls over financial reporting of GVK Power & Infrastructure Limited ("the Company") as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also,

projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2016:

(a) The Company's internal financial controls over use of assumptions for analysis of asset impairments were not operating effectively which could potentially result in the Company not recognising possible impairment losses.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2016 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India, and except for the possible effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company's internal financial controls over financial reporting were operating effectively as of March 31, 2016.

Explanatory paragraph

We also have audited, in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act, the standalone financial statements of GVK Power & Infrastructure Limited, which comprise the Balance Sheet as at March 31, 2016, and the related Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2016 standalone financial statements of GVK Power & Infrastructure Limited and this report affect our report dated May 20, 2016 which expressed a qualified opinion on those financial statements.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Vikas Kumar Pansari**

Partner

Membership No.: 093649

Place: Hyderabad

Date : May 20, 2016

Balance Sheet as at March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2016	March 31, 2015
Equity and liabilities			
Shareholders' Funds			
Share capital	3	15,792	15,792
Reserves and surplus	4	206,109	219,070
		221,901	234,862
Non-current liabilities			
Long-term borrowings	5	14,350	-
		14,350	-
Current liabilities			
Short-term borrowings	7	-	46,270
Trade payables			
Total outstanding dues of creditors other than micro and small enterprises	27	-	-
Total outstanding dues of creditors other than micro and small enterprises		293	236
Other current liabilities	8	23,280	32,228
Short-term provisions	6	1,523	321
		25,096	79,055
		261,347	313,917
Assets			
Non-current assets			
Fixed Assets			
Tangible assets	9	63	79
Non-current investments	10	170,300	148,046
Deferred tax assets (net)	11	-	1
Long-term loans and advances	12	13,824	23,926
Other non-current assets	14.2	42,002	58,300
		226,189	230,352
Current assets			
Current investments	13	95	30
Trade receivables	14.1	732	375
Cash and bank balance	15	89	891
Short-term loans and advances	12	34,018	80,542
Other current assets	14.2	224	1,727
		35,158	83,565
		261,347	313,917
Summary of significant accounting policies	2.1		

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

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W/E3000004
Chartered Accountants

per **Vikas Kumar Pansari**
Partner

Membership No. 93649

Place: Hyderabad
Date: May 20, 2016

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

Dr. GVK Reddy
Chairman & Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
AVP & Company Secretary

Statement of profit and loss for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2016	March 31, 2015
Income			
Revenue from operations	16	2,718	2,628
Other income	17	1,974	1,804
Total revenue		4,692	4,432
Expenses			
Employee benefits expense	18	269	299
Operating and other expenses	19	10,706	8,212
Depreciation expense	20	16	30
Financial costs	21	5,321	7,685
Total expense		16,312	16,226
Loss before tax		(11,620)	(11,794)
Tax expenses			
Current tax		1,340	1,197
Deferred tax charge/(credit)		1	(8)
Total tax expense		1,341	1,189
Loss for the year		(12,961)	(12,983)
Earnings per share (in Rs.)			
-Basic		(0.82)	(0.82)
-Diluted		(0.82)	(0.82)
Nominal value per share (in Rs.)		1	1
Weighted average number of shares			
-Basic		1,579,210,400	1,579,210,400
-Diluted		1,579,210,400	1,579,210,400
Summary of significant accounting policies	2.1		

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

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W/E3000004
Chartered Accountants

per **Vikas Kumar Pansari**
Partner

Membership No. 93649

Place: Hyderabad
Date: May 20, 2016

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

Dr. GVK Reddy
Chairman & Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
AVP & Company Secretary

Cash flow statement for the year ended March 31, 2016

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Particulars		March 31, 2016	March 31, 2015
A.Cash flow from operating activities			
Loss before tax		(11,620)	(11,794)
Adjustment to reconcile loss before tax to net cash flows			
Depreciation expense		16	30
Advances and investments written off		10,161	7,590
Profit on sale of investments		(9)	(44)
Interest income		(22)	(31)
Unrealised foreign exchange gain		(84)	(61)
Interest expense		5,138	7,674
Operating profit before working capital changes		3,580	3,365
Movements in working capital:			
Increase/(decrease) in trade payables, current liabilities and provisions		26	(5)
Increase in trade receivables		(357)	(5)
Increase/(decrease) in loans and advances		13	(8)
Increase in other current and non-current assets		(1,389)	(1,612)
Cash generated from operations		1,873	1,735
Direct taxes paid (net of refunds)		(173)	(1,194)
Net cash generated from operating activities	A	1,700	541
B.Cash flows from investing activities			
Advances to subsidiaries/related party		(37,338)	(53,286)
Refund of advance from subsidiaries/related party*		33,954	47,228
Investments in subsidiaries including share application money/ related party		(2,984)	(19,208)
Refund of share applicaion money from subsidiaries/related party		-	173
Proceeds from sale of non current investments		-	6,005
Purchase of current investments		(796)	(1,270)
Proceeds from sale of current investments		740	1,798
Interest received		22	31
Net cash from/ (used in) investing activities	B	(6,402)	(18,529)

Cash Flow statement for the year ended March 31, 2016

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

Particulars		March 31, 2016	March 31, 2015
C. Cash flows from financing activities			
Proceeds from short term borrowings (net)*		3,610	28,220
Proceeds from long term borrowings		20,500	-
Repayment of long term borrowings		(16,679)	(3,351)
Interest paid		(3,531)	(7,651)
Net cash from financing activities	C	3,900	17,218
Net decrease in cash and cash equivalents	(A+B+C)	(802)	(770)
Cash and cash equivalents at the beginning of the year		891	1,661
Cash and cash equivalents at the end of the year		89	891
Components of cash and cash equivalents as at			
Balance with scheduled banks on current accounts		89	891
	Note 15	89	891
* During the year, short-term borrowing of Rs. 49,880 has been transferred to a subsidiary company. This has been considered as a non-cash item for the purpose of cash flow statement.			
Summary of significant accounting policies	2.1		

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

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W/E3000004
Chartered Accountants

per **Vikas Kumar Pansari**
Partner

Membership No. 93649

Place: Hyderabad
Date: May 20, 2016

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

Dr. GVK Reddy
Chairman & Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
AVP & Company Secretary

Notes to financial statements for the year ended March 31, 2016

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

1. Corporate information

GVK Power & Infrastructure Limited ('the Company' or 'GVKPIL') provides operation and maintenance services, manpower and consultancy services and incidental services to owners of power plants, airports etc. The Company has also acquired substantial ownership interest into power companies, airports, roads and companies providing infrastructure facilities.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

2.1 Summary of significant accounting policies

(a) Use of estimates

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

(b) Tangible fixed assets

Fixed assets are stated at cost, net of accumulated depreciation and impairment losses, if any. The cost comprises purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

(c) Depreciation on tangible fixed assets

Depreciation on tangible fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The identified components are depreciated separately over their useful lives; the remaining components are depreciated over the life of the principal asset. The company has used the rates specified in Schedule II to provide depreciation on its fixed assets.

(d) Impairment

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

(e) Borrowing costs

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings.

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

(f) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Notes to financial statements for the year ended March 31, 2016

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

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

(g) Revenue recognition

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

Rendering of operation and maintenance services

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

As per the operations and maintenance agreements, the Company's income comprises of (a) Operating fees (b) Incentive fees and (c) Reimbursement of actual expenses. Operating fees are fixed per annum subject to escalations. The Company is also eligible to receive incentive fees, if the Actual Annual Availability and/or if the actual generation of power are higher than the defined levels.

Manpower and consultancy services

Revenues for manpower services are recognised as and when services are rendered on time and material basis.

Interest

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Dividends

Dividend income is recognised when the company's right to receive dividend is established by the reporting date.

Guarantee commission

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

(h) Foreign currency transaction and balances

Initial recognition

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

Conversion

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

Exchange differences

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

(i) Retirement and other employee benefits

(i) Retirement benefit in the form of Provident Fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

Notes to financial statements for the year ended March 31, 2016

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

- (ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- (iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of each financial year.
- (iv) Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.
- (v) The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(j) Income tax

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

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

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

(k) Earnings Per Share

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

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

(l) Leases

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

(m) Provisions

A provision is recognised when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(n) Cash and cash equivalents

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

(o) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot

Notes to financial statements for the year ended March 31, 2016

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

be recognised because it cannot be measured reliably. The Company does not recognise contingent liability but discloses its existence in the financial statement.

3. Share capital

	March 31, 2016	March 31, 2015
Authorized shares		
2,500,000,000 (March 31, 2015: 2,500,000,000) equity shares of Rs. 1 each	25,000	25,000
Issued, subscribed and fully paid-up shares		
1,579,210,400 (March 31, 2015: 1,579,210,400) equity shares of Rs. 1 each	15,792	15,792
	15,792	15,792

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

Equity shares of Rs. 10 each fully paid up

	March 31, 2016		March 31, 2015	
	No.	Rs.	No.	Rs.
At the beginning of the year	1,579,210,400	15,792	1,579,210,400	15,792
Issued during the year	-	-	-	-
Outstanding at the end of the year	1,579,210,400	15,792	1,579,210,400	15,792

b) Terms/rights attached to equity shares

The Company has only one class of equity share having par value of Rs.1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholder	March 31, 2016		March 31, 2015	
	No	% holding	No	% holding
G. Indira Krishna Reddy	28,622,290	1.81%	230,340,730	14.59%
G V Sanjay Reddy	56,400,154	3.57%	154,334,480	9.77%
Vertex Projects LLP	596,306,435	37.76%	140,632,430	8.91%
Krishnaram Bhupal	25,133,435	1.59%	118,155,990	7.48%
HSBC Global Investment Funds	63,605,482	4.03%	110,428,344	6.99%

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

4. Reserves and surplus

	March 31, 2016	March 31, 2015
General reserve	127	127
Securities premium account	215,935	215,935
Surplus/(deficit) in the statement of profit and loss		
Balance as per the last financial statements	3,008	15,991
Loss for the year	(12,961)	(12,983)
Net surplus/(deficit) in the statement of profit and loss	(9,953)	3,008
	206,109	219,070

Notes to financial statements for the year ended March 31, 2016

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

5. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Term loans				
Indian rupee loan from banks (secured)	14,350	-	21,106	31,635
	14,350	-	21,106	31,635
The above amount includes				
Secured borrowings	14,350	-	21,106	31,635
Amount disclosed under the head "other current liabilities" (note 8)	-	-	(21,106)	(31,635)
Net amount	14,350	-	-	-

- a) Term loan aggregating to Rs. 20,500 is secured by first pari-passu charge on the current assets, present and future of the Company and pledge of 299,000 preference shares of GVK Airport Developers Limited, out of which 239,800 preference shares are held by Sutara Roads & Infra Limited. The loan is further secured by subservient mortgage of property, admeasuring 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited and presently carries interest of 13.40% per annum. The loan is repayable in twenty four unequal monthly instalments after a moratorium of twelve months i.e from April 30, 2016.
- b) Term loan aggregating to Rs. 14,956 is secured by mortgage of property, admeasuring 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited and presently carries interest of 15.15% per annum. The loan is repayable after a period of 35 months from the date of first drawdown i.e repayable on August 27, 2015.

The Company has not made payment of principal dues in certain cases. The details of payments not made are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount	Period of delay	Amount	Period of delay*
Principal due on term loans	14,956	218 days	3,333	Upto 29 days

*Paid subsequently on April 27, 2015

6. Provisions

	Long-term		Short-term	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Provision for employee benefits				
Provision for leave benefits	-	-	15	17
	-	-	15	17
Other provisions				
Provision for income tax (net)	-	-	1,508	304
	-	-	1,508	304
	-	-	1,523	321

7. Short-term borrowings

	March 31, 2016	March 31, 2015
Other loans and advances- term loans from banks (secured)	-	42,880
18% Inter-corporate deposit (unsecured)	-	3,390
	-	46,270
The above amount includes		
Secured borrowings	-	42,880
Unsecured borrowings	-	3,390

Notes to financial statements for the year ended March 31, 2016

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

Term loan aggregating to Rs. Nil (March 31, 2015: Rs. 42,880) carried an interest of 11.50% per annum and was secured by (i) charge on loans and advances of the Company to GVK Airport Developers Limited ("GVKADL") and also loans and advances provided by GVKADL to GVK Airport Holdings Private Limited ("GVKAHPL") and Bangalore Airport & Infrastructure Developer Private Limited ("BAIDPL"); (ii) exclusive charge on shares of GVKADL to the extent of two times of facility amount; (iii) exclusive charge on shares of GVKAHPL and BAIDPL not exceeding 30% of the shares of the Companies and the no. of shares to be pledged would be in proportion to the lenders at GVKADL; (iv) first pari passu charge on Himayatsagar and Paigah House property, Hyderabad; (v) second pari passu charge on land of 2,683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited; (vi) proportionate proceeds of liquidity event at GVKADL, GVK AHPL and BAIDPL and (vii) charge on shares of GVKADL, GVK AHPL and BAIDPL along with HDFC and SREI or any other future lender representing at least 61% of the paid up share capital of the Company.

8. Other current liabilities

	March 31, 2016	March 31, 2015
Other current liabilities		
Current maturities of long-term borrowings (note 5)	21,106	31,635
Interest accrued but not due on borrowings	430	557
Interest accrued and due on borrowings (refer note below)	1,734	-
Others	10	36
	23,280	32,228

The Company has not made payment of interest in certain cases. The details of payments not made as at year end are as follows:

Particulars	March 31, 2016		March 31, 2015	
	Amount	Period of delay	Amount	Period of delay*
Interest due on term loans	169	213 days	-	-
Interest due on term loans	186	183 days	-	-
Interest due on term loans	189	152 days	-	-
Interest due on term loans	182	122 days	-	-
Interest due on term loans	189	91 days	-	-
Interest due on term loans	423	60 days	-	-
Interest due on term loans	396	31 days	-	-

9. Tangible assets

	Furniture & fittings	Office equipment	Vehicles	Data processing equipment	Total
Gross Block					
As at April 1, 2014	10	8	137	27	182
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2015	10	8	137	27	182
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
As at March 31, 2016	10	8	137	27	182
Depreciation					
Upto April 1, 2014	8	1	48	16	73
Charge for the year	1	5	14	10	30
Upto March 31, 2015	9	6	62	26	103
Charge for the year	1	1	14	0	16
Upto March 31, 2016	10	7	76	26	119
Net Block					
As at March 31, 2016	-	1	61	1	63
As at March 31, 2015	1	2	75	1	79

Notes to financial statements for the year ended March 31, 2016

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

10. Non-current investments

	March 31, 2016	March 31, 2015
Trade investments (at cost)		
Unquoted equity instruments		
Investment in subsidiaries		
300,000,000 (March 31, 2015: 300,000,000) equity shares of Rs.10 each fully paid-up in GVK Airport Developers Limited	30,000	30,000
557,869,478 (March 31, 2015: 250,000,000) equity shares of Rs.10 each fully paid-up in GVK Energy Limited (note 34)	103,205	25,000
37,700,000 (March 31, 2015: 37,700,000) equity shares of Rs.10 each fully paid-up in GVK Transportation Private Limited	3,770	3,770
10,000 (March 31, 2015: 10,000) equity shares of Rs.10 each fully paid-up in Goriganga Hydro Power Private Limited	1	1
10,000 (March 31, 2015: 10,000) Equity shares of Rs.10 each fully paid-up in GVK Perambalur SEZ Private Limited	1	1
50,000 (March 31, 2015: 50,000) equity shares of Rs.10 each fully paid-up in GVK Oil & Gas Limited (note 36) (net of write off of Rs. 5 (March 31, 2015: Nil) for permanent diminution in the value of investment)	-	5
10,000 (March 31, 2015: 10,000) equity shares of Rs.10 each fully paid-up in GVK Developmental Projects Private Limited	1	1
10,000 (March 31, 2015: Nil) equity shares of Rs.10 each fully paid-up in GVK Airport Services Private Limited	1	-
A	136,979	58,778
Unquoted preference shares		
Investment in subsidiaries		
59,200 (March 31, 2015: 59,200) non-cumulative redeemable preferential shares of Rs. 10,000 each fully paid-up in GVK Airport Developers Limited	5,920	5,920
B	5,920	5,920
Unquoted debentures		
5,117,647 (March 31, 2015: 83,322,610) 0.001% compulsory convertible debentures of Rs.100 each fully paid up in GVK Energy Limited (note 34)	5,118	83,323
C	5,118	83,323
(A+B+C)	148,017	148,021
Investment in equity and preference shares (unquoted)		
50,000 (March 31, 2015: 50,000) equity shares of USD 1 each fully paid-up in GVK Coal Developers (Singapore) Pte Limited (note 32)	25	25
35,000,000 (March 31, 2015: Nil) non-cumulative redeemable preferential shares of USD 1 each fully paid-up in GVK Coal Developers (Singapore) Pte Limited (note 32)	22,258	-
D	22,283	25
Aggregate amount of unquoted investments (A+B+C+D)	170,300	148,046

Notes to financial statements for the year ended March 31, 2016

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

11. Deferred tax asset / liability (net)

	March 31, 2016	March 31, 2015
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	4	5
Gross deferred tax liability	4	5
Deferred tax asset		
Provision for retirement benefits	4	6
Gross deferred tax asset	4	6
	-	1

12. Loans and advances

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Loan and advances to related parties (note 23, 24 and 36)				
Unsecured, considered good	11,503	21,642	34,007	80,518
Deposits				
Unsecured, considered good	6	6	-	-
Advances recoverable in cash or kind				
Unsecured, considered good	-	-	4	6
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	302	265	-	-
Prepaid expenses	-	-	7	18
Balances with government authorities	13	13	-	-
GVK employee welfare trust (note 37)	2,000	2,000	-	-
	13,824	23,926	34,018	80,542

13. Current investments

	March 31, 2016	March 31, 2015
Quoted mutual funds- other than trade		
209,686 (March 31, 2015: 209,686) units of Rs. 10 each fully paid-up of LIC Nomura MF Interval Fund – Growth plan	30	30
325,072 (March 31, 2015: Nil) units of Rs. 10 each fully paid-up of Franklin India Ultra Short Bond Fund – Super Institutional Growth plan	65	-
	95	30
Aggregate market value of quoted investments	105	37

Notes to financial statements for the year ended March 31, 2016

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

14. Trade receivables and other assets**14.1) Trade receivables**

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Outstanding for a period not exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	732	375
	-	-	732	375

Trade receivables include dues from related party:

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
GVK Gautami Power Limited	-	-	603	353
Mumbai International Airport Private Limited	-	-	129	22
	-	-	732	375

14.2) Other assets

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Unsecured, considered good				
Unbilled revenues	31	33	4	2
Share application money to subsidiaries /others	19,017	38,291	-	-
Receivable for sale of investment	19,976	19,976	-	-
Interest accrued	-	-	3	3
Other receivables	2,771	-	22	1,714
Unamortised portion of ancillary cost of arranging the borrowings	207	-	192	4
Retirement benefits (Note 22)	-	-	3	4
	42,002	58,300	224	1,727

15. Cash and bank balances

	Non-current		Current	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	89	891
	-	-	89	891

16. Revenue from operations

	March 31, 2016	March 31, 2015
Revenue from operations		
Sale of services		
- Operation and maintenance services	1,463	1,374
- Manpower and consultancy services	1,255	1,254
	2,718	2,628

Notes to financial statements for the year ended March 31, 2016

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

17. Other income

	March 31, 2016	March 31, 2015
Profit on sale of investments		
Current investments	9	44
Guarantee commission	1,825	1,668
Foreign exchange gain (net)	118	61
Interest on		
- Bank Deposits	22	24
- Others	-	7
	1,974	1,804

18. Employee benefit expense

	March 31, 2016	March 31, 2015
Salaries, wages and bonus	237	253
Contribution to provident fund and other funds	13	14
Retirement and other employee benefit expense	6	13
Staff welfare expenses	13	19
	269	299

19. Operating and other expenses

	March 31, 2016	March 31, 2015
Rent	11	11
Communication costs	31	63
Travelling and conveyance	42	70
Operating and maintenance expenses	100	93
Repairs and maintenance – others	16	13
Legal and professional fees	26	45
Rates and taxes	91	81
Printing and stationery	40	35
Insurance	6	13
Payment to auditor (note below)	19	25
Directors' sitting fees	12	9
Expenses for manpower services	137	145
Advances and investments written off	10,161	7,590
Miscellaneous Expenses	14	19
	10,706	8,212

Payment to auditor (including service tax)

	March 31, 2016	March 31, 2015
As auditor:		
Audit fee	13	13
Limited Review	5	5
In other Capacity:		
Other services	0	6
Reimbursement of expenses	1	1
	19	25

Notes to financial statements for the year ended March 31, 2016

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

20. Depreciation and amortization expense

	March 31, 2016	March 31, 2015
Depreciation of tangible assets	16	30
	16	30

21. Finance costs

	March 31, 2016	March 31, 2015
Interest	5,138	7,674
Amortization of ancillary borrowing costs	182	10
Bank charges	1	1
	5,321	7,685

22. Gratuity benefit

The company operates one defined benefit plan, viz., gratuity, for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on retirement or termination at 15 days of last drawn salary for each completed year of service. The scheme is funded. The following tables summarize the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

(A) Statement of profit and loss**Net employee benefit expense recognised in the employee cost**

	March 31, 2016	March 31, 2015
Current service cost	4	3
Interest cost on benefit obligation	2	2
Expected return on plan assets	(2)	(2)
Net actuarial(gain) / loss recognised in the year	0	1
Net benefit expense/(credit)	4	4

(B) Balance sheet

	March 31, 2016	March 31, 2015
Present value of defined benefit obligation	28	24
Fair value of plan assets	31	28
Net liability / (asset)	(3)	(4)

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

	March 31, 2016	March 31, 2015
Opening defined benefit obligation	24	18
Current service cost	4	3
Interest cost	2	2
Benefits paid	(3)	(1)
Actuarial (gains)/losses on obligation	1	2
Closing defined benefit obligation	28	24

Notes to financial statements for the year ended March 31, 2016

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

(D) Changes in the fair value of plan assets are as follows:

	March 31, 2016	March 31, 2015
Opening fair value of plan assets	28	25
Expected return	2	2
Contributions by employer	-	-
Benefits paid	-	-
Actuarial gains / (losses)	1	1
	31	28

The company expects to contribute Rs. 1 to gratuity in the next year (March 31, 2015: Rs. 1).

(E) The principal assumptions used in determining gratuity benefit obligations for the Company's plan are shown below:

	March 31, 2016	March 31, 2015
Discount rate	7.80% p.a.	7.80% p.a.
Expected rate of return on assets	7% p.a.	7% p.a.
Employee turnover	5%	7%

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.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

(F) Amounts for the current and previous four periods are as follows:

	March 31, 2016	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012
Gratuity					
Defined benefit obligation	28	24	18	51	66
Plan assets	(31)	(28)	(25)	(14)	-
Surplus/(deficit)	(3)	(4)	(7)	37	66
Experience adjustments on plan liabilities	(1)	(1)	(36)	(4)	(30)
Experience adjustments on plan assets	1	(1)	(0)	0	-
Actuarial Gain/(Loss) due to change of assumptions	0	(3)	2	1	(1)

Notes to financial statements for the year ended March 31, 2016

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

23. Related party disclosures

Disclosure as required by Notified Accounting Standard 18 (AS -18) "Related Party Disclosures" are as follows:

Names of the related parties and description of relationship:

(a) Related parties where control exists

Subsidiaries

GVK Industries Limited
 GVK Jaipur Expressway Private Limited
 Alaknanda Hydro Power Company Limited
 GVK Airport Developers Limited (GVKADL)
 GVK Coal (Tokisud) Company Private Limited
 Goriganga Hydro Power Private Limited
 GVK Power (Goindwal Sahib) Limited
 GVK Perambalur SEZ Private Limited
 GVK Oil & Gas Limited
 GVK Developmental Projects Private Limited
 GVK Energy Limited
 GVK Gautami Power Limited
 GVK Airport Holdings Private Limited (GVKAHPL)
 PT.GVK Services, Indonesia.
 GVK Transportation Private Limited
 GVK Ratle Hydro Electrical Projects Private Limited
 GVK Energy Venture Private Limited
 GVK Bagodara Vasad Expressway Private Limited
 GVK Deoli Kota Expressway Private Ltd
 Bangalore Airport & Infrastructure Developers Private Limited (BAIDPL)
 Mumbai International Airport Private Limited
 GVK Power (Khadur Sahib) Private Limited
 GVK Airports International Pte Ltd
 GVK Airport Services Private Limited
 Sutara Roads & Infra Limited
 GVK Shivpuri Dewas Expressway Private Limited

b) Associates

Bangalore International Airport Limited
 Seregraha Mines Limited

(c) Key management personnel

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

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

TAJ GVK Hotels & Resorts Limited
 Orbit Travels & Tours Private Limited
 GVK Technical & Consultancy Services Private Limited
 Pinakini Share and Stock Broker Limited
 GVK Foundation
 GVK Projects and Technical Services Limited
 GVK Employee Welfare Trust
 GVK Coal Developers (Singapore) Pte Ltd

Notes to financial statements for the year ended March 31, 2016

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

Details of related party transactions during the year

Particulars	GVK Industries Limited	GVK Gautami Power Limited	Mumbai International Airport Private Limited	GVK Jaipur Expressway Private Limited	GVK Bagodara Vasad Expressway Private Limited	Al-akananda Hydro Power Company Limited	Goriganga Hydro Power Private Limited	GVK Power (Goindwal Sahib) Limited	GVK Airport Developers Limited	GVK Ratle Hydro Electric Project Private Limited	GVK Transportation Private Limited	GVK Coal (Tokisud) Company Private Limited	GVK Projects and Technical Services Limited
Transactions during the year													
Fees for services rendered (including service tax)	-	1,046	1,432	-	-	-	-	-	-	-	-	-	26
	-	(959)	(1,409)	-	-	-	-	-	-	-	-	-	(38)
Reimbursement of expenses (Billable expenses)	-	415	-	-	-	-	-	-	-	-	-	-	-
	-	(416)	-	-	-	-	-	-	-	-	-	-	-
Services received	-	-	-	-	-	-	-	-	-	-	-	-	-
	(15)	-	-	-	-	-	-	-	-	-	-	-	-
Investment in equity/ preference shares	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(7,920)	-	(20)	-	-
Loans/advances given/expenditure incurred on behalf	6	-	40	1	1	-	4	6	27,623	0	9,383	-	-
	(1,171)	-	-	(2)	(2)	(21)	(8)	(425)	(40,943)	(0)	(10,411)	(0)	-
Loans/advances recovered	-	-	-	3	-	-	-	0	75,372	-	4,077	-	-
	(1,036)	-	-	-	-	(24)	-	(410)	(16,504)	-	(27,500)	-	-
Share application money given	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Share application money recovered	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees given	-	-	-	-	-	-	-	-	13,151	26,472	-	-	-
	-	-	-	-	-	-	-	-	(9,459)	-	-	-	-
Guarantees released	-	-	-	6,157	-	-	-	-	-	-	11,288	-	1,935
	-	-	-	(13,040)	-	(300)	-	-	-	-	(10,709)	-	(1,693)
Investments pledged made (no. of shares)	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(12,200,000)	-	-	-	-
Investments unpledged (no. of shares)	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment pledges received (no. of shares)	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Director sitting fees	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Advances and Investments written off	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-
Balances outstanding													
Receivables/ (Payables) - March 31, 2016	141	638	129	1	4	(2)	4,771	24	28,493	1	25,282	0	11
Receivables/ (Payables) - March 31, 2015	135	388	22	3	3	(2)	4,767	19	76,242	1	19,976	0	16
Corporate Guarantee	-	-	-	87,052	-	-	-	4,050	62,595	26,472	33,778	-	2,006
	-	-	-	(93,209)	-	-	-	(4,050)	(49,444)	-	(45,066)	-	(3,941)
Pledge of Investment (no. of shares)	-	-	-	-	-	-	-	-	183,000,000	-	-	-	-
	-	-	-	-	-	-	-	-	(183,000,000)	-	-	-	-

Note: a) Previous year figures are in parenthesis except for receivable/(payable) at year end -

b) Refer note 26 for equity commitments.

c) * Pledge of 81,148,236 (March 31, 2015: 81,148,236) shares of GVK Energy Limited, 22,495,000 (March 31, 2015: 22,495,000) shares of GVK Transportation Private Limited and 48,000,000 (March 31, 2015: 48,000,000) shares of GVK Airport Developers Limited

d) Refer note 5 (a) (b) and 7 for security provided by subsidiaries for loans availed by the Company.

e) The advances/loans and guarantees have been provided to meet normal business needs of respective entity.

f) ** 78,204,963 0.001% compulsory Convertible Debentures of Rs. 100 each were converted into 307,869,478 fully paid-up equity shares.

g) *** 239,800 preference shares of GVK Airport Developers Limited held by Sutara Roads & Infra Limited have been pledged for loans taken by the Company.

Notes to financial statements for the year ended March 31, 2016

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

Details of related party transactions during the year

Particulars	GVK Perambalur SEZ Private Limited	GVK Developmental Projects Private Limited	GVK Energy Limited	GVK Oil & Gas Limited	Bangalore International Airport Limited	Bangalore Airport & Infrastructure Developers Private Limited	GVK Technical & Consultancy Services Private Limited	Pinakani Share and Stock Broker Limited	Taj GVK Hotels & Resorts Limited	Orbit Travels & Tours Private Limited	Seregraha Mines Limited	GVK Employee Welfare Trust
Transactions during the year												
Fees for services rendered (including service tax)	-	-	177	-	-	-	-	-	-	-	8	-
	-	-	(120)	-	-	-	-	-	-	-	(8)	-
Reimbursement of expenses (Billable expenses)	-	-	-	-	-	-	-	-	-	-	-	-
Services received	-	-	-	-	-	-	138	-	2	6	-	-
	-	-	-	-	-	-	(138)	(3)	(3)	(34)	-	-
Investment in equity/ preference shares	-	-	78,205**	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advances given/expenditure incurred on behalf	13	122	177	0	1	-	-	-	-	-	-	-
	(9)	(4)	(277)	(6)	(8)	-	-	-	-	-	-	-
Loans/advances recovered	-	4,156	216	-	8	-	-	-	-	-	-	-
	-	(1,550)	(205)	-	-	-	-	-	-	-	-	-
Share application money given	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Share application money recovered	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	(7)	-	-	-	-	-	-	-	-	-
Guarantees given	-	-	-	-	-	4,200	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees released	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(813)	-	-	-	-	-	-	-	-
Investments pledged made (no. of shares)	-	-	143,050,182	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Investments unpledges (no. of shares)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Investment pledges received (no. of shares)	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Director sitting fees	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Advances and Investments written off	-	-	-	10,161	-	-	-	-	-	-	-	-
	-	-	-	(7,590)	-	-	-	-	-	-	-	-
Balances outstanding												
Receivables/ (Payables) - March 31, 2016	11,731	0	40	-	1	-	(117)	(5)	(0)	(36)	13	2,000
Receivables/ (Payables) - March 31, 2015	11,718	4,034	203	10,156	8	-	65	(5)	1	(37)	6	2,000
Corporate Guarantee	-	5,200	30,950	-	-	4,200	-	-	-	-	1,441	-
	-	(5,200)	(30,950)	-	-	-	-	-	-	-	(1,441)	-
Pledge of Investment (no. of shares)	-	-	230,960,770	-	-	-	-	-	-	-	-	-
	-	-	(87,910,588)	-	-	-	-	-	-	-	-	-

Note: a) Previous year figures are in parenthesis except for receivable/(payable) at year end -

b) Refer note 26 for equity commitments.

c) * Pledge of 81,148,236 (March 31, 2015: 81,148,236) shares of GVK Energy Limited, 22,495,000 (March 31, 2015: 22,495,000) shares of GVK Transportation Private Limited and 48,000,000 (March 31, 2015: 48,000,000) shares of GVK Airport Developers Limited

d) Refer note 5 (a) (b) and 7 for security provided by subsidiaries for loans availed by the Company.

e) The advances/loans and guarantees have been provided to meet normal business needs of respective entity.

f) ** 78,204,963 0.001% compulsory Convertible Debentures of Rs. 100 each were converted into 307,869,478 fully paid-up equity shares.

g) *** 239,800 preference shares of GVK Airport Developers Limited held by Sutara Roads & Infra Limited have been pledged for loans taken by the Company.

Notes to financial statements for the year ended March 31, 2016

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

Details of related party transactions during the year

Particulars	GVK Coal Developers (Singapore) Pte Limited	GVK Airport Services Private Limited	Sutara Roads & Infra Limited\$	Mr. A. Issac George	Mr. GV Sanjay Reddy	Mr. Krishna Ram Bhupal	Mrs. Indira Krishna Reddy
Transactions during the year							
Fees for services rendered (including service tax)	1,641 (1,507)	-	-	-	-	-	-
Reimbursement of expenses (Billable expenses)	-	-	-	-	-	-	-
Services received	-	-	-	-	-	-	-
Investment in equity/ preference shares	22,258 -	1 -	-	-	-	-	-
Loans/advances given/expenditure incurred on behalf	-	-	-	-	-	-	-
Loans/advances recovered	3 -	-	-	-	-	-	-
Share application money given	2,984 (11,288)	-	-	-	-	-	-
Share application money recovered	- (173)	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Guarantees given	56,838 (25,700)	-	-	-	-	-	-
Guarantees released	-	-	-	-	-	-	-
Investments pledged made (no. of shares)	-	-	-	-	-	-	-
Investments unpledges (no. of shares)	-	-	-	-	-	-	-
Investment pledges received (no. of shares)	-	-	239,800	-	-	-	-
Director sitting fees	-	-	-	-	1 (1)	1 (1)	- (1)
Advances and Investments written off	-	-	-	-	-	-	-
Balances outstanding							
Receivables/ (Payables) - March 31, 2016	16,788	-	-	-	-	-	-
Receivables/ (Payables) - March 31, 2015	34,861	-	-	-	-	-	-
Corporate Guarantee	377,027 (320,189)	-	-	-	-	-	-
Pledge of Investment (no. of shares)	151,643,236 * (151,643,236)*	-	239,800***	-	-	-	-

Note: a) Previous year figures are in parenthesis except for receivable/(payable) at year end -

b) Refer note 26 for equity commitments.

c) * Pledge of 81,148,236 (March 31, 2015: 81,148,236) shares of GVK Energy Limited, 22,495,000 (March 31, 2015: 22,495,000) shares of GVK Transportation Private Limited and 48,000,000 (March 31, 2015: 48,000,000) shares of GVK Airport Developers Limited

d) Refer note 5 (a) (b) and 7 for security provided by subsidiaries for loans availed by the Company.

e) The advances/loans and guarantees have been provided to meet normal business needs of respective entity.

f) ** 78,204,963 0.001% compulsory Convertible Debentures of Rs. 100 each were converted into 307,869,478 fully paid-up equity shares.

g) *** 239,800 preference shares of GVK Airport Developers Limited held by Sutara Roads & Infra Limited have been pledged for loans taken by the Company.

Notes to financial statements for the year ended March 31, 2016

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

24. Details of loan given to subsidiaries, associates, parties in which directors are interested

Subsidiaries

i) GVK Oil & Gas Limited

Balance as at March 31, 2016 Rs. Nil (March 31, 2015: Rs. 10,156)

Maximum amount outstanding during the year was Rs. 10,156 (March 31, 2015: Rs. 17,746)

The aforesaid loan was repayable on demand.

ii) GVK Perambalur SEZ Private Limited

Balance as at March 31, 2016 Rs. 6,732 (March 31, 2015: Rs. 6,719)

Maximum amount outstanding during the year was Rs. 6,732 (March 31, 2015:Rs. 6,719)

The aforesaid loan is repayable on demand.

iii) Goriganga Hydro Power Private Limited

Balance as at March 31, 2016 Rs. 4,771 (March 31, 2015: Rs. 4,767)

Maximum amount outstanding during the year was Rs. 4,771 (March 31, 2015: Rs. 4,767)

The aforesaid loan is repayable on demand.

iv) GVK Airport Developers Limited

Balance as at March 31, 2016 Rs. 28,493 (March 31, 2015: Rs. 76,242)

Maximum amount outstanding during the year was Rs. 76,242 (March 31, 2015: Rs. 84,162)

The aforesaid loan is repayable on demand.

v) GVK Developmental Projects Private Limited

Balance as at March 31, 2016 Rs. 0 (March 31, 2015: Rs. 4,033)

Maximum amount outstanding during the year was Rs. 4,033 (March 31, 2015: Rs. 5,583)

The aforesaid loan is repayable on demand.

vi) GVK Transportation Private Limited

Balance as at March 31, 2016 Rs. 5,306 (March 31, 2015: Rs. 0)

Maximum amount outstanding during the year was Rs. 6,928 (March 31, 2015: Rs. 21,249)

The aforesaid loan is repayable on demand.

vii) GVK Ratle Hydro Electrical Projects Private Limited

Balance as at March 31, 2016 Rs. 1 (March 31, 2015: Rs. 1)

Maximum amount outstanding during the year was Rs. 1 (March 31, 2015: Rs. 1)

The aforesaid loan is repayable on demand.

viii) Alaknanda Hydro Power Company Limited

Balance as at March 31, 2016 Rs. Nil (March 31, 2015: Rs. Nil)

Maximum amount outstanding during the year was Rs. Nil (March 31, 2015: Rs. 2)

The aforesaid loan was repayable on demand.

ix) GVK Power (Goindwal Sahib) Limited

Balance as at March 31, 2016 Rs. 22 (March 31, 2015: Rs. 16)

Maximum amount outstanding during the year was Rs. 22 (March 31, 2015: Rs. 156)

The aforesaid loan was repayable on demand.

x) GVK Coal (Tokisud) Company Private Limited

Balance as at March 31, 2016 Rs. 0 (March 31, 2015: Rs. 0)

Maximum amount outstanding during the year was Rs. 0 (March 31, 2015: Rs. 0)

The aforesaid loan is repayable on demand.

Notes to financial statements for the year ended March 31, 2016

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

xi) GVK Energy Limited

Balance as at March 31, 2016 Rs. 40 (March 31, 2015: Rs. 80)

Maximum amount outstanding during the year was Rs. 217 (March 31, 2015: Rs. 127)

The aforesaid loan is repayable on demand.

xii) GVK Coal Developers (Singapore) Pte Limited Limited

Balance as at March 31, 2016 Rs. Nil (March 31, 2015: Rs. 3)

Maximum amount outstanding during the year was Rs. 3 (March 31, 2015: Rs. 3)

The aforesaid loan is repayable on demand.

xiii) GVK Bagodara Vasad Expressway Private Limited

Balance as at March 31, 2016 Rs. 4 (March 31, 2015: Rs.3)

Maximum amount outstanding during the year was Rs. 4 (March 31, 2015: Rs. 3)

The aforesaid loan is repayable on demand.

xiv) GVK Jaipur Expressway Private Limited

Balance as at March 31, 2016 Rs. 1 (March 31, 2015: Rs. 3)

Maximum amount outstanding during the year was Rs. 4 (March 31, 2015: Rs. 3)

The aforesaid loan is repayable on demand.

xv) Bangalore International Airport Limited

Balance as at March 31, 2016 Rs. 1 (March 31, 2015: Rs. 8)

Maximum amount outstanding during the year was Rs. 8 (March 31, 2015: Rs. 8)

The aforesaid loan is repayable on demand.

xvi) GVK Industries Limited

Balance as at March 31, 2016 Rs. 141 (March 31, 2015: Rs.135)

Maximum amount outstanding during the year was Rs. 141 (March 31, 2015: Rs. 593)

The aforesaid loan is repayable on demand.

25. Contingent liabilities

a. Direct and indirect taxes:

(i) Income tax demand for assessment year 2008-09 for Rs. 73 (March 31, 2015: Rs. 73), for assessment year 2009-10 Rs. 10 (March 31, 2015: Rs. 10), for assessment year 2010-11 for Rs. 279 (March 31, 2015: 279), for assessment year 2011-12 for Rs. 11 (March 31, 2015 : Rs. 11) and for assessment year 2012-13 Rs. 44 (March 31, 2015: Rs. 44).

(ii) The Company had received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs. 2,829 on transfer of shares to the shareholders of GVK Industries Limited vide the scheme of arrangement approved by the Andhra Pradesh High Court. The Company has obtained an order from the Andhra Pradesh High Court staying the above notice on March 13, 2008 until such further orders from the said court.

Management based on its internal assessment and/or legal advice is confident that the cases will be decided in the Company's favour.

b. Security against loans taken by others

(i) The Company had provided security by way of pledge of 183,000,000 (March 31, 2015: 183,000,000) shares of GVK Airport Developers Private Limited for loans taken by the aforesaid subsidiary.

(ii) The Company had provided security by way of pledge of 230,960,770 (March 31, 2015: 87,910,588) shares of GVK Energy Limited for loans taken by the aforesaid subsidiary.

Notes to financial statements for the year ended March 31, 2016

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

- (iii) The Company has provided security by way of corporate guarantees amounting to Rs 254,295 (March 31, 2015: Rs. 227,919) to subsidiaries and Rs. 1,441 to an associate (March 31, 2015: Rs. 1,441) for various fund and non-fund based facility availed by them.
- (iv) The Company has provided security by way of corporate guarantees amounting to Rs. 2,006 (March 31, 2015: Rs. 3,941) for securing loans obtained by GVK Projects and Technical Services Limited.
- (v) The Company has provided security by way of guarantee amounting to Rs. 377,027 (March 31, 2015: Rs. 320,189) for securing loans obtained by GVK Coal Developers (Singapore) Pte Limited.

Management is of the opinion that the aforesaid companies will be able to meet their obligations as they arise and consequently no adjustment is required to be made to the carrying value of the security and guarantees provided.

26. Capital and other commitments

- (a) The Company has outstanding equity commitments to fund subsidiaries under construction stage aggregating to Rs. 133,802 (March 31, 2015: Rs. 146,614).
- (b) The company has given undertaking to infuse equity aggregating to Rs. 392,416 (March 31, 2015: Rs. 333,258) in GVK Coal Developers (Singapore) Pte. Limited, towards shortfall, if any, of its loan repayment obligations. Further, the Company has pledged 81,148,236 (March 31, 2015: 81,148,236), 22,495,000 (March 31, 2015: 22,495,000) and 48,000,000 (March 31, 2015: 48,000,000) shares of GVK Energy Limited, GVK Transportation Private Limited and GVK Airport Developers Private Limited respectively for securing loan obtained by GVK Coal Developers (Singapore) Pte. Limited, an entity in which Company has 10% stake. Management believes that GVK Coal Developers (Singapore) Pte. Limited will be able to meet its obligations.
- (c) During the year ended March 31, 2011, the Company, GVK Energy Limited (subsidiary Company) and certain private equity investors ('investors') had entered into an investment agreement pursuant to which the Company has undertaken to conduct an initial public offering of the GVK Energy Limited's equity shares ('Qualified IPO' or 'QIPO') within 72 months from the date of investment agreement (preferred listing period). If the GVK Energy Limited does not make a QIPO during the preferred listing period and no offer for sale or demerger takes place within 12 months of the preferred listing period, then, at any time thereafter, the investors will have a put option with respect to all of the securities held by the Investor ("Put Right") on the Company and the GVK Energy Limited at the higher of i) 20% IRR from the date of investment to the date of receipt of proceeds from the investor ("Put IRR") and ii) the fair market value of the investor's shares. Provided the Put IRR shall be reduced to 15%, if at least 3 private sector initial public offerings with an issue size of Rs.100,000 or more each have not taken place in India between the 48th month to the 72nd month from date of investment agreement.

The Company believes that the subsidiary company would be able to successfully conduct QIPO in the preferred listing period or successfully complete offer for sale or demerger. The Company further believes that return guaranteed would be subjected to regulations of Reserve Bank of India.

27. Micro, small and medium enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2016 or March 31, 2015.

28. Unhedged foreign currency exposure

Particulars	March 31, 2016	March 31, 2015
Receivable	2,771	1,568
Investments and share application money	36,300	33,318

Notes to financial statements for the year ended March 31, 2016

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

29. Segment information

In accordance with Accounting Standard 17 - Segment Reporting, segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these financial statements.

30. Earnings in foreign currency:

	March 31, 2016	March 31, 2015
Guarantee commission	1,641	1,507
	1,641	1,507

- 31.** The Honourable Supreme Court vide its decision of September 24, 2014 held that allotment of various coal blocks including those allotted to GVK Coal (Tokisud) Company Private Limited, subsidiary of GVK Energy Limited is arbitrary and illegal and has cancelled the allotment. Subsequently, the government promulgated The Coal Mines (Special Provisions) Ordinance 2014, which intends to take appropriate action to deal with situation arising pursuant to the Honourable Supreme Court's judgment. The subsidiary company has filed writ petition before the Hon'ble High Court of Delhi impugning the decision of the Nominated Authority, Ministry of Coal which quantified the compensation payable to the subsidiary company for taking over the Tokisud Coal Block as Rs. 11,129 against the carrying value of assets of Rs. 34,862 in the books of subsidiary company. The Management believes that the subsidiary will be appropriately reimbursed for cancelled coal mine and accordingly the cancellation of coal mine will not have any material impact upon the financial statements.
- 32.** The Company has made investments aggregating to Rs. 39,071 (March 31, 2015: Rs. 34,886) by way of advances, subscription of shares and share application money and provided guarantees and commitments aggregating to Rs. 769,444 to lenders of GVK Coal Developers (Singapore) Pte Limited (GVK Coal) against its borrowings, an entity in which Company owns 10%. GVK Coal is currently under development phase and is making losses and its current liabilities exceed current assets by USD 900 million (March 31, 2015: USD 885 million) i.e. Rs. 574,160 (March 31, 2015: Rs. 553,929) (includes USD 758 million due to non-controlling shareholder who has extended time for repayment from time to time, the most recent extension until July 15, 2016), based on unaudited financial statements for the year ended June 30, 2015. In addition to aforesaid commitments, the Company has also given assurance for financial assistance, if required. The prices of the coal have significantly fallen since GVK coal had acquired stake in the coal mines. GVK Coal has not been able to achieve financial closure resulting in delays in commencement of mine development activity when compared to scheduled date, delays in entering into definitive agreements for port and rail development and agreement for sale of coal. Further, certain lenders of GVK Coal have classified the loan as non-performing and the lenders had abridgement option on the loans either on October 2015 or every year thereafter.

GVK coal is in discussion with non-controlling shareholders to realign the option exercise dates, looking for additional funding from potential investors and working with lenders to reach to optimal solution. Management believes that while the prices of coal have fallen, the fall in prices of other commodities and services would offset the impact of fall in coal prices on the project by reducing capital and operating cost requirements and hence, GVK Coal would be able to establish profitable operations, meet its obligations and its current liabilities being in excess of current assets is temporary in nature and will not impact ability of the GVK Coal to continue in operation in foreseeable future. The aforesaid will not have any material adverse impact upon cash flows of the Company and accordingly no adjustment is required to receivable, investments, share application money and guarantees and commitments.

- 33.** The Company had applied to Central government on May 13, 2013 for waiver of excess managerial remuneration amounting to Rs. 21 for the year ended March 31, 2013 paid to a director in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956. The Company believes approval will be obtained in due course and would not have any material impact upon the financial statements.

Notes to financial statements for the year ended March 31, 2016

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

34. Uncertainties faced by GVK Energy Limited

- a** The subsidiary companies of GVK Energy Limited viz. GVK Industries Limited (GVKIL) and GVK Gautami Power Limited (GVKGPL) (collectively 'subsidiary companies') had commenced construction of phase III and phase II power plants respectively on which they have incurred aggregated cost of Rs. 15,651 (March 31, 2015: Rs. 15,655). Due to lower supply/availability of gas, the subsidiary companies have temporarily suspended the construction activities and intend to resume construction once natural gas is available which Management expects to happen in foreseeable future. Further, phase II of GVKIL and Phase I of GVKGPL having fixed assets with Written Down Value of Rs. 183,249 (March 31, 2015: Rs. 196,252) have during the current financial year achieved 6% PLF (March 31, 2015: Nil) and 2.6% PLF (March 31, 2015: Nil) respectively. Also, GVKIL and GVKGPL have incurred losses of Rs. 4,751 (March 31, 2015: Rs. 6,916) and Rs. 21,968 (March 31, 2015: Rs. 20,474) respectively. Further, certain banks have classified loan balances of GVKIL as non-performing asset. Further, the Company is confident that Government of India will continue to take necessary steps/initiatives to improve the situation of natural gas for e.g. scheme envisaging supplying of domestic gas to gas based upto the target plant load factor ('PLF'), selected through a reverse e-bidding process and also intervention/sacrifices to be collectively made by all stakeholders. Further, Management based on its rights under power purchase agreement to recover capacity charges and in view of installing alternate fuel equipment and on the basis of aforesaid discussions believes the subsidiary companies will continue to be in operation in foreseeable future despite continued losses.
- b.** GVK Goindwal (Sahib) Limited, subsidiary company of GVK Energy Limited has subsequent to year completed construction of its 540 MW power project with carrying value of Rs. 466,972 and has completed commercial test but not declared availability in the absence of coal. In the wake of cancellation of coal mine as referred in note 36, Management has obtained coal linkage for six months, taken opinion for running plant on imported coal, tied up for importing coal and is mulling other options such as, obtaining coal linkage locally and has filed petition with Punjab State Electricity Regulatory Commission (PSERC) for re-negotiation of terms of power purchase agreement such as rate revision, approval for using imported coal etc. claiming force majeure and change in law as envisaged under Power Purchase Agreement. PSERC in its interim order has allowed the subsidiary company to run the plant on imported fuel for upto two and half years within which the Company should make arrangements for coal on long term basis. Management based on internal assessment/legal advice believes that cancellation of coal mine will not impact the operations of the power project.

The Company accordingly believes that investments, including Compulsory Convertible Debentures, in subsidiary company with carrying value of Rs. 108,323 is recoverable in normal course of business and no provision for diminution is necessary.

- 35.** As at March 31, 2016, the Company has accumulated losses of Rs.9,953 and the Company has incurred losses of Rs. 12,961 and Rs. 12,983 in the current and previous year respectively. The Company has delayed payment of loans and interest and certain loan accounts have been classified as non performing by banks. Further, as discussed in notes 25b, and 26, the Company has provided guarantees and commitments on behalf of various entities and as further detailed in notes 31, 32 and 34 uncertainties are being faced by various projects in the Group such as delays in development of coal mines in an overseas project where Company has provided guarantees and commitments for the borrowings, losses incurred by gas based plants in the absence of gas and litigations on rights to claim capacity charge, cancellation of coal linkage to coal based plant and re-negotiation of terms of PPA of coal based plant. Notwithstanding the above, the financial statements of the Company have been prepared on going concern basis as Management believes that the Company would be able to establish profitable operations, meet its commitments, reduce debt by stake sale and the entities on whose behalf guarantees/ commitments have been extended would be able to meet their obligations. Further, the Management is confident that aforesaid entities would win litigations; obtain approvals of regulators; will reach an optimal solution with non-controlling shareholders and lenders; obtain requisite gas/coal allocation etc. as required and despite current macro- economic environment challenges would establish profitable operations.
- 36.** During the earlier year, Termination Notice was served by GVK Oil & Gas Limited, a subsidiary involved in oil & gas activity on Ministry of Petroleum and Natural Gas (Ministry) for termination of Production Sharing Contract. The subsidiary had

Notes to financial statements for the year ended March 31, 2016

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

alleged that it has not been able to effectively carry out exploration operations in the Blocks allotted to it due to Ministry of Defense clearance issues. While the Management continues to pursue with Ministry for reimbursement of costs, the Company has written off investments and advances made to subsidiary aggregating to Rs. 10,161 (March 31, 2015: Rs. 7,590).

37. On January 17, 2013 and subsequently from time to time, Securities and Exchange Board of India (SEBI) made amendment to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Equity Listing Agreement, pursuant to which listed entities have been prohibited from framing any employee benefit schemes involving acquisition of own securities from secondary market in excess of 10% of total assets of the scheme. The Company had formed GVK Employee Welfare Trust on July 15, 2009 which currently holds 18,083,890 own equity shares which were acquired from secondary market. SEBI circular requires such Trust to dispose shares within five years from October 28, 2014 or to align the Trust with SEBI (ESOS and ESPS) Guidelines. Management is evaluating options available in the circular and believes that application of this circular will not have any material impact on statement of profit and loss.

38. The financial statements contain certain amounts reported as "0" which are less than Rs. 1.

39. Previous year figures

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For **S. R. Batliboi & Associates LLP**
ICAI Firm Registration No : 101049W/E3000004
Chartered Accountants

per **Vikas Kumar Pansari**
Partner

Membership No. 93649

Place: Hyderabad
Date: May 20, 2016

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

Dr. GVK Reddy
Chairman & Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
AVP & Company Secretary



GVK POWER & INFRASTRUCTURE LIMITED

CIN: L74999AP2005PLC059013

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

Dear Shareholder,

Sub: Green Initiative in Corporate Governance

There is growing awareness and concern on the need to protect our environment around the globe. GVK has always been a company that has taken the lead in its efforts to protect the environment, with a strong focus on eco-sustainability in our operations. In this regard and in continuation with our earlier letter dated May 18, 2011, we once again appeal to you to register your e-mail Ids for receiving the Annual reports, Notices and other documents in soft copies.

This is in line with the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) permitting listed entities to send soft copies of the Annual Report, Notices and other documents to all those shareholders who have registered their e-mail addresses for the said purpose.

We request you to join us in this noble initiative and look forward to your consent for receiving communication through the electronic mode.

To do this, you are requested to take the following steps:

- For shares held in physical mode: Please fill in the appended Green Initiative form and register the same with our RTA - Karvy Computershare Pvt. Ltd.
- For shares held in dematerialized mode: Please update/register your e-mail address with your Depository participant or e-mail at **einward.ris@karvy.com** specifying your Client ID and DP Id and also fill in the appended Green Initiative form and register the same with our RTA - Karvy Computershare Pvt. Ltd.

The Annual Report of your Company would also be made available on the Company website **www.gvk.com**. Further, you will be entitled to get a hard copy of the Annual Report of the Company, upon receipt of a requisition from you, any time, as a member of the Company.

Thanking you,

For GVK Power & Infrastructure Limited

P V Rama Seshu
AVP & Company Secretary



GVK POWER & INFRASTRUCTURE LIMITED

CIN: L74999AP2005PLC059013

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

To

KARVY COMPUTERSHARE PVT LTD
Unit: GVK Power & Infrastructure Ltd
 Karvy Selenium Tower B, Plot 31-32
 Gachibowli, Financial District
 Nanakramguda, Hyderabad – 500 032

Dear Sirs,

Sub: Green Initiative in Corporate Governance-Service of Annual Report, Notice and other documents in electronic mode

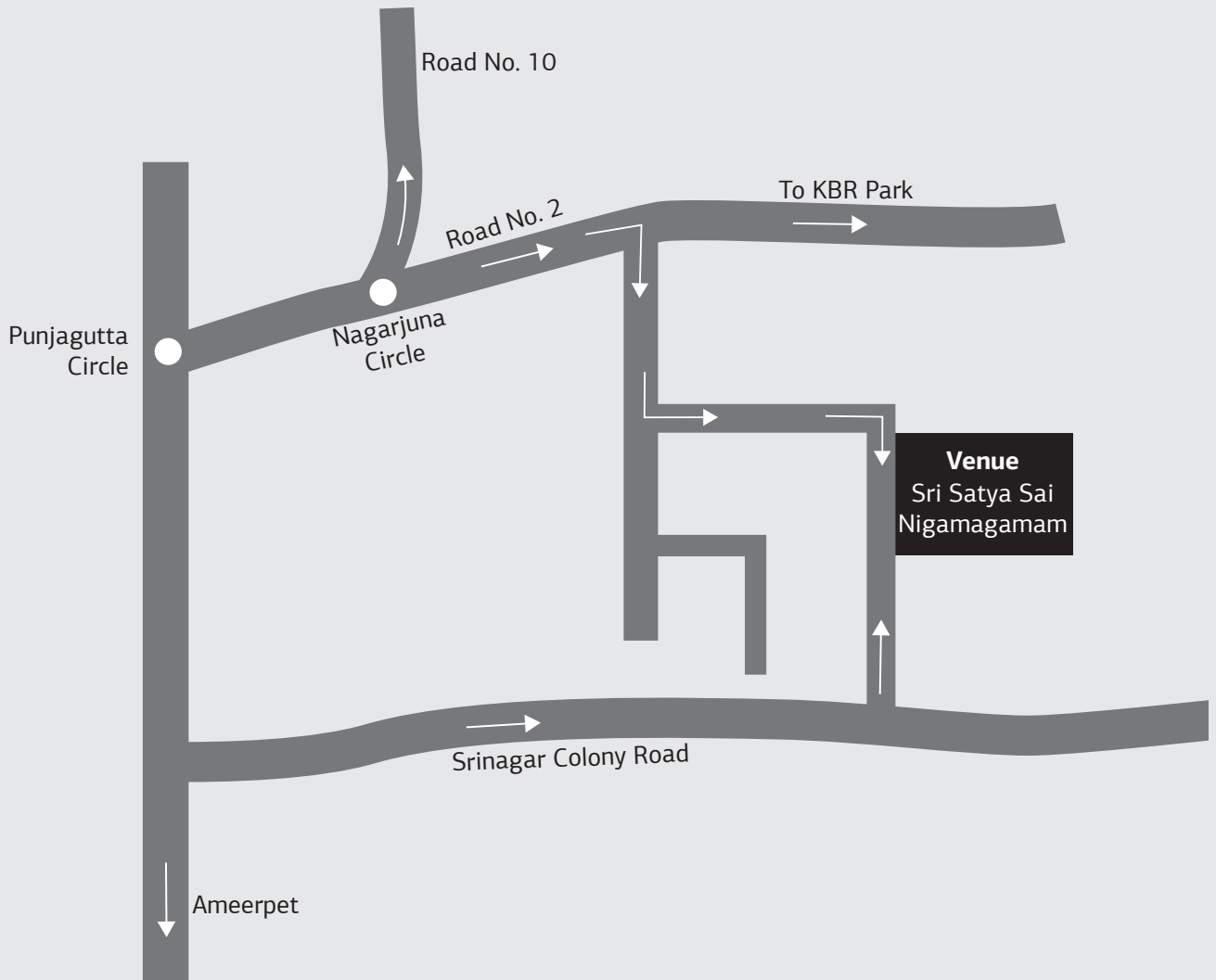
I hereby give my consent to receive the above mentioned documents through the electronic mode.

Name of the sole/first shareholder	DP ID and Client ID/Folio No
E-mail ID	Signature of sole/first shareholder & Date

Notes:

1. On registration, all communications will be sent to the e-mail ID registered.
2. Shareholders are requested to keep the Company's Registrar - Karvy Computershare Pvt. Ltd. informed as and when there is any change in the e-mail address.

Route map to the AGM venue





GVK POWER & INFRASTRUCTURE LIMITED

CIN: L74999AP2005PLC059013

Registered Office: 'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500003.

Phone: +91 (40) 27902663, Fax: +91 (40) 27902665

Email: cs.gvkpil@gvk.com website: www.gvk.com

ATTENDANCE SLIP

(To be handed over at the entrance of the meeting hall)

Full name of the member attending _____

Member's Folio No/ Client ID : _____ **No. Of shares held** _____.

Name of Proxy _____

(To be filled in, if the Proxy attends instead of the member)

I hereby record my presence at the 22nd Annual General Meeting of the GVK Power & Infrastructure Ltd, at Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 001 on Friday, 12th August 2016 at 11.30 a.m.

.....
Member's / Proxy's Signature

- Notes:
- 1) Members are requested to bring their copies of the Annual Report to the meeting, since further copies will not be available.
 - 2) The Proxy, to be effective should be deposited at the Registered office of the Company not less than FORTY-EIGHT HOURS before the commencement of the meeting.
 - 3) A Proxy need not be a member of the Company.
 - 4) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by Proxy, shall be accepted to the exclusion of the vote of the other joint holders. Seniority shall be determined by the order in which the names stand in the Register of Members.
 - 5) This form of proxy confers authority to demand or join in demanding a poll.
 - 6) The submission by a member of this form of proxy will not preclude such member from attending in person and voting at the meeting.





GVK POWER & INFRASTRUCTURE LIMITED

CIN: L74999AP2005PLC059013

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

Phone: +91 (40) 27902663, Fax: +91 (40) 27902665

E.mail: cs.gvkpil@gvk.com Website: www.gvk.com

Form No: MGT 11

PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Regd. Folio No. :	*DP ID :
No. of Shares held:	*Client ID :

I/we, being member(s) of _____ shares of GVK Power & Infrastructure Limited, hereby appoint.

- _____ of _____ having E-mail ID: _____ or failing him
- _____ of _____ having E-mail ID: _____ or failing him
- _____ of _____ having E-mail ID: _____

and whose signatures are appended below as my/our proxy to attend and vote, in case of a poll, for me/us and on my/our behalf at the Twenty Second Annual General Meeting of the Company, to be held on Friday, the 12th day of August, 2016 at 11.30 a.m. Sri Satya Sai Nigamagaram, 8-3-987/2, Srinagar Colony, Hyderabad - 500073 and at any adjournment thereof:



Sl. No.	Resolution(s)	Vote	
		For	Against
Ordinary Business			
A) Ordinary Resolutions			
1	Adoption of Audited financial statements for the year ended 31.03.2016		
2	Appointment of Krishna Ram Bhupal as a director retiring by rotation		
3	Re-appointment of M/s S R Batliboi & Associates LLP, Chartered Accountants as Statutory Auditors		
Special Business			
B) Special Resolution			
4	Approval for waiver of excess managerial remuneration paid to Mr. A Issac George for part of the FY 2012 - 13.		

Signed this _____ day of _____ 2016

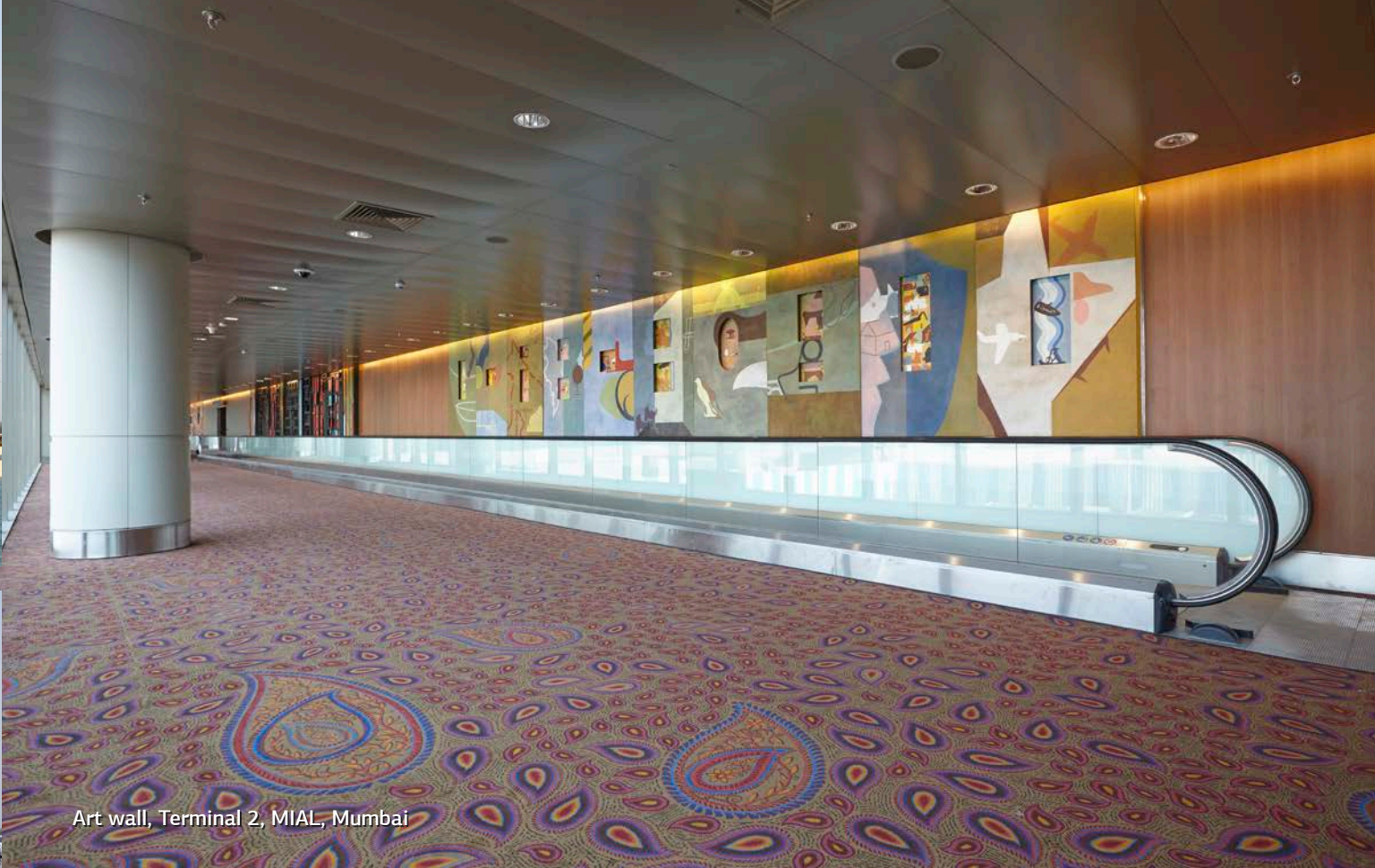
Signature of member: _____ Signature of proxy holder: _____

Affix
Re.1/-
Revenue
Stamp

Note: 1 The Proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the aforesaid meeting.

2. The Proxy need not be a member of the Company.

* Applicable for investors holding shares in Electronic Form.



Art wall, Terminal 2, MIAL, Mumbai



T2, MIAL, Mumbai

If undelivered, please return to:

KARVY COMPUTERSHARE PRIVATE LIMITED

Unit: GVK Power & Infrastructure Limited

Registrar & Share Transfer Agent

Karvy Selenium Tower B, Plot 31-32

Gachibowli, Financial District

Nanakramguda, Hyderabad – 500 032

Phone: 040-67161700, Fax: 040-23114087

E-mail: mailmanager@karvy.com