

**GVK POWER & INFRASTRUCTURE LIMITED**  
29<sup>TH</sup> ANNUAL REPORT 2022 - 23







## Contents

Board of Directors and Corporate information	2
Financials at a glance	3
Notice of Annual General Meeting	4
Explanatory Statement	12
Directors Report	13
Report on Corporate Governance	42
Management Discussion & Analysis	56
Independent Auditor's Report on Consolidated Accounts	61
Consolidated Balance Sheet, Profit & Loss Account	76 & 77
Consolidated Cash Flow Statement	78
Notes to Consolidated Accounts	81
Independent Auditor's Report on Standalone Accounts	140
Standalone Balance Sheet, Profit & Loss Account	152 & 153
Standalone Cash Flow Statement	154
Notes to Standalone Accounts	156

# Corporate Information

## Board of Directors

(As on May 26, 2023)

Dr. GVK Reddy	Chairman
G V Sanjay Reddy	Vice Chairman
P V Prasanna Reddy	Whole-time Director
A Issac George	Whole-time Director & CFO
Anumolu Rajasekhar	Independent Director
N Anil Kumar Reddy	Independent Director
Ms. Rama Rao	Independent Woman Director
Ilyas Ghulam Hussain Ghouse	Independent Director
P V Rama Seshu	Vice President & Company Secretary

## Committees of the Board

### Audit Committee

N Anil Kumar Reddy	Chairman
Anumolu Rajasekhar	
Ms. Rama Rao	

### Nomination and Remuneration Committee

Ilyas Ghulam Hussain Ghouse	Chairman
Anumolu Rajasekhar	
Ms. Rama Rao	

### Stakeholders Relationship Committee

Ilyas Ghulam Hussain Ghouse	Chairman
A Issac George	
Ms. Rama Rao	

### Corporate Social Responsibility Committee

G V Sanjay Reddy	Chairman
Ilyas Ghulam Hussain Ghouse	
Ms. Rama Rao	



**Statutory Auditors**

T R Chadha & Co LLP  
Office No: 2, 2nd Floor, Block A,  
6-3-1092/S/3, Shanthi Sikhara Complex,  
Rajbhavan Road, Somajiguda  
Hyderabad – 500 082

**Secretarial Auditor**

Narender & Associates  
Company Secretaries  
403, Naina Residency, Srinivasa Nagar(East)  
Ameerpet, Hyderabad – 500 038

**Registered Office**

(W.e.f: 16-01-2023)

**Stock Code**
**Registrar & Share Transfer Agents**

KFin Technologies Limited  
(earlier known as Karvy Fintech Private Limited)  
Karvy Selenium Tower B, Plot 31-32, Gachibowli  
Financial District, Nanakramguda  
Hyderabad – 500 032

**Internal Auditors**

Rambabu & Co  
Chartered Accountants  
H.O.: 31, Pancom Chambers  
Rajbhavan Road, Hyderabad - 500 082

Darshak Chambers, Plot No:32, Ground floor  
House No:1-8-303/48/32, Street No:1  
Penderghast Road, Secunderabad – 500 003

BSE : 532708  
NSE : GVKPIL

ISIN INE251H01024

CIN L74999TG2005PLC059013

## Financials at a glance

(Rs. Lakhs)

	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
<b>Financial Performance</b>				
Operational Incomes	1,000	1,000	212,036	85,826
EBIDTA	(74)	(2,519)	1,31,792	29,209
Other Income	786	8,218	5,870	3,045
Finance Costs	-	-	107,371	42,070
Depreciation	11	12	39,974	13,617
<b>Profit / (Loss) from ordinary activities</b>	701	5,687	314,517	26,947
Share of profit/(loss) of associate	-	-	-	-
Share of loss of jointly controlled entity	-	-	(225)	(21)
<b>Loss before tax</b>	701	5,687	314,292	26,926
Tax expense/(credit)	55	100	7,184	7,279
Non - controlling interest	-	-	63,214	(945)
<b>Profit / (Loss) for the year (Including Discontinuing Operations)</b>	646	5,587	307,108	263,593
Other comprehensive income, net	-	-	(39)	(66)
<b>Total comprehensive income</b>	-	-	(66)	(66)
<b>EPS (Rupees) :</b>				
<b>Weighted Average no. of Equity Shares</b>	1,579,210,400	1,579,210,400	1,579,210,400	1,579,210,400
Basic and Diluted	0.04	0.35	15	17
<b>Financial Position:</b>				
Fixed Assets (Net of depreciation)	46	63	373,433	713,041
Cash and Bank balance	4,676	4,034	50,408	55,485
Net current assets	(5,757)	(5,661)	(1,45,018)	(810,558)
<b>Total Assets</b>	256,554	256,987	768,937	1,157,192
Equity	15,792	15,792	15,792	15,792
Other equity	71,505	70,859	(130,924)	(399,742)
<b>Net worth</b>	87,297	86,651	45,301	(307,734)
Market Capitalisation	32,690	42,954	32,690	42,954

## Notice

Notice is hereby given that the 29th Annual General Meeting of the members of GVK Power & Infrastructure Limited (CIN:L74999TG2005PLC059013) will be held on **Wednesday, the 30th August, 2023 at 11.30 am through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM")** to transact the following business. Registered office of the Company situated at Darshak Chambers, Plot No:32, Ground floor, House No:1-8-303/48/32, Street No:1, Penderghast Road, Secunderabad - 500003 shall be deemed to be the venue of this meeting.

### ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements (including the consolidated financial statements) of the Company for the financial year ended March 31, 2023 and the Reports of the Board of Directors ('the Board') and the Auditors thereon.
2. To appoint a director in place of **Mr. G V Sanjay Reddy** (DIN:00005282), who retires by rotation and being eligible, offers himself for re-appointment.

### SPECIAL BUSINESS:

3. To consider and pass the following as a Special Resolution with or without any modification:

"RESOLVED THAT pursuant to Sections 2(94), 196, 203 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 including any statutory amendment, modifications, or re-enactment thereof and subject to such other requisite approvals, as may be required and other applicable provisions, if any, of the Companies Act, 2013 and based on the recommendations of the Nomination & Remuneration Committee and the Board of Directors, approval of the shareholders be and is hereby accorded to the Company for the re-appointment of Mr. P V Prasanna Reddy (DIN: 01259482) as Whole-time Director of the Company for another period of 3 (three) years with effect from 14th November, 2023 to 13th November, 2026 without any remuneration."

"RESOLVED FURTHER THAT P V Rama Seshu, Vice President & Company Secretary or any director of the Company be and is hereby authorized to intimate the concerned Regulatory Authorities for giving effect to this resolution."

By order of the Board  
For GVK Power & Infrastructure Limited

Place : Hyderabad  
Date : 26th May, 2023

P V Rama Seshu  
Vice President & Company Secretary

## Notes

1. In view of ongoing COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") vide its General Circular Nos. 14/2020 dated April 08, 2020 and 17/2020 dated April 13, 2020, General Circular Nos. 20/2020 dated May 05, 2020, followed by General Circular No. 02/2021 dated January 13, 2021 (collectively referred to as "MCA Circulars") has allowed the Companies to conduct Annual General Meeting ("AGM") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. Further, MCA vide its General Circular no 2/2022 dated 5th May, 2022 has decided to allow the Companies to conduct AGM's was further extended upto 31st December, 2022 through Video Conference (VC) or Other Audio Visual Means (OAVM). The Securities and Exchange Board of India ("SEBI") vide its Circular Nos. SEBI/HO/CFD/CMD1/ CIR/P/2020/79 dated May 12, 2020, SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021, SEBI/HO/CFD/CMD2/ CIR/P/2022/62 dated May 13, 2022 and SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated January 5, 2023 (collectively referred to as "SEBI Circulars") has granted relaxation in respect of sending physical copies of annual report to shareholders and requirement of proxy for general meetings held through electronic mode. In terms of the said Circulars, the 29th AGM of the Company is being held through VC. Hence, Members can attend and participate in the AGM through VC only.
2. Pursuant to the aforesaid MCA Circulars, Members attending the 29th AGM through VC/OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
3. As per the Companies Act, 2013, ('the Act'), a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. However, in terms of the MCA Circulars, the 29th AGM is being held through VC, physical attendance of Members has been dispensed with. Accordingly, in terms of the MCA Circulars and SEBI Circulars, the facility of appointment of proxies by Members under Section 105 of the Act will not be available for the 29th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from **Monday, the 28th August 2023 to Wednesday, the 30th August 2023** (both days inclusive).
5. KFin Technologies Limited (Kfintech) is the Registrar and Share Transfer Agent (RTA) of the Company to perform the share related work for shares held in physical and electronic form.
6. Corporate/Institutional Members are entitled to appoint authorised representatives to attend the AGM through VC on their behalf and cast their votes through remote e-voting or at the AGM. Corporate/ Institutional Members intending to authorize their representatives to participate and vote at the Meeting are requested to send a certified copy of the Board resolution/ authorization letter to the Scrutiniser at e-mail ID narenderg99@gmail.com with a copy marked to evoting@kfintech.com and to the Company at cs.gvcpil@gvk.com authorising its representative(s) to attend and vote through VC on their behalf at the Meeting pursuant to section 113 of the Companies Act, 2013. In case if the authorized representative attends the Meeting, the above mentioned documents shall be submitted before the commencement of said Meeting.
7. Members of the Company under the category of Institutional Shareholders are encouraged to attend and participate in the AGM through VC/OAVM and vote thereat.
8. Kfintech shall be providing the facility for voting through remote e-voting, for participation in the 29th AGM through VC facility and e-voting during 29th AGM.
9. Members who have not registered their e-mail address are requested to register the same in respect of shares held in electronic form with the Depository through their Depository Participant(s). Any such changes effected by the Depository Participants will automatically reflect in the Company's records. In respect of shares held in physical form by writing to the Company's Registrar and Share Transfer Agent, KFin Technologies Limited (Unit: GVK Power & Infrastructure Limited), Selenium Tower B, Plot 31 & 32, Gachibowli Financial District, Nanakramguda, Hyderabad-500032.  
  
Members may note that the Company has enabled a process for the limited purpose of receiving the Company's annual report and notice for the Annual General Meeting (including remote e-voting instructions) electronically, and Members may temporarily update their email address by sending it to cs.gvcpil@gvk.com
10. In line with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report 2022-23 are being sent only through electronic mode to those Members whose email addresses are registered with the RTA/ Depositories. Members may also note that the Notice of the 29th AGM and the Annual Report 2022-23 will also be available on the Company's website at <https://www.gvk.com>, websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited, at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of the RTA at <https://evoting.kfintech.com/>.
11. Pursuant to Regulation 40 of SEBI LODR, transfer of securities held in physical form shall not be processed and any transfer of securities will be possible only in dematerialized mode. Hence members are advised to dematerialize their shares that are held in physical form for any further transfer.

#### GVK Power & Infrastructure Limited

12. Further with reference to the SEBI circular (Ref. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018) directing security holders, holding securities in physical form to update details of their PAN and bank account, we request all such security holders to immediately update the required details or any change therein with the RTA/ Company.
13. Members who hold shares in dematerialized form and wish to provide/change/correct the bank account details should send the same immediately to their concerned Depository Participant and not to the Company. Members are also requested to give the MICR Code of their bank to their Depository Participants. The Company will not entertain any direct request from such Members for change of address, transposition of names, deletion of name of deceased joint holder and change in the bank account details. While making payment of Dividend, the Registrar and Share Transfer Agent is obliged to use only the data provided by the Depositories, in case of such dematerialized shares.
14. As per the provisions of Section 72 of the Companies Act, 2013, nomination facility is available to the members, in respect of equity shares held by them. Nomination forms can be obtained from the RTA.
15. As per Rule 3 of Companies (Management and Administration) Rules, 2014, Register of Members of the Company should have additional details pertaining to e-mail, PAN / CIN, UID, Occupation, Status, Nationality. We request all the Members of the Company to update their details with their respective Depository Participants (DPs) in case of shares held in electronic form and with the Company's RTA in the case of physical holding, immediately.
16. Non-resident Indian shareholders are requested to inform about the following immediately to the Company or its Registrar and Share Transfer Agent or the concerned Depository Participant, as the case may be: -
  - a) the change in the residential status on return to India for permanent settlement, and
  - b) the particulars of the updated Bank Account in India.
17. Since the AGM will be held through VC Facility, the Route Map being not relevant, is not annexed to this Notice.
18. Members may join the 29th AGM through VC Facility by following the procedure as mentioned separately in the notice, which shall be kept open for the Members from 11:00 a.m. IST i.e. 15 minutes before the time scheduled to start the 29th AGM and shall not be closed for at least 15 minutes after such scheduled time.
19. Members may note that the VC Facility, provided by Kfintech, allows participation of at least 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 29th AGM without any restriction on account of first-come first-served principle.
20. Copies of all documents referred to in the notice and explanatory statement pursuant to Section 102(1) of the Companies Act, 2013 annexed thereto are available for inspection electronically. Members seeking to inspect such documents can send an email to [cs.gvcpil@gvk.com](mailto:cs.gvcpil@gvk.com)

The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act will be available electronically for inspection by the members during the AGM.

Member seeking any information with regard to any queries regarding the Annual Report, may write to the Company at [cs.gvcpil@gvk.com](mailto:cs.gvcpil@gvk.com)
21. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, substituted by Companies (Management and Administration) Amendment Rules, 2015, Secretarial Standard-2 on General Meetings and Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to provide members with facility to exercise their votes by electronic means through remote e-voting services provided by KFin Technologies Limited (Service Provider) on all resolutions set forth in this Notice.

#### 22. The process and manner for remote E-Voting

In compliance with the provisions of section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and the provisions of Regulation 44 of the Listing Regulations read with SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, Members are provided with the facility to cast their vote electronically, through the modes listed below, on all resolutions set forth in this Notice, by way of remote e-voting.



**A) Information and instructions for remote e-voting by Individual Shareholders holding shares of the Company in demat mode:**

Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 9, 2020 on “e-Voting facility provided by Listed Companies”, e-Voting process has been enabled to all the individual demat account holders, by way of single login credential, through their demat accounts / websites of Depositories / DPs in order to increase the efficiency of the voting process.

Individual demat account holders would be able to cast their vote without having to register again with the e-Voting service provider (ESP) thereby not only facilitating seamless authentication but also ease and convenience of participating in e-Voting process. Shareholders are advised to update their mobile

Shareholders are advised to update their mobile number and email Id in their demat accounts to access e-Voting facility.

The procedure to login and access remote e-voting, as devised by the Depositories/ Depository Participant(s), is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<p><b>1. Members already registered for NSDL IDeAS facility;</b></p> <ol style="list-style-type: none"> <li>please visit the following URL <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>.</li> <li>Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section.</li> <li>A new screen will prompt and you will have to enter your User ID and Password.</li> <li>Post successful authentication, click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page.</li> <li>Click on company name or e-Voting service provider name i.e., Kfintech and you will be re-directed to Kfintech website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ol> <p><b>2. Members who have not registered for IDeAS facility, may follow the below steps;</b></p> <ol style="list-style-type: none"> <li>To register for IDeAS facility visit the URL at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a></li> <li>Click on “Register Online for IDeAS” or for direct registration click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>On completion of the registration formality, follow the steps provided above.</li> </ol> <p><b>3. Members may alternatively vote through the e-voting website of NSDL in the following manner;</b></p> <ol style="list-style-type: none"> <li>Visit the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a></li> <li>Click on the icon “Login” which is available under ‘Shareholder/Member’ section.</li> <li>Members to enter User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code shown on the screen.</li> <li>Post successful authentication, you will be redirected to NSDL IDeAS site wherein you can see e-Voting page.</li> <li>Click on company name or e-Voting service provider name i.e., Kfintech and you will be redirected to Kfintech website for casting your vote.</li> </ol>
Individual Shareholders holding securities in demat mode with CDSL	<p><b>1. Members already registered for Easi/ Easiest facility may follow the below steps;</b></p> <ol style="list-style-type: none"> <li>Visit the following URL: <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Click on the “Login” icon and opt for “New System Myeasi” (only applicable when using the URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a>)</li> <li>On the new screen, enter User ID and Password. Without any further authentication, the e-voting page will be made available.</li> <li>Click on Company name or e-voting service provider name i.e. Kfintech to cast your vote</li> </ol> <p><b>2. Members who have not registered for Easi/Easiest facility, may follow the below steps;</b></p> <ol style="list-style-type: none"> <li>To register for Easi/Easiest facility visit the URL at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>On completion of the registration formality, follow the steps mentioned above.</li> </ol> <p><b>3. Members may alternatively vote through the e-voting website of CDSL in the manner specified below:</b></p> <ol style="list-style-type: none"> <li>Visit the following URL: <a href="http://www.cdslindia.com">www.cdslindia.com</a></li> <li>Enter the demat account number and PAN</li> <li>Enter OTP received on mobile number and email registered with the demat account for authentication.</li> <li>Post successful authentication, the member will receive links for the respective e-voting service provider i.e. Kfintech where the e-voting is in progress.</li> </ol>
Individual Shareholders (holding securities in demat mode) login through their depository participants	<ol style="list-style-type: none"> <li>Members may alternatively log-in using the credentials of the demat account through their Depository Participant(s) registered with NSDL/CDSL for the e-voting facility.</li> <li>On clicking the e-voting icon, members will be redirected to the NSDL/CDSL site, as applicable, on successful authentication.</li> <li>Members may then click on Company name or e-voting service provider name i.e. Kfintech and will be redirected to Kfintech website for casting their vote</li> </ol>

**Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:**

Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants' website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.
- During the voting period, shareholders / members can login any number of time till they have voted on the resolution(s) for a particular "Event".

**Helpdesk for Individual Shareholders holding securities in demat mode:**

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e. NSDL/ CDSL, they may contact the respective helpdesk given below:

Login type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22-23058542-43.

**B) Login method for e-Voting for shareholders other than Individual shareholders holding securities in demat mode and for all shareholders holding securities in physical mode.**

Member will receive an e-mail from Kfintech [for Members whose e-mail IDs are registered with the Company/Depository Participant(s)] which includes details of E-Voting Event Number ("EVENT"), User ID and Password:

- Launch internet browser by typing the URL: <https://evoting.kfintech.com/>.
- Enter the login credentials (i.e., User ID and Password). Your Folio No./DP ID-Client ID will be your User ID. However, if you are already registered with Kfintech for e-voting, you can use your existing User ID and Password for casting your vote.
- After entering these details appropriately, click on 'LOGIN'
- You will now reach password change Menu wherein you are required to mandatorily change your password. The new password should comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc., on first login. You may also enter a secret question and answer of your choice to retrieve your password in case password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.
- You need to login again with the new credentials.
- On successful login, the system will prompt you to select the 'EVENT', i.e., GVK Power & Infrastructure Limited.
- On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-Off Date under 'FOR/ AGAINST' or, alternatively, you may partially enter any number in 'FOR' and partially in 'AGAINST', but the total number in 'FOR/AGAINST' taken together should not exceed your total shareholding as mentioned hereinabove. You may also choose the option 'ABSTAIN'. If you do not indicate either 'FOR' or 'AGAINST' it will be treated as 'ABSTAIN' and the shares held will not be counted under either head.
- Equity shareholders holding multiple folios/demat accounts may choose the voting process separately for each folio/demat accounts.
- You may then cast your vote by selecting an appropriate option and click on 'Submit'.
- A confirmation box will be displayed. Click 'OK' to confirm else 'CANCEL' to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, you can login any number of times till you have voted on the Resolution.
- Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are required to send scanned certified true copy (PDF/JPG Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s) who are authorised to vote, to the Scrutiniser through e-mail [narenderg99@gmail.com](mailto:narenderg99@gmail.com) with a copy marked to [evoting@kfintech.com](mailto:evoting@kfintech.com) and to the Company at [cs.gvpil@gvk.com](mailto:cs.gvpil@gvk.com). The file scanned image of the Board Resolution should be in the naming format "Company Name, Event No."
- In case e-mail id of a Member is not registered with the Company/ Depository Participant(s), (including Members holding shares in physical form), please follow the steps for registration as mentioned in para 11 of the Notes.
  - Upon registration, Member will receive an e-mail from Kfintech which includes details of E-Voting Event Number (EVENT), USER ID and password.
  - Please follow all steps from aforesaid Note. No. 26 (B) (i) to (xi) above to cast your vote by electronic means.

- xiii. A person, whose name is recorded in the register of equity shareholder or in the register of beneficial owners maintained by the depositories as on the Cut-Off Date only shall be entitled to avail the facility of remote e-voting as well as e-voting at the Meeting.
- xiv. Persons holding securities in physical mode and non-individual shareholders holding securities in demat mode who become equity shareholder after dispatch of the Notice of the Meeting but on or before the Cut-Off Date, i.e., 23rd August, 2023 may obtain User ID and Password in the manner as mentioned below
- I. If the mobile number of the equity shareholder is registered against Folio No./DP ID-Client ID, the Member may send SMS: MYEPWD<SPACE>Folio No. or DP ID-Client ID to +91 9212993399. In case of physical holding, prefix Folio No. with EVEN. Example for NSDL: MYEPWD<SPACE>IN12345612345678 Example for CDSL: MYEPWD<SPACE>1402345612345678 Example for Physical: MYEPWD<SPACE>XXX1234567890 (XXXX being EVEN)
  - II. If email address of the equity shareholder is registered against Folio No./DP ID-Client ID, then on the home page of <https://evoting.kfintech.com>, the equity shareholder may click 'Forgot Password' and enter Folio No. or DP ID-Client ID and PAN to generate a password.
  - III. Equity shareholders may send an e-mail request to <https://evoting.kfintech.com>. If the equity shareholder is already registered with the Kfintech's e-voting platform, then such equity shareholder can use his/her existing User ID and Password for casting the vote through remote e-voting.
  - IV. In case of any queries, please visit Help and Frequently Asked Questions (FAQs) and E-voting user manual available at the download section of <https://evoting.kfintech.com>. For any grievances related to e-voting, please contact Mr. SV Raju, Deputy Vice President, KFin Technologies Limited, Selenium Tower B, Plot Nos. 31 & 32, Financial District, Nanakramgula, Serilingampally Mandal, Hyderabad-500 032 at [evoting.kfintech.com](mailto:evoting.kfintech.com), Toll Free No: 1800-309-4001.
23. **Remote e-voting**  
The remote e-voting period commences on **Saturday, 26th August 2023** at 9.00 a.m. IST and ends on **Tuesday, 29th August, 2023** at 5.00 p.m. IST (both days inclusive). During this period, the Members of the Company holding shares in physical form or in dematerialized form, may cast their votes by remote e-voting in the manner and process set out hereinabove. The e-voting module shall be disabled for voting thereafter. Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date, being **Wednesday, 23rd August, 2023** will be entitled to cast their votes by remote e-voting.
24. The voting rights of the equity shareholder shall be in proportion to their shareholding of the paid up equity share capital of the Applicant Company as on Cut-Off Date, i.e., **Wednesday, 23rd August, 2023**.
25. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
26. **VOTING AT THE AGM:**
- i Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC platform and no separate login is required for the same.
  - ii Members who have voted through Remote e-voting will be eligible to attend the AGM, however, they shall not be allowed to cast their vote again during the AGM.
  - iii The e-voting window shall be activated upon instructions of the Chairman of the Meeting during the AGM and shall also announce the start of the casting the vote at AGM through the e-Voting platform of our RTA - Kfintech and thereafter the e-Voting at AGM shall commence.
  - iv Upon the declaration by the Chairman about the commencement of e-voting at AGM, Members shall click on the "Vote" sign on the left-hand bottom corner of their video screen for voting at the AGM, which will take them to the 'Instapoll' page.
  - v Members to click on the "Instapoll" icon to reach the resolution page and follow the instructions to vote on the resolutions.
  - vi However, this facility shall be operational till all the resolutions are considered and voted upon in the meeting.
  - vii A Member can opt can opt for only single mode of voting i.e. through remote e-voting or voting at the AGM. If a Member casts votes by both modes i.e. voting at AGM and remote e-voting, voting done through remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
27. To facilitate Members to receive the Company's Annual Report and Notice for the Annual General Meeting (including remote e-voting instructions) electronically and cast their vote, the Company has made special arrangements with Kfintech for registration of email addresses of the Members in terms of the General Circular No. 20/2020 dated May 5, 2020 issued by the MCA. Eligible Members who have not submitted their email address to the Company or Kfintech are required to provide/update their email address to Kfintech, on or before 5:00 p.m. (IST) on **Wednesday, 23rd August, 2023**.



**The process for registration / updation of email address with Kfintech for receiving the Notice of AGM and Annual Report and login ID and password for e-voting is as under:**

- a Visit the link: <https://ris.kfintech.com/clientservices/mobilereg/mobileemailreg.aspx>.
- b Select the Company name viz. GVK Power & Infrastructure Limited.
- c Enter the DP ID & Client ID/Physical Folio Number and PAN details. In the event the PAN details are not available on record for Physical Folio, Member shall enter one of the Share Certificate numbers.
- d Upload a self-attested copy of the PAN card for authentication. If PAN details are not available in the system, the system will prompt the Member to upload a self-attested copy of the PAN card for updation. e Enter your email address and mobile number.
- e The system will then confirm the email address for receiving this AGM Notice.

**OTHER INSTRUCTIONS**

1. Mr. Narender Gandhari, (Membership No. FCS 4898), Practicing Company Secretary have been appointed as the Scrutinizer for conducting the remote e-voting, and e-voting process (in a fair and transparent manner).
2. The Scrutinizer will, after the conclusion of e-voting during the Meeting, scrutinize the votes cast at the Meeting and votes cast through remote e-voting, make a consolidated Scrutinizer's Report and submit the same to the Chairman or a person authorised by him in writing who shall countersign the same in compliance of Rule 20 of Companies (Management and Administration) Rules, 2014 (including amendments made thereto) read with Regulation 44 of SEBI LODR.
3. The Results on resolutions shall be declared on or after the AGM of the Company and the resolutions will be deemed to be passed on the AGM date subject to receipt of the requisite number of votes in favour of the Resolutions.
4. The Results declared along with the Scrutinizer's Report(s) will be available on the website of the Company at [www.gvk.com](http://www.gvk.com) and on Service Provider's website at <https://evoting.kfintech.com/> immediately after the result is declared by the Chairman or by person authorised by him and communicated to BSE Limited and the National Stock Exchange of India Limited, where the shares of the Company are listed.

**Instructions for attending the AGM through VC:**

1. Members may access the platform to attend the AGM through VC at <https://emeetings.kfintech.com> by using their DP ID / Client ID / Folio No. as applicable as the credentials.
2. The facility for joining the AGM shall open 30 minutes before the time scheduled to start the 28 th AGM and shall not be closed for at least 15 minutes after such scheduled time.
3. Members are encouraged to join the Meeting using Google Chrome (preferred browser), Safari, Internet Explorer, Microsoft Edge or Mozilla Firefox 22.
4. Members will be required to grant access to the web-cam to enable two-way video conferencing.
5. Members are advised to use stable Wi-Fi or LAN connection to participate at the AGM through VC smoothly, without any fluctuations in the audio/video quality.
6. Members who may want to express their views or ask questions at the AGM may visit <https://evoting.kfintech.com> and click on the tab "Annual General Meeting Post Your Queries Here" to post their queries in the window provided, by mentioning their name, demat account number/folio number, email ID and mobile number. The window shall remain active during the remote e-voting period and shall be closed on Tuesday, 29th August, 2023 at 5:00 p.m.
7. In addition to the above mentioned step, the Members may register themselves as speakers for the AGM to raise their queries. Accordingly, the Members may visit <https://evoting.kfintech.com/> and click on tab 'Speaker Registration for eAGM' during the period mentioned below. Members shall be provided a 'queue number' before the AGM. The company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.

The 'Speaker Registration' window shall be activated on **Saturday, 26th August 2023** at 9.00 A.M. and shall be closed on **Monday, 28th August 2023** at 9.00 A.M. Those Members who have registered themselves as a speaker will only be allowed to speak/express their views/ask questions during the AGM provided they hold shares as on the cut-off date i.e., **Wednesday, 23rd August, 2023**. The Company reserves the right to restrict the number of speakers and time allotted per speaker subject to availability of time as appropriate for smooth conduct of the AGM.

8. Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC platform and no separate login is required for the same.

9. Members who may require any technical assistance or support before or during the AGM are requested to contact Kfin Technologies Limited at toll free number 1800-309-4001 or write to them at [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com) and/or [evoting@kfintech.com](mailto:evoting@kfintech.com). Kindly quote your name, DP ID Client ID/ Folio No and e-voting Event Number in all your communications.
10. As an ongoing endeavour to enhance Investor experience and leverage new technology, our registrar and transfer agents KFIN Technologies Limited have been continuously developing new applications. Here is a list of applications that has been developed for our investors.
- a) **Investor Support Centre:** A webpage accessible via any browser enabled system. Investors can use a host of services like Post a Query , Raise a service request , Track the status of their DEMAT and REMAT request , Dividend status , Interest and Redemption status , Upload exemption forms (TDS) , Download all ISR and other related forms.  
URL: <https://ris.kfintech.com/clientservices/isc>
- b) **eSign Facility:** Common and simplified norms for processing investor's service requests by RTAs and norms for furnishing PAN, KYC details and Nomination requires that eSign option be provided to Investors for raising service requests. KFIN is the first RTA which has enabled the option and can be accessed via the link below.  
URL: <https://ris.kfintech.com/clientservices/isr>
- c) **KYC Status :** Shareholders can access the KYC status of their folio. The webpage has been created to ensure that shareholders have the requisite information regarding their folios.  
URL: <https://ris.kfintech.com/clientservices/isc/kycqry.aspx>
- d) **KPRISM:** A mobile application as well as a webpage which allows users to access Folio details , Interest and Dividend status, FAQs, ISR Forms and full suite of other investor services.  
URL: <https://kprism.kfintech.com/signin.aspx>
- e) **WhatsApp:** Modern technology has made it easier to communicate with shareholder across multiple levels. WhatsApp has a wider reach today with majority having a know-how of the application. In order to facilitate the shareholders KFIN has now a dedicated WhatsApp number that can be used for a bouquet of services.  
WhatsApp Number : (91) 910 009 4099

By order of the Board  
For GVK Power & Infrastructure Limited

Place : Hyderabad  
Date : 26th May, 2023

P V Rama Seshu  
Vice President & Company Secretary

## Explanatory Statement

### In respect of Special Business pursuant to Section 102(1) of Companies Act, 2013

Mr. P V Prasanna Reddy (DIN 01259482) had joined the Company as a Director during 11th August, 2017, and later appointed as a Whole-time Director of the Company from 14th November, 2017 for a period of three years without any remuneration. Thereupon, the Company has notified him to the Ministry of Corporate Affairs as one of the Key Managerial Personnel (CFO) under section 203 of the Act subsequent to resignation of Dr. GVK Reddy as Managing Director. His current tenure as Whole-time Director was completed on 13th November, 2020.

In recognition of his services to the Company, the Board at its meeting held on 10th August, 2020 has decided to avail his continuous services and accordingly, based on the recommendations of the Nomination and Remuneration Committee of the Company at its meeting held on 6th August, 2020, the Board has re-appointed him as Whole-time Director of the Company as per Sec 2(94), Sec 196, Sec 203 and as per applicable provisions of Companies (Appointment and Qualification of Directors) Rules, 2014 read with applicable regulations of SEBI (LODR) Regulations, 2015 as may be required, and obtained approval of the shareholders, for a further period of 3 years with effect from 14th November, 2020 to 13th November, 2023 without any remuneration.

Further, in recognition of his services, based on the recommendations of the Nomination and Remuneration committee at its meeting held on 25th May, 2023, the Board at its meeting held on 26th May, 2023 has re-appointed as Whole-time Director of the Company as per Sec 2(94), Sec 196, Sec 203 and as per applicable provisions of Companies (Appointment and Qualification of Directors) Rules, 2014 read with applicable regulations of SEBI (LODR) Regulations, 2015 as may be required, subject to approval of the shareholders at this meeting, for a further period of 3 years with effect from 14th November, 2023 to 13th November, 2026 without any remuneration.

A brief resume, as required pursuant to the Regulation 36 (3) of the Listing Regulations, 2015 is set out in the 'Report on Corporate Governance' appearing at page 44 & 45 of the Annual Report.

He is not related to any of the Directors or other Key Managerial Personnel of the Company. Except Mr. P V Prasanna Reddy, being the incumbent, none of the other directors or the Key Managerial Personnel or their relatives are interested or concerned whether directly or indirectly in this Special Resolution.

The Board considers that his continued association would be of immense benefit to the Company and it is desired to avail his continuous services. Accordingly, consent of the Members is sought for passing Special Resolution as set out in item No. 3 of this Notice.

By order of the Board  
For GVK Power & Infrastructure Limited

Place : Hyderabad  
Date : 26th May, 2023

P V Rama Seshu  
Vice President & Company Secretary



## Directors' Report

Dear Stakeholders,

Your Directors present the 29th Annual Report of the Company along with the Audited Financial Statements for the financial year ended March 31, 2023 for your approval.

### Financial Results

Following is the summary of Standalone and consolidated financial results of the Company including its subsidiaries, associate and joint ventures.

(Rs. Lakhs)

Particulars	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
<b>Financial Performance</b>				
Operational Incomes	1,000	1,000	212,036	85,826
EBIDTA	74	(2,519)	1,12,307	29,209
Other Income	786	8,218	5,870	3,045
Finance Costs	-	-	107,371	42,070
Depreciation	11	12	39,974	13,617
Exceptional item (net)	-	-	324,200	50,380
Share of profit/(loss) of associate	-	-	-	-
Share of loss of jointly controlled entity	-	-	(225)	(21)
<b>Profit / (Loss) from ordinary activities</b>	<b>701</b>	<b>5,687</b>	<b>314,292</b>	<b>26,926</b>
Profit/(Loss) before tax	701	5,687	314,292	26,926
Tax expense/(credit)	55	100	7,184	7,279
Profit/(Loss) for the period from continuing operations	646	5,587	307,108	19,649
Profit/(Loss) before Tax for the period from discontinuing Operations	-	-	-	239,850
Tax expense of discontinuing operations	-	-	-	(4,094)
Profit/(Loss) for the period from discontinuing operations	-	-	-	243,944
<b>Profit / Loss for the Period</b>	<b>646</b>	<b>5,587</b>	<b>307,108</b>	<b>263,593</b>
Other comprehensive (expense)/income - Continuing operations	-	-	(39)	(66)
Other comprehensive (expense)/income - Discontinuing operations	-	-	-	-
<b>Total other comprehensive (expense)/income</b>	<b>-</b>	<b>-</b>	<b>(39)</b>	<b>(66)</b>
Total comprehensive (expense)/income for the period	646	5,587	307,069	263,526
Non controlling interests	-	-	63,214	(945)
<b>EPS (Rupees):</b>				
Weighted Average no. of Equity Shares	1,57,92,10,400	1,57,92,10,400	1,57,92,10,400	1,57,92,10,400
<b>Basic and Diluted earnings per share in Rs</b>				
- Continuing operations	0.04	0.35	15	1
- Discontinuing operations	-	-	-	16
<b>- Total operations</b>	<b>0.04</b>	<b>0.35</b>	<b>15</b>	<b>17</b>
<b>Financial Position:</b>				
Fixed Assets (Net of depreciation)	46	63	373,433	713,041
Cash and Bank balance	4,676	4034	50,408	55,485
Net current assets	(5,757)	(5,661)	(1,45,018)	(810,558)
<b>Total Assets</b>	<b>256,554</b>	<b>256,987</b>	<b>768,937</b>	<b>1,157,192</b>
Equity	15,792	15,792	15,792	15,792
Other equity	71,505	70,859	(130,924)	(399,742)
<b>Net worth</b>	<b>87,297</b>	<b>86,651</b>	<b>45,301</b>	<b>(307,734)</b>
Market Capitalisation	32,690	42,954	32,690	42,954

Our consolidated total income for the year stood at Rs. 212,036 Lakhs compared to Rs. 85,826 Lakhs in the previous year.

## **GVK Power & Infrastructure Limited**

The net profit after tax, share of profit from associate, share of profit from joint venture and non-controlling interest stood at Rs. 307,108 Lakhs as against net profit of Rs. 263,593 Lakhs in the previous year. This profit is mainly attributable to the accounting treatment for the deconsolidation of GVK Power (Goindwal Sahib) limited and discontinued business operations respectively.

## **Dividend**

The Board of Directors of your Company has not recommended any dividend for the FY 2022-23

## **Transfer to Reserves**

During FY 2022-23, there are no funds that are required to be transferred to Reserves.

## **Share Capital**

The paid up equity share capital of the Company as on March 31, 2023 is Rs. 157.92 Crore. There was no public issue, rights issue, bonus issue or preferential issue etc., during the year. The Company has not issued any shares with differential voting rights, sweat equity shares nor has it granted any stock options during the year under review.

## **Management Discussion and Analysis**

The Management Discussion and Analysis Report highlighting the industry structure and developments, opportunities and threats, future outlook, risks and concerns etc. is furnished separately and forms part of this Annual Report.

## **Corporate Governance**

As in the past, your Company continues to follow best of Corporate Governance policies. As stipulated under the requirements of the Listing Regulations, a report on Corporate Governance is appended for the information of the Members. A Certificate from Mr. G Narender, a Practicing Company Secretary confirming compliance with the conditions of the Corporate Governance is annexed to the Directors Report.

## **Subsidiaries and Consolidated Financial Statements**

As on March 31, 2023 your Company has 8 direct Subsidiaries, 10 step down subsidiaries as per Companies Act, 2013. Out of the 8 direct subsidiaries, 4 subsidiaries are being amalgamated for which necessary documents are filed with the NCLT, Hyderabad.

## **Scheme of Amalgamation**

On 31-03-2022, the Company had duly filed all the requisite documents with NCLT, Hyderabad Bench for its approval to a Scheme of Amalgamation for amalgamation of the following companies with GVK Power & Infrastructure Limited.

- A. GVK Airport Services Pvt Ltd
- B. GVK Power (Khadur Sahib) Pvt Ltd
- C. GVK Shivpuri Dewas Expressway Pvt Ltd.
- D. Sutara Roads & Infra Ltd

As directed by NCLT during January, 2023, the Company had served the petition copy along with all the requisite enclosures to all the statutory authorities like, the Regional Director, the Registrar of Companies, Official Liquidator under the Ministry of Corporate Affairs and also to the Income Tax Authorities seeking their comments, objections, if any on the said Scheme. Till date, no comments / replies have been received from any of the above said authorities. Your company will now be filing the necessary petitions with the NCLT for approval of the Scheme.

During the year, there has been no material change in the nature of the business of the Company. Details of the 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: [https://www.gvk.com/files/investorrelations/investors/corpgovernance/policy\\_for\\_determining\\_material\\_subsidaries\\_gvk\\_pil.pdf](https://www.gvk.com/files/investorrelations/investors/corpgovernance/policy_for_determining_material_subsidaries_gvk_pil.pdf).

## **Developments under the Energy Vertical**

The National Company Law Tribunal (NCLT), Hyderabad bench during its hearing on 21st April, 2022 had admitted an insolvency proceedings petition, filed under the Insolvency and Bankruptcy Code, 2016 by the J&K Bank against GVK Industries Limited, a step down subsidiary of the Company. The said development has been duly intimated by the Company to both stock exchanges on 22nd April, 2022. Subsequently, the Company has received final order of the NCLT on 25th April, 2022 wherein the tribunal has appointed Mr. Mukesh Varma as the Interim Resolution Professional (IRP) – who has taken charge of the Company and its affairs in terms of IBC and has initiated proceedings as per the Corporate Insolvency Resolution Process ('CIRP'). This Company is now under liquidation by the NCLT, Hyderabad.

Similarly, The National Company Law Tribunal (NCLT), Hyderabad bench during its hearing on 10th October, 2022 had admitted an insolvency proceedings petition, filed under the Insolvency and Bankruptcy Code, 2016 by the Axis Bank against GVK Power (Goindwal Sahib) Limited, a step-down subsidiary of the Company. Subsequently, the tribunal has appointed Mr. Ravi Sethia as the Interim Resolution Professional (IRP) – who has taken charge of the Company and its affairs in terms of IBC and has initiated proceedings as per the Corporate Insolvency Resolution Process ('CIRP'). An appeal filed by this company against this order, has been rejected by the NCLAT, Chennai.

### **Developments under the Transportation Vertical**

In terms of the Concession Agreement signed with the National Highways Authority of India (NHAI) by the Concessionaire (i.e. GVK Jaipur Expressway Limited, a step down subsidiary of the Company), the last day of the 20 year term of Concession Period was concluded on 17th March, 2023. However, the NHAI had extended this last day by 23 days i.e. up to 9th April, 2023 to recover the losses incurred by this company during the Country wide lock down period in 2020 to prevent Covid-19 Pandemic. Accordingly, from 10th April, 2023 onwards, operations of this road project has been taken over by NHAI from the Concessionaire.

### **Directors**

In accordance with the provisions of Section 152 of the Companies Act, 2013 read with the Articles of Association of the Company and Regulation 36(3) of Listing Regulations, 2015, Mr. G V Sanjay Reddy, Non-executive Director of the Company will retire by rotation at this ensuing Annual General Meeting and being eligible, your Board recommends his re- appointment.

Mr. S Balasubramanian resigned as Independent Director, due to his professional commitments with effect from 11th November, 2022 and so is Mr. Krishna Ram Bhupal, Non-executive Promoter Director who has resigned from the Board of the Company with effect from 31st December, 2022.

Mr. P V Prasanna Reddy, whole-time Director of the Company has been re-appointed by the Board for another term of three years with effect from 14th November, 2023, without any remuneration.

Chairman being a Non-Executive Director, the Board of your Company has an optimum mix of Executive, Non-Executive and Independent Directors which is in compliance with the Companies Act, 2013 read with the SEBI (LODR) Regulations, 2015, as amended.

### **Key Managerial Personnel**

During the year under review, there are no changes amongst the Key Managerial Personnel of the Company.

### **Declaration by Independent Directors**

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 read with amended Regulation 16(1)(b) of SEBI (LODR) Regulations, 2015.

An exclusive meeting of the Independent Directors of the Company has been held on 3rd March, 2023 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.

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.

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 link [https://www.gvk.com/files/investor relations/investors/corpgovernance/Familiarisation\\_Programme\\_for\\_Independent\\_Directors.pdf](https://www.gvk.com/files/investor%20relations/investors/corpgovernance/Familiarisation_Programme_for_Independent_Directors.pdf)

### **Evaluation of Board**

Board evaluation is in line with the Corporate Governance Guidelines of the Company. Annual Performance Evaluation was conducted for all directors along with the working of the Board and its Committees. This evaluation was led by the Chairman of the Nomination and Remuneration Committee with specific focus on the performance and effective functioning of the Board. The Board evaluation framework has been designed in compliance with the requirements under the Companies Act, 2013 and the Listing Regulations, and in consonance with Guidance Note on Board Evaluation issued by SEBI in January 2017.

The Board evaluation was conducted through questionnaire having qualitative parameters and feedback based on ratings. Evaluation of the Board was based on criteria such as composition and role of the Board, Board communication and relationships, functioning of Board Committees, review of performance and compensation to whole-time director, etc. Evaluation of Directors was based on criteria such as participation and contribution in Board and Committee meetings, representation of shareholder



## **GVK Power & Infrastructure Limited**

interest and enhancing shareholder value, experience and expertise to provide feedback and guidance to top management on business strategy, governance and risk, understanding of the organization's strategy, risk and environment, etc.

Evaluation of Committees was based on criteria such as adequate independence of each Committee, frequency of meetings and time allocated for discussions at meetings, functioning of Board Committees and effectiveness of its advice/recommendation to the Board, etc. The Nomination & Remuneration Committee and the Board duly evaluates the performance of every director. The Board has received improved ratings on its overall effectiveness, including higher rating on Board communication, relationships and Board Committees. The Board has also noted areas requiring more focus in the future.

### **Policy on Director's Appointment and Remuneration**

The Board has, on the recommendation of the Nomination & Remuneration Committee, framed a policy for selection and appointment of Directors including determining qualifications and independence of a Director, Key Managerial Personnel, Senior Management Personnel and their remuneration as part of its charter and other matters provided under Section 178(3) of the Companies Act, 2013. Salient features of the Remuneration Policy is set out in the Corporate Governance Report. The Remuneration Policy is available on the Company's website at <https://www.gvk.com/files/investorrelations/investors/corpgovernance/Remuneration-Policy.pdf>.

### **Board Meetings**

During the year 2022-23, Four Board Meetings were held, the details of which are given in the Corporate Governance 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, as amended

### **Audit Committee**

The Audit Committee comprises of Mr. Anil Kumar Reddy, Mr. Anumolu Rajasekhar and Ms Rama Rao as members and all of whom are Independent Directors. All the periodic recommendations made by the Audit Committee were accepted by the Board.

### **Directors' Responsibility Statement**

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal and secretarial 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 2022-23. However, the auditors have qualified their opinion for operating effectiveness over internal financial controls over use of assumptions for analysis for asset impairments.

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, 2023, 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, 2023 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, 2023 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.

### **Secretarial Auditors**

The Board had appointed Mr. G Narender of Narender & Associates, a firm of Practicing Company Secretaries, 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**. The Secretarial Auditor Report does not contain any qualification, reservation or adverse remarks.

### **Statutory Auditors**

Pursuant to the Notification issued by the Ministry of Corporate Affairs on 7th May, 2018, amending section 139 of the Companies Act, 2013, the mandatory requirement for ratification of appointment of Auditors by the Members at every AGM has been omitted and hence your Company has not proposed any such a ratification, at the forthcoming AGM.

### **Cost Records**

Your Company is not required to maintain cost audit records for any of the services of the Company as per Section 148(1) of the Act.

### **Status on suspension of trading**

The Company has complied with the provisions of Regulation 33 & 34 of SEBI (LODR) Regulations, 2015 by filing quarterly reports and filing of Annual Reports with the exchanges respectively and the temporary suspension in trading of equity shares has been revoked by both the stock exchanges and trading has been resumed with effect from August 12, 2022.

### **Compounding of certain non-compliances under the Companies Act, 2013**

The Regional Director, Ministry of Corporate Affairs, Hyderabad vide his orders dated 9th September, 2022 had condoned our Compounding Application filed for the delay in holding the 26th and 27th AGMs beyond the stipulated time, after imposing an overall penalty of Rs.5.75 Lacs for both the years. This includes the penalties levied on the Company and each of the KMPs (Whole-time Director, Chief Financial Officer & the Company Secretary) who are considered as officers in default for both the financial years of 2019-20 and 2020-21. Other than this, there are no other event of non compliance with the provisions of the Companies Act, 2013 and the Rules made thereunder.

### **Management's response on the qualifications made by the Statutory Auditors in their Audit Reports**

The Management's response on the qualifications made by the Statutory Auditors in their respective audit report on the Standalone Financial Statements and the Consolidated Financial Statements are appended hereto as **Annexure 1 & 2** to the Board report which were already reported to the stock exchanges and made available to public on 26-05-2023 while announcing the audited financial statements for the FY ended 31-03-2023.

### **Particulars of Loans, Guarantees or Investments**

Particulars of loans and guarantees given, investments made and securities provided under Section 186 of the Companies Act, 2013 are given under the Notes to the financial statements and forms part of 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 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. The policy on related party transactions is available on our website under the following link <https://www.gvk.com/files/investorrelations/investors/corpgovernance/relatedpartytransactionpolicy.pdf>

The Company has not entered into any transactions with any person or entity belonging to the Promoter / Promoter Group holding 10% or more shareholding in the Company.

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.

### **Annual Return**

Pursuant to the provisions of Section 92(3) and Section 134(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014 as amended from time to time, the Annual Return of the Company as on 31st March, 2023 is available on the Company's website and can be accessed at [www.gvk.com](http://www.gvk.com)

### **Internal Financial 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.

### **Public Deposits**

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

### **Vigil Mechanism/Whistle Blower Policy**

In terms of section 177(9) & (10) of the Companies Act, 2013 read with Regulation 22 of the Listing Regulation 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 <https://www.gvk.com/files/investorrelations/investors/corpgovernance/Whistle-Blower-Policy.pdf>

## GVK Power & Infrastructure Limited

Under this policy, your Company encourages its employees to report any fraudulent financial or other information to the stakeholders, and any conduct that results in violation of the Company's code of business conduct, to the management (on an anonymous basis, if employees so desire). Further, your Company has prohibited discrimination, retaliation or harassment of any kind against any employees who, based on the employee's reasonable belief that such conduct or practice have occurred or are occurring, reports that information or participates in the investigation. The Audit Committee periodically reviews the functioning of this mechanism. No personnel of the Company was denied access to the Audit Committee.

## Corporate Social Responsibility

Since, there are no adequate average net profits during the preceding 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 towards CSR obligations. Members can access the CSR Policy on the website of the Company at link [https://www.gvk.com/files/investorrelations/investors/corpgovernance/ CSR\\_Policy\\_final\\_copy.pdf](https://www.gvk.com/files/investorrelations/investors/corpgovernance/CSR_Policy_final_copy.pdf)

## Particulars of employees and related disclosures

During the year under review, none of the employees are in receipt of remuneration which is in excess of the limits as specified in Rules 5(2) and 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time.

Disclosures relating to remuneration and other details as required under Section 197(12) read with Rule 5(1) of Companies (Appointment & Remuneration of Managerial personnel) Rules, 2015.

Sl. No.	Name of the Director/ KMP and Designation	Remuneration of Director/KMP for financial year 2022-23 (Rs In lakhs)	% Increase in Remuneration in the Financial year 2022-23	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	---	---	---	Other than CS, no KMP is being paid any remuneration. Hence not applicable
2.	P V Prasanna Reddy Whole Time Director	---	---	---	
3.	A Issac George Whole-time Director & CFO	---	---	---	
4.	P V Rama Seshu Vice President & Company Secretary	64.33	---	---	

## Particulars regarding Conservation of energy, Research and Development and Technology Absorption

Details of steps taken by your Company to conserve Energy, Research and Development and Technology Absorption have been disclosed as part of the MD&A Report.

## 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.

## Material Changes and Commitments Affecting the Financial Position of the Company

There have been no material changes and commitments, affecting the financial position of the Company which occurred between the end of the financial year to which the financial statements relate and the date of this report.

## Details of Significant and Material Orders Passed by the regulators/Courts/Tribunals Impacting the Going Concern Status and the Company's Operations in Future

There are no significant and material orders passed by the Regulators/Courts/Tribunals which would impact the going concern status of the Company and its future operations.

## Reporting of frauds by Auditor

During the year under review, neither the statutory auditor nor the secretarial auditor has reported any instance of fraud committed against the Company by its officers or employees under Section 143(12) of the Companies Act, 2013.



**Information Required under Sexual Harassment of Women at Work place (Prevention, Prohibition & Redressal) Act, 2013**

Your Company has a policy and framework for employees to report sexual harassment complaints at workplace and its process ensures complete anonymity and confidentiality of information. Ethics Committee of the Company monitors the complaints, if any, which are dealt with in compliance of this policy. During the year under review, there were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The Policy is available on the website of the Company at <https://www.gvk.com/investorrelations/investors/otherdisclosures.aspx>

**Acknowledgements**

Your Directors take this opportunity to thank every shareholders, suppliers, bankers, business partners/ associates, financial institutions and Central and State Governments for their consistent support and encouragement to the Company. I am sure you will join our Directors in conveying our sincere appreciation to all employees of the Company and its subsidiaries and associates for their hard work and commitment. Their dedication and competence has ensured that the Company continues to be a significant and leading player in the Infrastructure industry.

For and on behalf of the Board of Directors

Place : Hyderabad  
Date : 26th May, 2023

Dr GVK Reddy  
Non-Executive Chairman

## Holding Company

GVK Power & Infrastructure Limited

## Subsidiaries (As on March 31, 2023)

1. GVK Energy Limited
2. GVK Transportation Private Limited
3. GVK Perambalur SEZ Private Limited
4. GVK Developmental Projects Private Limited
5. GVK Airport Services Private Limited (Under Amalgamation process)
6. GVK Power (Khadur Sahib) Private Limited (Under Amalgamation process)
7. GVK Shivpuri Dewas Expressway Private Limited (Under Amalgamation process)
8. GVK Airports International PTE Ltd

## Step Down Subsidiaries (As on March 31, 2023)

1. GVK Gautami Power Limited
2. Alaknanda Hydro Power Company Limited
3. GVK Power (Goindwal Sahib) Limited
4. GVK Coal (Tokisud) Company Private Limited
5. GVK Ratle Hydro Electric Project Private Limited
6. GVK Jaipur Expressway Limited
7. GVK Deoli Kota Expressway Private Limited
8. GVK Bagodara Vasad Expressway Private Limited
9. PT GVK Services, Indonesia
10. Sutara Roads & Infra Limited (Under Amalgamation process)

# 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 in lakhs)

Sl. No.	1	2	3	4	5	6	7	8
Name of the Subsidiary/ Associate Company/ Joint Venture	GVK Energy Ltd	GVK Power (Khadur Sahib) Private Limited	GVK Transportation Pvt Ltd	GVK Perambalur SEZ Pvt Ltd	GVK Developmental Projects Pvt Ltd	GVK Airport Services Pvt Ltd	GVK Shivpuri Dewas Expressway Private Limited	GVK Airports International PTE Ltd
Reporting period for subsidiary concerned, if different from the holding company's reporting period	01-04-2022 to 31-03-2023	01-04-2022 To 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023	01-04-2022 to 31-03-2023
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	1,28,831	1	21,715	1	14,341	19	100	664
Other Equity #	(68,917)	-	(25,768)	2,001	62,635	72	(100)	(664)
Total Assets	1,12,051	24,201	85,121	15,106	80,177	97	0	-
Total Liabilities	52,137	24,200	89,174	13,104	3,201	6	0	-
Investments *	109.054	-	84,876	-	40.051	-	-	-
Turnover	2,661	-	-	-	-	-	-	-
Profit before Taxation	(18,252)	-	(105)	(568)	93	(0)	(0)	-
Provision for taxation	3	-	-	-	(22)	(0)	-	-
Profit after taxation	(18,255)	-	(105)	(278)	71	(0)	(0)	-
Proposed Dividend	-	-	-	-	-	-	-	-
% of shareholding	83.45%	100	100	100	100	100	100	100

# Including borrowings in the nature of equity

\* Including Deemed Investments

For and on behalf of the Board of Directors

Place : Hyderabad  
Date : 26th May, 2023

Dr GVK Reddy  
Non-Executive Chairman

## Annexure B

### SECRETARIAL AUDIT REPORT

(As per Form No. MR-3)

For the financial year ended 31-03-2023

[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: L74999TG2005PLC059013)  
Darshak Chambers, Plot No.32, Ground Floor,  
House No.1-8-303/48/32, Street No.1,  
Penderghast 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 called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my 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 my verification of the M/s. GVK Power & Infrastructure Limited's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion the Company has, during the audit period covering the financial year ended on 31st March, 2023, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by M/s GVK Power & Infrastructure Limited for the financial year ended on 31st March, 2023 according to the provisions of

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 (SCRA) and the rules made thereunder;
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;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; 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 does not 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 requisite compliances with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India and found that they have been duly complied by the Company.

During the period under review, the Company has complied with all the relevant provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc.,

The trading suspension that was imposed earlier by both the stock exchanges (BSE & NSE), due to certain non-compliances with the provisions of Regulations 33 and 34 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 has been duly revoked by both the exchanges w.e.f. 12th August, 2022 and the securities of the Company are now being traded by all the concerned at the exchanges.

The Regional Director, Ministry of Corporate Affairs, Hyderabad vide his orders dated 9th September, 2022 had condoned the Compounding Application filed by the Company for the delay in holding the Annual General Meetings of the Company for the financial years 2019-20 & 2020-21 beyond the stipulated time, after imposing an overall penalty of Rs.5.75 Lacs for both the years.

**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 and the SEBI (LODR) Regulations, 2015.

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.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company 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 Company not entered into / carried out any activity that has major bearing on the Company's affairs.

For NARENDER & ASSOCIATES  
Company Secretaries

G NARENDER  
Proprietor

Place : Hyderabad  
Date : 19th May, 2023

FCS:4898, CoP:5024  
UDIN : F004898D000403032

**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 arm's 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, 2023, 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 of the related party	Nature of relation ship	Duration of contract	Salient terms	2022-23	2021-22
<b>Nature of Contract:</b>					
<b>Fees for services rendered (Includes Corporate guarantee commission income)</b>					
GVK Jaipur Expressway Limited	Subsidiary	Till loan is paid	Corporate Guarantees Commission	1,000	1000
GVK Energy Limited	Subsidiary	Till loan is paid	Corporate Guarantees Commission	2	16
<b>Reimbursement of expenses (Billable expenses)</b>					
GVK Energy Limited	Subsidiary	Not applicable	Business Support Service	5	13
GVK Industries Limited	Subsidiary	Not applicable	Business Support Service	-	1
GVK Gautami Power Limited	Subsidiary	Not applicable	Business Support Service	-	0
Alaknanda Hydro Power Company Limited	Subsidiary	Not applicable	Business Support Service	12	26
GVK Power (Goindwal Sahib) Limited	Subsidiary	Not applicable	Business Support Service	23	47
GVK Developmental Projects Private limited	Subsidiary	Not applicable	Business Support Service	0	0
Sutara Roads & Infra Limited	Subsidiary	Not applicable	Business Support Service	0	-
GVK Jaipur Expressway Limited	Subsidiary	Not applicable	Business Support Service	14	18
Crescent EPC Projects and Technical Services Limited	Group Company	Not applicable	Business Support Service	2	1
GVK Technical & Consultancy Services Private Limited	Group Company	Not applicable	Business Support Service	9	-
<b>Services received</b>					
Sutara Roads & Infra Limited	Subsidiary	Not applicable	Manpower Service	-	8
GVK Developmental Projects Private Limited	Group Company	Not applicable	Manpower Service	-	7
TAJ GVK Hotels & Resorts Limited	Group Company	Not applicable	Manpower Service	2	2
Green wood Palaces & Resorts Pvt Ltd	Group Company	Not applicable	Manpower Service	2	1
GVK Technical & Consultancy Services Private Limited	Group Company	5 years	Manpower Service	-	556
<b>Purchase of Asset</b>					
GVK Airport Developers Limited	Subsidiary	Not applicable	Purchase of Asset	-	8
<b>Rent</b>					
Paigah House Hotels LLP	Group Company	Not applicable	Rent	2	4
<b>Loans/advances given/expenditure incurred on behalf</b>					
GVK Industries Limited	Subsidiary	Not applicable	Advance given	-	8
GVK Airport Developers Limited	Subsidiary	Not applicable	Advance given	-	131
GVK Transportation Private Limited	Subsidiary	Not applicable	Advance given	-	298
GVK Perambalur SEZ Private Limited	Subsidiary	Not applicable	Advance given	684	609
GVK Energy Limited	Subsidiary	Not applicable	Advance given	-	11,523
GVK Jaipur Expressway Limited	Subsidiary	Not applicable	Advance given	-	500
Crescent EPC Projects and Technical Services Limited	Group Company	Not applicable	Advance given	749	-
<b>Loans/advances recovered</b>					
GVK Energy Limited	Subsidiary	Not applicable	Advance recovered	4,800	10590
GVK Jaipur Expressway Limited	Subsidiary	Not applicable	Advance recovered	500	-

Name of the related party	Nature of relation ship	Duration of contract	Salient terms	2022-23	2021-22
GVK Industries Limited	Subsidiary	Not applicable	Advance recovered	-	149
GVK Gautami Power Limited	Joint Venture	Not applicable	Advance recovered	-	3
GVK Airport Developers Limited	Subsidiary	Not applicable	Advance recovered	-	58
GVK Transportation Private Limited	Subsidiary	Not applicable	Advance recovered	-	9551
<b>Interest income on financial assets</b>					
Crescent EPC Projects and Technical Services Limited	Group Company	One year	Loans & Advance	7	-
GVK Jaipur Expressway Limited	Group Company	Repayable on Demand	Loans & Advance	5	6
<b>Advances and Investments (Including deemed) written off/Fair value loss including provision for impairment</b>					
GVK Airports International Pte. Ltd	Subsidiary	-	Impairment of non-current investments	-	669
<b>Unearned guarantee commission liability written back</b>					
GVK Jaipur Expressway Limited	Subsidiary	-	Unearned guarantee commission	-	76
GVK Airport Developers Limited	Subsidiary	-	Unearned guarantee commission	-	609
<b>Purchase of Preference shares</b>					
Sutara Roads & Infra Limited	Subsidiary		Purchase of Preference shares	-	94080
<b>Investments in Debentures</b>					
Sutara Roads & Infra Limited	Subsidiary		Purchase of Preference shares	-	25000
<b>Investments in Equity</b>					
GVK Energy Limited	Subsidiary	Not applicable	Equity shares	-	199
GVK Shivpuri Devas Expressway Private Limited	Subsidiary	Not applicable	Equity shares	-	1
GVK Power ( Khadur Sahib) Private Limited	Subsidiary	Not applicable	Equity shares	-	1
<b>Loan taken</b>					
Sutara Roads & Infra Limited	Subsidiary	One time	Loan taken	-	5,000
<b>Loan repaid</b>					
GVK Developmental Projects Private Limited	Subsidiary	One time	Loan repaid	278	33,303
Sutara Roads & Infra Limited	Subsidiary	One time	Loan repaid	35,769	-
<b>Guarantees released</b>					
GVK Energy Limited	Subsidiary	Not applicable	Not applicable	3,100	2,24,257
GVK Jaipur Expressway Limited	Subsidiary	Not applicable	Not applicable	9,878	23,626
GVK Ratle Hydro Electric Project Private Limited	Subsidiary	Not applicable	Not applicable	-	26,472

\* The above basis of pricing is based on long term contract at a fixed term. Further approval, if any, of the Audit Committee / Board will be taken as and when there are any material changes to these agreed terms.

Standalone Financials

**ANNEXURE I**

**Statement on Impact of Audit Qualifications [for audit report with modified opinion] submitted along-with Annual Audited Financial Results - (Standalone)**

Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023 [See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016] Rs In Lac				
I	Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (Audited figures after adjusting for qualifications)
	1.	Turnover / Total income	1,786	1,786
	2.	Total Expenditure	1,085	1,085
	3.	Profit Before Tax	701	701
	4.	Earnings Per Share	0.04	0.04
	5.	Total Assets	256,554	256,554
	6.	Total Liabilities	169,257	169,257
	7.	Net Worth	87,297	87,297
	8.	Any other financial item(s) (as felt appropriate by the management)		
II.	<p><b>Audit Qualification (each audit qualification separately):</b></p> <p><b>Details of Audit Qualification:</b></p> <p>1. As discussed more fully in Note 8 to the Standalone financial results regarding GVK Coal Developers (Singapore) Pte. Limited, (an associate) in which the company has investments and has receivables aggregating to Rs.79,048 Lakhs and to whom the company has provided guarantees and commitments for loans aggregating to Rs.931,065 Lakhs taken by the aforesaid associate Company and has undertaken to provide financial assistance of USD 3.11 million (Rs.2,557 Lakhs) as at March 31, 2023 with respect to which there are multiple significant uncertainties including outlook on the sector, non-achieving of financial closure and clearances for the project, concluding an appropriate solution with various stakeholders including lenders, and necessary environmental and regulatory clearances etc. The entity's current liabilities exceeded current assets by USD 2,845 million (Rs. 2,339,320 Lakhs) as at March 31, 2023 and has incurred net losses of USD 212 million (Rs. 174,606 Lakhs) for the nine months period ended on March 31, 2023.</p> <p>The lenders have also filed a claim in the High Court of Justice Business and Property Courts of England and Wales Commercial Courts (England Court) on November 09, 2020 and have sought to recover the amounts advanced to GVK Coal. Under the interim solution undertaken by the</p>			





#### Standalone Financials

lenders dated March 23, 2017, the respective arguments of the lenders and the Company were filed with the court. On June 13, 2022, the Judge has adjourned the starting of the trial to October, 2023. Despite the matter is pending before England Court, one of the lenders has filed an application under section 7 of the Insolvency and Bankruptcy Code 2016 to initiate Corporate Insolvency Resolution Process against the company (being guarantor for loan taken by GVK Coal) before National Company Law Tribunal, Hyderabad on July 14, 2022 and the company has filed the reply. The next date of hearing is 8th June 2023.

In this regard, while the Company has made a provision for impairment in respect of the aforesaid investment and receivables aggregating to Rs. 79,048 Lakhs till March 31, 2023 (Previous Year Rs.79,048 Lakhs till March 31, 2022). We are unable to comment on the viability of the project and of the provision that may be required in relation to the aforementioned guarantees and commitments (in respect of which collateral security by way of pledge of 37% shares of GVK Airport Holdings Limited a step down wholly owned subsidiary of the Company, is also given in favour of the lenders) and the resultant impact of the same on these standalone financial results.

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive

**For Audit Qualification(s) where the impact is not quantified by the auditor:**

**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

The company has already made provision of the entire investment and receivables. It is also engaged in a settlement negotiation with the lenders, and it is hopeful of an amicable settlement. Any further provision cannot be estimated due to significant uncertainties including fluctuating coal prices, timely achieving financial closure for the project, and concluding an appropriate solution with various stakeholders by GVK Coal and of settlement with lenders which is typical to such negotiations.

2. Note no. 9 to the Standalone financial results regarding GVK Energy Limited (a subsidiary company) and its subsidiaries and jointly controlled entity in which the company has investments and loans aggregating to Rs.79,259 Lakhs (net of provisions). With respect to GVK Energy Limited, there are multiple significant uncertainties in the step-down subsidiaries and joint venture entity like (a) various receivables aggregating to Rs.10,996 Lakhs from AP Transco which are refuted / subject to approvals (b) non-availability of fuel (coal / gas), (c) conclusion on outstanding application for increase in tariff and (d) compensation in relation to deallocated coal mine etc. There are also various uncertainties relating to subsidiaries and the Jointly Controlled Entity of GVK Energy



## Standalone Financials

Limited as referred in Note 9. The Company has made total provision of Rs.34,400 Lakhs towards its investments in GVK Energy Limited till 31<sup>st</sup> March 2023 based on the valuation reports obtained. In this regard, considering the uncertainties, we are unable to ascertain whether any adjustments are required to the standalone financial results with respect to the balance amount of investments and loans aggregating to Rs.79,259 Lakhs.

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive

**For Audit Qualification(s) where the impact is not quantified by the auditor:**

**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

Management is in the process of negotiating the terms with lenders for restructuring of loan accounts, one-time settlements, and is also negotiating with the regulatory authorities for various approvals. Management is confident that it will be able to settle the matters amicably and ultimately able to achieve profitable operations. Pending resolution of the above uncertainties, currently the impact of the same is unascertainable.

3. Note 14 to the consolidated financial results regarding investigation by various Government agencies on various alleged irregularities relating to conflict of interest, misuse of funds, money laundering and other matters, pending completion of which and non-provision of certain related information sought from the holding company including complete copy of the Enforcement Directorate complaint. CBI has filed a charge sheet before the Chief Metropolitan Court, Mumbai on February 09, 2023, laying as allegation under section 120B read with section 420 of IPC against MIAL, Vice Chairman, Director & CFO of the Company and four other GVK group companies apart from others. The Court has granted bail to all the accused. The main issue alleged is siphoning of fund of MIAL eventually causing a loss to AAI. After going through the Charge Sheet, the company is of the view that the case will not stand the test of scrutiny of the court and will eventually be dismissed. The company is also of the view of that the charges are unsubstantiated and no offence u/s section 420 IPC has been made out as there is no loss to AAI, Government, or any Tax Authorities as alleged. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid proceedings.

In addition to be above, the Enforcement Directorate (ED) had also taken up the investigation under the Prevention of Money Laundering Act (PMLA) on the basis of an FIR registered by the CBI. ED had filed a complaint in April 2021 on the same matters against the above mentioned parties and some of the subsidiaries, joint ventures and step down subsidiaries of the





## Standalone Financials

Company, their directors and officers, and the concerned parties are cooperating with the investigating agencies. ED had filed a complaint before the City Court and Additional Session Judge, Greater Bombay under Section 45 of Prevention of Money Laundering Act, 2002 for commission of offence of Money laundering under section 3, read with section 70, Punishable u/s 4 of the Prevention of Money Laundering Act, 2002. The Audit Committee of the parent Company, based on the legal advice received by the Audit committee of MIAL, have decided not to proceed with any independent investigation on the matters mentioned in the FIR or the complaint filed by ED. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid investigation.

We are unable to comment on the effect thereof on the consolidated financial results, including prior year comparatives considering allegations over GVK Group.

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive





**For Audit Qualification(s) where the impact is not quantified by the auditor:**

**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

Investigations by various agencies are completed and charge sheets filed. The ultimate outcome is subject to Judicial scrutiny and hence the impact of the same is not ascertainable.



iii.	For GVK Power and Infrastructure Limited	
	 <b>P. V. Prasanna Reddy</b> Whole Time Director	 <b>N. Anil Kumar Reddy</b> Audit Committee Chairman
	<b>For T R Chadha &amp; Co LLP</b> Chartered Accountants Firm registration number: 006711N/N500028  <b>Aashish Gupta</b> Partner Membership No. 097343 (Gurugram) Place: Hyderabad Date: May 26, 2023	 <b>A. Issac George</b> Whole Time Director & CFO



**ANNEXURE I****Statement on Impact of Audit Qualifications (for audit report with modified opinion) submitted along-with Annual Audited Financial Results - (Consolidated)**

<b>Statement on Impact of Audit Qualifications for the Financial Year ended March 31, 2023</b> <b>[See Regulation 33 / 52 of the SEBI (LODR) (Amendment) Regulations, 2016]</b> <b>Rs In Lakhs</b>				
<b>I</b>	<b>Sl. No.</b>	<b>Particulars</b>	<b>Audited Figures (as reported before adjusting for qualifications)</b>	<b>Adjusted Figures (Audited figures after adjusting for qualifications)</b>
	1.	Turnover / Total income	217,906	88,871
	2.	Total Expenditure	227,589	112,304
	3.	Profit before tax	307,069	263,526
	4.	Earnings Per Share	15.44	16.75
	5.	Total Assets	768,937	1,157,192
	6.	Total Liabilities	723,636	1,464,926
	7.	Net Worth	45,301	(307,734)
	8.	Any other financial item(s) (as felt appropriate by the management)	-	-
<b>II.</b>	<b>Audit Qualification (each audit qualification separately):</b>  <b>Details of Audit Qualification:</b> 1. As discussed more fully in Note 8 to the Consolidated Financial Results regarding GVK Coal Developers (Singapore) Pte. Limited, (an associate) in which the Group has investments and has receivables aggregating to Rs.79,048 Lakhs and to whom the holding company has provided guarantees and commitments for loans aggregating to Rs.931,065 Lakhs taken by the aforesaid associate Company and has undertaken to provide financial assistance of USD 3.11million (Rs. 2,557 Lakhs) as at March 31, 2023 with respect to which there are multiple significant uncertainties including outlook on the sector, non-achieving of financial closure and clearances for the project, concluding an appropriate solution with various stakeholders including lenders, and necessary environmental and regulatory clearances etc. The entity's current liabilities exceeded current assets by USD 2,845 million (Rs.2,339,320 Lakhs) as at March 31, 2023 and has incurred net losses of USD 212 million (Rs.174,606 Lakhs) for the nine months period ended on March 31, 2023.  The lenders have also filed a claim in the High Court of Justice Business and Property Courts of England and Wales Commercial Courts (England Court) on November 09, 2020 and have sought to recover the amounts advanced to GVK Coal. Under the interim solution undertaken by the lenders dated March 23, 2017, the respective arguments of the lenders and the Company were filed with the court. On June 13, 2022, the Judge has adjourned the starting of the trial to October, 2023. Despite the matter is pending before England Court, one of the lenders has filed an application			



## Consolidated Financials

under section 7 of the Insolvency and Bankruptcy Code 2016 to initiate Corporate Insolvency Resolution Process against the holding company (being guarantor for loan taken by GVK Coal) before National Company Law Tribunal, Hyderabad on July 14, 2022 and the holding company has filed the reply. The next date of hearing is 8th June 2023.

In this regard, while the Group has made a provision for impairment in respect of the aforesaid investment and receivables aggregating to Rs.79,048 Lakhs till March 31, 2023, we are unable to comment on the viability of the project and of the provision that may be required in relation to the aforementioned guarantees and commitments (in respect of which collateral security by way of pledge of 37% shares of GVK Airport Holdings Limited a step down wholly owned subsidiary of the Company, is also given in favour of the lenders) and the resultant impact of the same on these consolidated financial results

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive

**For Audit Qualification(s) where the impact is not quantified by the auditor:**  
**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

The company has already made provision of the entire investment and receivables. It is also engaged in a settlement negotiation with the lenders, and it is hopeful of an amicable settlement. Any further provision cannot be estimated due to significant uncertainties including fluctuating coal prices, timely achieving financial closure for the project, and concluding an appropriate solution with various stakeholders by GVK Coal and of settlement with lenders which is typical to such negotiations.

2. As discussed more fully in Note 9(a) to the Consolidated Financial Results regarding GVK Coal (Tokisud) Private Limited ("GVKCTPL"), a step down subsidiary of the Holding Company. The Hon'ble Supreme Court of India had deallocated dedicated coal mine allotted to GVK Power (Goindwal Sahib) Limited (GVKPGSL). GVK Coal (Tokisud) Private Limited (GVKCTPL), a subsidiary company of GVKEL and mine operator was offered a compensation by the Nominated Authority of Rs. 11,129 Lakhs as against carrying value of assets of Rs. 31,113 Lakhs as at March 31, 2017. GVKCTPL had appealed against the said order in the Hon'ble High Court of Delhi. The aforesaid court vide its order dated March 09, 2017, directed GVKCTPL to submit its claim to the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015. Subsequently GVKCTPL submitted its claim for the balance amount of Rs. 19,882 Lakhs to the aforesaid authority. The GVKEL has also given corporate guarantee for the loan taken by GVKCTPL. The nominated authority under the Ministry of Coal vide its order dated 16th March 2022 has further approved and released compensation of Rs.13,867 lakhs. Out of this an amount of Rs.8,883 lakhs have been deposited by nominated authority in interest bearing account with Registrar General of the Court



# Consolidated Financials

as per the directions of the high court of Delhi dated 11th April 2022 and an amount of Rs.4,984 lakhs have been paid to lenders by nominated authority towards the balance dues payable as per the claims made by the lenders as on the date of vesting orders less the amount already paid to the lenders. Nominated authority has advised in the above order to approach Coal Tribunal in respect of disputes including the compensation disallowed with regard to R&R costs. The company has accordingly filed the appeal under sec. 27 of the Coal Mines (Special Provisions) Act, 2015 with Coal Tribunal for Rs 34,830 lakhs on August 01, 2022 and the next hearing of the case is scheduled on June 22, 2023.

The GVKEL, holding company, has given corporate guarantee for the loan taken by the GVKCTPL for which provision for Corporate Guarantee given by GVK Energy Limited for loan taken by GVK Coal (Tokisud) Private Limited has also not been considered.

In the light of the above, we are unable to comment on the recoverability of assets with carrying value of Rs.6,015 Lakhs together with consequential impact, if any, arising out of the same in these accompanying consolidated Ind AS financial statements.

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive

**For Audit Qualification(s) where the impact is not quantified by the auditor:**  
**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

The Hon'ble Supreme Court of India had deallocated coal mine allocated to GVK Coal (Tokisud) Private Limited, subsidiary company. As directed by Hon'ble High Court of Delhi, GVK Coal (Tokisud) Private Limited has submitted its claim for an amount Rs. 19,882 lakhs with the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015. The nominated authority under the Ministry of Coal vide its order dated 16th March 2022 has further approved and released compensation of Rs.13,867 lakhs. Out of this an amount of Rs.8,883 lakhs have been deposited by nominated authority in interest bearing account with Registrar General of the Court as per the directions of the high court of Delhi dated 11th April 2022 and an amount of Rs.4,984 lakhs have been paid to lenders by nominated authority towards the balance dues payable as per the claims made by the lenders as on the date of vesting orders less the amount already paid to the lenders. The company has accordingly filed the appeal under sec. 27 of the Coal Mines (Special Provisions) Act, 2015 with Coal Tribunal for a claim of Rs 34,830 lakhs on August 01, 2022 and the next hearing of the case is scheduled on June 22, 2023.

Hence, the impact of the same is unascertainable.

3. We draw attention to Note 9(b) to the consolidated financial results regarding Deconsolidation of assets and liabilities of GVK Power (Goindwal Sahib) Limited ("GVKPGSL"), a step down subsidiary of the Holding





## Consolidated Financials

Company upto 10<sup>th</sup> October 2022, has been admitted into Corporate Insolvency Resolution Process on October 10, 2022 based on petition filed by Axis Bank Ltd, one of the lenders in the consortium of GVKPGSL with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company. Interim Resolution professional appointed by NCLT has taken possession of all assets of GVKPGSL. Since the Group loss the control over the GVKPGSL, the assets and liabilities of GVKPGSL have been deconsolidated as at October 10, 2022 as required u/s Para 25 of Ind AS 110 Consolidated Financial Statements, which has resulted in a net gain of Rs.343,685 Lakh as disclosed as Exception Items in the Consolidated Financial Results. The GVKEL has provided Corporate Guarantee to the lenders of GVKPGSL with respect to the amount lent by them. This Corporate Guarantee may be invoked by the Lenders of GVKPGSL considering the default therein. In such eventuality, GVKEL may need to reimburse the same, especially considering that the net assets of GVKPGSL is negative. However, the extent of the liability that may arise in respect of guarantee is presently not ascertainable and accordingly no provision has been made in this regard in relation to such liability.

In the light of the above, we are unable to comment upon consequential impact, if any, arising out of the same in the accompanying consolidated financial results.

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive

**For Audit Qualification(s) where the impact is not quantified by the auditor:**

**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

The company has been admitted into Corporate Insolvency Resolution Process on October 10, 2022 based on petition filed by Axis Bank Ltd, one of the lenders in the consortium of GVKPGSL with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company. GVKEL filed an appeal against this order before NCLAT, Chennai on October 27, 2022 and GVKEL filed appeal in Supreme court on May 19, 2023 as the appeal filed by GVKEL dismissed by NCLAT, Chennai on April 24, 2023.

Hence, the impact of the same is unascertainable.

4. The following qualifications included in the audit opinion on the standalone financial results of GVK Gautami Power Limited, jointly controlled entity issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 23, 2023, is reproduced by us as under:

"We draw attention to note \* to the Ind AS Financial statements, regarding the uncertainties associated with recoverability of carrying value of



## Consolidated Financials

property, plant and equipment, we are unable to comment on adequacy of provision made for impairment of property, plant and equipment, which have to accounted for as per Indian Accounting Standard (Ind AS) 36 – Impairment of Assets.

We draw attention to note \* to the Ind AS Financial Statements, which indicates that (a) the company has accumulated losses and eroding its net worth, (b) the company has incurred a net cash loss during the current and previous period and (c) the company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in said note regarding defaults in loan and interest payments and uncertainty faced by the company towards availability / supply of natural gas, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the Ind AS financial statements of the company have been prepared on a going concern basis for the reasons stated in the said note. There would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern referred to in the said note, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon."

Note \* is included as Note 9(c) to the consolidated financial results.

In the light of the above, we are unable to comment upon consequential impact, if any, arising out of the same in the accompanying consolidated financial results.

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive

**For Audit Qualification(s) where the impact is not quantified by the auditor:**

**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

There has been uncertainty regarding supplies/availability of gas to power plant. The Company would be able to establish profitable operations through its alternate fuel equipment and necessary steps / initiatives taken by Government of India as explained above.

Hence, the impact of the same is unascertainable.

5. The following qualifications included in the audit opinion on the standalone financial results of Alaknanda Hydro Power Company Ltd. (AHPCL), a step down subsidiary of the Holding Company issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 15, 2023, is reproduced by us as under:

"We draw your attention to Note no \* to the Ind AS Financial Statements regarding management's legal assessment with respect to UPERC Tariff





## Consolidated Financials

Order dated 20.04.2023. The Company, based on opinion sought, has not recognized the revenue on arrears for the tariff years 2019-20 to 2022-23. The impact of the same on the Ind AS Financial Statements can't be quantified for reasons explained in the said note."

Note \* is included as Note 9(d) to the consolidated financial results.

In the light of the above, we are unable to comment upon consequential impact, if any, arising out of the same in the accompanying consolidated financial results.

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** First time

**For Audit Qualification(s) where the impact is not quantified by the auditor:**  
**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

The company has filed a petition before Uttar Pradesh Electricity Regulatory Commission (UPERC) for approval of provisional tariff for the tariff year 2022-23, UPERC has approved the previous year provisional tariff for the tariff year 2022-23. AHPCL is in receipt of final tariff order for the Multi Year Tariff (MYT) for the period 2019-24 based on final approved project cost of Rs. 406,186 Lakhs on 20.04.2023. However, there is an ambiguity in the said order with respect to claiming Normal Annual Plant Availability Factor (NAPAF) and accordingly, the exact quantification of arrears on account of final tariff cannot be ascertained. Since, there is time for filing the review petition before UPERC or APTEL by either of the parties.

Hence, the revenue on account of arrears is not recognized during year ended March 2023 and shall be recognized as and when the same is realized or the outcome of the said appeal with UPERC / APTEL, if any, is determined.

6. As discussed more fully in Note 10 to the Consolidated Financial results regarding annulment of settlement by Edelweiss with respect to their loans / NCDs to GVKEL and Alaknanda Hydro Power Company Limited (AHPCL), non-accounting of estimated increase in liability on account of annulment of settlement terms by Edelweiss (amount not ascertained), invocation and transfer by Edelweiss of 46,60,11,000 Equity shares of AHPCL held by GVKEL of Rs.10 each, recording of exceptional loss of Rs.194.86 Crores during the year ended March 31, 2023 by GVKEL on account of invocation of pledged shares and transfer by Edelweiss (being difference in face value of pledged shares invoked by Edelweiss and the liability of Edelweiss appearing in books of GVKEL and AHPCL), recording of discharge of liability of Edelweiss pending legal suit before Hon'ble Delhi High Court, wherein GVKEL pleaded that as a consequence of the invocation and transfer of a valuable asset our liability towards the loan has been discharged and since the value of share is far in excess of the outstanding loan liability, the excess share to be returned.



## Consolidated Financials

Since the matter is Sub Judice and the agreement for selling these invoked shares are not yet concluded, the management cannot ascertain the number of shares of AHPCL required to settle the debt of Edelweiss as the actual implication thereof on the books is highly probable on the valuation of shares and outcomes of the legal proceedings.

ECL Finance Limited, Edelweiss Asset Reconstruction Company Limited, India Credit Fund II & Ecap Equities Limited (collectively referred to as "Edelweiss") (through its debentures trustee namely Catalyst Trusteeship Limited) has filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company and GVK Energy Ltd. on October 21, 2022, the company has filed its replies and next hearing of the case is scheduled on June 07, 2023.

The auditors of Alaknanda Hydro Power Company Ltd. (AHPCL), subsidiary of GVKEL vide their audit report dated May 15, 2023, have also qualified the audit report in this matter, which is reproduced as below:

We draw your attention to Note no. \* to the Ind AS Financial Statements regarding:-

(i) default in redemption of debentures of INR 13,900.00 Lakhs and repayment of term loan of INR 7,974.21 Lakhs along with interest accrued thereon up to May 16, 2022 of INR 1,735.07 Lakhs due to Edelweiss group which were transferred to GVK Energy Limited based on the letter received from GVK Energy Limited on May 31, 2022. Consequently, no interest has been provided on such debentures and term loan from May 17, 2022 and

(ii) the Company and GVK Energy Limited have considered that the above liabilities along with the liabilities of GVK Energy Limited as on May 16, 2022 gets extinguished in view of invocation of shares held by GVK Energy Limited in Alaknanda Hydro Power Company Limited pledged to Edelweiss group. The same has been informed to Edelweiss Group and Debenture Trustees in various correspondence in response to their communications.

We are unable to comment on the consequence of transfer of liabilities such as debentures, term loan and interest accrued thereon by the Company to GVK Energy Limited. In this regard it is also relevant to note that GVK Energy Limited vide its letter dated May 31, 2022 has given an undertaking to face the liabilities, if any, that may arise there from, on such transfer of liabilities to them."

Note \* is included in Note 10 of the consolidated financial results.

In view of the same, we are unable to comment on the accounting done in this regard in books of account and the ultimate impact of the same including of the invocation of the settlement offer by Edelweiss, invocation of pledged shares of AHPCL by Edelweiss, invocation of corporate guarantee issued by GVKPIL and GVKEL and impact of the proceedings in the NCLT, if any on the consolidated financial results.



**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive

**For Audit Qualification(s) where the impact is not quantified by the auditor:**  
**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

During the earlier years, GVK Energy Ltd. (GVKEL) and Alaknanda Hydro Power Company Limited (AHPCL) have issued debentures vide respective Trust Deed and also taken loans from ECL Finance Limited, Edelweiss Asset Reconstruction Company Limited, India Credit Fund II & Ecap Equities Limited (collectively referred to as "Edelweiss"). These Debentures and Loans are also secured by pledge of shares of GVK Power (Goindwal Sahib) Limited, GVK Coal Tokisud Company Private Limited and AHPCL held by GVKEL and shares of GVKEL held by GVKPIL as investment in respective companies. The loans were further secured by Corporate Guarantee given jointly by GVKEL and GVKPIL.

Since the repayment of loan and interest was defaulted, GVKEL and AHPCL have entered into settlement agreement with Edelweiss on 31.10.2020 which resulted in settlement of principal and interest outstanding of Rs.687.30 Crores (GVKEL Rs.121.39 Crores and AHPCL Rs.565.91 Crores) at Rs.525 Crores (GVKEL Rs.38.00 Crores and AHPCL Rs.487.00 Crores) along with interest rate of 12.50% pa compound monthly w.e.f. September 16, 2020 till July 31, 2021, which was further extended up to March 31, 2022. AHPCL and GVKEL has made total payments of Rs.330.59 Crores till the date of invocation resulting in balance payable of Rs. 271.15 Crore including interest till 16-05-2022 (GVK EL Rs.35.06 Crores and AHPCL Rs.236.09 Crores). AHPCL and GVKEL has requested for further time till 31-08-2022 from Edelweiss for making balance payment and were in discussions with them.

GVKEL filed a suit before Delhi High Court on May 30, 2022, wherein GVKEL pleaded that as a consequence of the invocation and transfer of a valuable asset our liability towards the loan has been discharged and since the value of share is far in excess of the outstanding loan liability, the excess share to be returned. The Hon'ble High Court Delhi has given interim order dated May 31, 2022 wherein it is stated that while selling the shares of AHPCL by Lenders, the best offer received by them would be communicated to the GVKEL and GVKPIL as well as to the Court, and an opportunity would be given to them to match the said offer within five days. In the meanwhile, if GVKEL and GVKPIL get an offer for the aforesaid shares, they shall also inform the defendants as well as the Court. In the event GVKEL and GVKPIL are unable to match the offer of the lenders, the lenders would be free to sell the said shares at the best offer received by them. Till the time, the shares which are invoked are sold in the aforesaid manner, the lenders shall not sell any other shares that have been pledged by the GVKEL and GVKPIL with the lenders. However, the lenders shall be free to invoke the pledged shares. Next hearing of the case is scheduled on August 16, 2023.

Hence, the matter is Sub Judice and the agreement for selling these invoked shares are not yet concluded, the management cannot ascertain the number of shares of AHPCL required to settle the debt of Edelweiss as the actual implication thereof on the books is highly probable on the valuation of shares and outcomes





of the legal proceedings.

7. The following matters are included in the audit opinion on the financial statements of GVK Bagodara Vasad Expressway Private Limited, a step-down subsidiary of the holding company issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 23, 2023 is reproduced by us as under:

- i. "The project of the company was terminated by GSRDC by referring the defaults of the Concessionaire. Consequent to the termination of the project, Company has accounted, cost incurred on the project Rs.589,04,20,918 as amount receivable from the GSRDC as management has represented that the project of the company was terminated due to the reasons attributable to the GSRDC. Company has disputed the termination notice and invoked Arbitration in terms of provisions of concession agreement. The matter is sub-judice before hon'ble Arbitral Tribunal. We are unable to comment upon its recoverability in the absence of availability of related convincing audit evidence as to its recoverability.
- ii. Balances of borrowings (including interest accrued thereon) from lender amounting to Rs.879,40,24,915 as at 31st March 2023 as per books of accounts are unconfirmed. In absence of such confirmations, we are unable to comment on the appropriateness of carrying amount of borrowing (along with interest accrued thereon) as presented in Balance sheet."

Considering the above matters reported by the Component Auditor and other details as given in Note 11 (a) to the consolidated financial results, we are unable to comment towards the recoverability of total assets aggregating to Rs. 58,919 Lakhs and the impact on the liabilities as appearing in the Consolidated Financial results related to this step-down subsidiary.

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive

**For Audit Qualification(s) where the impact is not quantified by the auditor:**

**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

The project of the Company was terminated by GSRDC by referring to the defaults of the Concessionaire. Consequent to the termination of the project, the Company has accounted, cost incurred on the project Rs. 58,904 lakhs as amount receivable from the GSRDC as management has represented that the project of the Company was terminated due to the reasons attributable to the GSRDC. The company has disputed the termination notice and invoked arbitration in terms of the provisions of the concession agreement. The matter is sub-judice before Hon'ble Arbitral Tribunal.

Hence, the impact of the same is unascertainable.



## Consolidated Financials

The company has followed an accrual basis of accounting and has made provision for interest as per the terms of the loan agreement. The management is of the opinion non-confirmation from the banks may not impact the financials.

8. Note 14 to the consolidated financial results regarding investigation by various Government agencies on various alleged irregularities relating to conflict of interest, misuse of funds, money laundering and other matters, pending completion of which and non-provision of certain related information sought from the holding company including complete copy of the Enforcement Directorate complaint. CBI has filed a charge sheet before the Chief Metropolitan Court, Mumbai on February 09, 2023, laying as allegation under section 120B read with section 420 of IPC against MIAL, Vice Chairman, Director & CFO of the Company and four other GVK group companies apart from others. The Court has granted bail to all the accused. The main issue alleged is siphoning of funds of MIAL eventually causing a loss to AAI. After going through the Charge Sheet, the company is of the view that the case will not stand the test of scrutiny of the court and will eventually be dismissed. The company is also of the view of that the charges are unsubstantiated, and no offence u/s section 420 IPC has been made out as there is no loss to AAI, Government, or any Tax Authorities as alleged. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid proceedings.

In addition to be above, the Enforcement Directorate (ED) had also taken up the investigation under the Prevention of Money Laundering Act (PMLA) on the basis of an FIR registered by the CBI. ED had filed a complaint in April 2021 on the same matters against the above-mentioned parties and some of the subsidiaries, joint ventures and step down subsidiaries of the Company, their directors and officers, and the concerned parties are cooperating with the investigating agencies. ED had filed a complaint before the City Court and Additional Session Judge, Greater Bombay under Section 45 of Prevention of Money Laundering Act, 2002 for commission of offence of Money laundering under section 3, read with section 70, Punishable u/s 4 of the Prevention of Money Laundering Act, 2002. The Audit Committee of the parent Company, based on the legal advice received by the Audit committee of MIAL, have decided not to proceed with any independent investigation on the matters mentioned in the FIR or the complaint filed by ED. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid investigation.

We are unable to comment on the effect thereof on the consolidated financial results, including prior year comparatives considering allegations over GVK Group.





## Consolidated Financials

**Type of Audit Qualification:** Qualified Opinion

**Frequency of qualification:** Repetitive

**For Audit Qualification(s) where the impact is not quantified by the auditor:**  
**Management's estimation on the impact of audit qualification:** Not Applicable

**If management is unable to estimate the impact, reasons for the same:**

Investigations by various agencies are completed and charge sheet filed. The ultimate outcome is subject to Judicial scrutiny and hence the impact of the same is not ascertainable.

III.

**For GVK Power and Infrastructure Limited**

**P. V. Prasanna Reddy**

Whole Time Director



**N. Anil Kumar Reddy**

Audit Committee Chairman

**For T R Chadha & Co LLP**

Chartered Accountants

Firm registration number: 006711N/N500028


**Aashish Gupta**

Partner

Membership No. 097343

**Place:** Hyderabad

**Date:** May 26, 2023


**A. Issac George**

Whole Time Director &amp; CFO



## Report on Corporate Governance

In compliance with Regulation 34 of the SEBI (Listing Obligations and Disclosures Requirement) Regulation, 2015 (Listing Regulations, 2015) the Company is providing below report on the matters as mentioned in the said Regulation 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 its 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 shareholders value in terms of maximizing shareholders' benefits, over a sustained period of time.

### Board of Directors

#### Size and composition of the Board

The Board 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, 2023 is 8 (Eight) Directors comprising of Two Promoter Directors, Four Independent Directors and Two Non-Independent Directors. Among the Directors, two are Executive (whole time) Directors and six are Non-executive Directors as on March 31, 2023. The Board periodically evaluates the need for increasing or decreasing its size. All the Independent Directors on the Board fulfil the conditions specified in the Companies Act and the Rules made thereunder and the Listing Regulations and are independent of the Management. Following is the composition of our Board and their number of directorships in other companies as on March 31, 2023.

Name of the Director & DIN Number	Category	Number of Directorship in other Public Companies	Number of Committee positions held in other Public Companies *		Directorship in other listed entities as on March 31, 2023 (Category of Directorship)
			Member	Chairman	
Dr. GVK Reddy (00005212)	Non- Executive Chairman Promoter	1	-	-	Taj GVK Hotels & Resorts Limited (Non-Executive Chairman)
G V Sanjay Reddy (00005282)	Non- Executive Vice Chairman Promoter	4	2	-	---
P V Prasanna Reddy (01259482)	Executive Non-Independent	2	1	-	---
A Issac George (00005456)	Executive Non-Independent	7	3	-	---
Ms Rama Rao (03207492)	Non-Executive Independent	4	2	-	---
Anumolu Rajasekhar (01235041)	Non-Executive Independent	1	3	-	Taj GVK Hotels & Resorts Limited (Independent Director)
Anil Kumar Reddy Nukalapati (00017586)	Non-Executive Independent	1	1	2	Taj GVK Hotels & Resorts Limited (Independent Director)
Ilyas Ghulam Hussain Ghose ** (07480760)	Non-Executive Independent	4	1	4	---

\*includes Audit Committee (AC), Stakeholders Relationship Committee (SRC), Nomination & Remuneration Committee (NRC) and Corporate Social Responsibility Committee (CSR) of other Public Limited Companies.

Except Promoter Directors (viz. Dr. GVK Reddy and Mr. GV Sanjay Reddy), none of the Directors are related to each other.

None of the directors is;

- a board member in more than ten public limited companies or eight listed companies.
- a member in more than ten committees; and
- acting as a chairman in more than five committees across all companies in which he is a director.

Mr. Balasubramanian, Independent director of the Company has resigned from the Board with effect from 11th November, 2022 due to his professional Commitments and not for any other material reason and so is Mr. Krishna R Bhupal, Promoter Director who has resigned from the Board with effect from 31st December, 2022.

### Certificate from Company Secretary in Practice

Mr. G Narender of Narender & Associates, Practicing Company Secretaries has issued a certificate as required under the Listing Regulations, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Companies by the SEBI / Ministry of Corporate Affairs or any such statutory authorities. A certificate to that effect is enclosed to this report.

### Board Meetings held during the Year

The Board of Directors met four times during the year on 27th May, 2022, 12th August, 2022, 11th November, 2022 and 13th February, 2023.

### Directors Attendance and Sitting fee paid

Given in the table below is the Board Meeting attendance record of the directors during the year 2022-23.

Name of the Director	No. of meetings held	No. of meetings attended	Sitting Fees Paid (Rs.)	Presence at last AGM
Dr. GVK Reddy	4	4	80,000	Yes
G V Sanjay Reddy	4	4	80,000	Yes
Krishna R Bhupal @	4	1	20,000	Yes
A Issac George	4	3	-	Yes
P V Prasanna Reddy	4	4	-	Yes
S Balasubramanian *	4	3	60,000	Yes
Anumolu Rajasekhara	4	4	80,000	Yes
Anil Kumar Reddy Nukalapati	4	4	80,000	Yes
Ilyas Ghulam Hussain Ghouse	4	4	80,000	Yes
Ms. Rama Rao	4	4	80,000	Yes

@ Ceased to be Director from 31-12-2022

\* Ceased to be Director from 11-11-2022

### No. of shares held by Non-Executive Directors

The details of Shareholdings of the Non-Executive Directors in the Company as at March 31, 2023 are as follows:

Name	No. of Shares
Dr. GVK Reddy	6,81,09,487 (4.31%)
Mr. G V Sanjay Reddy	5,57,25,951 (3.53%)
Mr. Krishna R Bhupal @	Nil
Mr. Ilyas Ghulam Hussain Ghouse	Nil
Mr. S Balasubramanian *	Nil
Mr. S Anwar	Nil
Mr. A Rajasekhara	Nil
Ms. Rama Rao	Nil
Mr. Anil Kumar Reddy	1

@Ceased to be Director from 31-12-2022

\* Ceased to be Director from 11-11-2022

### Familiarization program to Independent Directors

The Company has adopted a program on familiarization 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 link [https://www.gvk.com/files/investorrelations/investors/corpgovernance/familiarisation\\_programme\\_for\\_independent\\_directors.pdf](https://www.gvk.com/files/investorrelations/investors/corpgovernance/familiarisation_programme_for_independent_directors.pdf)

The Board has identified the following skills/expertise/ competencies fundamental for the effective functioning of the Company which are currently available with Members of the Board:

Area	Skill / expertise / competencies	Experts in Board
Infrastructure Business	Understanding the business dynamics across geographical markets, industry verticals and concerned regulatory jurisdictions.	Dr. GVK Reddy Mr. G V Sanjay Reddy
Strategy and Planning	Long-term and strategic planning, business principles and experience in guiding and leading management teams to make decisions in uncertain environments.	Dr. GVK Reddy Mr. G V Sanjay Reddy Mr. P V Prasanna Reddy Mr. A Issac George
Governance	Developing governance practices, serving the best interests of all the stakeholders, maintaining board and management accountability, building long-term effective stakeholder engagements and driving corporate ethics and values.	Mr. Anil Kumar Reddy Mr. A Rajasekhara
Regulatory	Dealing with various regulatory authorities	Mr. G V Sanjay Reddy Mr. A Issac George Mr. Ilyas Ghulam Hussain Ghouse

## GVK Power & Infrastructure Limited

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

<b>Name of the Director</b>	<b>Mr. G V Sanjay Reddy</b>
Initial date of Appointment	20th April, 2005
DIN	00005282
Date of Birth	18th November, 1964
Qualifications	Bachelor's Degree in Industrial Engineering from Purdue University, USA and master's degree in Business Administration from the University of Michigan, USA
Brief resume and expertise in specific functional Areas	He is the director on the board of various companies in the GVK Group. In addition, he is involved with GVK 108 EMRI, which is the world's largest ambulance service servicing 800 million people free of cost. He is the chairman of the CII National Committee on Transport Infrastructure. He has been nominated by the World Economic Forum as a Young Global Leader for 2007. He is also a member of Young President's Organization (YPO), Chief Executives Organization (CEO) and Innovation Xchange Committee of the Government of Australia. He is on the board of trustees of the Jagdish and Kamla Mittal Museum of Indian Art, a museum dedicated to the cause of propagating Indian Art and Culture.
Relationship with other Directors and other Key Managerial Personnel of the Company	Dr. GVK Reddy
Names of listed entities in which the person also holds directorships and membership of the Committees of the Board	Nil
Names of the listed entities from which the Director has resigned in the past three years.	TAJ GVK Hotels & Resorts Limited, resigned with effect from 29-01-2020
Nature of appointment (Appointment/ reappointment)	Re-appointment
Terms and Conditions of appointment/ reappointment	Re-appointment as Non-executive director of the Company
Remuneration last drawn by such person, if applicable and remuneration sought to be paid	Sitting fees is being paid, the details are given in Corporate Governance Report
Shareholding in the Company	5,57,25,951 shares
The number of Meetings of the Board attended during the year	Four (4)
List of Companies in which outside Directorship held as on 31.03.2023 (Companies registered in India)	GVK Natural Resources Private Limited Cygnus Real Estates Private Limited GVK Davix Technologies Private Limited GVK Davix Research Private Limited GVK Gautami Power Limited GVK Energy Limited GVK Jaipur Expressway Limited GVK Industries Limited (Under liquidation by NCLT) Excelra Knowledge Solutions Private Limited
Chairman/Member of the *Committees of other Companies on which he is a Director as on 31.03.2023*	<b>Member of Corporate Social Responsibility Committee of GVK Power &amp; Infrastructure Limited</b>

<b>Name of the Director</b>	<b>Mr P V Prasanna Reddy</b>
Initial date of Appointment	11-11-2017
DIN	01259482
Date of Birth	16-01-1955
Qualifications	B.Sc (Honours)
Brief resume and expertise in specific functional Areas	Mr. P V Prasanna Reddy is graduated in B.Sc (Honours) and has over 40 years of experience in the business management and general administration. He was the Managing Director of Balaji Industrial Corporation Limited (Integrated Steel Plant with Manufacturing capacity of 1,00,000 MT of TOR 40 and TMT Bar), Balaji Biotech Limited (100% EOU, Integrated Shrimp Farming facility with Hatchery), Pearl Distilleries Limited (240 BPM Bottling Plant with Primary and Secondary Distillation), Trichy Steel Rolling Limited (Integrated Steel Plant with Melting and Foundry facility with 2,50,000 MT capacity). He has been associated with GVK Group in 2002 as President of GVK Jaipur Expressway Limited and has been instrumental in completing the 90.385 kms 6 Lane Expressway, a part of the 'Golden Quadrilateral' connecting 4 Metros and he also held various positions including Director (Projects) & CEO for Alaknanda Hydro Electric Project and as a Director in other GVK Group Companies.
Relationship with other Directors and other Key Managerial Personnel of the Company	Not applicable
Names of listed entities in which the person also holds directorships and membership of the Committees of the Board	Nil

Name of the Director	Mr P V Prasanna Reddy
Names of the listed entities from which the Director has resigned in the past three years.	Nil
Nature of appointment (Appointment/reappointment)	Re-appointment
Terms and Conditions of appointment/reappointment	Re-appointment as Non-executive director of the Company
Remuneration last drawn by such person, if applicable and remuneration sought to be paid	Not applicable
Shareholding in the Company	Nil
The number of Meetings of the Board attended during the year	Four out of four
List of Companies in which outside Directorship held as on 31.03.2023 (Companies registered in India)	Goriganga Hydro Power Private Limited GVK Power (Goindwal Sahib) Limited (under RP at NCLT, Hyderabad) GVK Jaipur Expressway Limited GVK Transportation Private Limited Alakananda Hydro Power Company Limited
Chairman/Member of the *Committees of other Companies on which he is a Director as on 31.03.2023*	Not applicable

\* Includes Audit Committee (AC), Stakeholders Relationship Committee (SRC), Nomination & Remuneration Committee (NRC) and Corporate Social Responsibility Committee (CSR).

### Audit Committee

The Audit Committee constituted by the Board comprised of only Non-Executive and Independent Directors. The committee met four times during the year on 27th May, 2022, 12th August, 2022, 11th November, 2022 and 13th February, 2023. The attendance details for the Committee meetings are as follows:

Name of the Member	Category	No. of meetings	
		Held	Attended
S Balasubramanian (upto 11-11-2022)	Chairman	4	3
Anil Kumar Reddy (from 11-11-2022)	Chairman	4	4
A Rajasekhar	Member	4	4
Ms. Rama Rao	Member	4	4

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

- Review of the Company's financial reporting process and disclosure of its financial information.
- Recommending the appointment and removal of external auditors, fixation of audit fee and recommending payment for any other services.
- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on
  - Changes in accounting policies and practices
  - Major accounting entries involving estimates based on the exercise of judgment by the management
  - Qualifications in the draft audit report
  - Significant adjustments arising out of audit
  - The going concern assumption
  - Compliance with accounting standards
  - Compliance with stock exchange and legal requirements concerning financial statements
  - Disclosure of any related party transactions
- Reviewing with the management, the external and internal auditors the adequacy of internal control systems.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Discussion with internal auditors of any significant findings and follow up there on.
- Reviewing with the management, the external and internal auditors the adequacy of internal control systems.
- Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- Discussion with internal auditors of any significant findings and follow up there on.
- 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.
- Discussion with statutory auditors about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.



### Nomination and Remuneration Committee

The Nomination and Remuneration Committee constituted by the Board comprises of majority of Non-Executive Independent Directors. The committee during the year met on 3rd March, 2023. The attendance details for the Committee meetings are as follows:

Name of the Member	Category	No. of meetings	
		Held	Attended
Ilyas Ghulam Hussain Ghouse	Chairman	1	1
Anumolu Rajasekhar	Member	1	1
Rama Rao	Member	1	1

### The terms of reference of Nomination & Remuneration Committee include:

The committee has been constituted to recommend/review the remuneration package of the Managing/Whole-Time Directors, Key Managerial Personnel and other senior executive's one level below the Board, 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. Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 of the Listing Regulations, the performance evaluation of the Independent Directors was carried out by the entire Board.

### Remuneration to Directors

Remuneration to Executive / Non-Executive Directors:

- The Board, on the recommendation of the Nomination and Remuneration Committee (NRC), shall review and approve the remuneration payable to the Executive / 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.
- Except sitting fees, none of the directors are being paid any other form of remuneration.

### Pecuniary transactions with Non-Executive Directors

There were no pecuniary transactions with any of the Non-Executive Directors except for Sitting Fees paid to them as Directors of the Company.

### Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of following three Directors and the majority of whom are Non-Executive Independent Directors

- Ilyas Ghouse - Chairman
- A Issac George - Member
- Rama Rao - Member

The Stakeholders Relationship Committee met on 3rd March, 2023 and reviewed the shareholders grievances on suspension of trading in securities of the Company amongst other related issues.

Details of complaints received / resolved during the financial year 2022-23

Nature of Complaint	Received	Resolved	Pending
For Non-receipt of			
- Dividend Warrant	6	6	0
- Annual Report	31	31	0
- Electronic credit /Share Certificate	6	6	0
<b>Total</b>	<b>43</b>	<b>43</b>	<b>0</b>

### Ethics & Compliance Committee

The Board has re-constituted the Ethics & Compliance Committee of the Company vide its circular resolution dated April 23, 2019 to best Corporate Governance Practices and the applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Meeting of Board and its Powers) Rules, 2014 and amended regulations of SEBI (Prevention of Insider Trading Regulations), 2015.

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

- Mr. Ilyas Ghouse - Member
- Ms. Rama Rao - Member
- Mr. A Rajasekhar - 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.

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

### 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 is annexed to this report.

### Availability of information to the members of the Board

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

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

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

### Previous Annual General Meetings

Year	Date	Time	Venue
2019-20	29.10.2021	11.30 A.M	The registered office of the Company is the deemed venue, as the meeting was held through Video Conference mode.
2020-21	25.02.2022	11.30 A.M	The registered office of the Company is the deemed venue, as the meeting was held through Video Conference mode.
2021-22	26.08.2022	11.30 A.M	The registered office of the Company is the deemed venue, as the meeting was held through Video Conference mode.

### Special Resolutions passed during the previous three Annual General Meetings

Financial Year	Details of Special Resolutions Passed
2021-22	No special resolutions were passed during the financial year 2021-22
2020-21	Appointment of Mr. Ilyas Ghulam Hussain Ghouse as Independent Director of the Company
2019-20	Re-appointment of Mr. P V Prasanna Reddy as Whole-time Director of the Company. Appointment of Mr. N Anil Kumar Reddy as Independent Director of the Company Appointment of Ms. Rama Rao as Independent Woman Director of the Company

### Details of special resolution passed during the year through postal ballot

During the year under review, there is no special resolution passed through postal ballot.

### Details of special resolution proposed to be conducted through postal ballot

At the ensuing Annual General Meeting, there is no Agenda item that requires approval of the shareholder through postal ballot.

### E-voting

Section 108 of the Companies Act, 2013 read with Rule 20 of Companies (Management & Administration) Rules, 2014 and Regulation 44 of Listing 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 and the same has been provided at this AGM.

## 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, Surya or Nava Telangana a regional newspaper in vernacular language. The results of the company are displayed on company's website [www.gvk.com](http://www.gvk.com)

## Related Party Transactions

There were no materially significant related party transactions, which had potential conflict with the interests of the Company at large. Prior omnibus approval of the Audit Committee was obtained for the transactions which are foreseen and are in repetitive in nature. The related party transactions entered into were in the ordinary course of business and at arm's length basis. A statement of related party transactions is placed before the Board on quarterly basis.

The Company has framed a Policy on Related Party transactions and the same is available on website of the Company at [https://www.gvk.com/files/investorrelations/investors/corpgovernance/RelatedParty TransactionPolicy.pdf](https://www.gvk.com/files/investorrelations/investors/corpgovernance/RelatedParty%20TransactionPolicy.pdf)

## Whistle-blower policy / Vigil Mechanism

The Company has 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 2022-23 no employee has been denied access to the audit committee.

## Material Subsidiary Companies

The Minutes of the Meetings of Board of Directors of all the subsidiary companies were periodically placed before the Board of Directors of the Company. The Policy on Material Subsidiary is available on the website of the Company at [https://www.gvk.com/files/investorrelations/investors/corpgovernance/policy\\_for\\_determining\\_material\\_subsidaries\\_gvk\\_pil.pdf](https://www.gvk.com/files/investorrelations/investors/corpgovernance/policy_for_determining_material_subsidaries_gvk_pil.pdf)

## Details of material subsidiaries of the listed entity

Sl No	Name of the material subsidiary of the listed entity	Date and place of incorporation	Name of the statutory auditor	Date of appointment of the statutory auditor
1	Alaknanda Hydro Power Company Ltd	07-02-1996 Kanpur	M/s K S Rao & Co, Hyderabad	27-09-2022
2	GVK Jaipur Expressway Pvt Ltd	01-04-2002 Jaipur	M/s M Bhaskara Rao & Co.,	30-07- 2022
3	GVK Developmental Projects Pvt Ltd	20-12-2006 Delhi	M/s Sarangapani & Co, Hyderabad	29-09-2018
4	GVK Energy Limited	15-04-2008 Hyderabad	T R Chaddha & Co LLP	29-09-2022
5	Sutara Roads & Infra Limited	26-05-2015 Hyderabad	M/s Sarangapani & Co, Hyderabad	17-11- 2021
6	GVK Power (Goindwal) Sahib Ltd	04-12-1997 Hyderabad	M/s K S Rao & Co, Hyderabad	03-08-2022

## Details of total fees paid to Statutory Auditors

The details of total fees for all services paid by the Company and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part, are as follow:

Name of the Company / Subsidiary	Nature of service	Amount Rs. in Lakhs
GVK Power & Infrastructure Limited (GVK PIL)	Audit Fees	57
	Other Fees	6
<b>Total (A)</b>		<b>63</b>
Subsidiaries of GVK PIL	Audit Fees	57
	Other Fees	8
<b>Total (B)</b>		<b>65</b>
<b>Total (A+B)</b>		<b>128</b>

Entities in the network firm / network entity of which the statutory auditors is a part - NIL

### **Information Required under Sexual Harassment of Women at Work place (Prevention, Prohibition & Redressal) Act, 2013**

Your Company has a policy and framework for employees to report sexual harassment complaints at workplace and its process ensures complete anonymity and confidentiality of information. Ethics Committee will oversee the complaints, if any, which are address in compliance with this policy. During the year under review, there were no complaints filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

### **Prevention of insider trading**

The Company has adopted an insider trading policy to regulate, monitor and report trading by insiders under SEBI (Prevention of Insider Trading) Regulations, 2015. As per Regulation 3(5) and 3(6) of SEBI(PIT) Regulations, the Company is maintaining Structured Digital Database. This policy also includes practices and procedures for fair disclosure of unpublished price-sensitive information, initial and continual disclosure. The policy is available on our website at [https://www.gvk.com/files/investorrelations/investors/corp\\_governance/gvcpilinsider\\_trading\\_policy.pdf](https://www.gvk.com/files/investorrelations/investors/corp_governance/gvcpilinsider_trading_policy.pdf)

### **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.

### **Strictures/Penalty**

Other than what is already reported in the Director's report, as penalties for non-publication of financial results under Regulation 33 of SEBI (LODR) Regulations, 2015, no stricture or penalty has been imposed on the Company by Stock exchange or SEBI or any statutory authority, nor has been any instance of non-compliance with any legal requirements, or any matters relating to the Capital market over the last three years. However, the Company has paid all penalties for non-compliance with Regulations 33 & 34 of SEBI (LODR), 2015 and the suspension in trading of equity shares has been revoked by both exchanges and the trading has resumed with effect from 12th August, 2022.

### **Non-compliance of any requirements of corporate governance report of sub-paras (2) to (10) of Schedule V of SEBI (LODR) Regulations, 2015**

The Company has complied with the requirement of corporate governance report of sub-regulation (2) to (10) of Schedule V of the SEBI (LODR) Regulations, 2015.

### **Adoption of discretionary requirements as specified in Part E of Schedule II of SEBI (LODR) Regulations, 2015**

With regard to discretionary requirements, the Company has adopted clauses relating to the following:

Separate persons were appointed for the posts of Chairman and Whole-time Director and the Internal Auditors directly report to the Audit Committee.

### **Compliance with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (LODR) Regulations, 2015**

Company has complied with all the relevant corporate governance requirements stipulated in the Listing Regulations.

## General Shareholder Information

1.	<b>Annual General Meeting</b>	
	Day, Date and Time	Wednesday, 30th August, 2023 at 11:30 AM
	Financial year	2022-23
	Venue	This is being held through Video Conference. Hence, the registered office would be the deemed venue of this AGM.
2.	<b>Book Closure Dates</b>	Monday, 28th August, 2023 to Wednesday, 30th August, 2023 (both days inclusive)
3.	<b>Listing of equity shares is at</b>	<b>The National Stock Exchange of India Limited</b> Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai - 400 051 <b>BSE Limited</b> Floor 25, P J Towers, Dalal Street Fort, Mumbai - 400001 Annual Listing Fee has been paid for the year 2022-23 to both the above Stock Exchanges
4.	<b>Stock Code</b>	BSE: 532708, NSE: GVKPIL ISIN : INE251H01024
5.	<b>Market Price Data: High, Low during each month in last Financial year / Performance in comparison to BSE Sensex and S&amp;P CNX Nifty</b>	Please see Annexure 'A'
6.	<b>Registrar &amp; Share Transfer Agents</b>	KFin Technologies Limited <b>Unit: GVK Power &amp; Infrastructure Limited</b> Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial Dt, Nanakramguda, Hyderabad - 500 032 Phone: 040 - 67161569, Fax : 040 - 23420814 E-mail: einward.ris@kfintech.com website: www.kfintech.com
7.	<b>Share Transfer System</b>	As per Regulation 40 of Listing Regulations, as amended, effective from April 1, 2019, securities of listed companies can be transferred only in dematerialized form except in case of request received for transmission or transposition of securities. In view of this, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or KFin Technologies Limited, for assistance in this regard
8.	<b>Distribution of Shareholding and Shareholding pattern as on March 31, 2023</b>	Please see Annexure 'B'
9.	<b>Dematerialization of shares and Liquidity</b>	99.86% of the shareholding has been dematerialized as on 31 March, 2023.
10.	<b>Commodity price risk or foreign exchange risk and hedging activities</b>	As the Company is not engaged in commodity business, commodity risk is not applicable.
11.	<b>Credit Ratings for debt instruments</b>	As Company has not raised funds through any debt instruments, hence credit ratings is not applicable.
12.	<b>Address for Correspondence</b>	GVK Power & Infrastructure Limited Darshak Chambers, Plot No.32, Ground Floor House No:1-8-303/48/32, Street No:1. Penderghast Road Secunderabad 500 003 Email: cs.gvcpil@gvk.com Website: www.gvk.com
13.	<b>Query on the Annual Report</b> (Shall reach 10 days before the AGM)	P V Rama Seshu Vice President & Company Secretary-Compliance Officer GVK Power & Infrastructure Limited Darshak Chambers, Plot No.32, Ground Floor House No:1-8-303/48/32, Street No:1. Penderghast Road, Secunderabad 500 003 E-mail : cs.gvcpil@gvk.com Phone: 040-27902663/64 Fax: 040-27902665
14.	<b>Disclosure relating to demat suspense account / unclaimed suspense account</b>	Not Applicable as there no shares lying in the demat suspense account / unclaimed suspense account of the Company.



## 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
<b>Total</b>	<b>1,579,210,400</b>					

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

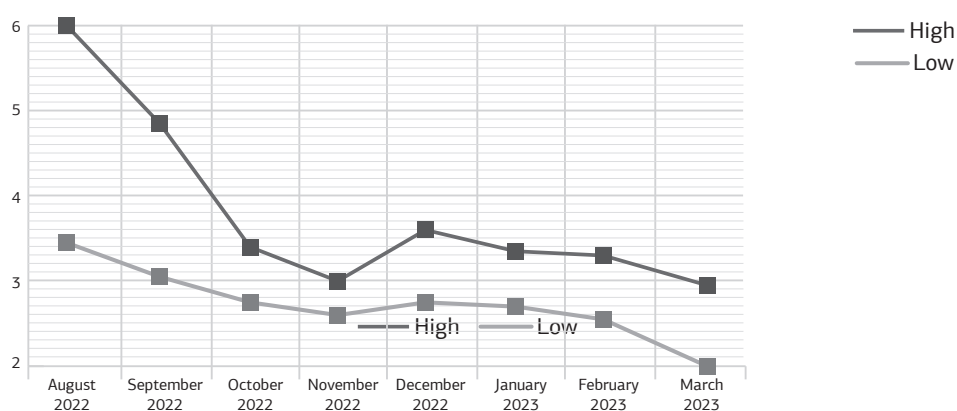
## Annexure - A

### Monthly high, low and trading volume of equity shares of the Company during the financial year 2022-23

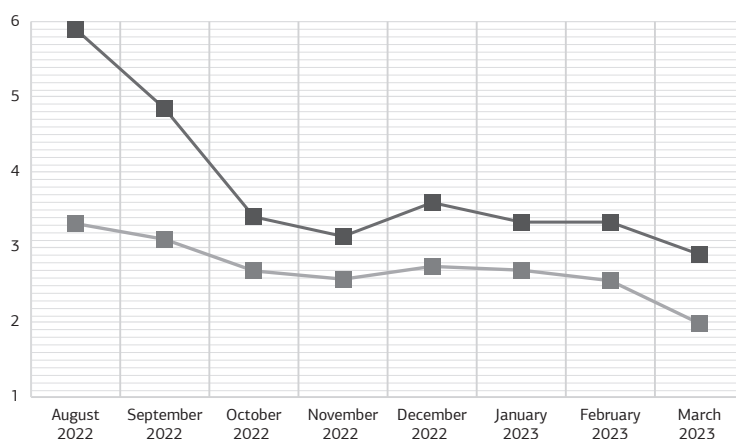
Month, Year	National Stock Exchange of India Limited (NSE)			Nifty		BSE Limited (BSE)			Sensex	
	High (Rs)	Low (Rs)	Volume (No)	High	Low	High (Rs)	Low (Rs)	Volume (No)	High	Low
April, 2022	-	-	-	18,114.65	16,824.70	2.00	1.66	94,39,929	50,375.77	47,204.5
May	-	-	-	17,132.85	15,735.75	-	-	-	57,184.21	52,632.48
June	-	-	-	16,793.85	15,183.40	-	-	-	56,432.65	50,921.22
July	-	-	-	17,172.80	15,511.05	-	-	-	57,619.27	52,094.25
August	6.00	3.45	6,56,88,000	17,992.20	17,154.80	5.90	3.31	4,48,70,087	60,411.20	57,367.47
September	4.85	3.05	11,16,35,000	18,096.15	16,747.70	4.84	3.10	5,08,45,708	60,676.12	56,147.23
October	3.40	2.75	2,34,62,000	18,022.80	16,855.55	3.40	2.68	1,02,27,241	60,786.70	56,683.40
November	3.00	2.60	1,95,15,000	18,816.05	17,959.20	3.14	2.57	1,24,42,979	63,303.01	60,425.47
December	3.60	2.75	5,67,94,000	18,887.60	17,774.25	3.59	2.74	2,85,96,466	63,583.07	59,754.10
January, 2023	3.35	2.70	4,09,73,000	18,251.95	17,405.55	3.33	2.69	1,37,09,855	61,343.96	58,699.20
February	3.30	2.55	5,36,47,000	18,134.75	17,255.20	3.33	2.55	2,05,43,906	61,682.25	58,795.97
March	2.95	2.00	4,50,99,000	17,799.95	16,828.35	2.90	1.98	1,64,23,375	60,498.48	57,084.91

Due to the non-submission of financial results as per Regulation 33 of SEBI (LODR), 2015, both the exchanges, BSE and NSE have suspended trading in securities of the Company till 11th August, 2022. Hence figures for the period (April 2022 to July, 2022) are not provided

Price Movement in NSE



Price Movement in BSE



Share holding pattern as on 31 March 2023 (Consolidated)

Description	No. of Shareholders	No. of Shares	Percentage to equity
Promoter Companies	1	73,28,93,902	46.408883
Resident Individuals	2,80,143	62,93,04,302	39.849301
Promoter Director	2	12,38,35,438	7.841605
Non Resident Indians	1,948	2,50,75,518	1.587852
H U F	4,173	2,12,94,878	1.348451
Bodies Corporates	716	1,83,90,395	1.164531
Non Resident Indian Non Repatriable	1,301	87,56,098	0.554461
Qualified Institutional Buyer	1	76,21,060	0.482587
Government	1	63,30,000	0.400833
Foreign Portfolio - Corp	3	47,36,403	0.299922
Overseas Corporate Bodies	1	3,75,000	0.023746
Clearing Members	26	3,44,199	0.021796
NBFC	4	1,99,250	0.012617
Trusts	8	38,087	0.002412
Banks	3	8,100	0.000513
Directors And Relatives	2	7,770	0.000492
<b>Total</b>	<b>288333</b>	<b>1579210400</b>	<b>100.00</b>

Annexure - B

Distribution by category as on March 31, 2023

Category	Number of Shares	% of holding
Promoters & Promoter Group	85,67,29,340	54.25
Foreign Institutional Investors, OCB, Foreign Nationals, NRIs	4,58,84,016	2.91
Banks, Mutual Fund, Clearing Members etc	21,15,275	0.13
Others	67,44,81,769	42.71
<b>Total</b>	<b>157,92,10,400</b>	<b>100.00</b>

Distribution Schedule as on March 31, 2023

Sl. No.	Category (Shares)	No. of Holders	% To Holders	No. of Shares	% To Equity
1	1- 100	89965	31.2018	4759650	0.3014
2	101- 200	41787	14.4926	7419541	0.4698
3	201- 300	21077	7.31	5672794	0.3592
4	301- 400	10478	3.634	3941076	0.2496
5	401- 500	21961	7.6165	10818434	0.6851
6	501- 1000	38225	13.2572	33154957	2.0995
7	1001- 2000	24288	8.4236	38844334	2.4597
8	2001- 3000	10394	3.6049	27318841	1.7299
9	3001- 4000	5082	1.7625	18605789	1.1782
10	4001- 5000	6021	2.0882	29045144	1.8392
11	5001-10000	9446	3.2761	73599133	4.6605
12	10001 and above	9609	3.3326	1326030707	83.968
	<b>Total</b>	<b>288333</b>	<b>100.00</b>	<b>1579210400</b>	<b>100.00</b>

De-materialization of shares as on March 31, 2023

Sl. No.	Description	No of shareholders	No of shares	% of Shares
1	PHYSICAL	4977	2141776	0.1356
2	NSDL	144792	1273316734	80.63
3	CDSL	138564	303751890	19.2344
	<b>Total</b>	<b>288333</b>	<b>157,92,10,400</b>	<b>100.00</b>

As on March 31, 2023 over 99.87% of outstanding shares are held in de-mat form and the balance 0.13% in physical form. Trading in equity shares of the Company is permitted only in de-materialized 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, 2023.

**For GVK Power & Infrastructure Limited**

Place : Hyderabad  
Date : 26th May, 2023

**Dr GVK Reddy**  
Non- Executive Chairman

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To  
The Members of  
GVK POWER & INFRASTRUCTURE LIMITED  
Registered Office: Darshak Chambers  
Plot No.32, Ground Floor, House No.1-8-303/48/32,  
Street No.1, Penderghast Road, Secunderabad TG 500003 IN.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of GVK Power & Infrastructure Limited having CIN: L74999TG2005PLC059013 and having registered office at Darshak Chambers, Plot No.32, Ground floor, House No:1-8-303/48/32, Street No:1, Penderghast Road, Secunderabad, Telangana-500 003 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal ([www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sl. No.	Name of Director	DIN	Date of appointment in Company
01	VENKATA KRISHNA REDDY GUNUPATI	00005212	16/02/2005
02	VENKATA SANJAY REDDY GUNUPATI	00005282	16/02/2005
03	ISSAC GEORGE ANICATTU	00005456	01/04/2008
04	VENKATAPRASANNA REDDY PALICHERLA	01259482	11/08/2017
05	ILYAS GHULAM HUSSAIN GHOUSE	07480760	01/02/2022
06	ANUMOLU RAJASEKHAR	01235041	25/04/2019
07	ANIL KUMAR REDDY NUKALAPATI	00017586	01/12/2019
08	RAMA RAO	03207492	01/09/2020

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company

**Narender & Associates**  
**G Narender**

Place : Hyderabad  
Date : 26th May, 2023

FCS-4898  
CP:5024



## Whole-time Director and Chief Financial Officer 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, 2023, 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.

**P V Prasanna Reddy**

Whole-time Director

**A Issac George**

Whole-time Director & CFO

Place : Hyderabad  
Date : 26th May, 2023

## CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

(As per Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015)

To  
The Board of Directors of  
GVK Power & Infrastructure Limited

We have reviewed the compliance of conditions of Corporate Governance by GVK Power & Infrastructure Limited, for the year ended 31st March, 2023, as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015

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

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Chapter IV of SEBI (Listing Obligations & Disclosure Requirements) Regulations 2015.

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

**For Narender & Associates**  
**Company Secretaries**

**G Narender**, Proprietor  
FCS-4898  
CP:5024

Place : Hyderabad  
Date : 26th May, 2023

# 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 earlier used to operate predominantly in Energy, Airports, Transportation and has presence in other businesses like Urban infrastructures etc. However, as informed during 2021, your Company had exited from the Airport business completely from 13-07-2021. As of now, it is operating only under Energy and Transportation sectors albeit with its inherent problems which are beyond the control of your management. With the completion of the official term of the only revenue generating asset under the Transportation sector (Jaipur-Kishangarh Expressway), there is no possibility of reviving any project in this sector. With the closure of business under Airport sector, bleak future in Energy and Transportation sectors coupled with practically no possibility of raising funds from the Lenders/ Institutions, your management is unable to diversify into any other area of business.

## 2. The Economy and Sectoral growth

India's GDP Growth Accelerates to 6.1% in Q4 of 2022-23, propelling the Economy to \$3.3 Trillion pushing up the annual growth rate to 7.2 percent as against a 9.1 percent growth in 2021-22. Growth in the January-March period was higher than the 4.5 percent expansion in the previous October-December quarter of 2022-23. According to a Survey, India's economic growth in FY23 has been principally led by private consumption and capital formation and they have helped generate employment as seen in the declining urban unemployment rate and in the faster net registration in Employee Provident Fund.

Moreover, World's second-largest vaccination drive involving more than 2 billion doses also served to lift consumer sentiments that may prolong the rebound in consumption. Still, private capex soon needs to take up the leadership role to put job creation on a fast track. The Survey says, the credit growth to the Micro, Small, and Medium Enterprises (MSME) sector has been remarkably high, over 30.6 percent, on average during Jan-Nov 2022, supported by the extended Emergency Credit Linked Guarantee Scheme (ECLGS) of the Union government. It adds that the recovery of MSMEs is proceeding apace, as is evident in the amounts of Goods and Services Tax (GST) they pay, while the Emergency Credit Linked Guarantee Scheme (ECLGS) is easing their debt servicing concerns.

### A) POWER

The generation during 2022-23 was 1624.158 Billion Unit (BU) as compared to 1491.859 BU generated during 2021-22, representing a growth of about 8.87%. The electricity generation target (Including RE) for the year 2023-24 has been fixed as 1750 BU. i.e., growth of around 7.2% over an actual generation of 1624.158 BU for the previous year (2022-23).

The generation during 2022-23 was 1624.158 BU as compared to 1491.859 BU generated during 2021-22, representing a growth of about 8.87%. The ever-expanding industrialization and urbanization will primarily drive the energy demand that is forecasted to reach 405 Gigawatts of renewable energy capacity by 2030, The centre has earmarked incentives worth Rs 1,43,332 crore as a financial incentive to 12 states for boosting power sector reforms for the year 2023-24.

An amount of Rs 66,413 crore has been granted as additional borrowing for reforms undertaken in 2021-22 and 2022-23 in the power sector. Under this initiative, an additional borrowing space of up to 0.5 percent of the Gross State Domestic Product (GSDP) is available to the States annually for a four-year period from 2021-22 to 2024-25. This additional financial window is dependent on the implementation of specific reforms in the power sector by the States. Further, the government has mandated a set of reforms for states to be eligible for the said incentives including Transparency in the reporting of financial affairs of power sector. The states are also required to comply with all legal and regulatory mandates along with assuming responsibility for losses of DISCOMs.

The Department of Expenditure, Ministry of Finance, has given a boost to reforms by the States in the power sector by providing financial incentives in the form of additional borrowing permissions. This move aims to encourage and support the States in undertaking reforms to enhance the efficiency and performance of the power sector.

The initiative was announced by the Union Finance Minister in Union Budget 2021-22. Under this initiative, an additional borrowing space of up to 0.5 percent of the Gross State Domestic Product (GSDP) is available to the States annually for a four-year period from 2021-22 to 2024-25. This additional financial window is dependent on implementation of specific reforms in the power sector by the States.

### B. TRANSPORTATION

The construction of National Highways (NH) in 2022-23 was 10,331 kilometres, falling 21 per cent short of the government's target of 12,500 km, according to the Ministry of Road Transport and Highways (MoRTH) latest data. The ministry awarded NH projects of 12,376 km length in the last financial year. The National Highways Authority of India (NHAI) and National Highways and Infrastructure Development Corporation Limited (NHIDCL) are primarily responsible for the construction

of highways and expressways in India. The ministry said it had constructed 10,237 km in 2019-20, 13,327 km in 2020-21 and 10,457 km in 2021-22. with the help of the Central Government's initiatives and under the able guidance of the Transportation Ministry, India's national road network is surpassing the China's national road network and would be the world's second road work next only to the USA.

Capital expenditure for 2023-24 is estimated at Rs 2,58,606 crore, while revenue expenditure is estimated at Rs 11,829 crore.

### 3. Assets under Operation

#### i) Energy

Gas-based pproject i.e. 464 MW GVK Gautami Power Limited, one Hydel power project i.e. 330 MW Alaknanda Hydro Power Company Limited and one coal based project M/s GVK Power (Goindwal Sahib) Limited have recorded revenue of Rs. 1,673 Crore for the year ended March 31, 2023 as against Rs.2,173 Crore for the previous year.

Your Company now has only two revenue generating assets during the year 2022-23 i.e. 330 MW Alaknanda Hydro Power Company Limited and one coal based project 540 MW GVK Power (Goindwal Sahib) Limited (partially upto 10.10.2022 the date from which CIRP process has commenced) which have generated a revenue of Rs. 1,134.40 Crore (Goindwal) for the year ended March 31, 2023. Based on the orders of the National Company Law Tribunal, Hyderabad Bench, GVK Power (Goindwal Sahib) Limited has been taken over by the Resolution Professional from 10th October, 2022. Hence, the revenue is not comparable with the previous year's numbers.

##### **Alaknanda Hydro Power Company Limited**

The 330MW Shrinagar Hydro Electric Project achieved Annual Plant Availability Factor of 59.16% for the FY 2022-23 with a Plant Load Factor of 52.673 %. During the monsoon season, the Project operated all four units at their full capacity. During other seasons, based on the water flows, the plant was operated with at least one turbine, either on part or full load. During the year under review, the company has generated revenues of Rs. 879 Crore with a profit of Rs. 382 Crore.

##### **GVK Industries Limited (in liquidation)**

As per the orders issued by the National Company Law Tribunal, Hyderabad Bench, this Company is now taken over by the Resolution Professional on 21.04.2022 under the provisions of the Insolvency and Bankruptcy Code, 2016. Since, no possible solution is visible to revive this project, the NCLT, has initiated the process of liquidation of this company.

##### **GVK Gautami Power Limited**

Currently, the plant is under shutdown and kept under preservation mode and the plant is drawing power from the grid approximately @ 500 Kw which is needed for plant preservation activities. During the year GVK Gautami Power Ltd reported a loss of Rs.357.83 Crore for the financial year 2022-23 (Previous Year loss of Rs. 374.39 Crore).

##### **GVK Power (Goindwal Sahib) Limited (with RP under NCLT)**

NCLT has appointed Mr. Ravi Sethia as Resolution professional for this project who has taken charge of this project with effect from 10th October, 2022. The 2X270 MW Coal based Power plant situated at Goindwal Sahib, Tarn Taran District in the State of Punjab is operating the plant utilizing the coal supplies under SHAKTI Scheme. The Fuel Supply Agreements under SHAKTI scheme were signed in February, 2018. Currently, this project is not under the control of your management.

#### ii) Transportation

##### **GVK Jaipur Expressway Limited**

During the year, toll collections was Rs. 447.03 Crore (PY Rs. 354.78 Crore) registering an increase of 26.00 %. The Company reported a profit after tax of Rs. 138.58 Crore for the financial year (PY Rs. 70.49 Crore). During the year under review, the company calculated the excess Fees to be shared with NHAI as Rs. 14.28 Crore as their revenue share (PY Rs. 11.38 Crore) since the toll revenues are beyond the threshold limit as specified under the Concession Agreement. The average tollable traffic was 34,068 vehicles per day during the current financial year. The average toll collection per day is Rs.122.48 Lakhs during the year.

In terms of the Concession agreement signed with the National Highways Authority of India (NHAI) by GVK Jaipur Expressway Limited, the last day of the 20-year concession period concluded on 16th March, 2023.

However, NHAI extended the last day up to 9th April, 2023 to recover the losses incurred by the Company during the country wide lockdown period in 2020 to prevent the Covid-19 pandemic. From 10th April, 2023 the operations of this road project were taken over by the NHAI from the Concessionaire.

## 4. Risks & Concerns

### Energy

The energy crisis is the concern that the world's demands on the limited natural resources that are used to power industrial society are diminishing as the demand rises. These natural resources are in limited supply. While they do occur naturally, it can take hundreds of thousands of years to replenish the stores. The world faces two energy problems: most of our energy production still produces greenhouse gas emissions, and hundreds of millions lack access to energy entirely.

Among the major categories of risk considered are those relating to industrial operations, to atmospheric pollution, to shortage of water supply, and to change in climate. For each of these, we have considered the risks posed by energy systems based on fossil fuels, nuclear fuels, and solar energy. Some of the issues leading to the power deficit situation in the country include (i) shortage of fuel, (ii) high AT&C losses, (iii) a differential tariff structure, and (iv) delays in tariff revisions.

### Transportation

One of the most common transportation risks in distribution logistics is delays and disruptions. These can occur due to various factors such as traffic congestion, weather conditions, accidents, strikes, customs clearance, regulatory changes, or unexpected events. Few other instances of transportation risks are labor shortage delays, loss or theft of cargo, incorrect documentation, cargo damage and lack of proper insurance. To reduce these risks, businesses implement transportation risk management strategies and procedures.

## 6. GVK Power & Infrastructure Limited – Financial Performance Review

### Standalone Financials

#### Revenue

The total income of the company, which comprises of income in from operations, of power plant, Fees for technical services and other income is Rs.1,000 lakhs.

#### Expenditure

The Company's total expenditure, comprising of Cost of Operation, Employee Benefit Expenses and other administrative expenses, decreased to Rs.1,074 Lakhs for the year ended March 31, 2023 from Rs.3,519 lakhs for the year ended March 31, 2022.

#### Interest

Interest expenses stood at Rs.Nil (previous year figure was Rs. Nil)

#### Profit before tax (PBT)

Profit before tax for the year stood at Rs. 701 lakhs for the current year as compared to profit of Rs.5,687 lakhs in the previous year

#### Profit after tax

Profit after tax is Rs.646 lakhs for the year ended March 31, 2023 as compared to profit of Rs.5,587 lakhs in the previous year.

#### Earnings Per Share (EPS)

The earnings per share at a standalone level for the current year stands at Rs. 0.04 as compared to Rs. 0.35 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, joint ventures and associates. The Consolidated Financial Statements have been drawn as per the Indian Accounting Standards (Ind AS) IND-AS 110 on "Consolidated financial statements" and IND - AS 28 on "Investment in associate and joint venture" notified under Section 133 of the Companies Act, 2013 and Companies (Indian Accounting Standards) Rules, 2015, as amended. These companies operate broadly in a) Power b) Road c) Airports and d) Other sectors.

#### Revenue

GVKPIL registered a consolidated total income from operations of Rs.212,026 Lakhs for the year ended March 31, 2023, as against Rs.85,826 Lakhs during the corresponding period of the previous year recording an increase of 147 %.

EBIDTA at a consolidated level for the year stood at Rs. 131,792 Lakhs as against Rs.29,209 Lakhs in the previous year. EBIDTA margin at a consolidated level increased to 351% as compared to 113 % in the previous year.

#### Profit after tax

Profit after tax and non-controlling interest attributable to equity holder of GVKPIL for the current year is Rs.307,108 lakhs for 2022- 23 as compared to Rs. 263,593 lakhs in the previous year.



### Earnings per Share (EPS)

The earnings per share at consolidated level for the current year stands at Rs.15.44 as compared to Rs.16.75 per equity share of Re.1/- each in the previous year.

### Net Worth

The net worth as at the end of Financial Year 2022-23 stands at Rs. 45.301 lakhs as compared to Rs. Rs.(307,734) lakhs as at the end of the previous year.

During the period under review, there are no significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios.

### Details regarding Conservation of Energy and Technology Absorption:

Information on the conservation of Energy, Technology absorption and Research & Development, 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	Nil
(ii)	the steps taken by the company for utilizing alternate sources of energy	Nil
(iii)	the capital investment on energy conservation equipments	Nil

#### (B) Technology absorption:

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

## 7. Clean Development Mechanism

The Clean Development Mechanism (CDM) allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of Carbon-di-oxide (CO<sub>2</sub>). 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. Material developments in Human Resources/Industrial Relations front, including number of people employed

The total number of employees of GVK at the corporate office and projects sites as on March 31, 2023 stands at 190 approximately.

## **GVK Power & Infrastructure Limited**

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 the non-availability of natural gas/coal etc. The majority of these factors are not under the control of the management. GVK is no exception to this.

### **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.



# **CONSOLIDATED FINANCIAL STATEMENTS**

## Independent Auditors' Report

To,

To the Members of GVK POWER & INFRASTRUCTURE LIMITED

### Report on the Audit of the Consolidated Financial Statements

#### Qualified Opinion

1. We have audited the accompanying Consolidated Financial Statements of GVK Power & Infrastructure Limited (hereinafter referred to as the "Holding Company"), its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures (refer Note 42) to the consolidated financial statements), which comprise the Consolidated Balance Sheet as at March 31, 2023, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Cash flow Statement for the year then ended, and Notes to the Consolidated Ind AS Financial Statements, including a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Financial Statements").
2. In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of the reports of the other auditors on separate financial statements and on the other financial information of the subsidiaries, associates and joint ventures **except for the indeterminate effects/possible effects of the matters described in the Basis for Qualified Opinion paragraph below**, the aforesaid Consolidated Financial Statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associate and joint ventures as at March 31, 2023, their consolidated total comprehensive income (comprising of profit and other comprehensive expense), consolidated changes in equity and its consolidated cash flows for the year ended on that date.

#### Basis for Qualified Opinion

3. We draw your attention to:

- a. As discussed in detailed in Note 47 to the Consolidated Financial Statements regarding GVK Coal Developers (Singapore) Pte. Limited, (GVK Coal) (an associate) in which the Group has investments and has receivables aggregating to Rs.79,048 Lakhs and to whom the holding company has provided guarantees and commitments for loans aggregating to Rs.931,065 Lakhs taken by the aforesaid associate Company and has undertaken to provide financial assistance of USD 3.11 million (Rs. 2,557 Lakhs) as at March 31, 2023 with respect to which there are multiple significant uncertainties including outlook on the sector, non-achieving of financial closure and clearances for the project, concluding an appropriate solution with various stakeholders including lenders, and necessary environmental and regulatory clearances etc. The entity's current liabilities exceeded current assets by USD 2,845 million (Rs.2,339,320 Lakhs) as at March 31, 2023 and has incurred net losses of USD 212 million (Rs.174,606 Lakhs) for the nine months period ended on March 31, 2023.

The lenders have also filed a claim in the High Court of Justice Business and Property Courts of England and Wales Commercial Courts (England Court) on November 09, 2020 and have sought to recover the amounts advanced to GVK Coal. Under the interim solution undertaken by the lenders dated March 23, 2017, the respective arguments of the lenders and the Company were filed with the court. On June 13, 2022, the Judge has adjourned the starting of the trial to October, 2023. Despite the matter is pending before England Court, one of the lenders has filed an application under section 7 of the Insolvency and Bankruptcy Code 2016 to initiate Corporate Insolvency Resolution Process against the holding company (being guarantor for loan taken by GVK Coal) before National Company Law Tribunal, Hyderabad on July 14, 2022 and the holding company has filed the reply. The next date of hearing is 8th June 2023.

In this regard, while the Group has made a provision for impairment in respect of the aforesaid investment and receivables aggregating to Rs.79,048 Lakhs till March 31, 2023, we are unable to comment on the viability of the project and of the provision that may be required in relation to the aforementioned guarantees and commitments (in respect of which collateral security by way of pledge of 37% shares of GVK Airport Holdings Limited a step down wholly owned subsidiary of the Company, is also given in favour of the lenders) and the resultant impact of the same on these consolidated financial statements.

- b. As discussed in detailed in Note 48 (a) to the Consolidated Financial Statements regarding GVK Coal (Tokisud) Private Limited ("GVKCTPL"), a step down subsidiary of the Holding Company. The Hon'ble Supreme Court of India had deallocated dedicated coal mine allotted to GVK Power (Goindwal Sahib) Limited (GVKPGSL). GVK Coal (Tokisud) Private Limited (GVKCTPL), a subsidiary company of GVK Energy Limited (GVKEL) and mine operator was offered a compensation by the Nominated Authority of Rs. 11,129 Lakhs as against carrying value of assets of Rs.31,113 Lakhs as at March 31, 2017. GVKCTPL had appealed against



the said order in the Hon'ble High Court of Delhi. The aforesaid court vide its order dated March 09, 2017, directed GVKCTPL to submit its claim to the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015. Subsequently GVKCTPL submitted its claim for the balance amount of Rs.19,882 Lakhs to the aforesaid authority. The GVKEL has also given corporate guarantee for the loan taken by GVKCTPL. The nominated authority under the Ministry of Coal vide its order dated 16th March 2022 has further approved and released compensation of Rs.13,867 lakhs. Out of this an amount of Rs.8,883 lakhs have been deposited by nominated authority in interest bearing account with Registrar General of the Court as per the directions of the high court of Delhi dated 11th April 2022 and an amount of Rs.4,984 lakhs have been paid to lenders by nominated authority towards the balance dues payable as per the claims made by the lenders as on the date of vesting orders less the amount already paid to the lenders. Nominated authority has advised in the above order to approach Coal Tribunal in respect of disputes including the compensation disallowed with regard to R&R costs. The company has accordingly filed the appeal under sec. 27 of the Coal Mines (Special Provisions) Act, 2015 with Coal Tribunal for Rs 34,830 lakhs on August 01, 2022 and the next hearing of the case is scheduled on June 22, 2023.

The GVKEL, holding company, has given corporate guarantee for the loan taken by the GVKCTPL for which provision for Corporate Guarantee given by GVK Energy Limited for loan taken by GVK Coal (Tokisud) Private Limited has also not been considered.

In the light of the above, we are unable to comment on the recoverability of assets with carrying value of Rs.6,015 Lakhs together with consequential impact, if any, arising out of the same in these accompanying consolidated Ind AS financial statements.

- c. We draw attention to Note 48(b) to the consolidated financial statements regarding Deconsolidation of assets and liabilities of GVK Power (Goindwal Sahib) Limited ("GVKPGSL"), a step down subsidiary of the Holding Company up to 10th October 2022, has been admitted into Corporate Insolvency Resolution Process on October 10, 2022 based on petition filed by Axis Bank Ltd, one of the lenders in the consortium of GVKPGSL with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company. Interim Resolution professional appointed by NCLT has taken possession of all assets of GVKPGSL. Since the Group lost the control over the GVKPGSL, the assets and liabilities of GVKPGSL have been deconsolidated as at October 10, 2022 as required u/s Para 25 of Ind AS 110 Consolidated Financial Statements, which has resulted in a net gain of Rs.3,43,685 lakhs as disclosed as Exception Items in the Consolidated Financial Statements. The GVKEL has provided Corporate Guarantee to the lenders of GVKPGSL with respect to the amount lent by them. This Corporate Guarantee may be invoked by the Lenders of GVKPGSL considering the default therein. In such eventuality, GVKEL may need to reimburse the same, especially considering that the net assets of GVKPGSL is negative. However, the extent of the liability that may arise in respect of guarantee is presently not ascertainable and accordingly no provision has been made in this regard in relation to such liability.

In the light of the above, we are unable to comment upon consequential impact, if any, arising out of the same in the accompanying consolidated financial statements.

- d. The following qualifications included in the audit opinion on the standalone financial statements of GVK Gautami Power Limited, jointly controlled entity issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 23, 2023, is reproduced by us as under:

"We draw attention to note 49 (c) to the Ind AS Financial statements, regarding the uncertainties associated with recoverability of carrying value of property, plant and equipment, we are unable to comment on adequacy of provision made for impairment of property, plant and equipment, which have to be accounted for as per Indian Accounting Standard (Ind AS) 36 – Impairment of Assets.

We draw attention to note 49 (c) to the Ind AS Financial Statements, which indicates that (a) the company has accumulated losses and eroding its net worth, (b) the company has incurred a net cash loss during the current and previous period and (c) the company's current liabilities exceeded its current assets as at the balance sheet date. These conditions, along with other matters set forth in said note regarding defaults in loan and interest payments and uncertainty faced by the company towards availability / supply of natural gas, indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the Ind AS financial statements of the company have been prepared on a going concern basis for the reasons stated in the said note. There would arise a need to adjust the realizable value of assets and liabilities in the event of failure of assumptions as to going concern referred to in the said note, and in the absence of impact of aforesaid assumptions having been un-ascertained, we are unable to comment thereon.

In the light of the above, we are unable to comment upon consequential impact, if any, arising out of the same in the accompanying consolidated financial statements.



#### GVK Power & Infrastructure Limited

- e. The following qualifications included in the audit opinion on the standalone financial statements of Alaknanda Hydro Power Company Ltd. (AHPCL), a step down subsidiary of the Holding Company issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 15, 2023, is reproduced by us as under:

“We draw your attention to Note no 48(e) to the Ind AS Financial Statements regarding management’s legal assessment with respect to UPERC Tariff Order dated 20.04.2023. The Company, based on opinion sought, has not recognised the revenue on arrears for the tariff years 2019-20 to 2022-23. The impact of the same on the Ind AS Financial Statements can’t be quantified for reasons explained in the said note.”

In the light of the above, we are unable to comment upon consequential impact, if any, arising out of the same in the accompanying consolidated financial statements.

- f. As discussed in detailed in Note 49 to the Consolidated Financial statements regarding annulment of settlement by Edelweiss with respect to their loans / NCDs to GVKEL and Alaknanda Hydro Power Company Limited (AHPCL), non-accounting of estimated increase in liability on account of annulment of settlement terms by Edelweiss (amount not ascertained), invocation and transfer by Edelweiss of 46,60,11,000 Equity shares of AHPCL held by GVKEL of Rs.10 each, recording of exceptional loss of Rs.194.86 Crores during the year ended March 31, 2023 by GVKEL on account of invocation of pledged shares and transfer by Edelweiss (being difference in face value of pledged shares invoked by Edelweiss and the liability of Edelweiss appearing in books of GVKEL and AHPCL), recording of discharge of liability of Edelweiss pending legal suit before Hon’ble Delhi High Court, wherein GVKEL pleaded that as a consequence of the invocation and transfer of a valuable asset our liability towards the loan has been discharged and since the value of share is far in excess of the outstanding loan liability, the excess share to be returned.

Since the matter is Sub Judice and the agreement for selling these invoked shares are not yet concluded, the management cannot ascertain the number of shares of AHPCL required to settle the debt of Edelweiss as the actual implication thereof on the books is highly probable on the valuation of shares and outcomes of the legal proceedings.

ECL Finance Limited, Edelweiss Asset Reconstruction Company Limited, India Credit Fund II & Ecap Equities Limited (collectively referred to as “Edelweiss”) (through its debentures trustee namely Catalyst Trusteeship Limited) has filed petition with the Hon’ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company and GVK Energy Ltd. on October 21, 2022, the company has filed its replies and next hearing of the case is scheduled on June 07, 2023.

The auditors of AHPCL vide their audit report dated May 15, 2023, have also qualified the audit report in this matter, which is reproduced as below:

We draw your attention to Note no.\* to the Ind AS financial Statements regarding

- (i) default in redemption of debentures of INR 13,900.00 Lakhs and repayment of term loan of INR 7,974.21 Lakhs along with interest accrued thereon up to May 16, 2022 of INR 1,735.07 Lakhs due to Edelweiss group which were transferred to GVK Energy Limited based on the letter received from GVK Energy Limited on May 31, 2022. Consequently, no interest has been provided on such debentures and term loan from May 17, 2022 and
- (ii) the Company and GVK Energy Limited have considered that the above liabilities along with the liabilities of GVK Energy Limited as on May 16, 2022 gets extinguished in view of invocation of shares held by GVK Energy Limited in Alaknanda Hydro Power Company Limited pledged to Edelweiss group. The same has been informed to Edelweiss Group and Debenture Trustees in various correspondence in response to their communications.

We are unable to comment on the consequence of transfer of liabilities such as debentures, term loan and interest accrued thereon by the Company to GVK Energy Limited. In this regard it is also relevant to note that GVK Energy Limited vide its letter dated May 31, 2022 has given an undertaking to face the liabilities, if any, that may arise there from, on such transfer of liabilities to them.”

In view of the same, we are unable to comment on the accounting done in this regard in books of account and the ultimate impact of the same including of the invocation of the settlement offer by Edelweiss, invocation of pledged shares of AHPCL by Edelweiss, invocation of corporate guarantee issued by GVKPIL and GVKEL and impact of the proceedings in the NCLT, if any on the consolidated financial statements.

Note no.\* is included as note 49 to consolidated financial statements.

- g. The following matters are included in the audit opinion on the financial statements of GVK Bagodara Vasad Expressway Private Limited, a step-down subsidiary of the holding company issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 23, 2023 is reproduced by us as under:
- i. “The project of the company was terminated by GSRDC by referring the defaults of the Concessionaire. Consequent to the termination of the project, Company has accounted, cost incurred on the project Rs.589,04,20,918 as amount receivable from

the GSRDC as management has represented that the project of the company was terminated due to the reasons attributable to the GSRDC. Company has disputed the termination notice and invoked Arbitration in terms of provisions of concession agreement. The matter is sub-judice before hon'ble Arbitral Tribunal. We are unable to comment upon its recoverability in the absence of availability of related convincing audit evidence as to its recoverability.

- ii. Balances of borrowings (including interest accrued thereon) from lender amounting to Rs.879,40,24,915 as at 31st March 2023 as per books of accounts are unconfirmed. In absence of such confirmations, we are unable to comment on the appropriateness of carrying amount of borrowing (along with interest accrued thereon) as presented in Balance sheet."

Considering the above matters reported by the Component Auditor and other details as given in Note 50 (a) to the consolidated financial statements, we are unable to comment towards the recoverability of total assets aggregating to Rs. 58,919 Lakhs and the impact on the liabilities as appearing in the Consolidated Financial statements related to this step-down subsidiary.

- h. Note 54 to the consolidated financial statements regarding investigation by various Government agencies on various alleged irregularities relating to conflict of interest, misuse of funds, money laundering and other matters, pending completion of which and non-provision of certain related information sought from the holding company including complete copy of the Enforcement Directorate complaint. CBI has filed a charge sheet before the Chief Metropolitan Court, Mumbai on February 09, 2023, laying as allegation under section 120B read with section 420 of IPC against MIAL, Vice Chairman, Director & CFO of the Company and four other GVK group companies apart from others. The Court has granted bail to all the accused. The main issue alleged is siphoning of fund of MIAL eventually causing a loss to AAI. After going through the Charge Sheet, the company is of the view that the case will not stand the test of scrutiny of the court and will eventually be dismissed. The company is also of the view of that the charges are unsubstantiated and no offence u/s section 420 IPC has been made out as there is no loss to AAI, Government, or any Tax Authorities as alleged. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid proceedings.

In addition to be above, the Enforcement Directorate (ED) had also taken up the investigation under the Prevention of Money Laundering Act (PMLA) on the basis of an FIR registered by the CBI. ED had filed a complaint in April 2021 on the same matters against the above mentioned parties and some of the subsidiaries, joint ventures and step down subsidiaries of the Company, their directors and officers, and the concerned parties are cooperating with the investigating agencies. ED had filed a complaint before the City Court and Additional Session Judge, Greater Bombay under Section 45 of Prevention of Money Laundering Act, 2002 for commission of offence of Money laundering under section 3, read with section 70, Punishable u/s 4 of the Prevention of Money Laundering Act, 2002. The Audit Committee of the parent Company, based on the legal advice received by the Audit committee of MIAL, have decided not to proceed with any independent investigation on the matters mentioned in the FIR or the complaint filed by ED. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid investigation.

We are unable to comment on the effect thereof on the consolidated financial statements including prior year comparatives considering allegations over GVK Group.

- 4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. ("the Act"). Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the consolidated financial statements' section of our report. We are independent of the Group, its associates and Joint Control Entity in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated financial statements under the provisions of the Act and the rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us together with audit evidence obtained by the other auditors in terms of their report refer to in para 10 (i) of the other matter section below, is sufficient and appropriate to provide a basis for our qualified opinion.

## 5. Material Uncertainty Related to Going Concern

We draw attention to note 53 to the consolidated financial statements, which indicates that the Group, its associates and Joint Control Entity has incurred significant losses exceptional item during the current and preceding years. The Group's current liabilities are in excess of current assets. The group has delayed in repayments of loans and interest thereon and various loan accounts have been classified as non-performing assets by banks/ lenders including recall of loans /filing of cases under the Insolvency and Bankruptcy Code in certain cases. The material uncertainties including termination of projects, are also faced by various projects being executed by the Group, its associates and Joint Control Entity, in which the Group has made investments, and / or provided guarantees/ commitments and / or has undertaken to provide financial assistance. These events or conditions, along with other matters as set forth in aforesaid note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

## 6. Emphasis of Matter

- 6.1. We draw attention to Note 56 to the consolidated financial statements regarding sale of majority holding of GVK Airport Developers Limited (GVKADL) by Holding Company to Adani Airport Holding Limited (AAHL) as per binding co-operation agreement dated August 31, 2020 and other related transaction documents. AAHL has acquired and hold the securities as per co-operation agreement at the end of the financial year. The management considered the holding company as beneficial owner of the Optionally Convertible Debentures (OCDs) of Rs 112,464 Lakhs held by AAHL as per co-operation agreement in view of the terms of arrangement. Accordingly, the securities held in the name of AAHL have been classified as Current Investments of company in the Consolidated Financial statements.

Considering that the investments are yet to be transferred in the name of the holding company and certain aspects of the transaction including settlement with GVK Coal lenders are yet to be concluded, we are unable to comment on the full financial impact on these Consolidated financial statements.

- 6.2. We draw attention in the audit opinion on the standalone financial statements of GVK Gautami Power Limited, jointly controlled entity issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 23, 2023, is reproduced by us as under:

"We draw attention to Note \* to the Ind AS financial statements, regarding uncertainty of recoverability of trade receivables i.e. tax on book profits. Management is confident that this matter will be decided in company's favour and accordingly no adjustments are required to the carrying value. The ultimate outcome of this matter cannot be presently determined. Pending outcome of these receivables, no provision for adjustment / liability, if any, that may arise has been made in these Ind AS Financial Statements.

Note \* to the Ind AS financial statements, regarding non-receipt of confirmation of balance from two of the lenders to reconciliation of loan balance. We are unable to comment on the correctness of the carrying value of loan balances from said lenders and as the impact, if any, arising on account of lack of confirmation is not ascertainable. The balances confirmed by some of the other lenders are subject to reconciliation. However, the management is confident that on confirmation / reconciliation there will not be any material impact on the Ind AS financial statements.

Note \* to the Ind AS financial statements

(a) regarding notices issued by its lenders under sub-section (2) of Section 13 of The Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Act, 2002 ("SARFAESI"), read with Security Interest (Enforcement) Rules, 2002 ("SARFAESI Rules"). The company had replied / is in process of filing the necessary replies to respective notices.

(b) regarding petitions filed by all lenders except Indian Bank under Sub-section (4) of the Section 19 of The Recovery of Debts and Bankruptcy Act, 1993 ("RDB Act"), read with Sub Rule (2A) of Rule 5 of The Debt Recovery Tribunal (Procedure) Rules, 1993 in Hon'ble Debt Recovery Tribunal, Hyderabad.

Note \* to the Ind AS financial Statements, regarding the matter pending before Hon'ble National Company Law Tribunal (NCLT) Hyderabad Bench in which one of the lenders filed Application under section 7 of the Insolvency and Bankruptcy Code, 2016 to initiate Corporate Insolvency Resolution Process (CIRP) and the company submitted counter against the above application before Hon'ble National Company Law Tribunal (NCLT) Hyderabad Bench. Pending outcome of said proceedings, no adjustments have been made in the Ind AS financial statements, as on the reporting date."

Note \* is included as Note 48(c) to the consolidated financial statements.

- 6.3. We draw attention in the audit opinion on the standalone financial statements of GVK Bagodara Vasad Expressway Private Limited, a step-down subsidiary of the holding company issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 23, 2023 is reproduced by us as under:

"1. Note no.\* in the financial statements. The company had taken term loans from consortium of banks and a financial institution. Company borrowings continues to be classified as Non-Performing Asset by the Lenders due to defaults in payment of related dues. Lenders had recalled the entire facilities extended to the company in the earlier financial years.

2. Note no.\* states that the project undertaken by the Company had been terminated and hence "Going Concern assumption" is not appropriate. The matter is pending before arbitration."

Note \* is included as Note 50(a) to the consolidated financial statements.

- 6.4 We draw your attention to the following paragraph included in the audit opinion on the standalone financial statement of GVK Deoli Kota Expressway Private Limited, a stepdown subsidiary of the Holding Company issued by an independent firm of Chartered Accountants vide its review report dated May 23, 2023.

"Note \* and \* to the Ind AS financial statements, which explains the reason for preparation of this financial statements on realization basis assuming the Company is no longer a going concern. The Company has recorded receivable from NHAI of Rs. 881.63 Crores after setting off toll assets and other related future liabilities, which is subject to decision and process of arbitration between Company and NHAI.

Note \* to the Ind AS financial statements, which states that the Company has defaulted in Repayment of principal amount and payment of interest on such term loans taken from consortium of banks & financial institution. As a result, the lenders have classified the term loans as Non-Performing Asset and have recalled the entire facilities extended to the Company and outstanding on March 31, 2023. As a result of that, the term loans have become repayable on demand and as lenders have classified Company's borrowing facility as NPA, Company has not received borrowing statements and confirmation of borrowing balances from lenders and not made available to us. The matter is pending before Arbitration.

Our opinion is not modified in respect of these matters"

Note \* is included as Note 50(b) to the consolidated financial statements.

- 6.5 We draw attention in the audit opinion on the standalone financial statements of GVK Transportation Private Ltd (GVKTPL), subsidiary of the holding company issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 23, 2023 is reproduced by us as under:

"Note \* in the financial statements indicates that the company has accumulated losses and it's networth has been fully eroded, the company has incurred a net loss during the current year and previous year(s) and net cash loss during the current year and company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as going concern. However, the financial statements of the company have been prepared on a going concern basis for the reasons stated in the said note."

Note \* is included as Note 50(c) to the consolidated financial statements.

We draw your attention to note no.50 (c) of Consolidated Financial Statements, regarding GVK Transportation Private Ltd (GVKTPL), subsidiary of the holding company, One of the lender has filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against GVKTPL on February 24, 2022 and the next hearing of the case is scheduled on May 29, 2023.

- 6.6 We draw your attention to note no.51 of Consolidated Financial Statements, regarding GVK Ratle Hydro Electric Project Private Limited (GVK Ratle), a subsidiary of the holding company, GVK Ratle had entered into a concession agreement with J&K Power Development Department (JKPDD) for construction and operation of a hydro power plant on Build, Own, Operate and Transfer model. GVK Ratle started the project development and had spent/paid advances to the tune of Rs.101,552 lakhs (till March 31,2021) on various works. However there were significant delays in the construction of the project due to the impediments like land acquisition and execution of land, leases, issues in relation to working conditions, disturbances and law and order problems, issues under the Indus Water Treaty, issues in relation to Water charges, status of Mega Power Project and taxes such as entry tax, sales and other local taxes etc.

GVK Ratle requested for termination of project and offered for an amicable settlement. JKPDD rejected such settlement offer stating that the delays are tantamount to event of default from GVK Ratle. GVK Ratle had initiated the arbitration process and Tribunal vide its order dated 11th July'20 and rectification order dated 7th September'20 had accepted the contentions of the company and had given an award of Rs.29,048 Lakhs in favor of GVK Ratle. Not satisfied with the order, GVK Ratle has filed an appeal before district court, Kishtwar on 8th December,2020 against the said award, which is challenged by JKPDD and court granted the stay on proceedings. Meanwhile, GVK Ratle has filed an appeal before Supreme Court, the supreme court stayed all proceedings before the District Court, Kishtwar until it decides the issue relating to applicability of J&K Arbitration Act, 1997, even after it was repealed by J&K State Reorganization Act, 2019.

GVK Ratle had also entered into a settlement agreement with its lender on 24th November'21 and the award realized from the JKPDD will be paid to lender as per the settlement agreement. Considering the fact of termination of the project and settlement with the lenders, the company has adopted the liquidation basis of accounting in preparation of these financial statements and treated the amount recoverable as per award as its asset with similar amount payable to lender as its liability as per settlement agreement. As a result, a credit of Rs.1 Lakh (March 31, 2022 Rs.28497 Lakhs) has been shown as Exceptional Items in the Statement of Profit & Loss for the year ended March 31,2023.

Similar matter has been included as an Emphasis of matter paragraph in the audit opinion on the standalone financial statements of GVK Ratle Hydro Electric Project Private Limited, the stepdown subsidiary of the Holding Company issued by an independent firm of Chartered Accountants vide their report dated May 05, 2023.

## **GVK Power & Infrastructure Limited**

6.7 We draw your attention to Note 52 to the statement regarding GVK Perambalur SEZ Private Limited (GVK SEZ), a wholly owned subsidiary company of the Holding Company, regarding the company (GVK SEZ) stood as a Guarantor and mortgaged its land admeasuring 2,506.25 Acres to Syndicate Bank (since merged with Canara Bank) on account of loans taken by GVKPIL (the Parent Company). GVKPIL has since repaid the loan taken from Canara Bank and the bank has also acknowledged the same. However, in spite of the same, Canara bank has not issued a no due certificate and has not returned the original title documents. The Canara Bank has exercised the right of general lien under section 171 of Indian Contract Act, 1872 and has enforced general lien over the title deeds in the name of GVK SEZ for liabilities of GVK Coal (Singapore) PTE Ltd, an associate of GVK PIL. GVK PIL and GVK SEZ have jointly filed writ petition before High Court, Telangana on October 27, 2021 stating that Bank exercising of general lien under section 171 of the Indian contract Act, 1872 is wholly misconceived and illegal and contrary to the terms of Guarantee extended by the GVK SEZ and the matter is yet to be listed. Further, Enforcement Directorate (ED) has provisionally attached the said Land property in view of investigation under Prevention of Money Laundering Act (PMLA). However, Hon'ble High Court of Telangana vide its order dated April 22, 2021 has stayed the proceedings by issuing Show Cause Notice to ED. As on March 31, 2023, the status remains the same.

The matter is under litigation. Pending this litigation, the Investment Property having book value of Rs.11,655 Lakh (March 2022: Rs 11,655 Lakhs) is shown as recoverable since the Management is confident of winning the cases on merits.

6.8 We draw attention in the audit opinion on the standalone financial statements of Shivpuri Devas Expressways Private Ltd. (SDEPL), subsidiary of holding company issued by an independent firm of Chartered Accountants (Independent auditor) vide its report dated May 23, 2023 is reproduced by us as under:

"The financial statements indicates that the company has accumulated losses and it's networth has been fully eroded, the company has incurred a net loss during the current year and previous year(s) and net cash loss during the current year and company's current liabilities exceeded its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the company's ability to continue as going concern. However, the financial statements of the company have been prepared on a going concern basis for the reasons stated in the said note."

Our opinion is not modified in respect of the matters reported in Para a to i above.

## **7. Key Audit Matters**

Except for the matters described in the Basis for Qualified Opinion section and Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## **8. Information other than the Consolidated Financial Statements and Auditor's Report thereon**

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, Corporate Governance Report, Management Discussion and Analysis, Business Responsibility Report, but does not include the Consolidated Financial Statements and our auditor's report thereon.

All above reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the Consolidated Financial Statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors report and other reports, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

## **9. Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows, and changes in equity of the Group including its associate and joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind As) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associate and joint ventures 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 controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associate and joint ventures are responsible for assessing the ability of the Group and of its associate and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

## 10. Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Holding company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associate and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associate and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associate and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit and in evaluating the statements of our work and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

## GVK Power & Infrastructure Limited

We communicate with those charged with governance of the Holding Company and such other entities included in the Consolidated Financial Statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## 11. Other Matters

- 11.1 We did not audit the annual financial statements of 15 subsidiaries included in the consolidated financial statements, whose annual financial statements reflect (before adjustments for consolidation) total assets of Rs. 9,77,522 Lakhs and net assets of Rs. 246,548 Lakhs as at March 31, 2023, total revenues of Rs.1,56,207 Lakhs, total net Profit after tax of Rs. 37,924 Lakhs, and total comprehensive profit of Rs. 37,870 Lakhs for the for the year ended March 31, 2023, and cash inflows (net) of Rs.218 Lakhs for the year ended March 31, 2023, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss after tax of Rs. Nil Lakhs and total comprehensive income of Rs. Nil Lakhs for the year ended March 31, 2023 respectively, as considered in the consolidated financial statements, in respect of one Joint Control Entity, whose financial statements have not been audited by us. These consolidated financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, associates and Joint Control Entity, is based solely on the audit reports of the other auditors and the procedures performed by us as stated in paragraph 10 above.
- 11.2 The consolidated financial statements include the unaudited financial statements of one subsidiary viz. GVKGSPL which has not been audited by the auditor as the subsidiary was deconsolidated w.e.f October 10, 2022 on account of loss of control by the group, whose financial statements reflect (before adjustments for consolidation) total revenue of Rs.56,519 Lakhs, total net (loss) after tax of Rs.57,395 Lakhs and total comprehensive loss of Rs.57,395 Lakhs for the year ended March 31, 2023, as considered in the consolidated unaudited financial statements.
- 11.3 The consolidated financial statements don't include the financial statements in respect of two associates. According to the information and explanations given to us by the Management, this financial information is not material to the Group.
- 11.4 Our opinion on the consolidated financial statements is not modified in respect of the matter as described in para 11.1, 11.2 and 11.3 above with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Board of Directors.

## 12. Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements and other financial information of the subsidiaries, associates and joint ventures, as noted in the "Other Matter" paragraph, we report, to the extent applicable, that

- a. We have sought and except for matters referred in Basis for Qualification Paragraph above obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b. In our opinion, except for the indeterminate effects of the matters referred to in Basis for Qualified opinion paragraph above, proper books of accounts as required by law relating to preparation of the aforesaid consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account and records maintained for the purpose of preparation of the consolidated financial statements.
- d. Except for the indeterminate effects of the matters referred to in Basis for Qualified opinion paragraph above, in our opinion, the aforesaid Consolidated Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

- e. The matters described in the Basis for Qualified opinion paragraph, Material Uncertainty Related to Going Concern and Emphasis of Matter paragraphs above, in our opinion, may have an adverse effect on the functioning of the group.
- f. On the basis of the written representations received from the directors of the Holding Company as on March 31, 2023 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associates and joint ventures incorporated in India, none of the directors of the Group companies, its associates and joint ventures incorporated in India is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act
- g. With respect to the adequacy of the internal financial controls over financial reporting of the Group, its associates and its joint ventures and the operating effectiveness of such controls, refer to our separate report in **Annexure A** and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and joint ventures:
  - i. The Consolidated Financial Statements disclose the impact, if any, of pending litigations on the consolidated financial position of the Group, its associate and joint ventures– Refer Note 54 to the Consolidated Financial Statements.
  - ii. The Group, its associate and joint ventures did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses as at March 31, 2023.
  - iii. During the year ended March 31, 2023, there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies, associate companies and joint ventures incorporated in India.
  - iv. (a) The Management has represented and refer Note no.58 to the consolidated financial statements, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, associates companies and joint venture companies incorporated in India to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Holding Company or its subsidiary companies, associates companies and joint venture companies incorporated in India ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (b) The Management has represented and refer Note no.58 to the consolidated financial statements, that, to the best of its knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies, associates companies and joint venture companies incorporated in India from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Holding Company or its subsidiary companies, associate companies and joint venture companies incorporated in India shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
  - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub- clause (i) and (ii) of Rule 11(e) of the Companies Act (Audit and Auditor's) Rules, 2014 as provided under (iv) and v, contain any material mis-statement.
- v. The Holding Company has neither declared nor paid any dividend during the year.
- vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. 1st April, 2023, reporting in respect of mandatory use of accounting software with requisite audit trail facility is not applicable.

**GVK Power & Infrastructure Limited**

13. The provisions of Section 197 read with Schedule V to the Act are applicable to the Company, however, the Company has paid/provided for managerial remunerations for the year ended March 31, 2023, in accordance with the requisite approvals mandated.
14. With respect to the matters specified in paragraphs 3(xi) and 4 of the Companies (Auditor's Report) Order, 2020 ("the Order" / "CARO"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, to be included in the Auditor's report, according to the information and explanations given to us, the details of qualifications / adverse remarks made by respective auditors of the subsidiaries, associates and joint ventures in the CARO reports of the respective companies included in the consolidated financial statements are as follows:

Sr. No.	Name of the company	CIN	Type of company (Holding/Subsidiary/ Associate/Joint Venture)	Clause number of the CARO Report which is qualified or Adverse
1	Alaknanda Hydro Power Company Limited	U40100TG1996PLC074796	Subsidiary	(vii) (a),(b) & (ix)(a) ,(b)
2	GVK Coal (Tokisud) Company Private Limited	U10101TG2005PTC047275	Subsidiary	(vii)(a), (viii)
3	GVK Deoli Kota Expressway Private Limited	U45209TG2010PTC067999	Subsidiary	(vii) (a), (ix) & (xvii)
4	GVK Bagodara Vasad Expressway Private Limited	U45200TG2011PTC072500	Subsidiary	(vii) (a), (ix) & (xvii)
5	GVK Gautami Power Limited	U40102TG1996PLC024970	(JCE) of Subsidiary	(vii)(b), (ix) (a), (xvii) & (xix)
6	GVK Developmental Projects Private Limited	U74140DL2006PTC156789	Subsidiary	(iii)(b), (xviii)
7	Sutara Roads & Infra Limited	U45300TG2015PLC099082	Subsidiary	(iii)(b) & (xvii)
8	GVK Ratle Hydro Electric Project Pvt Ltd	U40108TG2010PTC069067	Subsidiary	(xvii)
9	GVK Jaipur Expressway Limited	U45203TG2002PLC063406	Subsidiary	(iii)(b) (c) (f) ,(vii) (a),(b) , (xvi) (d)
10	GVK Perambalur SEZ Private Limited	U45209DL2006PTC156157	Subsidiary	(xvii)
11	GVK Transportation Private Limited	U63030TG2009PTC064808	Subsidiary	(vii)(b)

For **T R Chadha & Co LLP**

Chartered Accountants

Firm Registration Number: 006711N/N500028

**Aashish Gupta**

Partner

Membership Number: 097343

UDIN: 23097343BGQJMG4513

Place: Gurugram

Date: May 26, 2023

## Annexure A to Independent Auditors' Report

(Referred to in paragraph 12(h) of the Independent Auditors' Report of even date to the members of GVK Power & Infrastructure Limited on the Consolidated Financial Statements for the year ended March 31, 2023)

### Report on the Internal Financial Controls with reference to Consolidated Financial Statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 Act ('the Act')

1. In conjunction with our audit of the Consolidated Financial Statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to financial statements of GVK Power & Infrastructure Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate company, and joint ventures, which are companies incorporated in India, as of that date.

### Responsibilities of Management and Those Charged with Governance for Internal Financial Controls

2. The respective Board of Directors of the Holding company, its subsidiary companies, its associate company and joint ventures, to whom reporting under clause (i) of sub section 3 of Section 143 of the Act in respect of the adequacy of the internal financial controls with reference to financial statements, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on "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 (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 Act.

### Auditor's Responsibility for the Audit of the Internal Financial Controls with Reference to Consolidated Financial Statements

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing deemed to be prescribed 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 ICAI. 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 with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 qualified opinion on the Company's internal financial controls system with reference to financial statements of the Holding Company, its subsidiary companies, its associate companies and joint venture companies as aforesaid.

### Meaning of Internal Financial Controls with reference to Consolidated Financial Statements

5. A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or



timely detection of unauthorized 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 with reference to Consolidated Financial Statements**

6. Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Basis for Qualified opinion**

7. According to the information and explanations given to us and based on our audit and subject to the Basis for Qualified Opinion paragraphs in our main report, the following material weaknesses have been identified in the operating effectiveness of the Holding Company's internal financial controls with reference to Consolidated Financial Statements as at March 31, 2023:

(a) The Holding Company's internal financial controls for determining whether adjustments are required to the carrying value of investments, receivables and whether any liability to be recognized for the financial assistance, corporate guarantees and commitments given to an associate and joint venture of the Holding Company were not operating effectively, which could potentially result in non-recognition of provision with regard to the aforesaid financial statement line items (Refer paragraphs 3(a) and (b) of our main audit report).

b) Refer paragraph 3(c) of our main audit report) regarding chargesheet filed by CBI before the Chief Metropolitan Court, Mumbai on February 09, 2023, laying as allegation under section 120B read with section 420 of IPC against MIAL, Vice Chairman, Director & CFO of the Company and four other GVK group companies apart from others. In addition to be above, the Enforcement Directorate (ED) had also taken up the investigation under the Prevention of Money Laundering Act (PMLA) on the basis of an FIR registered by the CBI. ED had filed a complaint in April 2021 on the same matters against the above-mentioned parties and some of the subsidiaries, joint ventures and step down subsidiaries of the Company, their directors and officers, and the concerned parties are cooperating with the investigating agencies.

We are unable to comment on the impact may arise on conclusion of such investigation on the internal financial controls system of the company and its operating effectiveness.

- c) We draw your attention to the following qualification to the audit opinion on internal financial control over financial statements of the consolidated financial statements of GVK Energy Limited (GVKEL), a subsidiary of the Holding Company issued by us vide our report dated May 23, 2023 reproduced by us as under:

GVKEL, subsidiaries, associates, jointly controlled company's internal control over use of assumptions for analysis of asset impairments and provision for corporate guarantee fee is not operating effectively which could potentially result in the holding company, subsidiaries, associates, jointly controlled company not recognizing possible impairment loss." (Refer 3(f) of our main audit report)

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.

### **Qualified Opinion**

8. In our opinion, the Holding Company, its subsidiary companies, associates and joint ventures, which are companies incorporated in India, have in all material respects, maintained adequate internal financial controls with reference to financial statements based on the internal control over financial reporting criteria established by the Group, associates and its joint ventures considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI, and except for the possible effects of the material weaknesses described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Holding Company's, its subsidiary companies, associates and joint ventures internal financial controls with reference to financial statements were operating effectively as of March 31, 2023.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Group, its associates and its joint ventures for the year ended March 31, 2023, and these material weaknesses has affected our opinion on the financial statements of the Group and we have issued a qualified opinion on the financial statements for the year ended on that date. (Also refer Basis for Qualified Opinion of the main audit report).

## Other Matter

9.1. We did not audit the internal financial control with reference to 15 subsidiaries included in the consolidated financial statements, whose annual financial statements reflect (before adjustments for consolidation) total assets of Rs. 9,77,522 Lakhs and net assets of Rs. 246,548 Lakhs as at March 31, 2023, total revenues of Rs.1,56,207 Lakhs, total net Profit after tax of Rs. 37,924 Lakhs, and total comprehensive profit of Rs. 37,870 Lakhs for the for the year ended March 31, 2023, and cash inflows (net) of Rs.218 Lakhs for the year ended March 31, 2023, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss after tax of Rs. Nil Lakhs and total comprehensive income of Rs. Nil Lakhs for the year ended March 31, 2023 respectively, as considered in the consolidated financial statements, in respect of one Joint Control Entity, which are the companies covered under the Act, whose internal financial controls with reference to financial statements have not been audited by us. The internal financial control with reference to financial statements in so far as it relates to such subsidiary companies, associate and joint ventures have been audited by other auditors whose reports have been furnished to us by the Management and our report on the adequacy and operating effectiveness of the internal financial controls with reference to the financial statements for the Holding Company, its subsidiary companies, associates and joint venture companies, as aforesaid under Section 143 (3) (i) of the Act in so far as it relates to such subsidiary companies, associate company and joint venture companies is based solely on the reports of the auditors of such companies.

Our opinion is not modified in respect of this matter with respect to our reliance on the work done by and on the reports of other auditors.

9.2. The consolidated financial statements include the unaudited financial statement of one subsidiary viz. GVKGSPL which has not been audited by the auditor as the subsidiary was deconsolidated w.e.f October 10, 2022 on account of loss of control by the group, whose financial statements reflect (before adjustments for consolidation) total revenue of Rs.56,519 Lakhs, total net (loss) after tax of Rs.57,395 Lakhs and total comprehensive loss of Rs.57,395 Lakhs for the year ended March 31, 2023, as considered in the Consolidated Unaudited Financial Statements.

Our opinion is not modified in respect of the matter as described in para 9.1 and 9.2 above with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Board of Directors.

For **T R Chadha & Co LLP**

Chartered Accountants

Firm Registration Number: 006711N/N500028

**Aashish Gupta**

Partner

Membership Number: 097343

UDIN: 23097343BGQJMG4513

Place: Gurugram

Date: May 26, 2023

## Consolidated Balance Sheet as at March 31, 2023

(All amounts in INR lakhs, except share data and where otherwise stated)

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>Assets</b>			
<b>Non-current assets</b>			
<b>Property, plant and equipment and Intangible asset</b>			
Property, plant and equipment	3	373,433	713,041
Investment Property	4	11,655	11,655
Intangible assets	5	196	6,129
Right of use asset	5	834	1,725
Investments including in joint ventures and associates (accounted under equity method)	6	7,136	7,136
<b>Financial assets</b>			
Other non-current financial assets	7	101,048	101,194
Deferred tax assets (net)	8	12,841	5,766
Tax assets (Net)		2,392	3,774
Other non-current assets	9	553	6,847
<b>Total</b>		<b>510,088</b>	<b>857,267</b>
<b>Current Assets</b>			
Inventories	10	906	7,544
<b>Financial assets</b>			
Investments	11	142,993	130,385
Trade receivables	12	4,803	46,712
Cash and cash equivalents	13	50,408	55,485
Balances with banks other than cash and cash equivalents	14	555	208
Loans	15	751	2
Other financial assets	16	49,527	50,275
Current tax assets		7,338	4,961
Other current assets	17	1,568	4,353
<b>Total</b>		<b>258,849</b>	<b>299,925</b>
<b>Total Assets</b>		<b>768,937</b>	<b>1,157,192</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity share capital	18	15,792	15,792
Other equity		(130,924)	(399,742)
<b>Equity attributable to owners of the Group</b>		<b>(115,132)</b>	<b>(383,950)</b>
Non-controlling interests		160,433	76,216
<b>Total Equity</b>		<b>45,301</b>	<b>(307,734)</b>
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	19	307,359	351,082
Other financial liabilities	20	12,324	3,105
Provisions	21	5	104
Deferred tax liabilities (net)	22	81	152
<b>Total</b>		<b>319,769</b>	<b>354,443</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	23	279,011	701,213
Trade payables - Total outstanding dues of:	24		
- micro and small enterprises		42	1
- other than micro and small enterprises		2,321	8,338
Other financial liabilities	25	110,839	393,278
Provisions	26	1,340	1,464
Current tax liabilities (net)		1,909	127
Other current liabilities	27	8,405	6,062
<b>Total</b>		<b>403,867</b>	<b>1,110,483</b>
<b>Total Equity and liabilities</b>		<b>768,937</b>	<b>1,157,192</b>

Summary of significant accounting policies

1 &amp; 2

The accompanying notes form an integral part of the Consolidated IND AS financial statements

As per our report of even date.

**For T R Chadha & Co LLP,**

Chartered Accountants

Firm registration number: 006711N/N500028

**Aashish Gupta**

Partner

Membership No. 097343

Place: Gurugram

Date: May 26, 2023

For and on behalf of the Board of Directors of

**GVK Power and Infrastructure Limited**

(CIN - L74999TG2005PLC059013)

**Dr. GVK Reddy**

Non-Executive Chairman

DIN: 00005212

**A Issac George**

Director &amp; CFO

DIN: 00005456

**P V Rama Seshu**

Vice President &amp; Company Secretary, FCS 4545

Place: Hyderabad

Date: May 26, 2023

## Consolidated Statement of Profit and Loss Year ended March 31, 2023

(All amounts in INR lakhs, except share data and where otherwise stated)

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
<b>Continuing operations</b>			
<b>INCOME</b>			
Revenue from operations	28	212,036	85,826
Other income (net)	29	5,870	3,045
<b>Total income</b>		<b>217,906</b>	<b>88,871</b>
<b>EXPENSES</b>			
Cost of materials consumed		49,353	14,693
Employee benefits expense	30	2,513	1,417
Finance costs	31	107,371	42,070
Depreciation and amortisation expense (net)	32	39,974	13,617
Other expenses	33	28,378	40,507
<b>Total expenses</b>		<b>227,589</b>	<b>112,304</b>
Profit/(Loss) before share of profit/(loss) from associate & joint venture and tax expense		<b>(9,683)</b>	<b>(23,433)</b>
Exceptional item (net)		324,200	50,380
Share of profit of joint venture		(225)	(21)
<b>Profit/(Loss) before tax for the year from Continuing operations</b>		<b>314,292</b>	<b>26,926</b>
<b>Tax expense</b>	34		
Current tax		14,201	4,883
Income tax/MAT Credit of earlier years		63	358
Deferred tax		(7,080)	2,038
<b>Total tax expense</b>		<b>7,184</b>	<b>7,279</b>
<b>Profit/(Loss) for the year from Continuing operations</b>		<b>307,108</b>	<b>19,649</b>
<b>Profit/(Loss) before Tax for the year from discontinued operations</b>		<b>-</b>	<b>239,850</b>
<b>Tax expense</b>			
Deferred tax		-	(4,094)
Profit/(Loss) after Tax for the year from discontinued operations		-	<b>(4,094)</b>
<b>Profit/(Loss) for the year</b>		<b>307,108</b>	<b>263,593</b>
<b>Other comprehensive income - Continuing operations</b>			
<b>A. Items that will not be reclassified subsequently to profit or loss</b>			
(a) Remeasurements of post employment benefit obligations		85	(51)
(b) Tax relating to above items			
Tax expense		(7)	-
Deferred tax		7	-
<b>B. Items that may be reclassified to profit or loss</b>			
(a) Exchange differences in translating the financial statements of foreign operations		(124)	(15)
<b>Total other comprehensive (expense)/income</b>		<b>(39)</b>	<b>(66)</b>
<b>Total comprehensive Profit/(Loss) for the year</b>		<b>307,069</b>	<b>263,526</b>
<b>Profit/(loss) for the year attributable to:</b>			
- Owners of the Company			
Profit/(Loss) for the period from Continuing operations		243,894	15,303
Profit/(Loss) for the period from discontinued operations		-	249,234
- Non controlling interests			
Profit/(Loss) for the period from Continuing operations		63,214	4,345
Profit/(Loss) for the period from discontinued operations		-	(5,290)
		<b>307,108</b>	<b>263,593</b>
<b>Other Comprehensive Income Attributable to :</b>			
- Owners of the Company			
Profit/(Loss) for the period from Continuing operations		(55)	(55)
Profit/(Loss) for the period from discontinued operations		-	11
- Non controlling interests			
Profit/(Loss) for the period from Continuing operations		16	(11)
Profit/(Loss) for the period from discontinued operations		-	(11)
		<b>(39)</b>	<b>(66)</b>
<b>Total comprehensive income/(loss) for the year attributable to:</b>			
- Owners of the Company			
Profit/(Loss) for the period from Continuing operations		243,839	15,248
Profit/(Loss) for the period from discontinued operations		-	249,245
- Non controlling interests			
Profit/(Loss) for the period from Continuing operations		63,230	4,334
Profit/(Loss) for the period from discontinued operations		-	(5,301)
		<b>307,069</b>	<b>263,526</b>
<b>Earnings per equity share (Equity shares, par value of Re. 1 each)</b>			
<b>Basic and Diluted earnings per share in Rs</b>			
- Continuing operations		15	1
- Discontinuing operations		-	16
<b>Summary of significant accounting policies</b>	<b>1 and 2</b>		

The accompanying notes form an integral part of the Consolidated IND AS financial statements

As per our report of even date.

**For T R Chadha & Co LLP,**

Chartered Accountants

Firm registration number: 006711N/N500028

**Aashish Gupta**

Partner

Membership No. 097343

Place: Gurugram

Date: May 26, 2023

For and on behalf of the Board of Directors of

**GVK Power and Infrastructure Limited**

(CIN - L74999TG2005PLC059013)

**Dr. GVK Reddy**

Non-Executive Chairman

DIN: 00005212

**A Issac George**

Director & CFO

DIN: 00005456

**P V Rama Seshu**

Vice President & Company Secretary, FCS 4545

Place: Hyderabad; Date: May 26, 2023

## Consolidated cash flow statement Year ended March 31, 2023

(All amounts in INR lakhs, except share data and where otherwise stated)

		Year ended March 31, 2023	Year ended March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
<b>Profit/(Loss) before tax for the year from Continuing operations</b>		<b>314,292</b>	<b>26,926</b>
<b>Adjustments for:</b>			
Depreciation and amortisation (net)		39,974	13,617
Interest income		(3,798)	(1,555)
Liabilities written back/ Reversal of previous year expenses		(286)	(291)
Income from investment		(1,013)	(770)
Loss (Profit) on sale of assets/ Investments written off (net)		(363)	18
Interest expense		107,371	41,495
Exceptional item (net)		(324,200)	(50,380)
Share of loss in joint venture		225	21
Provision for doubtful debts/ Liquidated Damages		145	193
Advances written off		42	8,715
Goodwill written off		-	15,142
Loss on exchange fluctuation (net)/ Other non cash expenses		(40)	14
Provision for Periodic overlay		3,351	2,992
<b>Operating Profit before Working Capital Changes</b>		<b>135,700</b>	<b>56,137</b>
<b>Change in operating assets and liabilities:</b>			
Decrease/(Increase) in trade receivables		993	(10,964)
Decrease/(Increase) in Inventories		(92)	2,064
Decrease/(Increase) in Financial Assets loans, others, other current and non current assets		5,511	23,184
(Decrease)/Increase in Provisions		(73)	(3,808)
Increase in Trade payables, other financial liabilities and current liabilities		35,169	(27,601)
<b>Cash Generated from Operations</b>		<b>177,208</b>	<b>39,012</b>
Taxes (paid)/refund (net)		(15,163)	(4,697)
<b>Net Cash flow from Operating Activities</b>	<b>(A)</b>	<b>162,045</b>	<b>34,315</b>
<b>B. CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES</b>			
Proceeds/ (Purchase) of fixed assets		380	(1,107)
Capital Advances		-	34,777
(Purchase) / proceeds from sale of current investments (net)		(12,030)	(13,375)
Loans (given) to / taken from related parties and others (net)		(1,464)	5
(Investment)/ Realization of bank deposits (having original maturity of more than 3 months)		-	5,451
Interest received		2,953	1,536
<b>Net Cash flow from/(used in) Investing Activities</b>	<b>(B)</b>	<b>(10,161)</b>	<b>27,287</b>
<b>C. CASH FLOW USED IN FINANCING ACTIVITIES</b>			
Payment towards Purchase of Non controlling interest		-	(199)
Repayment of long term borrowings		(56,510)	(67,124)
Repayment/ Proceeds from short term Loans and advance (net)		(37,077)	29,425
Interest paid		(54,798)	(15,601)
<b>Net Cash flow used in Financing Activities</b>	<b>(C)</b>	<b>(148,385)</b>	<b>(53,499)</b>



		Year ended March 31, 2023	Year ended March 31, 2022
<b>Net increase/(decrease) in Cash and Cash Equivalents</b>			
- For the period from Continuing operations (A+B+C)		<b>3,499</b>	<b>8,103</b>
- For the period from Discontinuing operations		-	<b>(39,534)</b>
<b>Cash and Cash Equivalents at the beginning of the year</b>		55,485	46,486
Add: Upon addition and deletion of subsidiaries		(8,576)	40,430
Cash and Cash Equivalents at the end of the year		<b>50,408</b>	<b>55,485</b>
<b>Components of cash and cash equivalents as per cash flow statement</b>			
Balance with banks:			
Current accounts		14,185	12,688
Deposit accounts		36,214	42,235
Cash		9	8
Cheques		-	554
<b>Total Cash and Cash Equivalents</b>		<b>50,408</b>	<b>55,485</b>

The accompanying notes form an integral part of the Consolidated IND AS financial statements

As per our report of even date.

**For T R Chadha & Co LLP,**

Chartered Accountants

Firm registration number: 006711N/N500028

**Aashish Gupta**

Partner

Membership No. 097343

Place: Gurugram

Date: May 26, 2023

For and on behalf of the Board of Directors of

**GVK Power and Infrastructure Limited**

(CIN - L74999TG2005PLC059013)

**Dr. GVK Reddy**

Non-Executive Chairman

DIN: 00005212

**A Issac George**

Director & CFO

DIN: 00005456

**P V Rama Seshu**

Vice President & Company Secretary, FCS 4545

Place: Hyderabad

Date: May 26, 2023

## Consolidated Statement of changes in equity as at March 31, 2023

(All amounts in INR lakhs, except share data and where otherwise stated)

### a. Equity

Equity shares of INR 1 each issued, subscribed and fully paid	Number of shares	Rs. in Lakhs
Issued and Paid up Capital at April 1, 2021	1,579,210,400	15,792
Issued during the year	-	-
Balance at March 31, 2022	1,579,210,400	15,792
Issued during the year	-	-
<b>As at March 31, 2023</b>	<b>1,579,210,400</b>	<b>15,792</b>

### b. Other Equity

	Attributable to owners of GVK Power & Infrastructure Limited							Non Controlling Interests	Total
	Reserves and Surplus					Items of OCI	Total Other Equity		
	Loss on Treasury Shares	Capital Reserve	Securities premium reserve	General reserve	Retained earnings	Foreign Currency Translation Reserve			
As at March 31, 2021	(4,057)	40,694	215,935	952	(616,335)	1,029	(361,782)	239,136	(122,646)
Profit/(loss) for the year									
Loss for the period from Continuing operations	-	-	-	-	15,303	-	15,303	4,345	19,647
Loss for the period from asset held for sale operations	-	-	-	-	249,234	-	249,234	(5,290)	243,944
Add: Upon addition and deletion of subsidiaries	2,396	(39,177)	168,708		(434,387)	7	(302,453)	(161,953)	(39,181)
Other comprehensive income	-	-	-	-	-	-	-	-	-
Loss for the period from Continuing operations	-	-	-	-	(40)	(15)	(55)	(11)	(66)
Loss for the period from asset held for sale operations	-	-	-	-	11		11	(11)	-
As at March 31, 2022	(1,661)	1,517	384,643	952	(786,214)	1,021	(399,742)	76,216	(323,526)
Transactions with owners in their capacity as owners									
Profit/(loss) for the year									
Loss for the period from Continuing operations	-	-	-	-	243,894	-	243,894	63,214	307,108
Loss for the period from asset held for sale operations	-	-	-	-	-	-	-	-	-
Additions during the year	-	-	-	-	24,979	-	24,979	20,987	45,965
Other comprehensive income	-	-	-	-	-	-	-	-	-
Loss for the period from Continuing operations	-	-	-	-	69	(124)	(55)	16	(39)
Loss for the period from asset held for sale operations	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2023	(1,661)	1,517	384,643	952	(517,272)	897	(130,924)	160,433	29,509

The accompanying notes form an integral part of the Consolidated IndAS financial statements

As per our report of even date.

**For T R Chadha & Co LLP,**

Chartered Accountants

Firm registration number: 006711N/N500028

**Aashish Gupta**

Partner

Membership No. 097343

Place: Gurugram

Date: May 26, 2023

For and on behalf of the Board of Directors of

**GVK Power and Infrastructure Limited**

(CIN - L74999TG2005PLC059013)

**Dr. GVK Reddy**

Non-Executive Chairman

DIN: 00005212

**A Issac George**

Director &amp; CFO

DIN: 00005456

**P V Rama Seshu**

Vice President &amp; Company Secretary, FCS 4545

Place: Hyderabad

Date: May 26, 2023

## Notes to the consolidated financial statements as at March 31, 2023

(All amounts in INR lakhs, except share data and where otherwise stated)

### 1 Corporate information

GVK Power & Infrastructure Limited ("Parent 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 (collectively termed as "the Group"), joint ventures and associates are engaged in constructing and operating power plants, highway projects, exploration of coal mines and airports (discontinued operations).

These group consolidated financial statements have been approved by the Company's Board of Directors and authorized for issue on May 26, 2023.

### 2 Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial statements are for the group consisting of GVK Power & Infrastructure Limited (the 'Company') and its subsidiaries, associates and joint ventures.

#### 2.1 Basis of preparation

**i. Compliance with Ind AS:** The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified pursuant to section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to Companies Act, 2013 (Ind AS compliant Schedule III), as applicable to the consolidated financial statements.

**ii. Historical cost convention:** The consolidated financial statements have been prepared on a historical cost basis, except certain financial instruments measured at fair value (refer accounting policy of financial instruments).

#### 2.2 Basis of consolidation

##### i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the control is transferred to the group. They are deconsolidated from the date control ceases.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides an evidence of impairment of the transferred asset. Accounting policies of subsidiaries are in accordance with the group accounting policies. The acquisition method of accounting is used to account for business combinations by the group.

Non controlling interests in the results and equity of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, Consolidated Statement of changes in equity and Balance Sheet respectively.

##### (ii) Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting (see iv below), after initially being recognised at cost. Also refer note 47.

##### (iii) Joint arrangements

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Interests in joint ventures accounted for using the equity method (see (iv) below), after initially being at cost.

##### (iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint controlled entity are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment.

### (v) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the group ceases to consolidate or equity account an investment because of a loss of control, joint control or significant interest, any retained interest in the equity is remeasured to its fair value with change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

## 2.3 Summary of significant accounting policies

### a. Current versus non-current classification

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

### b. Fair value measurement

The Group measures financial instruments, such as, investments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, The Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, The Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### c. Foreign currencies:

The financial statements are presented in Indian rupees lakhs, which is the functional currency of the Group and the currency of the primary economic environment in which the Group operates.

### Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss with the exception of the following:

- Exchange differences arising on monetary items that are designated as part of the hedge of The Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

### d. 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, regardless of when the payment is being made. Revenue towards satisfactory performance obligation is measured at the amount of transaction price (Net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the company as a part of the contract. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### Revenue from Contract with customer

Revenue from contract with customer is recognised when control of the services are transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those services. The Group has generally concluded that it is the principle in its revenue arrangements, because it typically controls the services before transferring them to the customer.

### Sale of power

Revenue from Sale of Power is recognised, when power is supplied to the Uttar Pradesh Corporation limited which coincides with generation of power, in accordance with the provisions of PPA. Tax reimbursements from UPPCL is recognised based on the admittance by the UPPCL.

### Rendering of services:

#### (i). 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 Holding Company's income comprises of (a) Operating fees and (b) Reimbursement of actual expenses. Operating fees are linked to generation of electricity including deemed generation and is subject to escalations.

#### (ii). Manpower and consultancy services:

Revenues for manpower services are recognised as and when services are rendered on time and material basis.

#### (iii). Income from airport services (Discontinued operations):

Revenue from airport operations i.e. Aeronautical and Non Aeronautical operations are recognized on accrual basis, net of service tax/Goods and Service Tax (GST), and applicable discounts when services are rendered. Aeronautical operations include user development fee (UDF), Landing, Parking of aircraft, aerobridge charges and fuel farm. The main streams of revenue from non-aeronautical includes duty-free, retail, advertisement, food & beverages, cargo, ground handling, car parking and land and space rentals.

Land and Space Rentals pertains to granting Right to use land and space primarily for catering to the need of passengers, air traffic services and air transport services.

Revenue from commercial property development rights granted to concessionaires is recognized on accrual basis, as per the terms of the agreement entered into with the concessionaires.

### Significant financing component

In certain cases (only non-zero i.e. Minimum Annual Guarantee(MAG)) the group receives short-term advances from its customers. Using the practical expedient in Ind AS 115, the group does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised service to the customer and when the customer pays for the service will be one year or less.

The group also receives long-term advances from customers for rendering services. The transaction price for such contracts are discounted, using the rate that would be reflected in a separate financing transactions between the group and its customers at contract inception, to take into consideration the significant financing component.

### Contract balances

#### Contract assets

A contract asset is the right to consideration in exchange for services transferred to the customer (which consist of unbilled revenue). If the group performs by transferring services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

#### Trade receivables

A receivable represents the group's right to an amount of consideration that is unconditional (i.e. only the passage of time is required before the payment of the consideration is due). Refer to accounting policies of financial assets in financial instruments – initial recognition and subsequent measurement.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### Contract liabilities

A contract liability is the obligation to transfer services to a customer for which the group has received consideration from the customer. If a customer pays a consideration before the group transfers services to the customer, a contract liability is recognized when the payment is received. Contract liabilities are recognized as revenue when the group performs under the contract.

### (iv). Income from Toll Operations

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

### (v). Interest income:

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the group and the amount of income can be measured reliably. Interest income is included in finance income in the statement of profit and loss. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable except the interest income received from customers for delayed payments which is accounted on the basis of reasonable certainty/realisation.

### (vi). Dividend Income

Revenue is recognised when the share holders'/unit holders' right to receive the payment is established, which is generally when shareholders approve the dividend.

### (vii). Export Incentives

Export incentives (Service Exports from India Scheme) from Government authorities are recognised in income statement when there is no significant uncertainty regarding the ultimate collection and amount can be measured reliably.

### (viii). Guarantee commission

Revenue is recognised on a straight line basis taking into account the present value of the guarantee amount and the commission rate applicable.

### e. Government grants

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is reduced from the related expense which it is intended to compensate. When the grant relates to an asset, a deferred income is recognised and is released to profit or loss on systematic basis over useful life of the asset and is reduced from the related depreciation and amortisation expenses.

### f. Taxes

#### Current income tax:

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the country where the Group operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### Deferred tax:

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity).

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### g. Non-current assets held for sale

The Group classifies non-current assets and disposal groups (group of assets with directly associated liabilities) as held for sale/ distribution to owners if their carrying amounts will be recovered principally through a sale/ distribution rather than through continuing use. Non-current assets and disposal groups as held for sale/ distribution are sold /distributed within one year from the date of classification.

Non-current assets held and disposal groups for sale/ distribution to owners are measured at the lower of their carrying amount and the fair value less costs to sell/ distribute. Assets and liabilities classified as held for sale/ distribution are presented separately in the balance sheet.

Property, plant and equipment once classified as held for sale/ distribution to owners are not depreciated or amortised.

### h. Property, plant and equipment

Property, plant and equipment including land are stated at cost, net of credit availed in respect of any taxes, duties less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for intended use are also included to the extent they relate to the period upto such assets are ready for their intended use. Expenditure directly relating to construction/erection activity is capitalized. Indirect expenditure incurred during construction/erection period is capitalized as part of the construction/erection cost to the extent such expenditure is related to construction or is incidental thereto.

Subsequent expenditure incurred on existing property, plant and equipment 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.

Property, plant and equipment which are significant to the total cost the item of Property, plant and equipment having difference useful life are accounted and depreciated separately.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

However, the group, based on technical assessment made by technical expert and management estimate, depreciates below mentioned assets at estimated useful life which are different from the useful life prescribed in the aforesaid order and Schedule II of the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair appropriate time period over which the assets are likely to be used.

Asset Class	Useful Life
Buildings (other than factory buildings) other than RCC Frame Structure	5 to 30 years
Buildings - Temporary Structure	5 years
Runways, taxiways and aprons	3 - 30 years
Roads	5 - 10 years
Vehicles	8 Years
Electrical Installations & Equipment	5 - 10 years
Plant and Equipment	7.5 - 10 years
Furniture and fittings	10 years
Office Equipment	2 to 5 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.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Spare parts, standby equipments and service equipments are recognised in accordance with Ind AS 16 'Property, Plant and Equipment', when they meet the definition of property, plant and equipment.

The enabling cost incurred in connection with the main asset is capitalised along with the main asset. Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

### i. Intangible assets

Intangible Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Intangible assets are amortised on a straight line basis over the estimated useful economic life.

### j. Investment property

Investment properties is property either to earn rental income or for capital appreciation or for both but not for sale in ordinary course of business, use in production or supply of goods or services or for administrative purpose. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any. The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the investment property are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Investment properties are derecognised either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### k. Concession intangible and financial assets

Some companies in the Group constructs infrastructure (construction services) and operates and maintains that infrastructure (operation services) for a specified period of time.

These arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the company bears the demand risk. The financial asset model is used when the company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component.

If the company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement, consideration received or receivable is allocated by reference to the relative fair values of the services delivered, when the amounts are separately identifiable.

- An intangible asset is measured at the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered
- The intangible asset is amortised over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortised over the duration of the concession
- In the financial asset model, the amount due from the grantor meets the definition of a receivable which is measured at fair value. It is subsequently measured at amortised cost. The amount initially recognised plus the cumulative interest on that amount is calculated using the effective interest method.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

### l. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### m. Leases

The Group, at the inception of a contract, assesses whether the contract is a lease or not a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration.

#### Group as a lessee:

Effective April 1, 2019, the Group has adopted Ind AS 116 on 'Leases' using Modified Retrospective Method

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset. There is no effect of adoption of Ind AS 116 Leases on retained earnings as at 01st April, 2019.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The Group has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an expense over the lease term.

The carrying amount of lease liabilities is re-measured on modification due to a change in the lease term or a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments, change in escalation rate) or a change in the assessment of an option to purchase the underlying asset.

#### Group as a lessor:

##### Operating lease

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of assets are called as operating leases.

Effective April 1, 2019 the Group has adopted Ind AS 116 on 'Leases'. Rental income from operating lease is recognised on a straight line basis over the lease term.



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### n. Inventories

Inventories in the form of stores and spare parts held for use in rendering of services are valued at lower of cost or net realisable value. Cost is determined on a weighted average basis.

### o. Impairment of non-financial assets

The "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) fair value less costs of disposal and its value in use. 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. When 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 fair value less costs of disposal, recent market transactions are taken into account.

The group bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Group extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceeds its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

### p. Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

### q. Retirement and other employee benefits

#### Defined Contribution plan

Retirement and other employee benefit in the form of provident fund, Employees State Insurance Contribution and Labour Welfare fund are defined contribution scheme and the Group recognizes contribution payable to the fund/ scheme as an expense, 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.

#### Defined benefit plan

The group provides for retirement benefit in the form of gratuity. The group's liability towards this benefit is determined on the basis of actuarial valuation using Projected Unit Credit Method at the date of balance sheet.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

Remeasurement, comprising of actuarial gains and losses, (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognises the following changes in the net defined benefit obligation as an expense in statement of profit and loss

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

### Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and this is shown under short term provision in the Balance Sheet. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

Compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss.

### r. Financial instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

### Financial assets

Initial recognition and measurement:

All financial assets are recognised initially at fair value plus transaction costs that are attributable to the acquisition of the financial asset, in the case of financial assets not recorded at fair value through profit or loss.

Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

#### - Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables, loans and other financial assets.

#### Debt Instruments at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cashflows and selling the financial assets, and
- b) The asset's contractual cashflows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

FairValue movements are recognised in the other comprehensive income(OCI). However, the group recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit & loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### Debt instruments at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as at FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all the changes recognised in the profit & loss.

### Equity Investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL.

For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income, subsequent changes in the fair value. The group makes such election on an instrument by instrument basis. The classification is made on initial recognition and is irrevocable.

In case of equity investment classified as at FVTOCI, all fair value changes on the instrument, excluding dividends, are recognised in the OCI. there is no recycling of the amounts from OCI to profit & loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity Instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit & loss.

### Derecognition:

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised when:

- The rights to receive cash flows from the asset have expired or
- The group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either (a) the group has transferred substantially all the risks and rewards of the asset, or (b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the group continues to recognise the transferred asset to the extent of the group's continuing involvement. In that case, the group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

### Impairment of financial assets

Each Company in the Group assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost;
- Financial assets measured at FVTOCI;

Expected credit losses are measured through a loss allowance at an amount equal to:

- the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

### Financial liabilities

#### Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans and borrowings, payables, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

#### Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:

##### - Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risks are recognized in OCI. These gains/loss are not subsequently transferred to profit & loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

##### - Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

#### Derecognition:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. There are no reclassification of financial assets.

### Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### s. Treasury shares:

The group has created GVK Employee Welfare Trust (EWT) for welfare of its employees. The EWT buys shares of the group from the market, for welfare of the employees. The group treats EWT as its extension and shares held by EWT are treated as treasury shares.

Own equity instruments that are reacquired (treasury shares) are recognised at cost and are disclosed under other equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognised in other equity.

### t. Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above.

### u. Contingent Assets and Contingent Liabilities

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the group or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made. Information on contingent liability is disclosed in the Notes to the Ind AS financial statements.

Contingent assets are not recognised. However, when the realisation of income is virtually certain, then the related asset is no longer a contingent asset, but it is recognised as an asset.

### v. Trade Receivables

Receivables are initially recognized at fair value, which in most cases approximates the nominal value of consideration receivable. If there is a subsequent indication that those assets may be impaired, they are reviewed for impairment and an allowance is recognized.

### w. Trade Payables

Trade Payables are recognized for amounts to be paid for goods or services acquired in the ordinary course of the business whether billed by the supplier/service provided or not. Trade payables are classified as current liabilities.

### x. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the financial year attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the net profit or loss for the financial year attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.

### y. Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1, Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

Ind AS 12, Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

### z. Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirements of Schedule III, unless otherwise stated.



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### 3. Property, plant and equipment

Description of Assets	Freehold land	Buildings	Computers	Plant and equipment/ Capital spares	Tools and equipment	Office equipment	Furniture and fixtures	Electrical installations	Vehicles	Communication Equipment	Total
<b>Gross Carrying Amount</b>											
<b>At March 31, 2021</b>	<b>21</b>	<b>6</b>	<b>33</b>	<b>-</b>	<b>100</b>	<b>93</b>	<b>42</b>	<b>-</b>	<b>244</b>	<b>16</b>	<b>554</b>
Addition and deletion of subsidiaries	26,890	448,126	169	586,745	295	354	237	313	338	-	1,063,467
Additions/Adjustments	-	-	3	-	-	6	-	-	15	6	30
Disposals/Adjustments	(15)	-	-	-	-	-	-	-	(66)	-	(81)
Deconsolidation	(6,616)	(355)	(31)	(64,546)	(295)	(156)	(74)	(46)	(5)	-	(72,123)
<b>At March 31, 2022</b>	<b>20,280</b>	<b>447,777</b>	<b>174</b>	<b>522,199</b>	<b>100</b>	<b>297</b>	<b>205</b>	<b>267</b>	<b>526</b>	<b>22</b>	<b>991,847</b>
Additions and Adjustments	18	-	29	(203)	-	37	4	-	13	-	(102)
Disposals	(73)	-	-	-	-	(1)	(1)	-	(72)	(1)	(148)
Deconsolidation	(18,209)	(70,031)	(101)	(353,636)	-	(128)	(128)	-	(23)	-	(442,256)
<b>At March 31, 2023</b>	<b>2,016</b>	<b>377,746</b>	<b>102</b>	<b>168,360</b>	<b>100</b>	<b>205</b>	<b>81</b>	<b>267</b>	<b>445</b>	<b>21</b>	<b>549,341</b>
<b>Accumulated Depreciation</b>											
<b>At March 31, 2021</b>	<b>-</b>	<b>4</b>	<b>26</b>	<b>-</b>	<b>68</b>	<b>79</b>	<b>35</b>	<b>-</b>	<b>154</b>	<b>11</b>	<b>377</b>
Addition and deletion of subsidiaries	-	97,704	94	206,989	-	232	182	133	167	-	305,501
Depreciation expenses	-	2,427	6	5,462	6	5	2	3	26	3	7,940
Disposals	-	-	-	-	-	-	-	-	(39)	-	(39)
Deconsolidation	-	(99)	(15)	(34,668)	-	(94)	(48)	(30)	(20)	-	(34,973)
<b>At March 31, 2022</b>	<b>-</b>	<b>100,036</b>	<b>111</b>	<b>177,783</b>	<b>74</b>	<b>222</b>	<b>171</b>	<b>106</b>	<b>288</b>	<b>14</b>	<b>278,806</b>
Depreciation expenses	-	13,893	33	19,793	26	24	9	16	65	3	33,862
Disposals	-	-	(0)	-	-	(0)	(1)	-	(66)	(1)	(69)
Deconsolidation	-	(15,146)	(74)	(121,243)	-	(102)	(107)	-	(20)	-	(136,691)
<b>At March 31, 2023</b>	<b>-</b>	<b>98,784</b>	<b>70</b>	<b>76,333</b>	<b>100</b>	<b>144</b>	<b>72</b>	<b>122</b>	<b>267</b>	<b>16</b>	<b>175,908</b>
<b>Net Block</b>											
<b>At March 31, 2022</b>	<b>20,280</b>	<b>347,740</b>	<b>63</b>	<b>344,416</b>	<b>26</b>	<b>76</b>	<b>34</b>	<b>161</b>	<b>238</b>	<b>8</b>	<b>713,041</b>
<b>At March 31, 2023</b>	<b>2,016</b>	<b>278,962</b>	<b>32</b>	<b>92,027</b>	<b>-</b>	<b>61</b>	<b>9</b>	<b>145</b>	<b>177</b>	<b>5</b>	<b>373,433</b>

#### Note:

1. On surrender of project by GVK Jaipur expressway limited to NHAI the book value of relevant assets are completely depreciated in the books of accounts as the same are handed over to NHAI on 9th April 2023.
2. In AHPCL, Rail Vikas Nigam Ltd (RVNL) has acquired land to the extent of 1.879 Hectares (Rs 73 Lakh) under compulsory acquisition scheme for the construction of Rishikesh- Karnaprayag railway line for compensation of Rs.428.99 Lakhs. The cost of said land was disclosed as disposal from land.

### 4. Investment property-Land

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance as at April 01,2022	11,655	11,655
<b>At March 31, 2023</b>	<b>11,655</b>	<b>11,655</b>

The Group's investment properties consist of vacant land having an extent of about 2,600 Acres acquired by GVKPSPL, in five villages Thirumanthurai, Eraiyur, Peraiyur, Pennakonam (North) and Pennakonam (South) in Perambalur district during the year 2007 and 2008 from local villagers. This property is located on the eastern side of NH-45 just after Thirumanthurai Toll Gate when we drive from Chennai to Trichy.

This investment on property has been pledged as security against Loans taken by the group (Refer note 52)

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### 5. Intangibles

Description of Assets	Goodwill	Computer software	Toll collection right	Right to use of Assets	Total
<b>At Cost</b>					
<b>At March 31, 2021</b>	18,761	-	34,921	-	53,682
Addition and deletion of subsidiaries	-	19	-	3,443	3,462
Additions/Adjustments	-	8	18	-	26
<b>At March 31, 2022</b>	<b>18,761</b>	<b>27</b>	<b>34,939</b>	<b>3,443</b>	<b>57,170</b>
Addition and deletion of subsidiaries	-	(15)	-	(2,394)	(2,409)
Additions/Adjustments	-	1	-	-	1
<b>At March 31, 2023</b>	<b>18,761</b>	<b>13</b>	<b>34,939</b>	<b>1,049</b>	<b>54,762</b>
<b>Amortization and impairment</b>					
<b>At March 31, 2021</b>	<b>3,619</b>	-	<b>23,196</b>	-	<b>26,815</b>
Addition and deletion of subsidiaries	-	9	-	1,425	1,433
Amortisation/ Written off	15,142	7	5,625	293	21,068
<b>At March 31, 2022</b>	<b>18,761</b>	<b>16</b>	<b>28,821</b>	<b>1,718</b>	<b>49,316</b>
Addition and deletion of subsidiaries	-	(14)	-	(1,683)	(1,697)
Amortisation/ Written off	-	4	5,928	180	6,113
<b>At March 31, 2023</b>	<b>18,761</b>	<b>7</b>	<b>34,749</b>	<b>215</b>	<b>53,732</b>
<b>Net Block</b>					
<b>At March 31, 2022</b>	-	<b>11</b>	<b>6,118</b>	<b>1,725</b>	<b>7,854</b>
<b>At March 31, 2023</b>	-	<b>6</b>	<b>190</b>	<b>834</b>	<b>1,030</b>

### 6. Non-current investments

	As at March 31, 2023	As at March 31, 2022
<b>A. Unquoted, in fully paid securities (at cost)</b>		
<b>I. Investment in associate company</b>		
<b>GVK Coal Developers (Singapore) PTE Limited</b>		
50,000 (March 31, 2022: 50,000) equity shares of USD 1 each fully paid-up	25	25
17,66,31,918 (March 31, 2022: 17,66,31,918) non-cumulative redeemable preference shares of USD 1 each fully paid-up in GVK Coal Developers (Singapore) Pte. Ltd.	77,510	77,510
Share application money for purchase of non-cumulative redeemable preferential shares of USD 1 each (at amortised cost)	1	1
<b>Investment in associate company</b>	<b>77,536</b>	<b>77,536</b>
Less : Provision for impairment	(77,536)	(77,536)
	-	-
<b>B.In Others</b>		
48,000,000 (March 31, 2022: 48,000,000) equity shares of Rs.10 each fully paid-up in GVK Airport Developers Limited (Refer note 56)	7,136	7,136
	7,136	7,136
<b>Aggregate market value of unquoted investments (A+B)</b>	<b>7,136</b>	<b>7,136</b>

### 7. Other financial assets (Unsecured, considered good unless stated otherwise)

	As at March 31, 2023	As at March 31, 2022
Deposits with Government, Public Bodies and Others	-	144
Receivable from GSRDC (Refer note 50 (a))	58,541	58,541
Receivable From NHAI (Refer note 50 (b))	42,442	42,442
Security deposits	65	67
	<b>101,048</b>	<b>101,194</b>

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### 8. Deferred tax assets (net)

	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax assets</b>		
MAT Credit Entitlement	9,593	2,808
Indexation benefit on land	3,248	2,957
<b>Deferred tax assets (net)</b>	<b>12,841</b>	<b>5,766</b>

### 9. Other non-current assets (Unsecured, considered good unless stated otherwise)

	As at March 31, 2023	As at March 31, 2022
Capital advances	526	6,819
Balance with government authorities	27	28
	<b>553</b>	<b>6,847</b>

### 10. Inventories

	As at March 31, 2023	As at March 31, 2022
Stores, spares and consumables (at lower of cost and net realisable value)	906	7,544
<b>Total</b>	<b>906</b>	<b>7,544</b>

### 11. Current investments

	As at March 31, 2023	As at March 31, 2022
<b>Quoted mutual funds at fair value through statement of profit and loss</b>		
Investments in units of Mutual funds	30,529	17,921
<b>Unquoted Investment carried at amortised cost</b>		
Debentures #	112,464	112,464
<b>Total</b>	<b>142,993</b>	<b>130,385</b>

# Debentures are unlisted, unsecured, optionally convertible debentures ("OCDs") each having a face value of Rs 10 each and shall accrue a coupon at the rate of 0.01% per annum.

Number of Debentures issued by M/s Ybrant Engineering and Constructions Private Limited is 11,246.4 Lakhs (Refer note 56).

### 12. Trade receivables

	As at March 31, 2023	As at March 31, 2022
Trade receivable Considered good - Unsecured	4,803	46,712
Trade receivable credit impaired	-	33,433
	4,803	80,145
<b>Impairment Allowance (allowance for bad and doubtful debts)</b>	<b>-</b>	<b>(33,433)</b>
	<b>4,803</b>	<b>46,712</b>

	Not Due	Less than 6 months	6 months - 12 months	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2023</b>							
<b>Undisputed Trade Receivables</b>							
- Considered Good	-	2,079	19	272	183	84	2,637
Unbilled Revenue	-	-	-	-	-	-	2,166
<b>Total</b>	<b>-</b>	<b>2,079</b>	<b>19</b>	<b>272</b>	<b>183</b>	<b>84</b>	<b>4,803</b>

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

	Not Due	Less than 6 months	6 months - 12 months	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2022</b>							
<b>Undisputed Trade Receivables</b>							
- Considered Good	11,530	23,338	455	25	84	-	35,432
<b>Disputed Trade Receivables</b>							
- Credit impaired	174	5,422	1,232	8,394	4,418	13,793	33,433
<b>Total</b>	<b>11,704</b>	<b>28,760</b>	<b>1,687</b>	<b>8,419</b>	<b>4,502</b>	<b>13,793</b>	<b>68,865</b>
Un-billed Revenue	-	-	-	-	-	-	11,280
<b>Total</b>	<b>11,704</b>	<b>28,760</b>	<b>1,687</b>	<b>8,419</b>	<b>4,502</b>	<b>13,793</b>	<b>80,145</b>

### 13. Cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
<b>Cash and cash equivalents</b>		
Balances with Banks		
- On current accounts #	14,185	12,688
- On deposit accounts *	36,214	42,235
Cash on hand	9	8
Cheques in hand	-	554
<b>Total Cash and cash equivalents</b>	<b>50,408</b>	<b>55,485</b>

\*Balance in Deposits includes Rs 19,769 lakhs (March 31, 2022: Rs 30,635 lakhs) for Debt Service Reserve Account (DSRA) as per the terms of the loan agreements.

# Rs 12,266 lakhs (March 31, 2022: Nil) which are subsequently converted to Deposits for DSRA as per the terms of the loan agreements.

### 14. Bank balances other than cash and cash equivalents

	As at March 31, 2023	As at March 31, 2022
Deposits with maturity of more than 3 months but less than 12 months	555	208
	<b>555</b>	<b>208</b>

### 15. Loans

	As at March 31, 2023	As at March 31, 2022
- Unsecured, considered good		
- Loans to related parties (Refer Note 60)	751	2
	<b>751</b>	<b>2</b>

### 16. Other financial assets (Unsecured, considered good unless stated)

	As at March 31, 2023	As at March 31, 2022
Interest receivable	1,415	1,267
Deposits with Government, Public Bodies and Others	8,898	18
Security deposits	314	12
Receivables from JKPDCL (Refer note 51)	29,048	29,048
Claims Receivable from Nominated Authority, MoC (Refer note 48 (a))	6,013	19,880
Others \$	3,839	52
	<b>49,527</b>	<b>50,275</b>

\$ Current year other receivables represent water cess paid Rs 1,371 Lakh and Rs 2,285 Lakh payable to Uttarakhand Water Resources Management Regulatory Commission (UWRMRC) is recoverable from Uttar Pradesh Power Corporation Limited as reimbursement under change in law as per the provisions Article 6.8 of Power Purchase Agreement. Refer note 39 (v).

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### Break up of financial assets carried at amortised cost

	As at March 31, 2023	As at March 31, 2022
Current investments	112,464	112,464
Trade receivables	4,803	46,712
Cash and cash equivalents	50,408	55,485
Other bank balances	555	208
Loans	751	2
Other financial assets	150,575	151,469
	<b>319,556</b>	<b>366,340</b>

### Break up of financial assets carried at fair value through statement of profit and loss (P&L)

	As at March 31, 2023	As at March 31, 2022
Current investments	30,529	17,921
Non current investments	-	-
<b>Total financial assets carried at fair value through P&amp;L</b>	<b>30,529</b>	<b>17,921</b>

### 17. Other current assets (Unsecured, considered good unless stated otherwise)

	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	438	731
Advances to vendors	454	2,872
Balances with government authority	676	750
	<b>1,568</b>	<b>4,353</b>

### 18. Equity share capital

	As at March 31, 2023	As at March 31, 2022
<b>Authorised share capital:</b>		
2,500,000,000 (March 31, 2022: 2,500,000,000) equity shares of Re. 1 each	25,000	25,000
<b>Issued, subscribed and fully paid-up share capital</b>		
1,579,210,400 (March 31, 2022: 1,579,210,400) equity shares of Re. 1 each	15,792	15,792

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

	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
<b>Equity shares of Re. 1 each fully paid up</b>				
At the beginning of the year	1,579,210,400	15,792	1,579,210,400	15,792
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>1,579,210,400</b>	<b>15,792</b>	<b>1,579,210,400</b>	<b>15,792</b>

#### b) Terms/rights attached to equity shares

The Company has only one class of equity share having par value of Re. 1 per share. Shareholders are eligible for one vote per share held. The dividend proposed, if any, by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company, after distribution to all preferential creditors, in proportion to their shareholding.

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### c) Details of shares held by promoters as on 31-03-2023 are as follows:

Promoter Name	No of Shares	% of total shares	% of change during the year
G V Krishna Reddy	68,109,487	4%	+ 2.35%
G V Sanjay Reddy	55,725,951	4%	Nil
Vertex Projects LLP	732,893,902	46%	Nil
<b>Total</b>	<b>856,729,340</b>	<b>54%</b>	<b>Nil</b>

### d) Details of shares held by promoters as on 31-03-2022 are as follows:

Promoter Name	No of Shares	% of total shares	% of change during the year
G V Krishna Reddy	30,958,857	2%	Nil
G V Sanjay Reddy	55,725,951	4%	Nil
Krishna R Bhupal	37,150,630	2%	Nil
Vertex Projects LLP	732,893,902	46%	Nil
<b>Total</b>	<b>856,729,340</b>	<b>54%</b>	<b>Nil</b>

### e) Details of shareholders holding more than 5% equity shares in the Company

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No.	% of holding	No.	% of holding
Vertex Projects LLP (Formerly Vertex Infratech Private Limited)	732,893,902	46.41%	732,893,902	46.41%

f) No class of bonus shares have been issued as bonus shares or for consideration other than cash by the company during the period of five years immediately preceding the current year end

g) No class of shares have been reserved for issue under options.

h) No class of shares have been bought back by the company during the period of five years immediately preceding the current year end.

## 19. Non-current borrowings

	As at March 31, 2023	As at March 31, 2022
<b>Secured:</b>		
<b>Debentures</b>		
Nil (March 31, 2022: 170) 12.5% non-convertible Debentures of Rs. 10,000,000 each	-	17,000
<b>Term loans:</b>		
From banks	313,775	700,149
From financial institutions	146,866	170,345
Foreign Currency Loan from Bank	10,363	13,139
<b>Total</b>	<b>471,004</b>	<b>900,633</b>
Less: Amount classified under current borrowings	(163,645)	(549,551)
	<b>307,359</b>	<b>351,082</b>

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

Name of the entities	Non-current portion		Current maturities	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
1. GVK Jaipur Expressway Limited (GVK JEL)	-	-	-	9,874
2. GVK Bagodara Vasad Expressway Private Limited (GVK BVEPL)	-	-	51,799	51,799
3. GVK Deoli Kota Expressway Private Limited (GVK DKEPL)	-	-	60,531	62,086
4. GVK Ratle Hydro Electric Project Private Limited (GVK RHEPPL)	-	-	29,045	29,046
5. GVK Energy Limited (GVKEL)	-	-	-	3,100
6. Alaknanda Hydro Power Company Limited (AHPCL)	307,359	351,082	11,492	33,208
7. GVK Power (Goindwal Sahib) Limited (GVKPGSL)	-	-	-	349,659
8. GVK Coal (Tokisud) Company Private Limited	-	-	10,778	10,778
	<b>307,359</b>	<b>351,082</b>	<b>163,645</b>	<b>549,551</b>

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

2. GVK Bagodara Vasad Expressway Private Limited (GVKBVEPL)	As at March 31, 2023	As at March 31, 2022
Term Loans from banks	51,799	51,799

All the accounts have become Non performing assets (NPA) as on date and GVK BVEPL received recall notices from the banks and financial institutions and hence borrowings from bank and financial institution transferred under current maturities of long term borrowings.

### Term loans from banks and financial institutions are secured by way of

#### Nature of security & terms of repayment:

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

- First charge on all the present and future tangible moveable 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 GVKBVEPL including Debt Service Reserve Account/Escrow accounts/its sub accounts except the Distribution 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 GVKBVEPL 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 GVKBVEPL 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.
- As per Common Loan Agreement the pledge of 51% of voting equity share capital of GVKBVEPL held by the Sponsor's until the Commercial Operation Date (COD). Subject to there being no default, Pledge of shares will be gradually reduced to 33% from COD for a period of 3 years and thereafter to 26% till final settlement date, however the total registered pledged as on March 31, 2023 is 2.45% only.
- Provided further that the charges, assignment and pledge on the assets shall in all respect rank Pari Passu inter se the Lenders without any preference or priority to one over the other or others.

3. GVK Deoli Kota Expressway Private Limited (GVKDKEPL)	As at March 31, 2023	As at March 31, 2022
Term Loans from banks	50,329	51,884
Term Loans from financial institutions	10,202	10,202
	<b>60,531</b>	<b>62,086</b>

All the accounts have become Non performing assets (NPA) as on date and GVK DKEPL received recall notices from the banks and financial institutions and hence borrowings from bank and financial institution transferred under current maturities of long term borrowings.

### Term loans from banks and financial institutions are secured by way of

#### Indian rupee loan is secured to the extent permitted under the Concession Agreement by:

- A first ranking pari passu charge on all the present and future immovable and moveable assets and intangible assets except the project assets as defined under the Rupee Loan agreement.
- A first ranking pari passu charge on all revenues and receivables of the Borrower from the Project or otherwise.
- Pledge of 51% of the paid-up equity shares of GVK DKEPL held by GVKTPL (the "Sponsor") until the Commercial Operation Date and Pledge of 26% of the paid-up equity shares of the GVK DKEPL held by the Sponsor for a period of 2 years from Commercial Operation Date. Further GVKDKEPL pledged 22.98% shares to security trustee for RTL-III and the total registered pledge as on March 31, 2023 is 73.98%.
- 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 GVK DKEPL with the Rupee Lender and the NHAI.
- 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 GVK DKEPL, Insurance Contracts, and Insurance proceeds.
- Corporate guarantee by GVKTPL.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

4. GVK Ratle Hydro Electric Project Private Limited (GVKRHEPPL)	As at March 31, 2023	As at March 31, 2022
Term Loans from financial institutions	29,045	29,046

### Summary of borrowing arrangements & Terms of repayment

The Company (Borrower) & GVK Power and Infrastructure Limited (GVKPIL) have entered the Final Settlement Agreement with Power Finance Corporation Ltd (Lender) dated November 24, 2021.

Borrower & GVKPIL hereby jointly and severally agree and undertakes to inform the Lender immediately upon finalization/ culmination of Legal Proceedings concerning the Arbitral Award and to pay the amounts within 3 days of the receipt of the relevant payment from JKPDD/ Government of Jammu and Kashmir. Refer note 51.

5. GVK Energy Limited	As at March 31, 2023	As at March 31, 2022
Term Loans from financial institutions	-	3,100

During the earlier years, Each 12.50% Non-convertible debenture is secured by way of pledge of 40% of equity shares of AHPCL, pledge of 26% fully paid up equity shares of borrower, pledge of 49% of equity shares of GVKPGSL, pledge of 49% of equity shares of GVKCTCPL on pari- passu basis and by the Corporate Guarantee by GVKPIL.

GVK Energy Limited (GVKEL) have entered into settlement agreement with Edelweiss on 31.10.2020 which resulted in settlement of principal and interest outstanding of GVKEL Rs.38.00 Crores along with interest rate of 12.50% pa compound monthly w.e.f. September 16, 2020 till July 31, 2021, which was further extended up to March 31, 2022. GVK Energy Limited (GVKEL) have entered into settlement agreement with Edelweiss on 31.10.2020 which resulted in settlement of principal and interest outstanding of GVKEL Rs.38.00 Crores along with interest rate of 12.50% pa compound monthly w.e.f. September 16, 2020 till July 31, 2021, which was further extended up to March 31, 2022.

However, Edelweiss has withdrawn the settlement agreement vide its mail dated 11-4-2022. Edelweiss has also written letter dated 08-07-2022 invoking the Corporate Guarantee issued by GVKEL and GVKPIL.

Further, Since the company and AHPCL could not make the payment as per settlement terms, ECL Finance Limited (Edelweiss) has invoked the pledge of equity shares and transferred 46,60,11,000 Equity shares, each having face value of Rs 10, of AHPCL held by GVK Energy Limited on May 16, 2022. ECL Finance Limited will continue to hold these shares as security on behalf of Edelweiss for the loans taken/NCD issued by AHPCL & GVKEL. ECL Finance Limited reserved the right to sell the same as per the terms of the pledge agreement read with security sharing agreements. The Company has made total payments of Rs.10.18 Crores till the date of invocation and the balance payable of Rs. 35.06 Crore including interest till 16-05-2022. GVKEL has requested for further time till 31-08-2022 from Edelweiss for making balance payment and were in discussions with them.

GVKEL filed a suit before Delhi High Court on May 30, 2022, wherein GVKEL pleaded that because of the invocation and transfer of a valuable asset our liability towards the loan has been discharged and since the value of share is far in excess of the outstanding loan liability, the excess share to be returned. The Hon'ble High Court Delhi has given interim order dated May 31, 2022 wherein it is stated that while selling the shares of AHPCL by Lenders, the best offer received by them would be communicated to the GVKEL and GVKPIL as well as to the Court, and an opportunity would be given to them to match the said offer within five days. In the meanwhile, if GVKEL and GVKPIL get an offer for the aforesaid shares, they shall also inform the defendants as well as the Court. In the event GVKEL and GVKPIL are unable to match the offer of the lenders, the lenders would be free to sell the said shares at the best offer received by them. Till the time, the shares which are invoked are sold in the aforesaid manner, the lenders shall not sell any other shares that have been pledged by the GVKEL and GVKPIL with the lenders. However, the lenders shall be free to invoke the pledged shares. Next hearing of the case is scheduled on August 16, 2023.

Since the matter is Sub Judice and the agreement for selling these invoked shares are not yet concluded, the management cannot ascertain the number of shares of AHPCL required to settle the debt of Edelweiss as the actual implication thereof on the books is highly probable on the valuation of shares and outcomes of the legal proceedings.

GVKEL has transferred the liability of AHPCL in its books of account relating to Edelweiss and based on legal opinion, GVKEL has shown the discharge of the loan liability of Edelweiss against the invoked shares till a settlement is arrived at with Edelweiss. GVKEL has not accounted the impact of the annulment of settlement since they are confident of achieving settlement with Edelweiss. However, on conservative basis, a loss on invocation and transfer of shares, amounting to Rs.194.86 Crores during year ended March 31, 2023 (being difference in face value of pledged shares invoked by Edelweiss and the liability of Edelweiss appearing in books of GVKEL and AHPCL as per settlement terms) has been accounted in the books of accounts and reported as an exceptional item in the results of GVKEL.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

Edelweiss (through its debentures trustee namely Catalyst Trusteeship Limited) has also filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against GVKPIL and GVKEL on October 21, 2022 and the next hearing of the case is scheduled on June 07, 2023.

6. Alaknanda Hydro Power Company Limited(AHPCL)	As at March 31, 2023	As at March 31, 2022
Term Loans from banks	307,069	229,092
Term Loans from financial institutions	11,782	155,198
	<b>318,851</b>	<b>384,290</b>

### Summary of borrowing arrangements

#### a) Security

- Mortgage of the Company's immovable properties, present and future except Forest Land
- 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.
- 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.
- Assignment or creation of security interest in:
  - All rights, titles, interest, benefits, claims and demands whatsoever of the 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 Company in the clearances;
  - All rights, title, interest, benefits, claims and demands whatsoever of the Company in any letter of credit, guarantee, performance bond provided by any party to the project document and
  - All insurance contracts / insurance proceeds.
  - On the Escrow Account and other reserves and any other bank accounts of the Company wherever maintained.
  - Pledge of 60% of equity shares issued or to be issued by the Company during the currency of the Term Loans.
- The aforesaid mortgages, hypothecation, assignment charges and pledge of shares, shall in all respects, rank pari passu interse along with the working capital lenders, rupee term loans, foreign currency USD loan of 40 million and second charge on DSR.
- 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 instalments and / or interest without prior intimation.
- Corporate Guarantee of the Promoter i.e. GVK Energy Limited.

#### b) Repayment schedule:

- Rupee Term Loans and funded interest term loans are repayable in 96 quarterly structured instalments from 01.01.2017.
- Foreign Currency loan is repayable in 60 quarterly structured instalments commencing from January 01, 2012.

#### c) Rate of Interest

- Rupee Term loans and Funded Interest Term Loans carry Interest rates which ranging between 11.80% to 13.40% per annum.
- The foreign currency term loan carries floating rate of interest at 3 month SOFR +248 bps (3 month LIBOR +248 bps) per annum.

### Debentures and Rupee Term Loans from others

#### Security

The obligations and performance of the terms and conditions of the transaction documents shall be secured by:

- Pledge of 26% of securities (equity shares) of GVK Energy Limited;
- Pledge of 40% of securities (equity shares) of Alaknanda Hydro Power Company Limited;
- Pledge of 49% of securities (equity shares) of GVK Power (Goindwal Sahib) Limited;
- Pledge of 49% of securities (equity shares) of GVK Coal (Tokisud) Company Private Limited;
- Corporate guarantee of GVK Power & Infrastructure Limited;
- Corporate guarantee of GVK Energy Limited;
- Subservient charge on project assets and cash flows of the Alaknanda Hydro Power Company Limited;
- Demand Promissory Note; and
- Any additional security as may be required by and acceptable to the Debenture Trustee.

The pledged securities shall be shared on pari passu basis for financial assistance aggregating to Rs.550 Crores by lent /advanced from ECL Finance Ltd and it's group companies.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### Applicable rate of coupon

17.10% per annum compounded quarterly till 15.09.2020 and 12.50% per annum compounded monthly thereafter, payable on redemption.

### Tenure:

The tenure of the debenture shall be 24 months from the date of allotment i.e. 22nd March, 2018 for Debentures and 30th June, 2018 for Rupee Term Loans from Others, which has been extended till 26.06.2020 due to COVID,19 pandemic and further extended till 15.07.2021 vide settlement agreement dt. 31.10.2020 and further upto 31.03.2022 vide their letter dated 18-06-2021.

### Call Option:

#### Debentures

The Company shall have the right to redeem the debentures in full or part at the end of any quarter commencing from 30th June 2018.

The Company shall be entitled to exercise its call option on debentures only after expiry of three months from the date of allotment. Further, the issuer shall be entitled to exercise its call option only on part not all outstanding debentures before the expiry of twelve 12 months from the date of allotment.

#### Rupee Term Loans from others

The Borrower shall have the right to repay in full or part at the end of every quarter commencing from 30th September 2018.

The borrower shall give 10 days prior notice in writing before call option date to lender of its intention to exercise as the case may be. The said call option date, the borrower shall repay/prepay the loan in terms of the call option notice, together interest and additional interest and other dues payable thereon.

### Put Option:

#### Debentures

The debenture holders shall have the right to call for redemption of debentures in multiples of INR Ten Crores in full firstly on June 30th, 2018 and every third month thereafter.

The debenture holders shall be entitled to exercise its put option on the debentures only after expiry of three months from the date of allotment. Further, the debenture holders shall be entitled to exercise its put option only on part not all the debentures before the expiry of twelve 12 months from the date of allotment.

#### Rupee Term Loans from others

The Lender shall have the right to recall loan in full or part at the end of every quarter commencing from 30th September 2018.

The Lender shall give 10 days prior notice in writing before put option date to Borrower of its intention to exercise as the case may be. The said put option date, the lender shall recall loan in to repay/prepay the loan in terms of the put option notice, together interest and additional interest and other dues payable thereon.

### Settlement Agreement for Debentures and Loan with Edelweiss Group

The Company has issued 136 debentures of Rs.1.00 Cr each and 14 debentures of Rs.1.00 Cr each to Edelweiss Finvest Limited and Ecap Equities Limited (an Edelweiss Group Company) respectively amounting to Rs.150.00 Cr. Further, a term loan of Rs.275.00 Cr was taken from ECL Finance Limited (another Edelweiss Group Company). Thus all these debentures and term loan totalling to Rs.425.00 Cr are due to Edelweiss Group. The total liability as per the books of accounts of the Company together with interest accrued thereon to Edelweiss Group amounted to Rs.559.72 Cr as on 15th September, 2020.

The Company along with its Holding Company i.e., GVK Energy Limited has entered into a settlement agreement with Edelweiss Group on 31st October, 2020 the terms of which are as under:

- Waiving of interest of Rs.72.72 Cr resulting in reduction of the outstanding liability of the Company to Edelweiss Group to Rs.487.00 Cr of which Rs.93.00 Cr was paid in October, 2020. Balance 394 Cr is payable by 31st July, 2021, which has been extended to be paid by 15th September, 2021 along with interest at 12.50%. Later, such date has been further extended up to 31st March, 2022 out of which 175.26 Cr was paid by 31st March, 2022.
- The Company has requested Edelweiss Group to extend time to pay balance Rs.218.74 Cr by six months together with 12.50% interest which is under their consideration.

Since, the Company couldn't pay the said dues by 31 March, 2022, the Company proposed to pay Rs 100.00 Crs within 5 working days from the date of acceptance of the proposal and requested Edelweiss group for further extension of time till 31 August, 2022 along with interest up to the date of payment. While the discussions were in progress, Edelweiss group on 17 May, 2022 invoked



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

the shares pledged by GVK Energy Limited and got 46,60,11,000 Equity shares, of face value of Rs 10/-each and transferred shares to ECL Finance Limited.

The Company has accounted interest on the liability for the period 01 April 2022 to 16 May,2022 i.e. the date of invocation of shares pledged. The Company has received a letter dated 31 May, 2022 from GVK Energy Limited i.e Holding Company, based on the legal opinion obtained by them, to transfer the outstanding balance along with interest payable to Edelweiss Group to them and also stating that consequent to such transfer, financial implications, if any, of the settlement and liabilities will be borne by GVK Energy Limited. Based on the said letter, the company had transferred the total liability of borrowing group including interest accrued up to 16 May, 2022 to GVK Energy Limited. Hence, no interest has been provided on the said amount from 17 May,2022 onwards on the amount due to Edelweiss group.

Consequent to such transfer of liability, the Company have considered that the above liabilities as on 16 May,2022 got extinguished. The same has been informed to Edelweiss Group and Debenture Trustee in correspondence in response to their communications.

ECL Finance Limited and Catalyst Trusteeship Ltd ("Debenture Trustee" / "CTL") vide their letters dated 02 June, 2022 sent demand notices for payment of Rs.282.05 Cr towards Term Loan and Rs.262.09 Cr towards Debentures respectively. ECL Finance Limited on 30 June,2022 assigned the Term Loan to Asset Reconstruction Company (India) Limited

Catalyst Trusteeship Limited filed a Suit COMSL 6152 of 2023 before Hon'ble Bombay High Court against which the company filed its preliminary objection on the ground that the case is not maintainable as already a case is filed by them is pending before Hon'ble Delhi High Court. The Hon'ble Delhi High Court directed CTL to file its.

Asset Reconstruction Company (India) Limited (ARCIL), issued show cause notice to the Company vide letter dated 17.04.2023 as to why the Company should not considered as a wilful defaulter to which the Company filed its reply dated 01.05.2023 denying the allegation.

The company has responded vide its letter dt. 01.05.2023 denying the allegation made by Asset Reconstruction Company (India) Limited (ARCIL), who claims that the term loan of Rs.275.00 Cr availed from ECL Finance Ltd has been acquired by them and asking the company vide its letter dt. 17.04.2023 respond to their Willful Default Committee as to why ARCIL should not classify that the account is a case of willful default.

ECL Finance Limited and Catalyst Trusteeship Ltd (Debentures Trustee) vide their letters dated 02 June, 2022 sent demand notices for payment of Rs.282.05 Cr towards Term Loan and Rs.262.09 Cr towards Debentures respectively. ECL Finance Limited on 30 June,2022 assigned the Term Loan to Asset Reconstruction Company (India) Limited.

Edelweiss has also written letter dated 08-07-2022 invoking the Corporate Guarantee issued by GVKEL and GVKPIL. Edelweiss (through its debentures trustee namely Catalyst Trusteeship Limited) has also filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against GVKPIL and GVKEL on October 21, 2022 and the next hearing of the case is scheduled on June 07, 2023.

7. GVK Power (Goindwal Sahib) Limited(GVKPGSL)	As at March 31, 2023	As at March 31, 2022
Term Loans from banks	-	276,271
Term Loans from financial institutions	-	73,388
	-	<b>349,659</b>

### Summary of borrowing arrangements for previous year

#### Term Loans from Banks and Financial Institutions

#### Nature of Security & Terms of Repayment

##### (a) Nature of Security

Term Loans from Banks and Financial Institutions are secured by:

- First charge on all movable and immovable properties, book debts, operating cash flows, receivables, Commissions, revenues, intangibles, goodwill, uncalled capital, designated bank accounts of the Company, present and future.
- First charge by way of assignment or creation of charge on all the rights, title, interest, benefits, claims and demands whatsoever in the project documents.
- Pledge of 51% of equity shares held by the Holding Company i.e GVK Energy Limited.
- Further Secured by irrevocable and unconditional corporate guarantee of holding company i.e.GVK Energy Ltd.

##### (b) Terms of Repayment

Term Loans are repayable in 78 structured quarterly instalments, commencing from October 31, 2017.

##### (c) Rate of Interest on Term Loan

Term Loan I @ 12.65% per annum to 13.25% per annum, Term Loan II and III @ 13.15% per annum to 13.25% per annum and Term Loan IV @ 13.25% per annum

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### (d) Conversion

In case of default in repayment of principal / interest or any combination thereof for a period of 30 days or more from due date, the Lenders, at their option, can exercise right to convert the whole or part of the outstanding amount of the loan into fully paid-up equity shares of the Company, at par.

### Summary of long term borrowings

Particulars	As at March 31, 2023	As at March 31, 2022
Secured Term Loans From		
Banks	-	291,354
Financial Institutions	-	58,710
	-	<b>350,064</b>
Less: Unamortised Transaction Costs	-	(405)
<b>Total</b>	-	<b>349,659</b>

The Company has not adhered to repayment schedule of principal and interest dues to the lenders. Hence, the lead lender has recalled all loans along with finance charges due to all the lenders and issued notice for invoking pledge of shares pledged to them which was stayed by Hon'ble High Court for the State of Telangana on a writ petition filed by the Company. Pending outcome of said proceedings, no adjustments have been made in the financial statements on this account as on the reporting date.

(i) Facilities repayable on demand from Bank are secured by:

Term Loans from Banks and Financial Institutions are secured by:

- First charge on all movable, immovable properties, book debts, operating cash flows, receivables, Commissions, revenues, intangibles, goodwill, uncalled capital, designated bank accounts of the Company, present and future.
- First charge by way of assignment or creation of charge on all rights, title, interest, benefits, claims and demands whatsoever in the project documents.
- Pledge of 51% of equity shares held by the Holding Company

(ii) Rate of Interest @ 12.25% per annum

8. GVK Coal (Tokisud) Company Private Limited (GVKCTCPL)	As at March 31, 2023	As at March 31, 2022
Term Loans from banks	10,778	10,778

### Summary of borrowing arrangements

The Term Loans from banks and others are secured by way of:

- First charge on all movable, immovable properties and receivables present and future.
- Assignment or creation of charge on all the rights, title, interest, benefits, claims and demands whatsoever in the project documents.
- Pledge of 51% equity shares held by the Holding Company.

### Net debt reconciliation

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current borrowings	279,011	701,213
Non-current borrowings	307,359	351,082
Cash and cash equivalents	(50,408)	(55,485)
Liquid investments	(30,529)	(17,921)
<b>Total</b>	<b>505,433</b>	<b>978,889</b>

Particulars	Current borrowing	Non-current borrowings	Cash	Liquid investments	Total
Net debt as on March 31, 2021	283,005	67,126	(6,952)	(2,125)	341,053
Add: Upon addition and deletion of subsidiaries	388,783	351,082	(50,791)	(1,380)	687,695
Cash flows	29,425	(67,124)	2,258	(13,647)	(49,088)
Fair value adjustment - non cash movement	-	-	-	(770)	(770)
<b>Net debt as on March 31, 2022</b>	<b>701,213</b>	<b>351,082</b>	<b>(55,485)</b>	<b>(17,921)</b>	<b>978,889</b>
Add: Upon addition and deletion of subsidiaries	(385,125)	12,787	8,576	-	(363,762)
Cash flows	(37,077)	(56,510)	(3,499)	(11,595)	(108,681)
Fair value adjustment - non cash movement	-	-	-	(1,013)	(1,013)
<b>Net debt as on March 31, 2023</b>	<b>279,011</b>	<b>307,359</b>	<b>(50,408)</b>	<b>(30,529)</b>	<b>505,433</b>

**Notes to the consolidated financial statements**

(All amounts in INR lakhs, except share data and where otherwise stated)

**20. Other non current financial liabilities**

	As at March 31, 2023	As at March 31, 2022
Unearned guarantee commission income on financial guarantees given to related parties	12,324	3,105
<b>Total</b>	<b>12,324</b>	<b>3,105</b>

**21. Long term provisions**

	As at March 31, 2023	As at March 31, 2022
Provision for gratuity (refer note 36)	5	104
<b>Total</b>	<b>5</b>	<b>104</b>

**22. Deferred tax liabilities (net)**

	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities (net)	81	152
<b>Total</b>	<b>81</b>	<b>152</b>

**23. Borrowings**

	As at March 31, 2023	As at March 31, 2022
<b>Secured - at amortised cost</b>		
Rupee loan from banks	-	41,618
<b>A</b>	<b>-</b>	<b>41,618</b>
<b>Unsecured - at amortised cost</b>		
Loans and advances from related parties repayable on demand	1,286	1,751
Loans from Others	114,080	108,292
<b>B</b>	<b>115,366</b>	<b>110,043</b>
Current maturities of Long term borrowings	<b>C</b>	<b>549,552</b>
<b>A+B+C</b>	<b>279,011</b>	<b>701,213</b>

**Rupee loan from banks (Current Borrowings) for previous year****Nature of Security & Terms of Repayment**

(i) Facilities repayable on demand from Bank are secured by:

- First charge on all movable, immovable properties, book debts, operating cash flows, receivables, Commissions, revenues, intangibles, goodwill, uncalled capital, designated bank accounts of the Company, present and future.
- First charge by way of assignment or creation of charge on all rights, title, interest, benefits, claims and demands whatsoever in the project documents.
- Pledge of 51% of equity shares held by the Holding Company

(ii) Rate of Interest @ 12.25% per annum

**Entity wise details of the borrowings are as follows:**

Name of the entities	As at March 31, 2023	As at March 31, 2022
GVK Power and Infrastructure Limited (GVKPIL) #	102,492	66,183
GVK Transport Private Limited (GVK TPL) #	4,918	41,936
GVK Energy Limited (GVKEL) #	1,322	1,825
GVK Developmental Projects Private Limited (GVKDPPL) #	50	60
GVK Power (Goindwal Sahib) Limited (GVKPGSL)	-	41,618
GVK Coal (Tokisud) Company Private Limited (GVKCCPL) #	6,584	39
	<b>115,366</b>	<b>151,661</b>

# The said loans are unsecured and are repayable on demand.

**GVK PIL**

	As at March 31, 2023	As at March 31, 2022
Unsecured		
Loans from Others	102,492	66,183
	<b>102,492</b>	<b>66,183</b>

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### GVK TPL

	As at March 31, 2023	As at March 31, 2022
Unsecured		
Loans and advances from related parties repayable on demand	-	16
Loans from Others	4,918	41,920
	<b>4,918</b>	<b>41,936</b>

### GVKDPPL

	As at March 31, 2023	As at March 31, 2022
Unsecured		
Loans and advances from related parties repayable on demand	50	60
	<b>50</b>	<b>60</b>

### GVK EL

	As at March 31, 2023	As at March 31, 2022
Unsecured		
Loans and advances from related parties repayable on demand	1,197	1,636
Loans from Others	125	189
	<b>1,322</b>	<b>1,825</b>

### GVKPGSL

	As at March 31, 2023	As at March 31, 2022
Secured - at amortised cost		
Rupee loan from banks	-	41,618
	<b>-</b>	<b>41,618</b>

### GVKCTCPL

	As at March 31, 2023	As at March 31, 2022
Unsecured		
Loans and advances from related parties repayable on demand	39	39
Loans from Others	6,545	-
	<b>6,584</b>	<b>39</b>

## 24. Trade Payables

	As at March 31, 2023	As at March 31, 2022
Dues to micro enterprises and small enterprises	42	1
Dues to creditors other than micro enterprises and small enterprises	2,321	8,338
	<b>2,363</b>	<b>8,339</b>

	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2023</b>						
i) MSME	-	-	-	-	42	42
ii) Others	4	1,160	261	54	569	2,048
<b>Total</b>	<b>4</b>	<b>1,160</b>	<b>261</b>	<b>54</b>	<b>611</b>	<b>2,090</b>
Un billed Dues	-	-	-	-	-	273
<b>Total</b>	<b>4</b>	<b>1,160</b>	<b>261</b>	<b>54</b>	<b>611</b>	<b>2,363</b>

**Notes to the consolidated financial statements**

(All amounts in INR lakhs, except share data and where otherwise stated)

	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2022</b>						
i) MSME	-	1	-	-	-	1
ii) Others	716	4,405	183	1,272	1,464	8,040
<b>Total</b>	716	4,405	183	1,272	1,464	8,041
Un billed Dues	-	-	-	-	-	298
<b>Total</b>	716	4,405	183	1,272	1,464	8,339

**25. Other current financial liabilities**

	As at March 31, 2023	As at March 31, 2022
Interest accrued and due on borrowings	73,884	334,588
Interest accrued but not due on borrowings	1,146	9,368
Unearned guarantee commission income on financial guarantees given to related parties	-	540
Capital Creditors	257	1,728
Premium obligation/ Negative grant to NHAI	6,763	3,899
Resurfacing obligation	10,054	5,984
Retention money	428	12,646
Due to employees	327	335
Advances from related parties	-	2
Others	17,980	24,188
	<b>110,839</b>	<b>393,278</b>

**26. Short term provisions**

	As at March 31, 2023	As at March 31, 2022
Provision for leave encashment	106	161
Provision for gratuity (refer note 36)	1	1
Others	1,233	1,302
	<b>1,340</b>	<b>1,464</b>

**27. Other current liabilities**

	As at March 31, 2023	As at March 31, 2022
Toll fee received in advance	54	54
Statutory remittances	6,217	4,097
Other liabilities	2,134	1,911
	<b>8,405</b>	<b>6,062</b>

**28. Revenue from operations**

	Year ended March 31, 2023	Year ended March 31, 2022
Income from toll operations	44,704	35,478
Revenue from sale of power	167,332	50,347
	<b>212,036</b>	<b>85,826</b>

a). Alaknanda Hydro Power Company Limited (AHPCL) has filed a petition before Uttar Pradesh Electricity Regulatory Commission (UPERC) for approval of provisional tariff for the tariff year 2022-23 based on project cost approved by UPERC provisionally on 20-06-2022. The company is in receipt of final tariff order for the Multi Year Tariff (MYT) for the period 2019-24 based on final approved project cost of Rs 4,062 Lakhs on 20.04.2023. However, there is an ambiguity in the said order with respect to claiming NAPA. Since, there is time for filing the review petition before UPERC or APTEL by either of the parties. Hence, the revenue on account of arrears will be recognized as and when realized or as per the outcome of the said appeal with UPERC / APTEL.

b). During the current year, UPERC vide its order dated 29.06.2022 approved the under recovery of energy charges as per UPERC regulations under the clause 51 (viii). The said order was further amended by UPERC vide its corrigendum order dated 02.08.2022



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

in respect of the Energy Charges Rate ("ECR") . Based on the said orders, the Company raised bills on Uttar Pradesh Power Corporation Limited ("UPPCL") for Rs.3,928 Lakhs and Rs.3,532 Lakhs for the tariff years 2017-18 and 2018-19 respectively totaling to Rs. 7,460 Lakhs.

c). AHPCL is also in receipt of an order dated 02.08.2022 from UPERC considering the e-flows of water at 15% under the clause of change in law defined under section 86(1)(b) and 86(1)(f) of the Electricity Act, 2003 read with Article 6.8 of PPA dated 28-06-2006 and NAPAF is revised w.e.f. 01.09.2017. Accordingly, the company has raised bill for the difference of revenue of Rs.5,228 Lakhs for FY 2017-18 and Rs.10,716 Lakhs for FY 2018-19 respectively totaling to Rs.15,944 Lakhs.

d). AHPCL is also in receipt of final true up order dated 30.12.2022 from UPERC for the MYT Year 2015-19 and accordingly, credit notes including interest to the extent of Rs. 813 Lakhs was given to UPPCL.

e). AHPCL during the current year, is in receipt of approval for the bill raised on UPPCL towards Tax Reimbursement (Minimum Alternative Tax (MAT) ) for Rs.986 Lakhs for the FY 2020-2021 as per article 5.2 of Power Purchase Agreement. MAT Reimbursement in respect of FY 2021-22 and FY 2022-23 will be recognised in the Year in which the same is approved by UPPCL.

### 29. Other income (net)

	Year ended March 31, 2023	Year ended March 31, 2022
Interest income on		
Bank deposits	2,970	357
Others	828	1,198
Guarantee commission	-	16
Reversal of Expenses incurred in Previous FY	1	65
Liabilities no longer required, written back	285	291
Income from investments	1,013	770
Profit on Sale of Investments	-	1
Profit on sale of assets	363	1
Miscellaneous income ( net)	410	348
	<b>5,870</b>	<b>3,045</b>

### 30. Employee Benefits Expense

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and wages, including bonus	2,298	1,318
Contribution to provident and other funds	106	45
Retirement and other employee benefit expense	41	12
Staff welfare expenses	68	42
	<b>2,513</b>	<b>1,417</b>

### 31. Finance costs

	Year ended March 31, 2023	Year ended March 31, 2022
Interest expense	106,471	41,495
Guarantee commission	-	2
Other finance charges	900	573
	<b>107,371</b>	<b>42,070</b>

### 32. Depreciation and amortisation expense

	Year ended March 31, 2023	Year ended March 31, 2022
Depreciation of tangible assets	33,862	7,940
Amortization of intangible assets	5,932	5,664
Amortization right of use Asset	180	13
	<b>39,974</b>	<b>13,617</b>

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### 33. Other expenses

	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores and spares	1,276	86
Operating and maintenance expenses	1,488	814
NHAI share of toll fee	4,422	1,285
Rent	69	32
Rates and taxes	110	333
Insurance	1,887	547
Resurfacing obligation*	3,351	2,992
Repairs and maintenance	2,789	2,018
Power, Water and fuel	1,134	375
Travel and conveyance	545	194
Communication	61	26
Printing and stationery	3	3
Legal and professional charges	4,016	4,434
Auditor's remuneration (refer note below)	79	57
Directors' sitting fee	11	15
Loss on disposal / write off of assets/ Investments written off	-	18
Provision for doubtful debts	-	193
Advances /Receivables & Bad debts written off	42	8,715
Goodwill written off	-	15,142
Contract services	3,022	1,227
Security Charges	328	51
Donation	2,330	-
Miscellaneous expenses	912	628
Foreign Exchange Fluctuations (Net)	83	14
Liquidated Damages	145	1,052
Expenditure towards Corporate Social Responsibility	275	256
	<b>28,378</b>	<b>40,507</b>

**Provision for the year ended 31 March 2023 represents the provision for 4th Periodic wearing course overlay.**

Provision for fourth Periodic wearing Course overlay:

As per clause no. 4.5.1 of the Maintenance section of the Schedule L Operation and Maintenance Requirements to the Concession Agreement entered into by Company with National Highways Authority of India, Company has to renew bituminous concrete coat of the Road ("Periodic wearing Course overlay") every 5 years or where the roughness value reaches 3500mm/km whichever is earlier. The next such wearing Course overlay is undertaken during financial year 2023-24 (At the time of handing over). As per Indian Accounting Standard - 37 "Provisions, Contingent Liabilities and Contingent Assets", cost of overlay of Bituminous Concrete to be made in Financial year 2022-23, as required by Operation and Maintenance Requirements is estimated at Rs.100.53 Crores which is provided in equal yearly charge to the P&L Account.

#### ii) Auditors' remuneration (net of GST) comprises of:

	Year ended March 31, 2023	Year ended March 31, 2022
<b>As Auditor:</b>		
Audit Fee	25	21
Limited review	48	36
Certification fee	6	-
<b>Total</b>	<b>79</b>	<b>57</b>

#### iii) Details of Corporate Social Responsibility expenditure

	Year ended March 31, 2023	Year ended March 31, 2022
Gross amount required to be spent during the year	275	256
Amount spent during the year		
- on purposes other than above		
<b>Paid*</b>	<b>275</b>	<b>256</b>
<b>Total</b>	<b>275</b>	<b>256</b>

\* The Group is complying with its Corporate Social Responsibility by making payments to GVK Foundation a Sec 8 company.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### 34. Taxes

#### (a) Income tax expense:

The major components of income tax expenses are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current tax	14,201	4,883
Taxes of earlier years	63	358
Deferred tax	(7,080)	(2,056)
<b>Total income tax expense recognised in statement of Profit &amp; Loss</b>	<b>7,184</b>	<b>3,185</b>

#### (b) Reconciliation of effective tax rate:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit / (Loss) before tax (A)	314,292	266,776
Existing tax rates in India (B)	23.03%	6.42%
Expected tax expenses (C = A*B)	72,389	17,125
Deferred tax asset not recognised on losses	7,503	29,941
Effect of non-deductible expenses	6,983	7,152
Effect of non-taxable incomes	(79,668)	(49,898)
Utilisation of brought forward losses	(86)	(737)
Taxes of earlier years	63	358
Others	-	(756)
<b>Net tax expense recognised in statement of Profit &amp; Loss</b>	<b>7,184</b>	<b>3,185</b>

### 35. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit/(loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the period.

Diluted EPS amounts are calculated by dividing the profit/(loss) attributable to equity holders by the weighted average number of equity shares outstanding during the period plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares, if any.

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Profit/ (Loss) after tax considered for calculation of basic and diluted earnings per share		
Profit/ (Loss) for the period from Continuing operations	243,894	15,303
Profit/ (Loss) for the period from discontinuing operations	-	249,234
Weighted average number of equity shares considered for calculation of basic and diluted EPS	1,579,210,400	1,579,210,400
<b>Earnings/(loss) per share</b>		
<b>- Basic and diluted</b>		
- Continuing operations	15.44	0.97
- Discontinuing operations	-	15.78

### 36. Employee benefits

#### (a) Defined Contribution Plans

a. Provident Fund/ Employees' Pension Fund

b. Employees' State Insurance

The Group has recognised following amounts as Expense in the Statement of Profit and Loss :

	March 31, 2023	March 31, 2022
<b>Included in Contribution to Provident and Other Funds</b>		
Employer's Contribution to Provident Fund	106	45

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### (b) Defined Benefit Plans

#### a. Gratuity :

The company has a unfunded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service as per the provision of the Payment of Gratuity Act, 1972, as amended.

#### b. Compensated Absences:

Compensated benefits are payable to all the eligible employees of the Group on any type of separation from the Company on the leave balance available as per the Company Rules subject to a maximum of 30 days. Benefits would be paid at the time of separation based on last drawn gross salary.

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

Particulars	Gratuity	
	March 31, 2023	March 31, 2022
<b>I Change in present value of defined benefit obligation during the year</b>		
1. Present Value of defined benefit obligation at the beginning of the year	268	141
Add: Upon addition and deletion of subsidiaries	(87)	140
2. Interest cost	6	9
3. Current service cost	21	13
4. Past service cost	-	-
5. Liability Transferred out / Divestment	-	-
4. Benefits paid directly by employer	-	(13)
5. Benefits paid	2	(12)
6. Actuarial changes arising from changes in demographic assumptions	-	-
7. Actuarial changes arising from changes in financial assumptions	-	-1
8. Actuarial changes arising from changes in experience adjustments	(84)	(9)
<b>Present Value of defined benefit obligation at the end of the year</b>	<b>126</b>	<b>268</b>
<b>II.Changes in fair value of plan assets</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
Opening fair value of plan assets	193	112
Add: Upon addition and deletion of subsidiaries	(64)	85
Contribution paid	50	-
Expected return	2	1
Return on plan assets, excluding amounts included in interest expense/(income)	10	7
Benefits paid	(5)	(12)
Actuarial gains / (losses)	-	-
<b>Closing fair value of plan assets</b>	<b>187</b>	<b>193</b>
<b>III Net (asset) / liability recognised in the balance sheet</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
1. Present Value of defined benefit obligation at the end of the year	126	268
2. Fair value of Plan Assets	187	193
3. Unrecognised excess of plan assets over liability	(67)	(30)
<b>Net (liability)/ asset- recognised in the balance sheet</b>	<b>6</b>	<b>105</b>
<b>Recognised under:</b>		
Current (refer note 26)	1	1
Non-Current (refer note 21)	5	104
<b>IV Expenses recognised in the statement of profit and loss for the year</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
1. Current service cost	21	13
2. Interest cost on benefit obligation (Net)	6	9
3. Return on plan assets	(10)	(7)
<b>Total expenses included in employee benefits expense</b>	<b>17</b>	<b>15</b>
<b>V Recognised in other comprehensive income for the year</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
1. Actuarial changes arising from changes in financial assumptions	(83)	(50)
2. Actuarial changes arising from changes in experience adjustments	(2)	(1)
<b>Recognised in other comprehensive income</b>	<b>(85)</b>	<b>(51)</b>

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

<b>VI Maturity profile of defined benefit obligation</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
1. Within the next 12 months (next annual reporting period)	54	58
2. Between 2 and 5 years	60	76
3. Between 6 and 10 years	73	77
4. Beyond 10 years	-	-
The weighted average duration to the payment of these cash flows is 5.25 years (March 31, 2022: 5.25 years).		
<b>VII Quantitative sensitivity analysis for significant assumption is as below:</b>		
<b>Gratuity</b>	<b>March 31, 2023</b>	<b>March 31, 2022</b>
<b>(a) Effect of 0.5% to 1% change in assumed discount rate</b>		
- increase	(3)	(5)
- decrease	4	6
<b>(b) Effect of 0.5% to 1% change in assumed salary escalation rate</b>		
- increase	2	6
- decrease	(2)	(5)
<b>VIII Actuarial assumptions</b>		
1. Discount rate	7.10%	6.5% to 7%
2. Salary escalation	0% to 6 %	0% to 6 %
3. Mortality rate during employment	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

### Notes :

- The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2023. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.
- Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.
- The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

## 37. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future period affected.

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions which have significant effect on the amounts recognised in the financial statements.

### i) Provisions and Contingency

The contingencies and commitments are discussed in more details in refer note 39 and 40. It is not practical to state the timing of the judgement and final outcome. The management has assessed the probable unfavourable outcomes and creates provisions where necessary and where these are assessed as not probable, these are disclosed as contingent liability.

### ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the probable time and amount of future taxable profits together with future tax planning strategies.

Indian companies are subject to income tax in India on the basis of their standalone financial statements. Indian companies can claim tax exemptions/deductions under specific sections of the Income-tax Act, 1961 subject to fulfilment of prescribed conditions as may be applicable. As per the Income-tax Act 1961, companies are liable to pay income tax based on the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT). MAT paid in excess of regular income tax during a year can be carried forward for a period of fifteen years and can be offset against future tax liabilities arising from regular income tax. Section 115BAA has been inserted in the Income Tax Act, 1961 vide Taxation Laws (Amendment) Ordinance, 2019 subsequently enacted on December 11, 2019 as The Taxation Laws (Amendment) Act, 2019) which provides a domestic company with an irrevocable

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

option to pay tax at a lower rate of 22% (effective rate of 25.168%) for any previous year relevant to the assessment year beginning on or after April 1, 2020. The lower rate shall be applicable subject to certain conditions, including that the total income should be computed without claiming specific deductions or exemptions. MAT would be inapplicable to companies opting to apply the lower tax rate. Indian Companies can carry forward business losses for a maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period. The Group has opted for the lower tax rate depending on the benefit available to the subsidiaries/ associates and joint ventures on a standalone basis. And in certain cases considering the substantial accumulated MAT credit and carried forward loss as stated above, the management has decided that it is beneficial not to opt for the option of availing revised income tax rate as per provisions of Section 115BAA under Income Tax Act, 1961.

### iii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future.

These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the yield rates of as per fixed income money market and derivatives association of India consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in note 36.

### iv) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF) model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

Refer note 47, 48 and 50 regarding assessment on carrying values of certain assets.

### v) Impairment of financial assets

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

### vi) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities disclosed in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/ judgements about these factors could affect the reported fair value of financial instruments. The Group has considered Weighted Average Cost of Capital (WACC) rate of respective periods in which transaction had occurred for measuring deposit, being financial liabilities, at amortised cost.

### vii) Allowance for uncollectible trade receivables

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

### viii) Determination of control and accounting thereof

As detailed in the accounting policy, principles under Ind AS are different from the previous GAAP, especially with respect to assessment of control of subsidiaries. Accordingly certain entities like GVK Energy Limited, where the Company has majority shareholding, they have been accounted as joint venture entity on account of certain participative rights granted to other partners/ investors under the shareholding agreements. Further, investments in GVK Coal Developers (Singapore) Pte. Ltd has been accounted as associate since the company participates in all significant financial and operating decisions. The Company has therefore determined that it has significant influence over this entity, even though it only holds 10% of the voting rights.

ix) Also refer note 53 on significant judgement on going concern ability of the Group.



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### 38.Segment Reporting

For management purposes, the Group is organised into business units based on its services and has three reportable segments, as follows:

- Power segment, which is engaged in the construction and operation of power plants.
- Roads segment, which is engaged in the construction and operation of highway projects.
- Airport segment, which is engaged in the construction and operation of domestic and international airports.
- Other segments, which is engaged in investment in SEZ and other investments.

The Board of directors of the group monitors the operating results of segments for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

#### Year ended March 31, 2023

Particulars	Power	Roads	Airports	Others	Unallo- cated	Total segments	Eliminations	Consolidated
<b>Revenue</b>								
External customers	167,332	44,704	-	-	-	212,036	-	212,036
Inter Segment	2,662	-	-	1,000	-	3,662	(3,662)	-
<b>Net sales / income from Continuing operations</b>	<b>169,994</b>	<b>44,704</b>	<b>-</b>	<b>1,000</b>	<b>-</b>	<b>215,698</b>	<b>(3,662)</b>	<b>212,036</b>
<b>Income/(expenses)</b>								
Depreciation and amortization	33,949	6,015	-	11	-	39,974	-	39,974
<b>Total Profit/(Loss) before tax Continuing operations</b>	<b>69,578</b>	<b>21,721</b>	<b>-</b>	<b>(1,391)</b>	<b>224,384</b>	<b>314,292</b>	<b>-</b>	<b>314,292</b>
<b>Total Segment Assets</b>	<b>477,608</b>	<b>116,938</b>	<b>-</b>	<b>151,065</b>	<b>23,326</b>	<b>768,937</b>	<b>-</b>	<b>768,937</b>
<b>Total Segment Liabilities</b>	<b>428,114</b>	<b>183,797</b>	<b>-</b>	<b>109,736</b>	<b>1,989</b>	<b>723,636</b>	<b>-</b>	<b>723,636</b>

#### Year ended March 31, 2022

Particulars	Power	Roads	Airports	Others	Unallo- cated	Total segments	Eliminations	Consolidated
<b>Revenue</b>								
External customers	50,348	35,478	-	-	-	85,826	-	85,826
Inter Segment	-	9	-	1,007	-	1,016	(1,016)	-
<b>Net sales / income from Continuing operations</b>	<b>50,348</b>	<b>35,487</b>	<b>-</b>	<b>1,007</b>	<b>-</b>	<b>86,842</b>	<b>(1,016)</b>	<b>85,826</b>
<b>Net sales / income from Discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>33,851</b>	<b>-</b>	<b>-</b>	<b>33,851</b>	<b>-</b>	<b>33,851</b>
<b>Income/(expenses)</b>								
Depreciation and amortization	-	5,642	-	12	-	5,654	-	5,654
<b>Total Profit/(Loss) before tax Continuing operations</b>	<b>22,601</b>	<b>7,831</b>	<b>-</b>	<b>(13,503)</b>	<b>9,997</b>	<b>26,926</b>	<b>-</b>	<b>26,926</b>
<b>Total Loss before tax Discontinuing operations</b>	<b>-</b>	<b>-</b>	<b>239,850</b>	<b>-</b>	<b>-</b>	<b>239,850</b>	<b>-</b>	<b>239,850</b>
<b>Total Segment Assets</b>	<b>869,273</b>	<b>109,451</b>	<b>-</b>	<b>177,995</b>	<b>473</b>	<b>1,157,192</b>	<b>-</b>	<b>1,157,192</b>
<b>Total Segment Liabilities</b>	<b>1,165,727</b>	<b>176,984</b>	<b>-</b>	<b>110,813</b>	<b>11,402</b>	<b>1,464,926</b>	<b>-</b>	<b>1,464,926</b>

Particulars	March 31, 2023			March 31, 2022		
	Outside India	Within India	Total	Outside India	Within India	Total
Revenue	-	212,036	212,036	-	85,826	85,826
Non-current operating assets	-	386,671	386,671	-	739,397	739,397

Non-current assets for this purpose consist of property, plant and equipment, capital work in progress and others.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### 39. Contingent Liabilities

#### A) Parent Company

##### 1. Direct and Indirect Taxes

	March 31, 2023	March 31, 2022
Claims not acknowledged as debts by the company		
Income tax	-	200
Service tax	1,396	1,396

##### 2. Security against loan taken by others

- (i) The Company had provided security by way of pledge of 230,960,770 (March 31, 2022: 225,843,130) shares of GVK Energy Limited for loans taken by the aforesaid subsidiary/ joint venture entity.
- (ii) The Company has provided security by way of corporate guarantees amounting to Nil (March 31, 2022: Rs. 12,978 lakhs) to subsidiaries and joint ventures and Rs. 456,222 lakhs to the lenders of GVK Coal Developers (Singapore) Pte Ltd, an associate (March 31, 2022: Rs. 420,654 lakhs) for various fund and nonfund based facility availed by them. Also refer note (iii) below:
- (iii). Refer note 47 & 56.

#### B) Subsidiary companies

##### i. GVKJEPL

	March 31, 2023	March 31, 2022
a. Disputed income tax demands*	6,893	16,518
b. Claim made by NHAI for share in other income along with interest, which is disputed by the company and not acknowledged as debt, the company has filed a petition with the Indian Council of Arbitration at Delhi and the case is under process.	11,174	4,266

\*( Amount paid /adjusted under protest Rs.17.70 lakhs PY Rs 17.70 lakhs)

##### ii. GVKBVEPL

	March 31, 2023	March 31, 2022
EPC contractor has submitted claim against work done on the road project which is not yet certified by the independent engineer as well as lender independent engineers	786	786

Refer note 50(a) for details of claims in respect of toll road project being executed by GVK BVEPL.

##### iii. GVK DKEPL

On June 25, 2019, GVK DKEPL has issued a termination notice under Article 37.2.2 of the Concession Agreement for termination on account of material breach and defaults on the part of National Highway Authority of India (NHAI) during the course of construction like providing Right of Way (ROW), shifting of utilities, obtaining approvals & clearances, alternate route & prevention of complete user fee collection etc., which has resulted in significant delays in construction of expressway. Further, GVK DKEPL has claimed a termination payment of Rs. 169,650 lakhs (apart from various other claims towards future loss, Loss of Toll Revenue, Loss suffered on account of additional overheads etc.) from NHAI as per the terms of the Concession Agreement. In response to the above notice, GVK DKEPL has received letter from NHAI dated July 03, 2019 denying the claim of GVK DKEPL stating that the termination notice issued under clause 37.2.2 is invalid as defaults alleged by GVK DKEPL are false and NHAI has not committed any material default in complying with the provisions of the Concession Agreement.

On September 12, 2019, NHAI has issued a termination notice as per clause 37.2.1 of the Concession Agreement for non-fulfillment of the obligation as stated in the Concession Agreement by GVK DKEPL. NHAI by virtue of this notice, is deemed to have taken possession and control of the project highway along with all the equipment on or at site. After this termination notice toll plaza is deemed to have been transferred to NHAI and from September 16, 2019 onwards NHAI started collecting the toll on the project highway.

The matter is under Arbitration and the company has filed claim documents with Tribunal and NHAI has filed statement of defense and next cross examining the witness of NHAI is schedule on 24, 25, 26 & 29 of July, 2023. Refer note 50(b).

##### iv. GVKTPL

	March 31, 2023	March 31, 2022
Disputed income tax demands*	657	657

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

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### v. AHPCL

	March 31, 2023	March 31, 2022
a) Disputed income tax demands	3	3
Claims not acknowledged as debts *	14,519	13,860

\* Claims not acknowledged as debts includes

i). Demand notices for Rs 11,563 Lakhs (March 31, 2022: Rs. 8,123 lakhs) served by the Uttarakhand Jal Vidyut Nigam Limited (UJVNL) of Government of Uttarakhand, demanding tax/ cess towards the "water used for generating electricity" for various periods (years).

The Government of Uttar Pradesh, Government of Uttarakhand and AHPCL have entered into a Restated Implementation Agreement (RIA). As per the terms of RIA, AHPCL is obligated to supply 12% free power to the State of Uttarakhand in lieu of Royalty for using the river water to generate electricity. As such, the tax/ cess introduced under the Act tantamount to double taxation, which is also not permissible under law.

As per the provisions of the PPA even if AHPCL has to incur any statutory liabilities in terms of paying taxes etc, which are introduced subsequent to entering into the PPA, the said expenses shall be a pass through in the tariff. As such, even if the High court does not consider any of the above referred arguments of AHPCL and decides that AHPCL is liable to pay water tax/ cess, such amount payable by AHPCL, there cannot be any additional financial liability to AHPCL.

AHPCL has challenged the imposition of water cess before the High court of Uttarakhand. High court of Uttarakhand by admitting the writ petition has stayed the operation of the said demand notices.

High Court of Uttarakhand while continuing the stay till July, 2022, has directed the company to pay water tax effective from August, 22. Accordingly, the company has paid Rs.1,371 lakhs towards water tax as per the demands received from UWRMRC (Uttarakhand Water Resources Management & Regulatory Commission) for the period August, 2022 to October, 2022 and there are further demands received from UWRMRC amounting to Rs. 2,285 lakhs for the period November, 2022 to March, 2023 that are yet to be paid as on 31.03.2023.

ii). Person named Pawan Kumar filed a case against the company demanding death Compensation of Rs.10 lakhs (March 31, 2022: Rs. 10 lakhs) U/s 33 of ID Act on 22.11.2016.

iii). Compensation to flood affected people on account of the order to National Green Tribunal (NGT) Rs.926.43 lakhs (2022 Rs.926.43 lakhs). As per the directions of Supreme Court on 19.01.2023, the company has deposited an amount of Rs.300 lakhs on 14.03.2023 for staying the grant of High Court orders.

iv). The vigilance commission, ADM Pauri, has issued an order awarding compensation to residents due to submerge of their lands for an amount of Rs 40 Lakhs against which the company has filed a writ petition before Hon'ble High Court of Uttarakhand. The High Court has granted stay subject to deposit of Rs 5 Lakhs.

b). Case filed by the company against demand notice received from Govt of Uttarakhand (GoUK) on 04.07.2011 to pay mining royalty of rupees 7,646 Lakhs towards excavated material /muck during the project construction period and executive activities. The claim has been further revised to Rs 13,100 Lakhs by GoUK. The case was upheld by Hon'ble High court of Uttarakhand quashing the royalty demand notice on 06.08.2015. The supreme court has reversed the said order and the GOVT of Uttarakhand has filed a review petition to open the petition filed against Hon'ble supreme court order. The matter is pending before Hon'ble Supreme Court against the petition filed by the company aggrieved by the reopening of the case in Hon'ble High Court, Uttarakhand.

c). BHEL filed a case with NCLT against company demanding their outstanding of Rs.5,537 lakhs plus interest for the delayed payments of Rs.2,994 lakhs totaling to Rs.8,531 lakhs. The company has paid entire outstanding dues and requested BHEL to waive the interest demand and withdraw the case.

### vi. GVKPGSL

Please refer note 48(a).

### vii. GVK Gautami Power Limited (Jointly Controlled Entity, to the extent of shareholding therein)

	March 31, 2023	March 31, 2022
Service tax demand on operator of the power plant*	357	357
Price difference in Import of energy charges*	646	560
Disputed interest	371	173
Disputed Entry Tax	25	25

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

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### Other litigations

GVKEL has pending litigations with service tax authorities amounting to Rs.350 Lakhs (March 31, 2022: Rs.350 lakhs) and company has got a show cause notice pending in call book of service tax authorities of Rs 384 Lakhs (March 31, 2022: 384 lakhs).

## 40. Capital and Other Commitments

### Parent Company

#### Other Commitments

The company has given undertaking to infuse equity aggregating to Rs. 474,843 lakhs (March 31, 2022: Rs. 421,846 lakhs) in GVK Coal Developers (Singapore) Pte. Limited, towards shortfall, if any, of its loan repayment obligations [Also refer note 39 (A)]. Further, the Company has pledged 155,587,500 (March 31, 2022: 155,587,500), 130,287,382 (March 31, 2022: 22,495,000) and 48,000,000 (March 31, 2022: 48,000,000) shares of GVK Energy Limited, GVK Transportation Private Limited and GVK Airport Developers Limited respectively for securing loan obtained by GVK Coal Developers (Singapore) Pte. Limited, an associate entity in which Company has 10% stake.

## 41. Fair Values

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- Long term fixed rate and variable rate receivables/ advances given are evaluated by the Group based on parameters such as interest rates, specific country risk factors, individual credit worthiness of the customer and the risk characteristics of the financed project, based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.

The fair values of the Group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2021 was assessed to be insignificant.

The management has assessed that fair value of cash and cash equivalents, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

### Financial instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments.

	Level	Carrying Values		Fair Values	
		March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
<b>Financial assets</b>					
<b>At fair value through profit and loss (As per quoted market price)</b>					
Current investments	1	30,529	17,921	30,529	17,921
		<b>30,529</b>	<b>17,921</b>	<b>30,529</b>	<b>17,921</b>
<b>At amortised cost</b>					
Current investment	3	112,464	112,464	112,464	112,464
Loans	3	751	2	751	2
Trade receivables	3	4,803	46,712	4,803	46,712
Cash and cash equivalents	1	50,408	55,485	50,408	55,485
Other bank balances	1	555	208	555	208
Other financial assets	3	150,575	151,469	150,575	151,469
		<b>319,556</b>	<b>366,341</b>	<b>319,556</b>	<b>366,341</b>
<b>Financial liabilities</b>					
<b>At amortised cost</b>					
Floating rate Borrowings (including current maturities)	3	586,370	1,052,295	586,370	1,052,295
Other financial liabilities	3	110,839	392,738	110,839	392,738
Trade payables	3	2,363	8,339	2,363	8,339
		<b>699,572</b>	<b>1,453,372</b>	<b>699,572</b>	<b>1,453,372</b>

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### Fair value hierarchy

Level 1: Level 1 hierarchy includes financial instruments measuring using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net asset value and Cash & Bank balances

Level 2: The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

The carrying amounts of trade receivables, loans and trade payables are considered to be the same as their fair values, due to their short term nature.

The fair values of non-current borrowings are based on discounted cash flows using current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk.

### 42.A) Group Information

The consolidated financial statements of the Group includes subsidiaries, associates and jointly controlled entities (JCE) listed in the table below:

Name	Nature of interest	Country of incorporation	% effective equity interest	
			March 31, 2023	March 31, 2022
GVK Developmental Projects Private Limited (GVKDPPL)	Subsidiary	India	100%	100%
GVK Ratle Hydro Electric Project Private Limited (GVKRHEPPL)	Subsidiary	India	100%	100%
GVK Perambalur SEZ Private Limited (GVKPSPL)	Subsidiary	India	100%	100%
GVK Airport Services Private Limited (GVKASPL)	Subsidiary	India	100%	100%
GVK Transportation Private Limited (GVKTPL)	Subsidiary	India	100%	100%
GVK Jaipur Expressway Limited (GVKJEL)	Subsidiary	India	100%	100%
Sutara Roads & Infra Limited (SRIL)	Subsidiary	India	100%	100%
GVK Deoli Kota Expressway Private Limited (GVKDEPL)	Subsidiary	India	100%	100%
GVK Bagodara Vasad Expressway Private Limited (GVKBVEPL)	Subsidiary	India	100%	100%
GVK Shivpuri Dewas Expressway Private Limited (GVKSDEPL)	Subsidiary	India	100%	100%
GVK Airport International Pte limited (GVKAIPL)	Subsidiary	Singapore	100%	100%
PT GVK Indonesia (PTGVKS)	Subsidiary	Indonesia	97%	97%
GVK Power (Khadur Sahib) Private Limited (GVKPKSPL) ^^	Subsidiary	India	100.0%	100.0%
GVK Energy Limited (GVKEL)\$	Subsidiary	India	83.5%	83.5%
Alaknanda Hydro Power Company Limited (AHPCL) ^	Subsidiary	India	50.1%	83.5%
GVK Coal (Tokisud) Company Private Limited (GVKCCPL) ^	Subsidiary	India	83.5%	83.5%
GVK Gautami Power Limited (GVKGPL)	JCE of Subsidiary	India	53.1%	53.1%
GVK Coal Developers (Singapore) Pte. Ltd	Associate	Singapore	10%	10%
GVK Industries Limited (GVKIL) \$\$	Subsidiary	India	-	-
GVK Power (Goindwal Sahib) Limited (GVKPGSL) #	Subsidiary	India	-	83.5%
Seregraha Mines Limited(SML) ##	Associate of Subsidiary	India	-	37.12%

\*JCE refers to Jointly controlled entity

\$ JCE till February 03, 2022 and Subsidiary from February 04, 2022

\$\$ Subsidiary of JCE till February 03, 2022 & Subsidiary from February 04, 2022 to March 31, 2022 and admitted in the CIRP.

# Subsidiary of JCE till February 03, 2022 & Subsidiary from February 04, 2022 to October 10, 2022 and admitted in the CIRP.

## Associate of GVKPGSL

^ Subsidiary of JCE till February 03, 2022 and Subsidiary from February 04, 2022

^^ Subsidiary of JCE till February 03, 2022 and direct subsidiary from February 07, 2022.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### 42.B). Additional information required by Schedule III

Name of the entity in the Group	Net Assets*		Share in Profit/Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As a % of consolidated Profit/Loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of total comprehensive income	Amount
<b>Parent</b>								
<b>GVK Power and Infrastructure Limited</b>								
Balance as at March 31, 2023	193%	87,297	0%	646	0%	-	0%	646
Balance as at March 31, 2022	-28%	86,651	2%	5,587	0%	-	2%	5,587
<b>GVK Airport Services Private Limited</b>								
Balance as at March 31, 2023	0%	91	0%	(0)	0%	-	0%	(0)
Balance as at March 31, 2022	0%	91	0%	(0)	0%	-	0%	(0)
<b>GVK Transportation Private Limited</b>								
Balance as at March 31, 2023	-9%	(4,053)	0%	(105)	0%	-	0%	(105)
Balance as at March 31, 2022	1%	(3,948)	-1%	(1,662)	0%	-	-1%	(1,662)
<b>GVK Jaipur Expressway Limited</b>								
Balance as at March 31, 2023	236%	107,101	6%	13,858	-81%	45	6%	13,903
Balance as at March 31, 2022	-30%	93,198	3%	7,049	-39%	17	3%	7,066
<b>Sutara Roads and Infra Limited</b>								
Balance as at March 31, 2023	71%	32,201	0%	(23)	0%	(0)	0%	(23)
Balance as at March 31, 2022	-10%	32,224	0%	(273)	0%	0	0%	(273)
<b>GVK Deoli Kota Expressway Private Limited</b>								
Balance as at March 31, 2023	-109%	(49,241)	-3%	(6,902)	0%	-	-3%	(6,902)
Balance as at March 31, 2022	14%	(42,417)	-3%	(7,071)	0%	-	-3%	(7,071)
<b>GVK Shivpuri Dewas Expressway Private Limited</b>								
Balance as at March 31, 2023	0%	(0)	0%	(0)	0%	-	0%	(0)
Balance as at March 31, 2022	0%	(0)	1%	1,494	0%	-	1%	1,494
<b>GVK Bagodara Vasad Expressway Private Limited</b>								
Balance as at March 31, 2023	-49%	(22,404)	-3%	(6,175)	0%	-	-3%	(6,175)
Balance as at March 31, 2022	5%	(16,319)	-2%	(6,401)	0%	-	-2%	(6,401)
<b>GVK Developmental Projects Private Limited</b>								
Balance as at March 31, 2023	170%	76,975	0%	71	0%	-	0%	71
Balance as at March 31, 2022	-25%	77,542	-11%	(30,089)	0%	-	-11%	(30,089)
<b>GVK Ratle Hydro Electric Project Private Limited</b>								
Balance as at March 31, 2023	0%	9	0%	1	0%	-	0%	1
Balance as at March 31, 2022	0%	9	11%	28,406	0%	-	11%	28,406
<b>GVK Perambalur SEZ Private Limited</b>								
Balance as at March 31, 2023	4%	2,002	0%	(278)	0%	-	0%	(278)
Balance as at March 31, 2022	-1%	2,280	0%	(327)	0%	-	0%	(327)
<b>GVK Power (Khadur Sahib) Private Limited</b>								
Balance as at March 31, 2023	0%	1	0%	-	0%	-	0%	-
Balance as at March 31, 2022	0%	1	0%	-	0%	-	0%	-
<b>GVK Employee Welfare Trust</b>								
Balance as at March 31, 2023	0%	1	0%	(0)	0%	-	0%	(0)
Balance as at March 31, 2022	0%	2	0%	-	0%	-	0%	-
<b>GVK Energy Limited</b>								
Balance as at March 31, 2023	132%	59,914	-7%	(18,255)	0%	-	-7%	(18,255)
Balance as at March 31, 2022	-25%	78,170	0%	1,272	0%	-	0%	1,272
<b>Alaknanda Hydro Power Company Limited</b>								
Balance as at March 31, 2023	256%	115,898	16%	38,192	-73%	40	16%	38,232
Balance as at March 31, 2022	-18%	54,057	0%	2,342	129%	(57)	1%	2,285
<b>GVK Power (Goindwal Sahib) Limited</b>								
Balance as at March 31, 2023	-1056%	(478,577)	-24%	(57,395)	0%	-	-24%	(57,395)
Balance as at March 31, 2022	96%	(294,662)	0%	(63,183)	26%	(12)	-24%	(63,194)



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

Name of the entity in the Group	Net Assets*		Share in Profit/Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As a % of consolidated Profit/Loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of total comprehensive income	Amount
<b>GVK Coal (Tokisud) Company Private Limited</b>								
Balance as at March 31, 2023	-23%	(10,244)	0%	(162)	0%	-	0%	(162)
Balance as at March 31, 2022	3%	(10,082)	0%	(2,425)	0%	-	-1%	(2,425)
<b>Subsidiaries incorporated outside India</b>								
<b>GVK Airport International Pte. Ltd.</b>								
Balance as at March 31, 2023	0%	0	0%	(391)	-54%	30	0%	(361)
Balance as at March 31, 2022	0%	361	0%	(0)	-29%	13	0%	13
<b>PT GVK Services, Indonesia</b>								
Balance as at March 31, 2023	-4%	(1,779)	0%	(161)	224%	(123)	0%	(284)
Balance as at March 31, 2022	0%	(1,495)	0%	(64)	39%	(17)	0%	(81)
<b>Non Controlling Interests in all subsidiaries</b>								
Balance as at March 31, 2023	354%	160,433	26%	63,214	29%	(16)	26%	63,198
Balance as at March 31, 2022	-25%	76,216	0%	(945)	-50%	22	0%	(923)
<b>Investment as per equity method</b>								
<b>Associates incorporated outside India</b>								
<b>GVK Coal Developers (Singapore) Pte Limited</b>								
Balance as at March 31, 2023	0%	-	0%	-	0%	-	0%	-
Balance as at March 31, 2022	0%	-	0%	-	0%	-	0%	-
<b>Asset Held for Sale Loss for the period from discontinuing operations</b>								
Balance as at March 31, 2023	0%	-	0%	-	0%	-	0%	-
Balance as at March 31, 2022	0%	-	-326%	249,234	7%	11	-327%	249,245
<b>Consolidation adjustments</b>								
Balance as at March 31, 2023	-67%	(30,325)	89%	217,760	55%	(30)	89%	217,730
Balance as at March 31, 2022	143%	(439,612)	31%	81,593	49%	(22)	31%	81,571
<b>Total</b>								
<b>Balance as at March 31, 2023</b>	<b>100%</b>	<b>45,301</b>	<b>100%</b>	<b>243,894</b>	<b>100%</b>	<b>(55)</b>	<b>100%</b>	<b>243,839</b>
<b>Balance as at March 31, 2022</b>	<b>100%</b>	<b>(307,734)</b>	<b>100%</b>	<b>264,537</b>	<b>100%</b>	<b>(44)</b>	<b>100%</b>	<b>264,493</b>

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

\*\*Includes net assets and losses of its subsidiaries and Joint venture.

### 43. Investment in an associate

#### GVK Coal Developers (Singapore) Pte. Ltd. (GVK CDSL)

The Company, has 10% interest in GVK CDSL which is assessed as an associate to the Company. The Company exercises significant influence on GVK CDSL as per Ind AS 28.

**Summarised financial information of the associate based on its unaudited financial statements is set out below:**

	As at March 31, 2023	As at June 30, 2022
Current assets including cash and cash equivalents	11,347	11,468
Non-current assets	1,256,587	1,248,151
Current liabilities	(2,350,667)	(2,129,983)
Non-current liabilities	(388,854)	(375,445)
<b>Equity</b>	<b>(1,471,587)</b>	<b>(1,245,809)</b>
Proportion of the Group's ownership	10%	10%
Group's ownership in equity	-	-

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

	As at March 31, 2023	As at June 30, 2022
Revenue	-	-
Other Income	10,658	6,820
Employee benefits expense	-	-
Finance costs	(138,604)	(181,405)
Depreciation and amortisation expense	-	(0)
Other expenses	(28,779)	(7,292)
<b>Profit before income tax</b>	<b>(156,724)</b>	<b>(181,877)</b>
Income tax expense	-	-
Profit for the year	(156,724)	(181,877)
Other comprehensive income for the year, net of income tax	(17,881)	(61,407)
<b>Total comprehensive income for the year</b>	<b>(174,606)</b>	<b>(243,284)</b>

### 44. Financial risk management objectives and policies

The Group is exposed to financial risk such as market risk, credit risk and liquidity risk. The general risk management program of the group focuses on the unpredictability of the financial markets and attempts to minimize their potential negative influence on the financial performance of the Group. The group continuously reviews its risk exposures and takes measures to limit it to acceptable levels. Board of Directors have the overall responsibility for the establishment and oversight of the Group's risk management framework.

#### Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of two types of risk: currency risk and interest rate risk. Financial instruments affected by market risk include borrowings and deposits.

The sensitivity analyses in the following sections relate to the position as at March 31, 2023 and March 31, 2022.

The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post- retirement obligations; provisions; and the non-financial assets and liabilities.

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2023 and March 31, 2022.

#### Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The interest rate risk arise from long term borrowings of the Group with variable interest rates (Bank base rate plus spread). Although the spread is fixed, it is subject to change at fixed time interval or occurrence of specified event. Management monitors the movement in interest rate and, wherever possible, reacts to material movements in such rates by restructuring its financing arrangement.

#### Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows

Particulars	Increase/(decrease) in profit before tax	
	March 31, 2023	March 31, 2022
<b>Change in interest rate</b>		
-increase by 50 basis points	(2,288)	(411)
-decrease by 50 basis points	2,288	411

The assumed increase/decrease in interest rate for sensitivity analysis is based on the currently observable market environment.

#### Foreign Currency exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's investment in foreign entity, financial asset/liability in relation to foreign entity in respect of financial guarantee and trade/other payables. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Group. The Group's exposure to foreign currency changes for all other currencies is not material. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. The Group has not entered into derivative instruments during the year.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Particulars	Increase/(decrease) in profit before tax	
	March 31, 2023	March 31, 2022
<b>Change in USD</b>		
- 5% increase	58	73
- 5% decrease	(58)	(73)

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

### Price Risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of change in market prices of Investments. The below table demonstrates the sensitivity to a reasonably possible change in price on the carrying value of investments.

Particulars	Increase/(decrease) in profit before tax	
	March 31, 2023	March 31, 2022
<b>Change in price</b>		
- 5% increase	7,150	6,519
- 5% decrease	(7,150)	(6,519)

### Credit Risk

Credit risk is the risk arising from credit exposure to customers, cash and cash equivalents held with banks and current and non-current held-to maturity financial assets.

The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Regarding credit exposure from customers, the Group has a procedure in place aiming to minimise collection losses. Credit Control team assesses the credit quality of the customers, their financial position, past experience in payments and other relevant factors. Cash and other collaterals are obtained from customers when considered necessary under the circumstances. The securities held by the Group are in the form of cash deposits and bank letter of guarantee.

The carrying amount of trade receivables, advances to suppliers, cash and short term deposits, guarantee commission receivable, and interest receivable on deposits represents Group's maximum exposure to the credit risk. No other financial asset carry a significant exposure with respect to the credit risk. Bank deposits and cash balances are placed with reputable banks. The credit quality of financial assets is quite satisfactory, taking into account the allowance for credit losses.

### Exposure to credit risk:

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major clients. The Group does not hold collateral as security. The Group's exposure to customers is diversified and there is no concentration of credit risk with respect to any particular customer as at March 31, 2023 and March 31, 2022

### Trade receivables, loans, advances, and guarantee commission receivable:

An impairment analysis is performed at each reporting date on an individual basis for major receivables. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Group also holds deposits as security from customers to mitigate credit risk.

### Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments in surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Group's management on an annual basis, and are updated throughout the year subject to approval of the Group's finance committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### Liquidity Risk

Liquidity risk is the risk that the Group will have difficulty in raising the financial resources required to fulfil its commitments. Liquidity risk is held at low levels through effective cash flow management and availability of adequate cash. Cash flow forecasting is performed internally by rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and debt and to comply with loan covenants.

The Group primarily uses short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short term borrowings to fund its ongoing working capital requirements and growth needs.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	On Demand	Within 12 months	After 12 months	Total
<b>Year ended March 31, 2023</b>				
Borrowings	163,645	115,366	307,359	586,370
Other financial liabilities	73,884	36,955	-	110,839
Trade payables	926	1,437	-	2,363
	<b>238,455</b>	<b>153,758</b>	<b>307,359</b>	<b>699,572</b>
<b>Year ended March 31, 2022</b>				
Borrowings	549,552	151,661	351,082	1,052,295
Other financial liabilities	334,588	58,150	-	392,738
Trade payables	1	8,339	-	8,339
	<b>884,141</b>	<b>218,150</b>	<b>351,082</b>	<b>1,453,373</b>

## 45. Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, all other equity reserves attributable to the equity holders and non controlling interest. The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group includes within net debt, borrowings including interest accrued on borrowings, trade and other payables, less cash and cash equivalent.

Particulars	March 31, 2023	March 31, 2022
Borrowings including interest accrued on borrowings	661,400	1,396,251
Trade payables	2,363	8,339
Other liabilities	44,214	54,844
Less: Cash and cash equivalents (Note 13)	(50,408)	(55,485)
Less: Bank balances other than cash and cash equivalents	(555)	(208)
<b>Net debt</b>	<b>657,014</b>	<b>1,403,741</b>
Equity	15,792	15,792
Other Equity	(130,924)	(399,742)
Non controlling interest	160,433	76,216
<b>Total Equity</b>	<b>45,301</b>	<b>(307,734)</b>
<b>Gearing ratio (Net Debt/ Total Equity)</b>	<b>15</b>	<b>(5)</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. No changes were made in the objectives, policies or processes for managing capital during the current and previous year. Breaches in meeting the financial covenants would permit certain banks to immediately call loans and borrowings.

The Group has delayed repayment of dues to banks and financial institutions during the year. The following are the summary of delays company wise:

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

**Year ended March 31, 2023 - Nil**

**Year ended March 31, 2022**

**GJEPL**

Particulars		Year ended March 31, 2022	Delay in days
Principal payment on loans from bank	Paid	13,461	1 - 30
Principal payment on loans from bank	Paid	4,057	31 - 60
Interest on loans from bank	Paid	1,251	1 - 30

## 46. Service concession arrangement

### (i) GVKDKEPL

GVK DKEPL has entered into a Concession Agreement with National Highway Authority of India (NHAI) on May 17, 2010 pursuant where to, the NHAI has awarded to GVK DKEPL the project of four laning of Deoli-Kota Section of National Highway No. 12 (NH -12) from Km 165.00 to Junction of NH -76 on Kota Bypass (approximately 83.04 Km) in the State of Rajasthan on Build, Operate and Transfer (BOT) basis, on design, build, finance, operate and transfer (DBFOT) Pattern under NHDP Phase III. As per the concession agreement entered with NHAI, GVK DKEPL has been given concession for a period of 26 years (including construction period) to operate and maintain the project highway and has the right to collect toll from the vehicles using the project highway. GVK DKEPL has received the right to charge users a fee for using the toll road, which GVK DKEPL will collect and retain.

The service concession agreement does not contain a renewal option. The standard rights of the grantor to terminate the agreement include poor performance by GVK DKEPL and the event of a material breach of the terms of the agreement by the Group. The standard rights of GVK DKEPL to terminate the agreement include failure of the grantor to make payment under the agreement and a material breach by the grantor of the terms of the agreement.

On June 25, 2019, GVK DKEPL has issued a Termination Notice under Article 37.2.2 of the Concession Agreement for the termination on account of material breach and defaults on the part of NHAI during the course of construction like providing Right of Way, shifting of utilities, obtaining approvals & clearances, alternate route & Prevention of complete User Fee collection etc., which has resulted in significant delays in construction of expressway.

During the year, GVK DKEPL has recorded Nil revenue (March 31, 2022: Nil), GVK DKEPL has recorded loss of Rs. 6,902 lakhs (March 31, 2022: Rs. 7,071 lakhs).

Description of the arrangement	Significant terms of the arrangement	
Financing, design, building and operation of 83.04 Km long 4 lane toll road between Deoli and Kota on NH - 12.	Period of concession:	January 05, 2011 to January 05, 2037 (including 2.5 years construction period)
	Remuneration:	GVKBVEPL has received the right to charge users a fee for using the toll road, which GVK DKEPL will collect and retain till the end of the concession period.
	Investment grant from Concession grantor	Nil
	Premium payable to grantor	Rs. 4,860 lakhs increasing by an additional 5% as compared to the immediately preceding year.
	Infrastructure return at the end of concession period	Yes
	Investment and renewal obligations	No renewal option to GVK DKEPL
	Re-pricing dates :	Yearly reset of toll rates
	Basis upon which re-pricing or re-negotiation is determined	Inflation

Also refer note 50(b).

### (ii) GVKBVEPL

The Company has been incorporated as a Special purpose vehicle and has entered into a concession agreement with Gujarat State Road Development Corporation Limited (GSRDC), a Government of Gujarat undertaking on February 21, 2011 pursuant where to, GSRDC has awarded to GVK BVEPL the project of six laning of Bagodara - Wataman - Tarapur - Vasad road on state Highway no. 8 from Km 0/0 to Km 101/9 in the state of Gujarat on Build, Operate and Transfer (BOT) basis. As per the concession agreement entered with GSRDC, GVK BVEPL has been awarded concession for a period of 27 years (including construction period) to operate and maintain the project highway and has right to collect toll from vehicles using the project highway.

GVKBVEPL has received the right to charge users a fee for using the toll road, which GVKBVEPL will collect and retain. At the end of the concession period the toll road will become the property of the grantor and GVKBVEPL will have no further involvement in its operation or maintenance.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

The service concession agreement does not contain a renewal option. The standard rights of the grantor to terminate the agreement include poor performance of GVKBVEPL and the event of a material breach of the terms of the agreement by the group. The standard rights of GVKBVEPL to terminate the agreement include failure of the grantor to make payment under the agreement and a material breach by the grantor of the terms of the agreement.

Description of the arrangement	Significant terms of the arrangement	
Augment the existing road from 0.0 to 101.9 kms of Bagodara - Wataman - Tarapur - Vasad road on state Highway no. 8 in the state by constructing a six lane highway on build, operate and transfer (BOT) basis.	Period of concession:	November 11, 2011 to November 11, 2038
	Remuneration:	GVKBVEPL has received the right to charge users a fee for using the toll road, which GVKBVEPL will collect and retain till the end of the concession period.
	Premium payable to grantor	Fee equal to 15.0192% of the total realisable fee during that year, and for each subsequent year of the concession period, the premium shall be determined by increasing the proportion of premium to the total realisable fee in the respective year by an additional 1% as compared to immediately preceding year.
	Infrastructure return at the end of concession period	Yes
	Investment and renewal obligations	No renewal option to GVKBVEPL
	Re-pricing dates :	Yearly reset of toll rates
	Basis upon which re-pricing or re-negotiation is determined	Inflation

Also refer note 50(a).

The below service concession arrangement have been accounted under intangible asset model

### (i) GVKJEPL

Description of the arrangement	Significant terms of the arrangement	
GVKJEPL has entered into Concession Agreement dated May 08, 2002 with the National Highways Authority of India ("NHAI") for construction and Operation of 6 Lane Highway of 90.385 KM between Jaipur and Kishangarh on Build-Operate-Transfer ("BOT")	Period of concession:	20 years from the date of Financial Closure March 16, 2003.
	Remuneration:	GVKJEPL has received the right to charge users a fee for using the toll road, which the GVKJEPL will collect and retain till the end of the concession period.
	Investment grant from concession grantor	Rs. 21,100 lakhs by way of equity support for meeting the total project cost
	Share of NHAI in Revenue	As per clause 7.2 of the concession agreement the concessionaire shall share with NHAI, any fees that it actually receives in any Accounting Year which are in excess of the projected fees for the Accounting Year commencing from the year in which Commercial Operations Date ("COD") shall occur, as set out in Schedule Y (the "Projected Fee") for such Accounting Year ("Excess Fee" / "Share of NHAI in Revenue") in accordance with the terms of agreement.
	Infrastructure return at the end of concession period	Yes
	Investment and renewal obligations	No renewal option to GVKJEPL
	Re-pricing dates :	Yearly reset of toll rates
	Basis upon which re-pricing or re-negotiation is determined	Inflation

a. Toll collections were suspended by NHAI due to the Lock down announced by the Ministry of Road Transport & Highways (MoRTH) vide its order H-25016/01/2018-Toll dated March 25, 2020 on account of COVID 19. The suspension of Toll continued till April 20, 2020. However, due to the impact of the lockdown and reduced traffic due to covid, the daily Toll collection continued to be much less than the average daily collection prior to the lockdown. GVKJEPL at present has the concession to operate and collect the toll till March 16, 2023. However, NHAI vide its Policy circular No. 8.3.33/2020 dated 26th May, 20 had provided relief measures to BOT (Toll) Concessionaires from the impact of COVID-19. Accordingly, the concession period has been extended up to April 09, 2023.

b. Tolling was suspended during November 9, 2016 to December 2, 2016 which led to Rs 2,268 lakhs revenue loss for GVKJEPL. The loss for the same has been claimed from NHAI by the company. As the company did not receive claims from NHAI, GVKJEPL went for arbitration in June 2018. Both the company and NHAI have appointed their representatives for arbitration and hearing for the same happened during December 2019 – February 2020. The final verdict came on February 6, 2020. The outcome was that GVKJEPL should be paid Rs. 2,175 lakhs by NHAI as compensation for loss incurred due to suspension of toll collection along with interest @10% per annum from Jan 18, 2017 till the date of payment. Along with this, Rs. 45 lakhs of arbitration costs incurred by GVKJEPL should be reimbursed by NHAI. Hence a total amount of Rs. 3,471 lakhs is expected to be received by GVKJEPL. However,



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

NHAI has the right to challenge the outcome of the arbitration panel in the High Court within 60 days of the final verdict date which ended on April 8, 2020. Because of the ongoing COVID-19 situation, the time limit for filings and hearings in the High Court of Delhi against the order of Arbitration have been extended by the courts of India. Subsequent to the Covid period, NHAI has challenged the arbitration order u/s 9 of the Arbitration Act with the High Court of Delhi. Meanwhile the company has filed execution petition based on the tribunal order with the Delhi High Court. The Delhi high court has kept the execution petition on hold as the proceeding u/s 9 is pending with the same court. Necessary accounting adjustments / entries will be made on conclusion of the case in Delhi High Court.

**47.** The Group has an investment in GVK Coal Developers (Singapore) Pte. Limited (GVK Coal) which is assessed as an associate to the parent Company. The parent Company exercises significant influence on GVK Coal as per Ind AS 28. The Group has provided for impairment of Rs 79,048 Lakhs for full value of its investment and receivable in earlier years in the absence of any certainty of realization either by use or from the settlement that may be reached.

The Group has also given guarantees and commitments for loans amounting Rs. 931,065 lakhs (March 31, 2022: Rs. 858,478 lakhs) taken by GVK Coal as at March 31, 2023 part of which is collateralized by the pledge of 37% shares of GVK Airport Holdings Limited, and has also undertaken to provide financial assistance of USD 3.11 million (Rs. 2,557 lakhs) as at March 31, 2023 (March 31, 2022: Rs. 2,358 lakhs), an entity whose current liabilities exceeds current assets by USD 2,845 million (Rs. 2,339,320 lakhs) as at March 31, 2023 (March 31, 2022: USD 2,459 million (Rs. 1,864,024 lakhs)) and the entity has also incurred net losses of USD 212 Million (Rs.174,606 Lakh) for the nine months ended March 31, 2023 (July 1, 2021 to June 30, 2022; USD 308 Million (Rs.243,142 Lakh)) based on the audited financial statements. GVK Coal is witnessing various material uncertainties. The prices of the coal have fallen since GVK coal had acquired a 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 and also necessary environmental and regulatory clearances. Further, all the lenders of GVK Coal have classified the loan as non-performing and the lenders had an option to curtail the rights of the parent company on various assets either on October 2015 or every year thereafter.

The lenders have also filed a claim in the High Court of Justice Business and Property Courts of England and Wales Commercial Courts (England Court) on November 09, 2020 and have sought to recover the amounts advanced to GVK Coal. Under the interim solution undertaking by the lenders dated March 23, 2017, the respective arguments of the lenders and the parent Company were filed with the court. On June 13, 2022, the Judge has adjourned the starting of the trial to October, 2023. Despite the matter is pending before England Court, one of the lenders has filed an application under section 7 of the Insolvency and Bankruptcy Code 2016 to initiate Corporate Insolvency Resolution Process against the parent company (being guarantor for loan taken by GVK Coal) before National Company Law Tribunal, Hyderabad on July 14, 2022 and the company has filed the reply. The next date of hearing is 8th June 2023.

The parent Company is hopeful of achieving one time settlement with the lenders in view of its arrangement with Adani Airport Holdings Limited (AAHL) which is adequately incentivized to find solution with the lenders to get unencumbered ownership over the shares of GVK Airport Developers pledged with the lenders. The extent of the liability that may arise in respect of guarantees and commitments and the manner of such settlement is presently not ascertainable and accordingly no provision has been made in this regard in relation to any liability.

**48.** Till 3rd February 2022, GVK Energy Ltd (GVKEL) has been considered as jointly controlled entity under IND - AS 28 "Investment in associate and joint venture", based on the protective rights available to the other investors of GVKEL. As on 4th February 2022, the parent company (GVKPIL) has acquired the control over the operations of GVKEL from those Investors as per the Termination Agreement dated 3rd February 2022 resulting in relinquishment of protective rights available to investors. GVKPIL has also bought 11,72,46,622 shares of GVKEL from those Investors under this agreement. Accordingly, GVKEL and its group companies (Energy group) are considered as Subsidiaries of the GVKPIL w.e.f. 4th February 2022 and the consolidated financial results include the financial transaction of Energy group as per IND-AS 110 "Consolidated Financial Statements" w.e.f. 4th February 2022.

Accordingly, the results for the quarter and year ended are not comparable with corresponding previous periods.

Certain subsidiaries and jointly controlled entity (group companies) of GVK Energy Limited ('GVKEL') are facing uncertainties as detailed below:

- a) The Hon'ble Supreme Court of India had deallocated dedicated coal mine allotted to GVK Power (Goindwal Sahib) Limited (GVKPGSL). GVK Coal (Tokisud) Private Limited (GVKCTPL), a subsidiary company of GVKEL and mine operator was offered

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

compensation by the Nominated Authority of Rs. 11,129 Lakhs as against carrying value of assets of Rs. 31,113 Lakhs as at March 31, 2017. GVKCTPL had appealed against the said order in the Hon'ble High Court of Delhi. The aforesaid court vide its order dated March 09, 2017, directed GVKCTPL to submit its claim to the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015. Subsequently GVKCTPL submitted its claim for the balance amount of Rs. 19,882 Lakhs to the aforesaid authority. The GV KEL has also given corporate guarantee for the loan taken by GVKCTPL. The nominated authority under the Ministry of Coal vide its order dated 16th March 2022 has further approved and released compensation of Rs.13,867 lakhs. Out of this an amount of Rs.8,883 lakhs have been deposited by nominated authority in interest bearing account with Registrar General of the Court as per the directions of the high court of Delhi dated 11th April 2022 and an amount of Rs.4,984 lakhs have been paid to lenders by nominated authority towards the balance dues payable as per the claims made by the lenders as on the date of vesting orders less the amount already paid to the lenders. Nominated authority has advised in the above order to approach Coal Tribunal in respect of disputes including the compensation disallowed with regards to R&R costs. The company has accordingly filed the appeal under sec. 27 of the Coal Mines (Special Provisions) Act, 2015 with Coal Tribunal for a claim of Rs 34,830 lakhs on August 01, 2022 and the next hearing of the case is scheduled on June 22, 2023.

Management believes that GVKCTPL will be appropriately reimbursed for cancelled coal mine and accordingly no provision is required towards corporate guarantee given by GV KEL for loan taken by GVKCTPL and carrying value (Balance of claims) of Rs 6,015 Lakhs.

- b) GVK Power (Goindwal Sahib) Limited ("GVKPGSL") a subsidiary company of GV KEL, has been admitted into Corporate Insolvency Resolution Process on October 10, 2022 based on petition filed by Axis Bank Ltd, one of the lenders in the consortium of GVKPGSL with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company. GV KEL has filed an appeal against this order before NCLAT, Chennai on October 27, 2022 and GV KEL filed appeal in Supreme court on May 19, 2023 as the appeal filed by GV KEL dismissed by NCLAT, Chennai on April 24, 2023.

Interim Resolution professional appointed by NCLT has taken possession of all assets of GVKPGSL.

Since the Group has lost the control over the GVKPGSL, the assets and liabilities of GVKPGSL were deconsolidated as at October 10, 2022 as per Ind AS 110 and a gain of Rs.343,685 Lakh is recorded in consolidated financials as per below entry:

Particulars	Rs Lakhs
Value of assets	- 345,970
Value of liabilities	698,027
Equity share capital	126,520
<b>Amount already recognized in consolidated FS in previous period</b>	<b>-134,892</b>
<b>Net amount recognized as exceptional gain</b>	<b>-343,685</b>

The GV KEL has provided Corporate Guarantee to the lenders of GVKPGSL with respect to the amount lent by them. This Corporate Guarantee may be invoked by the Lenders of GVKPGSL considering the default therein. In such an eventuality, GV KEL may need to reimburse the same, especially considering that the net assets of GVKPGSL is negative. However, the extent of the liability that may arise in respect of guarantee is presently not ascertainable and accordingly no provision has been made in this regard in relation to such liability.

Further, in view of deconsolidation of GVKPGSL on October 10, 2022, the results for the quarter and year ended March 31, 2023 are not comparable with corresponding previous periods.

- c). There has been uncertainty regarding supplies/availability of gas to power plant of GVK Gautami Power Limited (GVKGPL), a jointly controlled entity of GV KEL. The company has incurred losses of Rs. 35,783 Lakhs during the year ended March 31, 2023 (March 31, 2022: Rs. 37,439 Lakhs) and the net worth of the company has been eroded upto and including the financial year ended March 31, 2023. The GVKGPL is confident that Government of India will continue to take necessary steps/initiatives to improve the situation of natural gas. However, in the interim the GVKGPL is working with the lenders for one-time settlement proposal wherein the loans would be settled at the value of the plant to be realized on its sale to AP DISCOM. 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 that the GVKGPL continues to be in operation in foreseeable future despite continued losses or will be able to amicably settle the loan liability as part of one-time settlement proposal. The GV KEL has also given corporate guarantee for the loan taken by GVKGPL. The GV KEL believes that no provision for impairment/diminution is required towards carrying value of assets aggregating to Rs. 79,259 Lakhs as at March 31, 2023 of GVKGPL (March 31, 2022 of Rs.82,799 lakhs) and also no provision towards corporate guarantee given by GV KEL to GVKGPL is necessary.

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

Trade receivables of GVK Gautami Power Limited, includes outstanding minimum alternate tax amounts claims for reimbursement under the provisions of Income Tax Act, 1961 for the period commencing from the financial year 2009-10 to 2010-11, aggregating to Rs. 1,500 Lakhs (March 31, 2022: Rs. 1,500 Lakhs) which has been disputed by AP Transco/subject to approvals.

As lenders have classified the borrowings of the GVKGPL as "Non-performing Assets (NPA)". Indian Overseas Bank and Union Bank of India, members of the consortium, issued notices dated 13th December, 2021 and 16th March, 2022 respectively under Sub-section (4) of Section 19 of the Recovery of Debts due to banks and financial institutions Act, 1993, read with Sub Rule (2A) of Rule 5 of the Debt Recovery Tribunal (Procedure) Rules 1993 directing GVKGPL to file necessary written statement and reply. GVKGPL is in the process of contesting the above notices before the Debt Recovery Tribunal.

Further, Edelweiss Asset Reconstruction Company Ltd. and Bank of Baroda issued Loan recall notices dated 21st January, 2022 and 4th February, 2022 respectively. Edelweiss Asset Reconstruction Company Ltd issued a notice dated 19th July, 2022 under section 13(2) of The Securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act 2002 ("SARFAESI Act") read with Security interest (Enforcement) Rules, 2002 ("Rules" ) and next hearing of the case is schedule on June 05, 2023.

Moreover, Edelweiss Asset Reconstruction Company Ltd, one of the lenders in the consortium of GVKGPL has filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company and the next hearing of the case is scheduled on May 29, 2023.

GVKEL has already provided for an impairment in the full value of investment in GVKGPL of Rs 51,827 Lakh. 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 through its alternate fuel equipment and necessary steps / initiatives taken by Government of India as explained above.

- d). GVK Industries Limited (GVKIL), a subsidiary company of GVKEL. The Hon'ble NCLT, Hyderabad vide its Order dated 21st April 2022, has admitted the petition filed by a financial creditor against the company and has ordered the commencement of the Corporate Insolvency Resolution Process (CIRP) and appointed the Interim Resolution Professional (IRP) for carrying out the process. In the light of the above, the assets and liabilities of GVKIL were deconsolidated during the financial year ended March 31, 2022 and net amount of Rs 28,198 Lakh was reported as exceptional gain.

Further, in view of deconsolidation of GVKIL on March 31, 2022, the results for the quarter and year ended March 31, 2023 are not comparable with corresponding previous periods.

- e). Alaknanda Hydro Power Company Limited (AHPCL) has filed a petition before Uttar Pradesh Electricity Regulatory Commission (UPERC) for approval of provisional tariff for the tariff year 2022-23, UPERC has approved the previous year provisional tariff for the tariff year 2022-23. AHPCL is in receipt of final tariff order for the Multi Year Tariff (MYT) for the period 2019-24 based on final approved project cost of Rs. 406,186 Lakhs on 20.04.2023. However, there is an ambiguity in the said order with respect to claiming Normal Annual Plant Availability Factor (NAPAF) and accordingly, the exact quantification of arrears on account of final tariff cannot be ascertained. Since, there is time for filing the review petition before UPERC or APTEL by either of the parties, hence, the revenue on account of arrears is not recognized during year ended March 2023 and shall be recognized as and when the same is realized or the outcome of the said appeal with UPERC / APTEL, if any, is determined.
- f). The parent company (GVKPIL) has assessed and based on the valuation carried out and other relevant factors, no provision is considered necessary in standalone books of accounts of GVKPIL towards the carrying value of investment in GVKEL of Rs 74,122 Lakhs (March 31, 2022 Rs.74,122 Lakhs) and Loan of Rs.6,497 Lakhs (March 31, 2022 Rs.11,297 Lakhs).

**49.** During the earlier years, GVK Energy Ltd. (GVKEL) and Alaknanda Hydro Power Company Limited (AHPCL) have issued debentures vide respective Trust Deed and also taken loans from ECL Finance Limited, Edelweiss Asset Reconstruction Company Limited, India Credit Fund II & Ecap Equities Limited (collectively referred to as "Edelweiss"). These Debentures and Loans are also secured by pledge of shares of GVK Power (Goindwal Sahib) Limited, GVK Coal Tokisud Company Private Limited and AHPCL held by GVKEL and shares of GVKEL held by GVKPIL as investment in respective companies. The loans were further secured by Corporate Guarantee given jointly by GVKEL and GVKPIL.

Since the repayment of loan and interest was defaulted, GVKEL and AHPCL have entered into settlement agreement with Edelweiss on 31.10.2020 which resulted in settlement of principal and interest outstanding of Rs.687.30 Crores (GVKEL Rs.121.39 Crores and AHPCL Rs.565.91 Crores) at Rs.525 Crores (GVKEL Rs.38.00 Crores and AHPCL Rs.487.00 Crores) along with interest rate of 12.50% pa compound monthly w.e.f. September 16, 2020 till July 31, 2021, which was further extended

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

up to March 31, 2022. AHPCL and GVKEL has made total payments of Rs.330.59 Crores till the date of invocation resulting in balance payable of Rs. 271.15 Crore including interest till 16-05-2022 (GVK EL Rs.35.06 Crores and AHPCL Rs.236.09 Crores). AHPCL and GVKEL has requested for further time till 31-08-2022 from Edelweiss for making balance payment and were in discussions with them.

However, Edelweiss has withdrawn the settlement agreement vide its mail dated 11-4-2022. Edelweiss has also written letter dated 08-07-2022 invoking the Corporate Guarantee issued by GVKEL and GVKPIL.

Further, since GVKEL and AHPCL could not make the payment as per settlement terms, ECL Finance Limited (Edelweiss) has invoked the pledge of equity shares and transferred 46,60,11,000 Equity shares, each having face value of Rs 10, of AHPCL held by GVK Energy Limited on May 16, 2022. ECL Finance Limited will continue to hold these shares as security on behalf of Edelweiss for the loans taken/NCD issued by AHPCL & GVKEL. ECL Finance Limited reserved the right to sell the same as per the terms of the pledge agreement read with security sharing agreements.

GVKEL filed a suit before Delhi High Court on May 30, 2022, wherein GVKEL pleaded that because of the invocation and transfer of a valuable asset our liability towards the loan has been discharged and since the value of share is far in excess of the outstanding loan liability, the excess share to be returned. The Hon'ble High Court Delhi has given interim order dated May 31, 2022 wherein it is stated that while selling the shares of AHPCL by Lenders, the best offer received by them would be communicated to the GVKEL and GVKPIL as well as to the Court, and an opportunity would be given to them to match the said offer within five days. In the meanwhile, if GVKEL and GVKPIL get an offer for the aforesaid shares, they shall also inform the defendants as well as the Court. In the event GVKEL and GVKPIL are unable to match the offer of the lenders, the lenders would be free to sell the said shares at the best offer received by them. Till the time, the shares which are invoked are sold in the aforesaid manner, the lenders shall not sell any other shares that have been pledged by the GVKEL and GVKPIL with the lenders. However, the lenders shall be free to invoke the pledged shares. Next hearing of the case is scheduled on August 16, 2023.

Since the matter is Sub Judice and the agreement for selling these invoked shares are not yet concluded, the management cannot ascertain the number of shares of AHPCL required to settle the debt of Edelweiss as the actual implication thereof on the books is highly probable on the valuation of shares and outcomes of the legal proceedings.

GVKEL has transferred the liability of AHPCL in its books of account relating to Edelweiss and based on legal opinion, GVKEL has shown the discharge of the loan liability of Edelweiss against the invoked shares till a settlement is arrived at with Edelweiss. GVKEL has not accounted the impact of the annulment of settlement since they are confident of achieving settlement with Edelweiss. However, on conservative basis, a loss on invocation and transfer of shares, amounting to Rs.194.86 Crores during year ended March 31, 2023 (being difference in face value of pledged shares invoked by Edelweiss and the liability of Edelweiss appearing in books of GVKEL and AHPCL as per settlement terms) has been accounted in the books of accounts and reported as an exceptional item in the standalone results of GVKEL and consolidated financial results of GVKPIL.

Edelweiss (through its debentures trustee namely Catalyst Trusteeship Limited) has also filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against GVKPIL and GVKEL on October 21, 2022 and the next hearing of the case is scheduled on June 07, 2023.

**50.** The parent company has wholly own subsidiary company viz. GVK Transportation Pvt. Ltd. (GVKTPL). Two of the subsidiaries of GVKTPL are facing uncertainties, detailed as below:

### a) GVK Bagodara Vasad Expressway Private Limited (GVK BVEPL)

GVK Bagodara Vasad Expressway Private Limited (GVK BVEPL), a wholly owned step down subsidiary of the parent company has carried out project work towards the Concessionaire Agreement entered with Gujarat State Road Development Corporation Limited (GSRDC). During construction, there has been significant delays in fulfilling the obligations from GSRDC like providing Land required for construction, right of way, shifting of utilities etc., which has resulted in significant delays in construction. On March 27, 2018, GSRDC has issued a termination and arbitration notice as per which GSRDC has terminated the concession agreement and also has claimed an amount of Rs. 108,419 Lakhs. In response to the same, GVK BVEPL has written to GSRDC denying the claims from GSRDC and terminated the agreement. GVK BVEPL has also stated that the delay is due to the default from GSRDC. Also, GVK BVEPL has notified GSRDC that dispute settlement process will be as per the Concession Agreement.

GVK BVEPL has approached The International Centre for Alternative Dispute Resolution (ICADR) for appointment of Arbitration Tribunal (AT). Arbitration Tribunal is constituted and the dispute is being addressed. GSRDC has filed a claim of Rs 108,419 lakhs and GVK BVEPL has filed its statement of Defense and a counter claim of Rs.91,325 lakhs as termination payment due to GSRDC default (apart from various other claims towards Loss of Profit, Interest Payment on Debts etc.) disputing the very

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

process of termination and are also taking other necessary legal remedies in this regard. Initially GVK BVEPL intended to bring into substitution process, however in spite of best efforts of GVK BVEPL, substitution process could not be completed. Meanwhile GSRDC awarded project to two different contractors. Hence GVK BVEPL is no more going concern and the financials are prepared accordingly since financial year ended March 31, 2020.

GVK BVEPL is closely working with the lenders by explaining to them the intricacies of the project and outlining support required to give effect to the process of arbitration. Tribunal heard arguments of both sides in respect of Application dated 23-09-2021 and the hearing was concluded. Both parties filed the written arguments and Tribunal reserved the orders on February 24, 2023 and GSRDC has approached the High Court of Gujarat for seeking the extension of mandate of the Tribunal for rendering the award in the Arbitration Proceeding on March 15, 2023. The next hearing of the case is scheduled on June 06, 2023.

All the loan accounts are non-performing assets and the company has received recalled notices from the banks and financial institutions and hence borrowing from the banks and financial intuitions are treated as current borrowings.

Based on its internal assessment, GVK BVEPL is confident that it will be able to recover the amounts spent on the project till date and is also confident that claims made by GSRDC will be struck down and accordingly management believes that it is appropriate to recognize total assets aggregating to Rs. 58,919 lakhs; comprising Rs.58,916 lakh as Other Non-Current financial assets and Rs.3 lakh as Property Plant & Equipment on March 31,2023 (March 31, 2022 Rs. 58,919 lakhs) at carrying value in the financial statements and at present there is no provision for impairment is found to be necessary.

### **b) GVK Deolikota Expressway Private Limited (GVK DKEPL)**

GVK Deoli Kota Expressway Private Limited (GVK DKEPL), a wholly owned step-down subsidiary of the parent company. On June 25, 2019, GVK DKEPL has issued a termination notice under Article 37.2.2 of the Concession Agreement for termination on account of material breach and defaults on the part of National Highway Authority of India (NHAI) during the course of construction like providing Right of Way (ROW), shifting of utilities, obtaining approvals & clearances, alternate route & prevention of complete user fee collection etc., which has resulted in significant delays in construction of expressway. Further, GVK DKEPL has claimed a termination payment of Rs. 169,650 lakhs (apart from various other claims towards future loss, Loss of Toll Revenue, Loss suffered on account of additional overheads etc.) from NHAI as per the terms of the Concession Agreement. In response to the above notice, GVK DKEPL has received letter from NHAI dated July 03, 2019 denying the claim of GVK DKEPL stating that the termination notice issued under clause 37.2.2 is invalid as defaults alleged by GVK DKEPL are false and NHAI has not committed any material default in complying with the provisions of the Concession Agreement.

On September 12, 2019, NHAI has issued a termination notice as per clause 37.2.1 of the Concession Agreement for non-fulfillment of the obligation as stated in the Concession Agreement by Concessionaire. NHAI by virtue of this notice, is deemed to have taken possession and control of the project highway along with all the equipment on or at site. After this termination notice toll plaza is deemed to have been transferred to NHAI and from September 16, 2019 onwards NHAI started collecting the toll on the project highway.

The matter is under Arbitration and the company has filed claim documents with Tribunal and NHAI has filed statement of defense and next cross examining the witness of NHAI is schedule on 24, 25, 26 & 29 of July, 2023.

GVK DKEPL has defaulted in repayment of principal amount and payment of interest on such term loans taken from consortium of banks and financial intuitions. As a result, the lenders have classified the term loan as non-performing asset and have recalled the entire facilities extended to the company. As result of that, the term loans have become repayable on demand, Company has not received borrowing statements and confirmation of borrowing balances from lenders.

The Concession Agreement being the sole agreement executed by the Company, termination of the same has now resulted into liquidation basis of accounting which has been adopted in preparation of these financial statements of GVK DKEPL. Under the liquidation basis of accounting, all assets and liabilities are measured at their net realizable value. As toll collection right has been taken over by NHAI from the Company, Company has impaired toll and premium assets against premium liability (not due) and claim receivable from NHAI.

GVK DKEPL based on its internal assessment is confident that it will be able to recover the balance amount spent on the project till date including its various claims and accordingly the management believes that it is appropriate to recognize total assets aggregating to Rs.44,008 lakh; comprising Rs.43,637 lakh as Other Non-Current assets, Rs.9 lakh as Property Plant & Equipment and Rs 362 Lakh as the Current Assets on March 31,2023 (Rs.45,465 lakh as on March 31,2022) at carrying value in the financial statements.

- c). **GVKTPL** has accumulated losses and its net-worth has been fully eroded, the company has incurred a net loss during the current and previous year(s) and net cash loss during the current year and the company's current liabilities exceeded its current assets



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

as at the balance sheet date. J.C. Flowers Asset Reconstruction Pvt Ltd (Debt assigned by Yes bank) has also filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against GVKTPL on February 24, 2022 and the next hearing of the case is scheduled on May 29, 2023.

- 51.** GVK Ratle Hydro Electric Project Private Limited (GVK Ratle), step down subsidiary of GVK Power and Infrastructure Limited has entered into a concession agreement with J&K Power Development Department (JKPDD) for construction and operation of a hydro power plant on Build, Own, Operate and Transfer model. GVK Ratle started the project development and had spent/paid advances to the tune of Rs.101,552 lakhs (till March 31, 2021) on various works. However, there were significant delays in the construction of the project due to the impediments like land acquisition and execution of land, leases, issues in relation to working conditions, disturbances and law and order problems, issues under the Indus Water Treaty, issues in relation to Water charges, status of Mega Power Project and taxes such as entry tax, sales and other local taxes etc.

GVK Ratle requested for termination of project and offered for an amicable settlement. JKPDD rejected such settlement offer stating that the delays are tantamount to event of default from GVK Ratle. GVK Ratle had initiated the arbitration process and Tribunal vide its order dated 11th July'20 and rectification order dated 7th September'20 had accepted the contentions of the company and had given an award of Rs.29,048 Lakhs in favor of GVK Ratle. Not satisfied with the order, GVK Ratle has filed an appeal before district court, Kishtwar on 8th December, 2020 against the said award, which is challenged by JKPDD and court granted the stay on proceedings. Meanwhile, GVK Ratle has filed an appeal before Supreme Court, the supreme court stayed all proceedings before the District Court, Kishtwar until it decides the issue relating to applicability of J&K Arbitration Act, 1997, even after it was repealed by J&K State Reorganization Act, 2019.

GVK Ratle had also entered into a settlement agreement with its lender on 24th November'21 and the award realized from the JKPDD will be paid to lender as per the settlement agreement. Considering the fact of termination of the project and settlement with the lenders, the company has adopted the liquidation basis of accounting in preparation of these financial statements and treated the amount recoverable as per award as its asset with similar amount payable to lender as its liability as per settlement agreement.

- 52.** GVK Perambalur SEZ Private Limited (GVK SEZ), a wholly owned subsidiary company has Investment Property having book value of Rs.11,655 Lakh (March 31, 2022 Rs.11,655 Lakh). GVK SEZ stood as a Guarantor and mortgaged its land admeasuring 2,506.25 Acres to Syndicate Bank (since merged with Canara Bank) on account of loans taken by the GVK PIL (the Parent Company). GVK PIL has since repaid the loan taken from Canara Bank and the bank has also acknowledged the same. However, in spite of the same, Canara bank has not issued a no due certificate and has not returned the original title documents. The Canara Bank has exercised the right of general lien under section 171 of Indian Contract Act, 1872 and has enforced general lien over the title deeds in the name of GVK SEZ for liabilities of GVK Coal (Singapore) PTE Ltd, an associate of GVK PIL. GVK PIL and GVK SEZ have jointly filed writ petition before High Court, Telangana on October 27, 2021 stating that Bank exercising of general lien under section 171 of the Indian contract Act, 1872 is wholly misconceived and illegal and contrary to the terms of Guarantee extended by the GVK SEZ and the matter is yet to be listed. Further, Enforcement Directorate (ED) has provisionally attached the said Land property in view of investigation under Prevention of Money Laundering Act (PMLA). However, Hon'ble High Court of Telangana vide its order dated April 22, 2021 has stayed the proceedings by issuing Show Cause Notice to ED. As on March 31, 2023, the status remains the same.

The matter is under litigation. Pending these litigations, the Investment Property having book value of Rs.11,655 Lakh (March 2022: Rs 11,655 Lakhs) is shown as recoverable since the Management is confident of winning the cases on merits.

- 53.** As at March 31, 2023, the Group had accumulated losses and the Group has incurred losses excluding exceptional item during the current and preceding years. The Group's current liabilities are in excess of current assets. The group has delayed in repayments of loans and interest thereon and various loan accounts have been classified as non-performing assets by banks/lenders including recall of loans /filing of cases under The Insolvency and Bankruptcy Code in certain cases. The Group has also provided guarantees and commitments and/or has undertaken to provide financial assistance on behalf of various entities and as further detailed in notes 47, 48, 50(a) and 50(b) (referring to notes on GVK Coal Developers (Singapore) Pte Limited, GVK Energy Limited, GVK Bagodara Vasad Expressway Private Limited and GVK Deoli Kota Expressway Private Limited) uncertainties are being faced by various projects such as delays in development of coal mines in an overseas project where the parent Company has provided guarantees and commitments for the borrowings, losses incurred by gas based power plant in the absence of gas and litigations on rights to claim capacity charge, . arbitration on delay of commencement of road projects, termination of various projects etc. These factors may indicate significant doubt on going concern ability of the group. Notwithstanding the above, the financial statements of the Group have been prepared on going concern basis as



## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

management believes that the Group would be able to ultimately 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 allocation etc. as required despite current macro-economic environment challenges.

**54.** In June 2020, Central Bureau of Investigation (CBI) has registered a First Information Report (FIR) against MIAL, its holding Company GVK Airport Holdings Limited (GVKAHL) (both are erstwhile step-down subsidiaries of the Company), the Chairman and Vice Chairman of the Company and has initiated investigation on various matters alleging misuse of funds of MIAL including for the benefit of other GVK group and related parties. CBI has filed a charge sheet before the Chief Metropolitan Court, Mumbai on February 09, 2023, laying as allegation under section 120B read with section 420 of IPC against MIAL, Vice Chairman, Director & CFO of the Company and four other GVK group companies apart from others. The Court has granted bail to all the accused. The main issue alleged is siphoning of fund of MIAL eventually causing a loss to AAI. After going through the Charge Sheet, the company is of the view that the case will not stand the test of scrutiny of the court and will eventually be dismissed. The company is also of the view that the charges are unsubstantiated, and no offence u/s section 420 IPC has been made out as there is no loss to AAI, Government, or any Tax Authorities as alleged. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid proceedings.

The Enforcement Directorate (ED) has also taken up the investigation under the Prevention of Money Laundering Act (PMLA) on the basis of an FIR registered by the CBI. ED has filed a complaint in April 2021 on the same matters against the above-mentioned parties and some of the subsidiaries, joint ventures and step down subsidiaries of the Company, their directors and officers, and the concerned parties are cooperating with the investigating agencies. ED has filed a complaint before the City Court and Additional Session Judge, Greater Bombay under Section 45 of Prevention of Money Laundering Act, 2002 for commission of offence of Money laundering under section 3, read with section 70, Punishable u/s 4 of the Prevention of Money Laundering Act, 2002. The Audit Committee of the parent Company, based on the legal advice received by the Audit committee of MIAL, have decided not to proceed with any independent investigation on the matters mentioned in the FIR or the complaint filed by ED. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid investigation.

**55.** The Board of Directors has approved the scheme of amalgamation in their meeting 23rd March, 2022 for with regard to Amalgamation of

- GVK Airport Services Private Limited (Transferor Company -1),
- GVK Power (Khadur Sahib) Private Limited (Transferor Company -2),
- GVK Shivpuri Dewas Expressway Private Limited (Transferor Company -3),
- Sutara Roads & Infra Limited (Transferor Company -4)
- GVK Power & Infrastructure Limited (Transferee Company)

The application has filed with National Company Law Tribunal, Hyderabad on 31st March, 2022, seeking for the dispensation of shareholders & credits meeting and same has been allowed by order dated January 09, 2023. NCLT has directed the applicant companies to send the copies of proposed scheme to Statutory Authorities for their objection before formal approval of scheme of Arrangement. So far, the company have not received any comment from any these authorities. All the above companies are finalizing the company petition to be filed with NCLT.

**56.** The Company and its erstwhile subsidiary GVK Airport Developers Limited (GVK ADL) had entered into a binding agreement comprising a co-operation agreement and other related agreements with Adani Airport Holdings Limited (AAHL) on August 31, 2020 and subsequent dates. This includes acquisition of the debt by AAHL from various lenders of GVKADL with a view to release pledge on certain shares of GVK Airport Holdings Limited (GVKAHL) and with an ability for AAHL to convert the acquired debt from the lenders of GVKADL to equity so as to acquire equity interest in Mumbai International Airport Limited (MIAL) and also acquiring Company's equity and other instruments in GVKADL and also possible acquisition/ settlement of debt of GVK Coal Developers (Singapore) Pte Ltd (with a view to release pledge on remaining shares of GVKAHL). AAHL has since acquired the debt of GVKADL from lenders and has converted the same to equity acquiring controlling interest in GVKADL on July 13, 2021. Consequently GVKADL, Bangalore Airport & Infrastructure Developers Limited (BAIDL), GVKAHL, MIAL and Navi Mumbai International Airport Limited (NMIAL) are no longer subsidiaries of the Company from July 13, 2021. The company has recognized a profit of Rs.4,576 Lakh in the standalone financials on account of transfer of Equity shares and a gain of Rs

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

2,336 Lakhs on account of fair value of balance of the investment held in GVKADL for the year ended March 31, 2022. In the consolidated financial statements, profit from the discontinued operations of Rs.243,944 lakhs have been recognized for the year ended March 31, 2022 as per treatment prescribed in Ind AS 105 on this account.

The broad contours of the co-operation and related agreements is detailed below:

(i) Acquisition of debt and related accrued interest with carrying value in the financial statements of GVKADL of Rs. 255,107 lakhs by AAHL.

(ii) AAHL acquiring certain securities of Sutara Roads & Infra Limited, a subsidiary of the Company and another Company of the promoter group to be used exclusively for financial support of any of its affiliates and affiliates of GVKPIL post the date of co-operation agreement.

(iii) Acquiring equity of Rs. 30,000 lakhs and other instruments of Rs.100,000 lakhs held by GVKPIL and its subsidiary in GVKADL by AAHL to be settled by transfer of securities held by AAHL referred to in (ii) above.

(iv) GVKPIL and AAHL have also agreed on certain steps to be taken in respect of lenders of GVK Coal.

GVKPIL has sold its majority holding in GVKADL to AAHL and AAHL has acquired and hold the securities as per Para (ii) above during the financial year ended March 31, 2022. The management of the group considered GVKPIL as beneficial owner of the Optionally Convertible Debentures (OCDs) of Rs.137,464 Lakhs held by AAHL as per Para (ii) above in view of the terms of arrangement. Accordingly, the securities held in the name of AAHL have been classified as Current Investments of GVKPIL at Rs.1,37,464 Lakhs in the standalone financial statements and Rs.112, 464 Lakhs in the Consolidated financial statements.

The full financial effect of the above cannot be estimated as certain aspects of the transaction including settlement with GVK Coal lenders are yet to be concluded

## 57. Related Parties

<b>(a)</b>	<b>Enterprises over which Key Managerial Personnel exercise significant influence</b>
1	Crescent EPC Projects and Technical Services Limited
2	GVK Technical & Consultancy Services Private Limited
3	GVK Foundation
4	Orbit Travels & Tours Private Limited
5	Paigah House Hotel Private Limited
6	Pinakani Share and Stock Broker Limited
7	TAJ GVK Hotels & Resorts Limited
8	Green Wood Palaces & Resorts Private Limited
9	Adaa Traders Private Limited
10	Cygnus Real Estates Private Limited
<b>(b)</b>	<b>Key Managerial Personnel</b>
1	Dr. GVK Reddy - Chairman
2	Mr. G V Sanjay Reddy - Director
3	Mr. Krishna R Bhupal - Director (Till 31-Dec-2022)
4	Mr. A Issac George - CFO & Director
5	Mr. P V Prasanna Reddy - Director
6	Mr. P V Rama Seshu - Vice President & Company Secretary
<b>(c)</b>	<b>Subsidiary</b>
	GVK Power (Goindwal Sahib) Limited (GVKPGSL) (Subsidiary of JCE till February 03, 2022 & Subsidiary from February 04, 2022 to October 10, 2022 and admitted in the CIRP)
<b>(d)</b>	<b>Jointly Controlled Entities</b>
	GVK Gautami Power Limited
<b>(e)</b>	<b>Associates</b>
	GVK Coal Developers (Singapore) Pte Ltd.
<b>(f)</b>	<b>Associate of a Jointly controlled entity</b>
	Seregraha Mines Limited

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### A. Details of related party transactions during the year:

	March 31, 2023	March 31, 2022
<b>Services received</b>		
GVK Technical and Consultancy Services Private Limited	739	1,416
TAJ GVK Hotels and Resorts Limited	2	7
Green wood Palaces and Resorts Private Limited	2	-
<b>Rent</b>		
Paigah House Hotel Private Limited	12	18
<b>Reimbursement of Expenses</b>		
GVK Power (Goindwal Sahib) Limited #	17	-
GVK Technical & Consultancy Services Private Limited	9	-
Crescent EPC Projects and Technical Services Limited	2	1
<b>Investments/ Advances Written Off</b>		
GVK Industries Limited	40	-
GVK Gautami Power Limited	225	185
<b>Remuneration to key managerial personnel</b>	199	199
<b>Donation</b>		
GVK Foundation	2,598	381
<b>Interest income on financial assets</b>		
Crescent EPC Projects and Technical Services Limited	7	-
<b>Loans given</b>		
Crescent EPC Projects & Technical Services Private Limited	749	-
GVK Gaumtami Power Limited	225	185
GVK Industries Limited	40	-
<b>Loans recovered</b>		
GVK Gautami Power Limited	-	3
<b>Loans repaid</b>		
Crescent EPC Projects & Technical Services Private Limited	351	300
GVK Technical & Consultancy Private Limited	10	-
<b>B Year end balances Receivables/ (Payables)</b>		
Green wood Palaces and Resorts Private Limited	-	-
TAJ GVK Hotels and Resorts Limited	-	(0)
GVK Technical and consultancy Services Private Limited	(217)	(381)
Crescent EPC Projects and Technical Services Limited	(717)	(1,592)
Emergency Management and Research Institute	(14)	-
GVK Power (Goindwal Sahib) Limited #	(5,366)	-
Pinakini Share and Stock Broker Limited	(6)	(6)
Paigah House Hotel Private Limited	-	(4)
<b>Corporate Guarantee (Outstanding loan balance)</b>		
GVK Coal Developers (Singapore) Pte Limited	456,222	420,654
<b>Pledge of investment (number of shares)</b>		
GVK Coal Developers (Singapore) Pte Limited*	333,874,882	226,082,500

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

### Note:

# Subsidiary of JCE till February 03, 2022 & Subsidiary from February 04, 2022 to October 10, 2022 and admitted in the CIRP.

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. Outstanding balances at the year-end are unsecured and settlement occurs in cash.

The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefit as they are determined on an actuarial basis for the Company as a whole.

Managerial remuneration is computed as per the provisions of section 197 of the Companies Act, 2013.

**58.** The Group has not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**59.** The Code of Social Security, 2020 ("Code") relating to employee benefits during employment and post employment received Presidential assent in September 2020. Subsequently the Ministry of Labour and Employment had released the draft rules on the aforementioned code. However, the same is yet to be notified. The Company will evaluate the impact and make necessary adjustments to the financial statements in the period when the code will come into effect.

**60.** Details of Benami Property held

The Group does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

**61.** Details relating to wilful defaulter

The Group is not declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines in wilful defaulters issued by the Reserve Bank of India.

**62.** The Group has complied with the number of layers for its holding in downstream compines prescribed under clause(87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers)Rules, 2017.

**63.** Relationship with Struck off Companies

The Group does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**64.** Registration of charges or satisfaction with Registrar of Companies

The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**65.** Undisclosed income

The Group does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**66.** Details of Crypto Currency or Virtual Currency

The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**67.** The Following disclosures shall be made where Loans or Advances in the nature of loans are granted to promoters, directors, KMP's and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:

Type of Borrower	Loans/ Advances granted Individually or Jointly with other. (Individually / Jointly)	Repayable on demand (Yes / No)	Terms/Period of repayment is specified (Yes / No)	March 31, 2023		March 31, 2022	
				Amount outstanding as at the balance sheet date	% of Total	Amount outstanding as at the balance sheet date	% of Total
Related Parties	Individually	Yes	No	751	100%	2	100%
Total of Loan and Advances in the nature of Loan (Refer Note 15)				751		2	

## Notes to the consolidated financial statements

(All amounts in INR lakhs, except share data and where otherwise stated)

**68.** Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the consolidated financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

**69.** Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

As per our report of even date.

**For T R Chadha & Co LLP,**

Chartered Accountants

Firm registration number: 006711N/N500028

**Aashish Gupta**

Partner

Membership No. 097343

Place: Gurugram

Date: May 26, 2023

For and on behalf of the Board of Directors of

**GVK Power and Infrastructure Limited**

(CIN - L74999TG2005PLC059013)

**Dr. GVK Reddy**

Non-Executive Chairman

DIN: 00005212

**A Issac George**

Director & CFO

DIN: 00005456

**P V Rama Seshu**

Vice President & Company Secretary, FCS 4545

Place: Hyderabad

Date: May 26, 2023









# **STANDALONE FINANCIAL STATEMENTS**

## Independent Auditor's Report

To the Members of GVK Power & Infrastructure Limited

### Report on the audit of Standalone Financial Statements

#### Qualified Opinion

1. We have audited the accompanying standalone financial Statements of GVK Power & Infrastructure Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2023, the statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required, and except for the indeterminate effects of the matters referred to in Basis for Qualified Opinion paragraph below, give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rule, 2015, as amended, ("Ind AS") and other the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023 and its profits, total comprehensive income (comprising of profits and other comprehensive income), changes in equity and its cash flows for the year ended on that date.

#### Basis for Qualified Opinion

3. We draw your attention to:
  - i. As discussed more fully in Note 49 to the Standalone financial statements regarding GVK Coal Developers (Singapore) Pte. Limited, (an associate) in which the company has investments and has receivables aggregating to Rs.79,048 Lakhs and to whom the company has provided guarantees and commitments for loans aggregating to Rs.931,065 Lakhs taken by the aforesaid associate Company and has undertaken to provide financial assistance of USD 3.11 million (Rs.2,557 Lakhs) as at March 31, 2023 with respect to which there are multiple significant uncertainties including outlook on the sector, non-achieving of financial closure and clearances for the project, concluding an appropriate solution with various stakeholders including lenders, and necessary environmental and regulatory clearances etc. The entity's current liabilities exceeded current assets by USD 2,845 million (Rs. 2,339,320 Lakhs) as at March 31, 2023 and has incurred net losses of USD 212 million (Rs. 174,606 Lakhs) for the nine months period ended on March 31, 2023.

The lenders have also filed a claim in the High Court of Justice Business and Property Courts of England and Wales Commercial Courts (England Court) on November 09, 2020 and have sought to recover the amounts advanced to GVK Coal. Under the interim solution undertaking by the lenders dated March 23, 2017, the respective arguments of the lenders and the Company were filed with the court. On June 13, 2022, the Judge has adjourned the starting of the trial to October, 2023. Despite the matter is pending before England Court, one of the lenders has filed an application under section 7 of the Insolvency and Bankruptcy Code 2016 to initiate Corporate Insolvency Resolution Process against the company (being guarantor for loan taken by GVK Coal) before National Company Law Tribunal, Hyderabad on July 14, 2022 and the company has filed the reply. The next date of hearing is 8th June 2023.

In this regard, while the Company has made a provision for impairment in respect of the aforesaid investment and receivables aggregating to Rs. 79,048 Lakhs till March 31, 2023 (Previous Year Rs.79,048 Lakhs till March 31, 2022). We are unable to comment on the viability of the project and of the provision that may be required in relation to the aforementioned guarantees and commitments (in respect of which collateral security by way of pledge of 37% shares of GVK Airport Holdings Limited a step down wholly owned subsidiary of the Company, is also given in favour of the lenders) and the resultant impact of the same on these standalone financial statements.

- ii. Note no. 50 to the Standalone financial statements regarding GVK Energy Limited (a subsidiary company) and its subsidiaries and jointly controlled entity in which the company has investments and loans aggregating to Rs.79,259 Lakhs (net of provisions). With respect to GVK Energy Limited, there are multiple significant uncertainties in the step-down subsidiaries and joint venture entity like (a) various receivables aggregating to Rs.10,996 Lakhs from AP Transco which are refuted / subject to approvals (b) non-availability of fuel (coal / gas), (c) conclusion on outstanding application for increase in tariff and (d) compensation in relation to deallocated coal mine etc. There are also various uncertainties relating to subsidiaries and Jointly Controlled Entity of GVK Energy Limited as referred in Note 50. The Company has made total provision of Rs.34,400 Lakhs towards its investments in GVK Energy Limited till 31st March 2023 based on the valuation reports obtained. In this regard, considering the uncertainties, we are unable to ascertain whether any adjustments are required to the standalone financial statements with respect to the balance amount of investments and loans aggregating to Rs.79,259 Lakhs.



## Independent Auditor's Report

To the Members of GVK Power & Infrastructure Limited

iii. Note 53 to the standalone financial statements regarding investigation by various Government agencies on various alleged irregularities relating to conflict of interest, misuse of funds, money laundering and other matters, pending completion of which and non-provision of certain related information sought from the holding company including complete copy of the Enforcement Directorate complaint. CBI has filed a charge sheet before the Chief Metropolitan Court, Mumbai on February 09, 2023, laying as allegation under section 120B read with section 420 of IPC against MIAL, Vice Chairman, Director & CFO of the Company and four other GVK group companies apart from others. The Court has granted bail to all the accused. The main issue alleged is siphoning of fund of MIAL eventually causing a loss to AAI. After going through the Charge Sheet, the company is of the view that the case will not stand the test of scrutiny of the court and will eventually be dismissed. The company is also of the view of that the charges are unsubstantiated and no offence u/s section 420 IPC has been made out as there is no loss to AAI, Government, or any Tax Authorities as alleged. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid proceedings.

In addition to be above, the Enforcement Directorate (ED) had also taken up the investigation under the Prevention of Money Laundering Act (PMLA) on the basis of an FIR registered by the CBI. ED had filed a complaint in April 2021 on the same matters against the above-mentioned parties and some of the subsidiaries, joint ventures and step-down subsidiaries of the Company, their directors and officers, and the concerned parties are cooperating with the investigating agencies. ED had filed a complaint before the City Court and Additional Session Judge, Greater Bombay under Section 45 of Prevention of Money Laundering Act, 2002 for commission of offence of Money laundering under section 3, read with section 70, Punishable u/s 4 of the Prevention of Money Laundering Act, 2002. The Audit Committee of the parent Company, based on the legal advice received by the Audit committee of MIAL, have decided not to proceed with any independent investigation on the matters mentioned in the FIR or the complaint filed by ED. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid investigation.

We are unable to comment on the effect thereof on the standalone financial statements including prior year comparatives considering allegations over GVK Group.

4. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those standards on auditing are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Financial Statement' section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ('the ICAI') together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified opinion.

## 5. Material Uncertainty Related to Going Concern

We draw attention to Note 54 to the Standalone financial statements, which indicates that the company has incurred significant losses during the previous year and material uncertainties are faced by various projects, in which the company has made investments, given loan, provided guarantees / commitments and / or has undertaken to provide financial assistance. These events or conditions, along with other matters as set forth in aforesaid note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our Opinion is not modified in respect of this matter.

## 6. Emphasis of Matter

(i) We draw attention to Note 55 to the Standalone financial statements regarding sale of majority holding of GVK Airport Developers Limited (GVKADL) by company to Adani Airport Holding Limited (AAHL) as per binding co-operation agreement dated August 31, 2020 and other related transaction documents. AAHL has acquired and hold the securities as per co-operation agreement at the end of the financial year. The management considered the company as beneficial owner of the Optionally Convertible Debentures (OCDs) of Rs 137,464 Lakhs held by AAHL as per co-operation agreement in view of the terms of arrangement. Accordingly, the securities held in the name of AAHL have been classified as Current Investments of company in the Standalone financial statements.

Considering that the investments are yet to be transferred in the name of the company and certain aspects of the transaction including settlement with GVK Coal lenders are yet to be concluded, we are unable to comment on the full financial impact on these standalone financial statements.

## Independent Auditor's Report

To The Members Of Gvk Power & Infrastructure Limited

- ii. We draw attention to Note 49 to the Standalone Financial Statements, regarding application filed by one of the lenders under section 7 of the Insolvency and Bankruptcy Code 2016 to initiate Corporate Insolvency Resolution Process against the company (being guarantor for loan taken by GVK Coal) before National Company Law Tribunal, Hyderabad on July 14, 2022 and the company has filed the reply. The next date of hearing is 8th June 2023.

We also draw attention to Note 50(e) to the Standalone financial statements regarding ECL Finance Limited, Edelweiss Asset Reconstruction Company Limited, India Credit Fund II & Ecap Equities Limited (collectively referred to as "Edelweiss") (through its debentures trustee namely Catalyst Trusteeship Limited) has filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company. on October 21, 2022, the company has filed its replies and next hearing of the case is scheduled on June, 07, 2023.

- iii. We draw attention to Note 52 to the Standalone financial statements regarding GVK Perambalur SEZ Private Limited (GVK SEZ), a wholly owned subsidiary company. GVK SEZ has Investment Property having book value of Rs.11,655 Lakh. GVK SEZ stood as a Guarantor and mortgaged its land admeasuring 2,506.25 Acres to Syndicate Bank (since merged with Canara Bank) on account of loans taken by the GVK PIL (the Parent Company). GVK PIL has since repaid the loan taken from Canara Bank and the bank has also acknowledged the same. However, inspite of the same, Canara bank has not issued a no due certificate and has not returned the original title documents. The Canara Bank has exercised the right of general lien under section 171 of Indian Contract Act, 1872 and has enforced general lien over the title deeds in the name of GVK SEZ for liabilities of GVK Coal (Singapore) PTE Ltd, an associate of GVK PIL. GVK PIL and GVK SEZ have jointly filed writ petition before High Court, Telangana on October 27, 2021, stating that Bank exercising of general lien under section 171 of the Indian Contract Act, 1872 is wholly misconceived and illegal and contrary to the terms of Guarantee extended by the GVK SEZ and the matter is yet to be listed. Further, Enforcement Directorate (ED) has provisionally attached the said Land property in view of investigation under Prevention of Money Laundering Act (PMLA). However, Hon'ble High Court of Telangana vide its order dated April 22, 2021 has stayed the proceedings by issuing Show Cause Notice to ED. As on March 31, 2023, the status remains the same. The matter is under litigation. Pending these litigations, the impact of the same on the Company is not determinable.

Our opinion is not modified in respect of above matters.

## 7. Key Audit Matter

Except for the matters described in the Basis for Qualified Opinion Section and Material Uncertainty Related to Going Concern section, we have determined that there are no other key audit matters to communicate in our report.

## 8. Information other than the Financial Statements and Auditor's Report thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report, but does not include the Standalone Financial Statements and our auditor's report thereon. These Reports are expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the Directors report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate action as applicable under the relevant laws and regulations.

## 9. Responsibilities of management and those charged with governance for the standalone financial statements

These Standalone Financial Statements have been approved by the Company's Board of Directors. The Company's Board of Directors is responsible for the matters stated in section 134(5) of 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, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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

## Independent Auditor's Report

To the Members of GVK Power & Infrastructure Limited

detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### 10. Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As a part of an audit in accordance with Standards on Auditing, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the company has in place adequate internal financial controls with reference to financial statement and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Company to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern. The material uncertainty with regard to Going Concern is reported in Para 5 of our report.
- Evaluate the overall presentation, structure and content of the standalone financial statement, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance of the Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

## Independent Auditor's Report

To the Members of GVK Power & Infrastructure Limited

### 11. Report on other legal and regulatory requirements

11.1 As required by Section 143(3) of the Act, we report that:

- (a) We have sought and except for matters referred in Basis of Qualification, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, except for the indeterminate effects of the matters referred to in Basis for Qualified opinion paragraph above, proper books of account as required by law relating to preparation of the aforesaid standalone financial statements have been kept so far as it appears from our examination of those books.
- (c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Statement of Changes in Equity and Standalone Statement of Cash Flows dealt with by this report are in agreement with the books of account.
- (d) Except for the indeterminate effects of the matters referred to in Basis for Qualified opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.
- (e) The matters described in the Basis for Qualified opinion Section and Material Uncertainty Related to Going Concern Section above, and the Basis for Qualified Opinion Section in our report on the internal financial controls with reference to standalone financial statements in Annexure A, in our opinion, may have an adverse effect on the functioning of the company.
- (f) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- (g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (h) 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 contingent Liabilities on its financial position in its financial statements – Refer Note 26(c) to the standalone financial statements;
  - ii. The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any derivative contracts as at March 31, 2023;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2023;
  - iv. (a) The Management has represented and refer note no. 43 to the standalone financial statements, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (b) The Management has represented and refer note no. 43 to the standalone financial statements, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person(s) or entity(ies), including foreign entities (Funding Parties), with the understanding, whether recorded in writing or otherwise, as on the date of this audit report, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
  - (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub- clause (i) and (ii) of Rule 11(e) as provided under (a) and (b) above, contain any material mis-statement.
- v. The Company has neither declared nor paid any dividend during the year



vi. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the company only w.e.f. 1st April, 2023, reporting in respect of mandatory use of accounting software with requisite audit trail facility is not applicable.

11.2 As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, subject to the matters described in the Basis for Qualified Opinion Section of our Report, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

No managerial remuneration was paid or payable during the year, accordingly, reporting under Section 197(16) of the Act read with Schedule V is not applicable to the Company

Place: Gurugram  
Date: May 26, 2023

For **T R Chadha & Co LLP**  
Chartered Accountants  
Firm Registration Number: 006711N/N500028  
**Aashish Gupta**  
Partner  
Membership Number: 097343  
UDIN: 23097343BGQJMF5083

## Annexure A to Independent Auditors' Report

Referred to in paragraph 11.1 (h) under 'Report on Other Legal and Regulatory Requirements' Section of our Report of even date to the members of GVK Power & Infrastructure Limited on the standalone financial statements for the year ended March 31, 2023

### Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

#### Qualified Opinion

We have audited the internal financial controls with reference to standalone financial statements of GVK Power & Infrastructure Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, maintained adequate internal financial controls with reference to financial statements as of March 31, 2023, 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 ICAI, and except for the possible effects of the material weaknesses described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the Company's internal financial controls with reference to financial statements were operating effectively as of March 31, 2023.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone financial statements of the Company for the year ended March 31, 2023, and these material weaknesses has affected our opinion on the standalone financial statements of the Company and we have issued a qualified opinion on the financial statements for the year ended on that date. (Also refer Basis for Qualified Opinion of the main audit report)

#### Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit and subject to the Basis for Qualified Opinion paragraphs in our main report, the following material weaknesses have been identified in the operating effectiveness of the Company's internal financial controls with reference to standalone financial statements as at March 31, 2023:

- a) The Company's internal financial controls for determining whether adjustments are required to the carrying value of investments, receivables and whether any liability to be recognised for the financial assistance, corporate guarantees and commitments given to an associate and joint venture of the Company were not operating effectively, which could potentially result in non-recognition of provision with regard to the aforesaid financial statement line items (Refer paragraphs 3(i) and (ii) of our main audit report).
- b) Refer paragraph 3(iii) of our main audit report regarding chargesheet filed by CBI before the Chief Metropolitan Court, Mumbai on February 09, 2023, laying as allegation under section 120B read with section 420 of IPC against MIAL, Vice Chairman, Director & CFO of the Company and four other GVK group companies apart from others. In addition to be above, the Enforcement Directorate (ED) had also taken up the investigation under the Prevention of Money Laundering Act (PMLA) on the basis of an FIR registered by the CBI. ED had filed a complaint in April 2021 on the same matters against the above-mentioned parties and some of the subsidiaries, joint ventures and step down subsidiaries of the Company, their directors and officers, and the concerned parties are cooperating with the investigating agencies.

We are unable to comment on the impact may arise on conclusion of such investigation on the internal financial controls system of the company and its operating effectiveness.

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.

#### 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 (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 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 Act.

## Annexure A to Independent Auditors' Report

### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 deemed to be prescribed under Section 143(10) of the Act 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 ICAI. 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 with reference to financial statements 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements 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 Company's internal financial controls system over financial reporting.

### Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 with reference to financial statements

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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Place: Gurugram  
Date: May 26, 2023

For **T R Chadha & Co LLP**  
Chartered Accountants  
Firm Registration Number: 006711N/N500028  
**Aashish Gupta**  
Partner  
Membership Number: 097343  
UDIN: 23097343BGQJMF5083

## Annexure B to Independent Auditors' Report of even date

Referred to in paragraph 11.2 under 'Report on Other Legal and Regulatory Requirements' Section of our Report of even date to the members of GVK Power & Infrastructure Limited on the standalone financial statements for the year ended March 31, 2023

To the best of our information and according to the explanations provided to us by the Company and the books of account and records examined by us in the normal course of audit, we state that;

### i. Property, Plant and Equipment and Intangible Assets

- a) A. The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment;  
B. The Company has maintained proper records showing full particulars of intangible assets;
- b) The Company has a programme of physical verification to cover Property, Plant and Equipment whereby all these assets are verified once in every year. In our opinion, the periodicity of the physical verification is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, Property, Plant and Equipment were physically verified by the Management during the year and no material discrepancies were noticed on such verification for material items.
- c) There is no Immovable Property in the books of accounts of the Company. Accordingly, the provision of paragraph 3(i)(c) of the Order is not applicable to the Company.
- d) The Company has not revalued its Property and Plant and Equipment during the year.
- e) As disclosed by the management in Note 38 of the standalone financial statements, no proceedings have been initiated during the year or are pending against the Company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) (as amended in 2016) and rules made thereunder.

### ii. Inventories

- a) The company does not have any inventory. Hence, reporting under clause 3(ii) (a) of the order is not applicable.
- b) The Company has not been sanctioned any working capital limits, in aggregate, during the year, from banks or financial institutions on the basis of security of current assets. Hence, reporting under clause 3(ii) (b) of the order is not applicable.

### iii Loans, Investments, Guarantees, Securities and Advances in nature of Loan

- (a) The Company has not provided advances in the nature of loans or security to Subsidiaries / Joint Ventures / Associates / other during the year. Further, the Company has provided loans to subsidiaries / joint ventures / associates during the year. The details of the same are given below:

Particulars	Amount (Rs in Lakhs)		
	Guarantees	Loan	Investments
<b>Aggregate amounts during the year</b>			
Subsidiaries	0	684	0
Related parties other than above	0	749	0
<b>Total</b>	<b>0</b>	<b>1,433</b>	<b>0</b>
<b>Balances outstanding in the year</b>			
Subsidiaries	0	17,421	76,444
Associates	456,222	0	-
Joint ventures	0	0	-
Related parties other than above	0	7,49	0
Others	0	0	7,136
<b>Total</b>	<b>456,222</b>	<b>18,170</b>	<b>83,850</b>

- (b) The company has given loans as well as received loans from relating parties which are interest free and repayable on demand. On overall basis, in our opinion, the terms and conditions of the loans granted and investments made during the year are, prima facie, not prejudicial to the interest of the Company.
- (c) In the case of loans given, no formal Loan Agreements are entered with them and no schedule for repayment of principal and payment of interest has been stipulated by the company. Hence, we do not make any comment on the regularity of repayment of principal and payment of interest and overdue amount, if any, in this regard.
- (d) There is no overdue amount for more than ninety days in respect of loans given as the same is repayable on demand.
- (e) There is no loan given falling due during the year, which has been renewed or extended or fresh loans given to settle the overdues of existing loans given to the same party.

- (f) As mentioned in Para c above, the company has granted loans to 2 companies as per the summary given below, which are either repayable on demand or without specifying any terms or period of repayment during the year.

(Figures are in lakhs)

Particulars	All Parties	Promoters	Related Parties
Aggregate amount of loans/advances in nature of loans granted during the year	1,433	0	1,433
Percentage of aggregate loans/advances in nature of loans to the total loans granted	100%	0	100%

#### (iv) Compliance of Sec. 185 & 186

The Company has complied with the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of the loans and investments made, and guarantees and security provided by it.

- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public to which the directives issued by the Reserve Bank of India and the provisions of section 73 to 76 or any other relevant provisions of the Act and the Rules framed there under apply. Accordingly, the provision of paragraph 3(v) of the Order is not applicable to the Company.

- vi. The Central Government has not prescribed the maintenance of cost records under sub section (1) of section 148 of the Companies Act. Accordingly, the provision of paragraph 3(vi) of the Order is not applicable to the Company.

#### (vii) Statutory Dues

- a. The Company has generally been regular in depositing its undisputed statutory dues including Goods and Service tax, Provident Fund, Employees State insurance, Income-tax, Custom duty, Cess and other relevant material statutory dues, which are accounted in its books of account.

There are no undisputed amounts payable in respect of above statutory dues, which were in arrears as at 31 March 2023 for a period of more than six months from the date they become payable.

- b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below;

Name of the statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Finance Act, 1994	Service tax	279	July 01, 2003 to September 30, 2008	High court
The Finance Act, 1994	Service tax	111	October 1, 2008 to September 30, 2009	High court
The Finance Act, 1994	Service tax	149	October 1, 2009 to September 30, 2010	High court
The Finance Act, 1994	Service tax	87	October 1, 2010 to June 30, 2011	High court
The Finance Act, 1994	Service tax	436	June 1, 2009 to March 31, 2012	High court
The Finance Act, 1994	Service tax	170	April 1, 2012 to March 31, 2013	High court
The Finance Act, 1994	Service tax	164	April 1, 2013 to March 31, 2014	High court

- viii. As disclosed by the management in note 45 of the standalone financial statements and as verified by us, there were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

#### (ix) Application & Repayment of Loans & Borrowings

- (a) The Company has not defaulted in the repayment of loans or other borrowings to any lender, during the year. These borrowings are interest free repayable on demand taken from related parties.
- (b) As disclosed by the management in note 39 of the standalone financial statements, the Company has not been declared as willful defaulter by any bank or financial institution or other lender.
- (c) The company has not taken any term loan during the year and there are no outstanding term loan at the beginning of the year and hence, reporting under clause 3(ix) (c) of the Order is not applicable.
- (d) On an overall examination of the balance sheet of the company, we report that, prima facie, funds raised on short-term basis aggregating to Rs.5757 lakhs have been used for accumulated losses incurred by the Company.
- (e) The Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries. Accordingly, the provision of paragraph 3(ix)(e) of the Order is not applicable to the Company. However, there are borrowings from subsidiary companies and loans given to subsidiary companies.

## **GVK Power & Infrastructure Limited**

- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries. Accordingly, the provision of paragraph 3(ix)(f) of the Order is not applicable to the Company.

### **(x) Application of funds raised through Public Offer**

- (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, the provision of paragraph 3(x)(a) of the Order is not applicable to the Company.
- (b) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provision of paragraph 3(x)(b) of the Order is not applicable to the Company.

### **(xi) Fraud**

- a) Except as described below, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed nor reported during the year, nor have we been informed of such case by the Management.

Refer paragraph 3(iii) of our main audit report and as disclosed in note 53 to the standalone financial statements, regarding chargesheet filed by CBI before the Chief Metropolitan Court, Mumbai on February 09, 2023, laying as allegation under section 120B read with section 420 of IPC against MIAL, Vice Chairman, Director & CFO of the Company and four other GVK group companies apart from others. In addition to be above, the Enforcement Directorate (ED) had also taken up the investigation under the Prevention of Money Laundering Act (PMLA) on the basis of an FIR registered by the CBI. ED had filed a complaint in April 2021 on the same matters against the above-mentioned parties and some of the subsidiaries, joint ventures and step down subsidiaries of the Company, their directors and officers, and the concerned parties are cooperating with the investigating agencies.

We are unable to comment whether any fraud has been committed by the Company or any fraud was committed by the officers and employees of the Company, on the Company.

- (xii) The Company is not a Nidhi Company and hence reporting under paragraph 3 (xii) of the Order is not applicable to the Company.

- (xiii) In our opinion, the Company is in compliance with section 177 and 188 of the Companies Act, 2013 with respect to all applicable transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable Indian Accounting standards

### **(xiv) Internal Audit**

- (a) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (b) We have considered the reports of the internal auditors issued to the Company for the period under audit.

- (xv) During the year, the Company has not entered into any non-cash transactions with its directors or persons connected with its directors. Accordingly, reporting under paragraph 3(xv) of the Order is not applicable to the Company.

### **(xvi) Registration u/s 45-IA of RBI Act**

- (a) The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under paragraph 3(xvi) (a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities as per the Reserve Bank of India Act, 1934. Accordingly, reporting under paragraph 3(xvi)(b) of the Order is not applicable to the Company.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under paragraph 3(xvi)(c) of the Order is not applicable to the Company.
- (d) As represented to us, the Group does not have any CIC as part of the Group.

- (xvii) The company has not incurred cash losses during the current financial year covered by our audit and also during the immediately preceding financial year.

- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, reporting under paragraph 3(xviii) of the Order is not applicable to the Company.

- (xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements including note no.38 to the standalone financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, we are of the opinion that a material uncertainty exists with respect to going concern as on the date of audit report as mentioned in Para 5 of our Audit Report on the Standalone Financial Statements.



- (xx) As disclosed by management in note 41 of the standalone financial statements, the company was not required to spend on Corporate Social Responsibility (CSR) during the year in view of the continuing losses during the last three years and there is no unspent amount towards Corporate Social Responsibility (CSR) under sub-section (5) of section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx) (a) and 3(xx)(b) of the Order are not applicable.
- (xxi) The details of Qualifications or adverse remarks in the audit reports made by the respective auditors of the subsidiaries, associates and Joint Venture in the Companies(Auditor's Report)Order, 2020 (CARO), is given para no (14), of our audit report on consolidated financial statements.

For **T R Chadha & Co LLP**

Chartered Accountants

Firm Registration Number: 006711N/N500028

**Aashish Gupta**

Partner

Membership Number: 097343

UDIN: 23097343BGQJMF5083

Place: Gurugram

Date: May 26, 2023

## Standalone Balance sheet as at March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

	Notes	As at March 31, 2023	As at March 31, 2022
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment and Intangible asset	3	46	63
Investments	4	94,493	93,809
Non Current tax assets (net)	5	1,196	1,122
Other non-current assets	6	14	13
		<b>95,749</b>	<b>95,007</b>
<b>Current assets</b>			
Financial assets			
Investments	7	147,429	144,393
Trade receivables	8	994	1,199
Cash and cash equivalents	9	4,676	4,034
Loans	10	7,257	11,829
Other financial assets	11	52	6
Other current assets	12	397	519
		<b>160,805</b>	<b>161,980</b>
<b>Total</b>		<b>256,554</b>	<b>256,987</b>
<b>Equity and Liabilities</b>			
Equity			
Equity share capital	13	15,792	15,792
Other equity		71,505	70,859
<b>Total Equity</b>		<b>87,297</b>	<b>86,651</b>
<b>Liabilities</b>			
Non-current liabilities			
Financial liabilities			
Unearned financial guarantee liability	14	2,695	2,695
		<b>2,695</b>	<b>2,695</b>
<b>Current liabilities</b>			
Financial liabilities			
Borrowings	15	36,561	36,838
Trade payables	16		
• Total outstanding dues of micro enterprises and small enterprises		-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises		77	1,212
Other financial liabilities	17	129,796	129,257
Provisions	18	7	6
Other current liabilities	19	121	328
		<b>166,562</b>	<b>167,641</b>
<b>Total liabilities</b>		<b>169,257</b>	<b>170,336</b>
<b>Total</b>		<b>256,554</b>	<b>256,987</b>

General information and significant accounting policies 1 and 2

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

As per our report of even date.

**For T R Chadha & Co LLP,**

Chartered Accountants

Firm registration number: 006711N/N500028

**Aashish Gupta**

Partner

Membership No. 097343

Place: Gurugram

Date: May 26, 2023

For and on behalf of the Board of Directors of  
**GVK Power and Infrastructure Limited**  
 (CIN - L74999TG2005PLC059013)

**Dr. GVK Reddy**

Non-Executive Chairman

DIN: 00005212

**A Issac George**

Director &amp; CFO

DIN: 00005456

**P V Rama Seshu**

Vice President &amp; Company Secretary, FCS 4545

Place: Hyderabad

Date: May 26, 2023

## Standalone Statement of profit and loss for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
<b>Income</b>			
Revenue from operations	20	1,000	1,000
Other income	21	786	8,218
<b>Total Income</b>		<b>1,786</b>	<b>9,218</b>
<b>Expenses</b>			
Employee benefit expenses	22	101	76
Other expenses	23	973	2,774
Impairment of non-current investments	4	-	669
Depreciation expenses		11	12
<b>Total expenses</b>		<b>1,085</b>	<b>3,531</b>
<b>Profit / (Loss) before tax</b>		<b>701</b>	<b>5,687</b>
<b>Tax expense</b>			
Current tax		55	-
Taxes of earlier years		-	100
<b>Total tax expense</b>		<b>55</b>	<b>100</b>
<b>Profit / (Loss) for the year</b>		<b>646</b>	<b>5,587</b>
<b>Other Comprehensive Income</b>			
Items that may be reclassified to profit or loss		-	-
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>646</b>	<b>5,587</b>
<b>Earnings per equity share:</b>			
Basic earnings per share		0.04	0.35
Diluted earnings per share		0.04	0.35
Nominal value per equity share		1.00	1.00

General information and significant accounting policies 1 and 2

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

As per our report of even date.

**For T R Chadha & Co LLP,**

Chartered Accountants

Firm registration number: 006711N/N500028

**Aashish Gupta**

Partner

Membership No. 097343

Place: Gurugram

Date: May 26, 2023

For and on behalf of the Board of Directors of

**GVK Power and Infrastructure Limited**

(CIN - L74999TG2005PLC059013)

**Dr. GVK Reddy**

Non-Executive Chairman

DIN: 00005212

**A Issac George**

Director & CFO

DIN: 00005456

**P V Rama Seshu**

Vice President & Company Secretary, FCS 4545

Place: Hyderabad

Date: May 26, 2023

## Standalone Cash flow statement for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

	Notes	Year ended March 31, 2023	Year ended March 31, 2022
<b>1 CASH FLOW FROM OPERATING ACTIVITIES</b>			
Net profit/(loss) before tax		701	5,687
Adjustments to reconcile profit/ (loss) before tax to net cash flows:			
Depreciation expenses		11	12
Impairment of non-current investments and receivables		-	669
Gain on sale of current investments (net)		(492)	(359)
Interest Income		(219)	-
Profit on Sale of Investments		-	(4,576)
Gain on fair valuation of equity share		-	(2,336)
Profit on Sale of Asset		(7)	-
Reversal of previous year expenses		1	18
Liabilities no longer required – Written Back		-	(783)
<b>Operating profit/ (Loss) before working capital changes</b>		<b>(5)</b>	<b>(1,668)</b>
<b>Movement in working capital:</b>			
Decrease/(Increase) in trade receivables		205	851
Decrease in other current/non current assets		120	(611)
Increase/(Decrease) in trade payables, current liabilities and provisions		(802)	1,325
<b>Cash generated from operations</b>		<b>(482)</b>	<b>(103)</b>
Taxes (paid)/refund		(129)	(111)
<b>Net cash generated from operating activities</b>	<b>(A)</b>	<b>(611)</b>	<b>(214)</b>
<b>2 CASH FLOW FROM INVESTING ACTIVITIES</b>			
(Purchase)/ Sale of current investments, net		(2,545)	(4,451)
Investments in subsidiaries/ associates/related party including share application money		(684)	(810)
Loans (given)/refunds to/from subsidiaries/related party		4,572	7,974
Sale/ (Purchase) of property, plant and equipment		13	(19)
Interest received		174	-
<b>Net Cash (used in)/ generated from Investing Activities</b>	<b>(B)</b>	<b>1,530</b>	<b>2,694</b>
<b>3 CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds/ (Repayment) of short term borrowings (net)		(277)	1,497
<b>Net Cash generated from/(used in) Financing Activities</b>	<b>(C)</b>	<b>(277)</b>	<b>1,497</b>
Net increase/ (decrease) in Cash and Cash Equivalents	<b>(A+B+C)</b>	642	3,977
Cash and Cash Equivalents at the beginning of the year		4,034	57
<b>Cash and Cash Equivalents at the end of the year</b>		<b>4,676</b>	<b>4,034</b>
<b>Components of cash and cash equivalents</b>			
Balance with banks:			
Current accounts		4,676	4,034
<b>Total cash and cash equivalents (Refer Note 9)</b>		4,676	4,034
General information and significant accounting policies	1 & 2		

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

As per our report of even date.

**For T R Chadha & Co LLP,**

Chartered Accountants

Firm registration number: 006711N/N500028

**Aashish Gupta**

Partner

Membership No. 097343

Place: Gurugram

Date: May 26, 2023

For and on behalf of the Board of Directors of

**GVK Power and Infrastructure Limited**

(CIN - L74999TG2005PLC059013)

**Dr. GVK Reddy**

Non-Executive Chairman

DIN: 00005212

**A Issac George**

Director &amp; CFO

DIN: 00005456

**P V Rama Seshu**

Vice President &amp; Company Secretary, FCS 4545

Place: Hyderabad

Date: May 26, 2023

## Standalone Statement of Changes in Equity

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

### a) Equity share capital

	Number of Shares	Rs. In Lakhs
<b>As at April 01, 2021</b>	<b>1,579,210,400</b>	<b>15,792</b>
Issued during the year	-	-
<b>As at March 31, 2022</b>	<b>1,579,210,400</b>	<b>15,792</b>
Issued during the year	-	-
<b>As at March 31, 2023</b>	<b>1,579,210,400</b>	<b>15,792</b>

### b) Other Equity

	Reserves and Surplus			Total
	Retained Earnings	Securities premium	General reserve	
<b>As at April 01, 2021</b>	<b>(150,790)</b>	<b>215,935</b>	<b>127</b>	<b>65,272</b>
Add: Profit/ (Loss) for the year	5,587	-	-	5,587
<b>At March 31, 2022</b>	<b>(145,203)</b>	<b>215,935</b>	<b>127</b>	<b>70,859</b>
Add: Profit/ (Loss) for the year	646	-	-	646
<b>At March 31, 2023</b>	<b>(144,557)</b>	<b>215,935</b>	<b>127</b>	<b>71,505</b>

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

As per our report of even date.

**For T R Chadha & Co LLP,**

Chartered Accountants

Firm registration number: 006711N/N500028

**Aashish Gupta**

Partner

Membership No. 097343

Place: Gurugram

Date: May 26, 2023

For and on behalf of the Board of Directors of

**GVK Power and Infrastructure Limited**

(CIN - L74999TG2005PLC059013)

**Dr. GVK Reddy**

Non-Executive Chairman

DIN: 00005212

**A Issac George**

Director & CFO

DIN: 00005456

**P V Rama Seshu**

Vice President & Company Secretary, FCS 4545

Place: Hyderabad

Date: May 26, 2023

# Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or 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. The registered office of the company is located at Darshak Chambers, Plot No 32, H No 1-8-303/48/32, Street Number 1, Penderghast Road, Hyderabad - 03.

These financial statements have been approved by the Company's Board of Directors and authorized for issue on May 26, 2023.

## 2. Statement of significant accounting policies

### 2.1 Basis of preparation

#### i. Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act., 2013 (the Act), read with Rule 7 of the Companies (Indian Accounting Standards) Rules, 2015, as amended and other relevant provisions of the Act.

#### (ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except the following:

- certain financial assets and liabilities are measured at fair value
- defined benefit plans - plan assets are measured at fair value.

### 2.2 Summary of significant accounting policies

#### (a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

#### (b) Foreign currency translation

The financial statements are presented in Indian rupees lakhs, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

#### Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. A monetary item for which settlement is neither planned nor likely to occur in foreseeable future is considered as part of the entity's net investment in that foreign operation.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the Statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the Statement of Profit and Loss on a net basis within other gains/ (losses).



## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the date of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.)

### (c) Fair value measurement

The Company measures financial instruments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

### (d) 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 at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

The specific recognition criteria described below must also be met before revenue is recognised.

#### Manpower and consultancy services:

Income from Manpower and Consultancy services is recognised as per the terms of the agreement on the basis of services rendered.

#### Interest income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss

**Dividends**

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

**Guarantee commission**

Revenue is recognised on a straight line basis taking into account the present value of the guarantee amount and the commission rate applicable.

**(e) Income tax****Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is not recognised if they arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting profit nor taxable profit. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

**(f) Property, plant and equipment**

Capital work in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

Furniture and fittings	- 10 years
Office equipment	- 5 years
Vehicles	- 8 years
Data processing equipment	- 3 years

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

### (g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

#### Company as a lessee

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

#### Effective from April 1, 2019:

##### As a lessee:

From 1 April 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the company. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the company under residual value guarantees
- the exercise price of a purchase option if the company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

### (h) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

**(i) Impairment of assets**

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of cash inflows from other assets or group of assets (cash generating units). Non financial assets that suffered impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

**(j) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement. Provisions are not recognised for future operating losses.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(k) Retirement and other employee benefits**

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 an expense, 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.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined based on actuarial valuation.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the period-end/ year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

**(l) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

### Financial assets

#### Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

#### Subsequent measurement

For the purposes of subsequent measurement, financial assets are classified in four categories:

- a) Debt instruments at amortised cost.
- b) Debt instruments at fair value through Other comprehensive income (FVTOCI).
- c) Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL).
- d) Equity instruments measured at fair value through other comprehensive income (FVOCI).

#### Debt instruments at amortised cost

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade receivables, other receivables and loans.

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL).

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

#### Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a) the rights to receive cash flows from the asset have expired, or
- b) the Company has transferred its rights to receive cash flows from the asset, and
  - i. the Company has transferred substantially all the risks and rewards of the asset, or
  - ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance.
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.
- c) Loan commitments which are not measured as at FVTPL.
- d) Financial guarantee contracts which are not measured as at FVTPL.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument. Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the Statement of Profit and Loss. In the Balance Sheet ECL is presented as an allowance i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the company does not reduce impairment allowance from the gross carrying amount.

### Financial liabilities

#### Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts.

#### Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

#### Loans and borrowings

This category is most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings. For more information refer Note 15.

#### Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

#### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.



## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/losses are not subsequently transferred to Statement of Profit or Loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

### Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

### (m) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### (n) Earnings per share

#### (i) Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company;
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares.

#### (ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### (o) Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

Ind AS 1, Presentation of Financial Statements – This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors – This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

Ind AS 12, Income Taxes – This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its Standalone financial statements.

### (p) Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lakhs as per the requirement of Schedule III to the Act, unless otherwise stated.

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

**3. Property, plant and equipment and Intangible Assets**

	Furniture and fittings	Office equipment	Vehicles	Data processing equipment	Total
<b>At Cost</b>					
<b>As at April 1, 2021</b>	1	6	131	10	148
Additions	-	6	7	6	19
Deletions	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>1</b>	<b>12</b>	<b>138</b>	<b>16</b>	<b>167</b>
Additions	-	-	-	-	-
Deletions	-	-	72	1	73
<b>As at March 31, 2023</b>	<b>1</b>	<b>12</b>	<b>66</b>	<b>15</b>	<b>94</b>
<b>Accumulated depreciation</b>					
As at April 1, 2021	1	3	81	7	92
Charge for the year	-	1	8	3	12
Deletions	-	-	-	-	-
<b>As at March 31, 2022</b>	<b>1</b>	<b>4</b>	<b>89</b>	<b>10</b>	<b>104</b>
Charge for the year	-	2	7	2	11
Deletions	-	-	66	1	67
<b>As at March 31, 2023</b>	<b>1</b>	<b>6</b>	<b>30</b>	<b>11</b>	<b>48</b>
<b>Net Block</b>					
<b>As at March 31, 2022</b>	-	<b>8</b>	<b>49</b>	<b>6</b>	<b>63</b>
<b>As at March 31, 2023</b>	-	<b>6</b>	<b>36</b>	<b>4</b>	<b>46</b>

**4. Investments**

	As at March 31, 2023	As at March 31, 2022
<b>(i) Investments</b>		
<b>A. Unquoted, in fully paid equity shares (at cost)</b>		
<b>In subsidiaries</b>		
10,000 (March 31, 2022: 10,000) Equity shares of Rs.10 each fully paid-up in GVK Perambalur SEZ Private Limited	1	1
143,410,000 (March 31, 2022: 143,410,000) equity shares of Rs.10 each fully paid-up in GVK Developmental Projects Private Limited	11	11
190,000 (March 31, 2022: 190,000) equity shares of Rs.10 each fully paid-up in GVK Airport Services Private Limited	19	19
50,000 (March 31, 2022: 50,000) equity shares of Rs.10 each fully paid-up in Sutara Roads & Infra Limited	5	5
10,00,000 (March 31, 2022: 10,00,000) equity shares of Rs.10 each fully paid-up in GVK Shivpuri Devas Expressway Private Limited	1	1
10,000 (March 31, 2022: 10,000) equity shares of Rs.10 each fully paid-up in GVK Power ( Khadur Sahib) Private Limited	1	1
675,116,101 (March 31, 2022: 675,116,101) equity shares of Rs.10 each fully paid-up in GVK Energy Limited	74,122	74,122
217,149,070 (March 31, 2022: 217,149,070) equity shares of Rs.10 each fully paid-up in GVK Transportation Private Limited	-	-
	<b>74,160</b>	<b>74,160</b>
907,350 (March 31, 2022: 907,350) equity shares of USD 1 each fully paid-up in GVK Airports International Pte. Ltd	669	669
Provision for impairment in value of Equity investment in GVK Airports International Pte. Ltd	(669)	(669)
<b>Sub Total</b>	<b>74,160</b>	<b>74,160</b>

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

	As at March 31, 2023	As at March 31, 2022
<b>In Associate</b>		
50,000 (March 31, 2022: 50,000) equity shares of USD 1 each fully paid-up in GVK Coal Developers (Singapore) Pte. Ltd.	25	25
Share application money for purchase of non-cumulative redeemable preference shares of USD 1 each (at amortised cost) in GVK Coal Developers (Singapore) Pte. Ltd.	1	1
	<b>26</b>	<b>26</b>
Provision for impairment in value of Equity investment in GVK Coal Developers Singapore Pte Ltd	(26)	(26)
<b>Sub Total</b>	-	-
<b>A</b>	<b>74,160</b>	<b>74,160</b>
<b>B. Loan given to subsidiaries classified as equity (at cost)</b>		
GVK Perambalur SEZ Private Limited	10,913	10,229
<b>B</b>	<b>10,913</b>	<b>10,229</b>
<b>C. Deemed investment in subsidiaries/ Associate</b>		
GVK Jaipur Expressway Limited	2,284	2,284
<b>C</b>	<b>2,284</b>	<b>2,284</b>
<b>(A+B+C)</b>	<b>87,357</b>	<b>86,673</b>
<b>(ii) Other investments</b>		
<b>Unquoted, in fully paid non-cumulative redeemable preference shares (at amortised cost)</b>		
<b>D. In Associate</b>		
17,66,31,918 (March 31, 2022: 17,66,31,918) non-cumulative redeemable preference shares of USD 1 each fully paid-up in GVK Coal Developers (Singapore) Pte. Ltd.*	77,510	77,510
Provision for diminution in value of non-cumulative redeemable preference investment in GVK Coal Developers (Singapore) Pte. Ltd	(77,510)	(77,510)
<b>D</b>	-	-
<b>E. In Others</b>		
48,000,000 (March 31, 2022: 48,000,000) equity shares of Rs.10 each fully paid-up in GVK Airport Developers Limited	7,136	7,136
<b>Total (D+E)</b>	<b>7,136</b>	<b>7,136</b>
<b>Total (A+B+C+D+E)</b>	<b>94,493</b>	<b>93,809</b>
Aggregate amount of unquoted investments net of impairment	94,493	93,809
<b>F. Break up of impairment of non-current investments</b>		
Provision for impairment in value of Equity investment in GVK Airports International Pte. Ltd	-	669
<b>Total</b>	-	<b>669</b>

## 5. Non current tax assets (net)

	As at March 31, 2023	As at March 31, 2022
Advance income-tax (net of provision for taxation)	1,196	1,122
<b>Total</b>	<b>1,196</b>	<b>1,122</b>

## 6. Other non-current assets

	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good:</b>		
Balance with government authorities	14	13
<b>Total</b>	<b>14</b>	<b>13</b>

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

**7. Current investments**

	As at March 31, 2023	As at March 31, 2022
<b>Quoted mutual funds at fair value through statement of profit and loss</b>		
46,697 (March 31, 2022: 43,926) Franklin India Ultra Short/ Liquid Fund	1,579	15
763,426 (March 31, 2022: 651,468) Birla Sun Life Savings/ Low duration Fund	3,960	3,249
7,111,277 (March 31, 2022: 6,749,572) ICICI Prudential Ultra short term Fund	1,799	1,614
6,842,434 (March 31, 2022: 76,85,684 ) Axis Short Term Fund	1,918	2,051
12,725 (March 31, 2022: Nil) Invesco India Ultra Short Term Fund	310	-
<b>UnQuoted Investment carried at amortised cost</b>		
Debentures #	137,464	137,464
Fixed Deposits with original maturity more than 3 months	400	-
<b>Total</b>	<b>147,429</b>	<b>144,393</b>
<b>Aggregate carrying and market value of quoted investments</b>	<b>9,565</b>	<b>6,929</b>

# Debentures are unlisted, unsecured, optionally convertible debentures ("OCDs") each having a face value of Rs 10 each and shall accrue a coupon at the rate of 0.01% per annum.

Number of Debentures issued by M/s Sutara Roads & Infra Limited and M/s Ybrant Engineering and Constructions Private Limited is 2,500 Lakhs and 11,246.4 Lakhs respectively.

**8. Trade receivables**

	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good:</b>		
Receivables from related parties	976	1,199
Others	18	-
<b>Total</b>	<b>994</b>	<b>1,199</b>

Trade receivables are non-interest bearing.

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

	Less than 6 months	6 months - 12 months	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2023</b>						
<b>Undisputed Trade Receivables</b>						
- Considered Good	988	-	-	-	6	994
<b>Total</b>	<b>988</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6</b>	<b>994</b>

	Less than 6 months	6 months - 12 months	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2022</b>						
<b>Undisputed Trade Receivables</b>						
- Considered Good	1,184	-	9	6	-	1,199
<b>Total</b>	<b>1,184</b>	<b>-</b>	<b>9</b>	<b>6</b>	<b>-</b>	<b>1,199</b>

**9. Cash and cash equivalents**

	As at March 31, 2023	As at March 31, 2022
<b>Balance with banks:</b>		
- In current accounts	31	4,034
- Fixed Deposits with original maturity Less than 3 months	4,645	-
<b>Total</b>	<b>4,676</b>	<b>4,034</b>

There are no repatriation restrictions on the usage of Cash and Bank Balances

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

### 10. Loans

	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good:</b>		
Loans to related parties receivable on demand	749	-
Interest free loans to related parties receivable on demand	6,508	11,829
<b>Total</b>	<b>7,257</b>	<b>11,829</b>

### 11. Other financial assets

	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good:</b>		
Other receivables	52	6
<b>Total</b>	<b>52</b>	<b>6</b>

### 12. Other current assets

	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, considered good:</b>		
Advances recoverable in cash or kind or value to be received	1	1
Security Deposit - Rent	4	-
Prepayments	12	4
Others (Including GST ITC)	380	514
<b>Total</b>	<b>397</b>	<b>519</b>

### 13. Equity share capital and other equity

#### (A) Equity share capital

	As at March 31, 2023	As at March 31, 2022
<b>Authorised Share Capital</b>		
2,500,000,000 (March 31, 2022: 2,500,000,000) equity shares of Rs. 1 each	25,000	25,000
<b>Issued, subscribed and fully paid-up share capital</b>		
1,579,210,400 (March 31, 2022: 1,579,210,400) equity shares of Rs. 1 each	15,792	15,792

#### a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	Year ended March 31, 2023		March 31, 2022	
	Number of Shares	Amount	Number of Shares	Amount
Equity shares of Rs. 1 each fully paid up				
At the beginning of the year	1,579,210,400	15,792	1,579,210,400	15,792
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>1,579,210,400</b>	<b>15,792</b>	<b>1,579,210,400</b>	<b>15,792</b>

#### 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 share 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.

Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

#### c. Details of shares held by promoters as on 31-03-2023 are as follows:

Promoter Name	No of Shares	% of total shares	% of change during the year
G V Krishna Reddy	68,109,487	4.31%	+ 2.35%
G V Sanjay Reddy	55,725,951	3.53%	Nil
Vertex Projects LLP	732,893,902	46.41%	Nil
<b>Total</b>	<b>856,729,340</b>	<b>54.25%</b>	<b>Nil</b>

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

**Details of shares held by promoters as on 31-03-2022 are as follows:**

Promoter Name	No of Shares	% of total shares	% of change during the year
G V Krishna Reddy	30,958,857	1.96%	Nil
G V Sanjay Reddy	55,725,951	3.53%	Nil
Krishna R Bhupal	37,150,630	2.35%	Nil
Vertex Projects LLP	732,893,902	46.41%	Nil
<b>Total</b>	<b>856,729,340</b>	<b>54.25%</b>	<b>Nil</b>

**d. Details of shareholders holding more than 5% equity shares in the Company**

Name of the shareholder	Year ended March 31, 2023		March 31, 2022	
	Number of Shares	% of holding	Number of Shares	% of holding
Vertex Projects LLP (Formerly Vertex Infratech Private Limited)	732,893,902	46.41%	732,893,902	46.41%

**(B) Reserves and surplus**

	As at March 31, 2023	As at March 31, 2022
Retained Earnings	(144,557)	(145,203)
Securities premium	215,935	215,935
General reserve	127	127
<b>Total reserves and surplus</b>	<b>71,505</b>	<b>70,859</b>

**(i) Retained Earning**

	As at March 31, 2023	As at March 31, 2022
Opening balance	(145,203)	(150,790)
Profit / Loss for the year	646	5,587
<b>Closing balance</b>	<b>(144,557)</b>	<b>(145,203)</b>

**(ii) Securities premium**

	As at March 31, 2023	As at March 31, 2022
Opening balance	215,935	215,935
Movement during the year	-	-
<b>Closing balance</b>	<b>215,935</b>	<b>215,935</b>

Note: Securities premium is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

**(iii) General reserve**

	As at March 31, 2023	As at March 31, 2022
Opening balance	127	127
Movement during the year	-	-
<b>Closing balance</b>	<b>127</b>	<b>127</b>

**14. Unearned financial guarantee liability**

	As at March 31, 2023	As at March 31, 2022
Unearned guarantee commission liability on financial guarantees given to related parties	2,695	2,695
<b>Total</b>	<b>2,695</b>	<b>2,695</b>

**15. Short-term borrowings**

	As at March 31, 2023	As at March 31, 2022
Unsecured:		
Loans from related parties repayable on demand	36,561	36,838
<b>Total</b>	<b>36,561</b>	<b>36,838</b>



## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

### Net debt reconciliation

This Section sets out an analysis of net debt and the movement in net debt for the period presented

	March 31, 2023	March 31, 2022
Current borrowings (refer note 15)	36,561	36,838
Cash and cash equivalents	(4,676)	(4,034)
<b>Total</b>	<b>31,885</b>	<b>32,804</b>
<b>Opening balance</b>	<b>32,804</b>	<b>70,461</b>
Proceeds/ (Repayment) of short term borrowings (net)	(277)	(33,680)
Add / (Less): Cash generated from operations	(642)	(3,977)
<b>Closing balance</b>	<b>31,885</b>	<b>32,804</b>

## 16. Trade payables

	As at March 31, 2023	As at March 31, 2022
- Outstanding dues to micro enterprises and small enterprises	-	-
- Outstanding dues to creditors other than micro enterprises and small enterprises (Dues to related parties is Rs 7 Lakhs (March'22: 32 Lakhs))	77	1,212
<b>Total</b>	<b>77</b>	<b>1,212</b>

Trade payables are non-interest bearing and are normally settled on 30-120 day terms.

### 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 at the year end.

	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
<b>As at March 31, 2023</b>					
i) MSME	-	-	-	-	-
ii) Others	77	-	-	-	77
iii) Disputed dues - MSME	-	-	-	-	-
iii) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>77</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>77</b>
<b>As at March 31, 2022</b>					
i) MSME	-	-	-	-	-
ii) Others	1,149	63	-	-	1,212
iii) Disputed dues - MSME	-	-	-	-	-
iii) Disputed dues - Others	-	-	-	-	-
<b>Total</b>	<b>1,149</b>	<b>63</b>	<b>-</b>	<b>-</b>	<b>1,212</b>

## 17. Other financial liabilities

	As at March 31, 2023	As at March 31, 2022
Others (Payable to related party)	27,304	63,074
Other payables	102,492	66,183
<b>Total</b>	<b>129,796</b>	<b>129,257</b>

## 18. Provisions

	As at March 31, 2023	As at March 31, 2022
Provision for compensated absences (Refer note 27)	7	6
<b>Total</b>	<b>7</b>	<b>6</b>

## 19. Other current liabilities

	As at March 31, 2023	As at March 31, 2022
Statutory liabilities	121	327
Other liabilities	-	1
<b>Total</b>	<b>121</b>	<b>328</b>

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

**20. Revenue from operations**

	As at March 31, 2023	As at March 31, 2022
Sale of services		
– Manpower and consultancy services	1,000	1,000
<b>Total</b>	<b>1,000</b>	<b>1,000</b>

**21. Other income**

	Year ended March 31, 2023	Year ended March 31, 2022
Income from current investments	492	359
Interest Income	219	10
Commission on financial guarantees	2	16
Profit on Sale of Investments	-	4,576
Gain on fair valuation of equity share	-	2,336
Reversal of Expenses Incurred in Previous years	1	18
Liabilities no longer required – Written Back	-	783
Profit on Sale of Asset	7	-
Miscellaneous income	65	120
<b>Total</b>	<b>786</b>	<b>8,218</b>

**22. Employee benefit expense**

	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	91	66
Contribution to provident and other funds (Refer note 27)	4	4
Staff welfare expenses	6	6
<b>Total</b>	<b>101</b>	<b>76</b>

**23. Other expenses**

	Year ended March 31, 2023	Year ended March 31, 2022
Rent	4	4
Communication costs	7	7
Travelling and conveyance	39	16
Operating and maintenance expenses	60	45
Repairs and maintenance	66	31
Legal and professional charges	608	2,448
Rates and taxes	46	67
Printing and stationery	3	2
Insurance	62	65
Remuneration to statutory auditors (refer note below)	63	57
Directors' sitting fees	8	13
Advances written off	-	8
Miscellaneous expenses	5	11
Interest on Statutory Dues	2	-
<b>Total</b>	<b>973</b>	<b>2,774</b>

**Payment to auditor**

	Year ended March 31, 2023	Year ended March 31, 2022
As auditor:		
Audit fee	21	21
Limited review	36	36
Certification fee	6	-
<b>Total</b>	<b>63</b>	<b>57</b>

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

### 24. Taxes

#### a. Income tax expense

	Year ended March 31, 2023	Year ended March 31, 2022
Current tax	55	-
Taxes of earlier years	-	100
<b>Total</b>	<b>55</b>	<b>100</b>

#### b. Reconciliation of tax expense and the accounting profit multiplied by India's tax rate:

	Year ended March 31, 2023	Year ended March 31, 2022
Profit/(Loss) before taxes	701	5,687
Existing tax rates in India	25.168%	25.168%
Expected tax expenses (a)	176	1,431
<b>Add: Effect of non-deductible expenses:</b>		
Advances and investments written off	-	669
Fair value loss on investments	-	-
<b>Less: Effect of non-taxable incomes:</b>		
Interest income on financial guarantees and debt instruments	(219)	-
Profit on sale of mutual funds taxable at other rates	(492)	(359)
Utilisation of brought forward losses	12	(5,997)
<b>Effect of non-deductible expenses (net)</b>	<b>(699)</b>	<b>(5,687)</b>
Tax effect on the above (b)	(176)	(1,431)
Tax on sale of mutual funds (c)	55	-
<b>Net current tax expense recognised in Statement of Profit and Loss (a) + (b) + (c)</b>	<b>55</b>	<b>-</b>

#### c. Tax losses

	Year ended March 31, 2023	Year ended March 31, 2022
Unused tax losses for which no deferred tax asset has been recognised	21,057	15,443
Potential tax benefit	5,300	3,887

### 25. Earning per equity share (EPS)

Basic and Diluted EPS amounts are calculated by dividing the profit/ (loss) for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. There are no potentially dilutive equity shares in the Company.

The following reflects the income / loss and share data used in the basic and diluted EPS computations:

	Year ended March 31, 2023	Year ended March 31, 2022
Profit/(Loss) after tax	646	5,587
Weighted average number of Equity Shares considered for calculation of basic and diluted earnings per share	1,579,210,400	1,579,210,400
Earnings/ (loss) per share		
- Basic and diluted	0.04	0.35

### 26. Commitments and Contingencies

#### A. Leases

##### Operating lease commitments - Company as lessee

Operating leases are mainly in the nature of lease of office premises with no restrictions and are renewable/cancellable at the option of either of the parties. The Company has not entered into any non-cancellable leases. There is 10% escalation clause in the lease agreement. There are no sub-leases. There are no restrictions imposed by lease arrangements.

The Company has not recognised any contingent rent as expense in the Statement of Profit and Loss. The aggregate amount of operating lease payments recognised in the Statement of Profit and Loss is Rs. 4 lakhs (March 31, 2022: Rs. 4 lakhs).

#### B. Capital and other commitments

##### i) Capital Commitments

The Company has no outstanding capital commitments as at year end. (March 31, 2022: Nil)

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

**ii) Other Commitments**

- a) The company has given undertaking to infuse equity aggregating to Rs. 474,843 lakhs (March 31, 2022: Rs. 421,846 lakhs) in GVK Coal Developers (Singapore) Pte. Limited, towards shortfall, if any, of its loan repayment obligations [Also refer note C(iii) below]. Further, the Company has pledged 155,587,500 (March 31, 2022: 155,587,500), 130,287,382 (March 31, 2022: 22,495,000) and 48,000,000 (March 31, 2022: 48,000,000) shares of GVK Energy Limited, GVK Transportation Private Limited and GVK Airport Developers Limited respectively for securing loan obtained by GVK Coal Developers (Singapore) Pte. Limited, an associate entity in which Company has 10% stake.

**C. Contingent liabilities**

	Year ended March 31, 2023	Year ended March 31, 2022
Direct and indirect taxes		
Claims not acknowledged as debts by the company		
Income tax	-	200
Service tax	1,396	1,396

**Security against loan taken by group companies**

- (i) The Company had provided security by way of pledge of 230,960,770 (March 31, 2022: 230,960,770) shares of GVK Energy Limited for loans taken by the aforesaid subsidiary/ joint venture entity.
- (ii) The Company has provided security by way of corporate guarantees amounting to Nil (March 31, 2022: Rs. 12,978 lakhs) to subsidiaries and joint ventures and Rs. 456,222 lakhs to the lenders of GVK Coal Developers (Singapore) Pte Ltd, an associate (March 31, 2022: Rs. 420,654 lakhs) for various fund and nonfund based facility availed by them. Also refer note iii below
- (iii). Refer note 49 & 55.

**27. Employee benefits****A) Defined contribution plan**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Contribution to provident fund recognised as expense in the Statement of Profit and Loss	4	4

**B) Disclosures related to defined benefit plan**

The Company has a defined benefit gratuity plan in India (funded). The Company's defined benefit gratuity plan is a final salary plan for India employees, which requires contributions to be made to a separately administered fund.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employees who have completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age.

The following tables summarise the components of net benefit expense recognised in the statement of profit or loss and the funded status and amounts recognised in the balance sheet for the respective plans:

**i) Net employee benefit expense (included under employee benefit expenses)**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Current Service Cost	-	-
Interest expense	(2)	(2)
Net employee benefit expenses	-	-

**ii) Amount recognised in the Balance Sheet**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Defined benefit obligation	15	16
Fair value of plan assets	50	47
Net Plan Liability/(Asset)*	-	-

\*Plan assets has been recognised only to the extent of obligation. Accordingly, expenses not considered for the year.

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

iii) Changes in the present value of the defined benefit obligation for Gratuity are as follows

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening defined benefit obligation	16	17
Current service cost	-	-
Interest cost	-	-
Benefits paid	-	-
Net Actuarial (gains)/losses on obligation for the year recognised under OCI	(1)	(1)
Closing defined benefit obligation	15	16

iv) Changes in fair value of plan assets

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Opening fair value of plan assets	47	44
Expected return	3	3
Closing fair value of plan assets	50	47

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Scheme of Insurance- Conventional products	100%	100%

v) Amount recognised in statement of other comprehensive income (OCI):

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Opening amount recognised in OCI	(1)	(1)
Remeasurement for the year - Obligation gain/(loss)	-	-
Remeasurement for the year - Obligation gain/(loss)	-	-
Closing amount recognised in OCI	(1)	(1)

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	7.10%	6.50%
Expected rate of return on assets	7.10%	6.50%
Salary rise	6.00%	6.00%
Attrition Rate	10.00%	10.00%

1. 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.
2. The expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:

Expected benefit payments for the year ending:

	Year ended March 31, 2023	Year ended March 31, 2022
Within next 12 months	2	2
Between 2 and 5 years	19	18
Beyond 5 years	3	3

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumption as at year end is as shown below:

Assumptions	Year ended March 31, 2023	Year ended March 31, 2022
(a) Effect of 1% change in assumed discount rate		
- 1% increase	(0)	(0)
- 1% decrease	0	0
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	0	0
- 1% decrease	(0)	(0)
(c) Effect of 1% change in assumed employee attrition rate		
- 1% increase	0	0
- 1% decrease	(0)	(0)

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

**28.** In respect of the amounts mentioned under section 125 of the Companies Act, 2013 there are no dues that are to be credited to the Investor Education and Protection Fund as at the year end.

**29. Related Parties**

<b>(a) Related parties where control exists</b>	
GVK Airport Developers Limited	Subsidiary (Till July 13, 2021)
GVK Airport Holdings Limited	Subsidiary (Till July 13, 2021)
Mumbai International Airport Limited	Subsidiary (Till July 13, 2021)
Navi Mumbai International Airport Limited	Subsidiary (Till July 13, 2021)
Bangalore Airport & Infrastructure Developers Limited	Subsidiary (Till July 13, 2021)
GVK Airport Services Private Limited	Subsidiary
GVK Airports International Pte Ltd	Subsidiary
PT.GVK Services, Indonesia	Subsidiary
GVK Transportation Private Limited	Subsidiary
GVK Jaipur Expressway Limited	Subsidiary
Sutara Roads & Infra Limited	Subsidiary
GVK Deoli Kota Expressway Private Limited	Subsidiary
GVK Shivpuri Dewas Expressway Private Limited	Subsidiary
GVK Bagodara Vasad Expressway Private Limited	Subsidiary
GVK Developmental Projects Private Limited	Subsidiary
GVK Ratle Hydro Electrical Projects Private Limited	Subsidiary
GVK Perambalur SEZ Private Limited	Subsidiary
GVK Power (Khadur Sahib) Private Limited	Subsidiary (From February 07, 2022)
GVK Energy Limited	Subsidiary (From February 03, 2022)
Alaknanda Hydro Power Company Limited	Subsidiary (From February 03, 2022)
GVK Coal (Tokisud) Company Private Limited	Subsidiary (From February 03, 2022)
GVK Industries Limited	Subsidiary (From 03-Feb-22 to 31-Mar-2022)
GVK Power (Goindwal Sahib) Limited	Subsidiary (From 03-Feb-22 to 10-Oct-2022)
<b>(b) Related parties where joint control exists</b>	
GVK Gautami Power Limited	Jointly Control Entity (JCE) of Subsidiary
Mumbai Aviation Fuel Farm Facility Private Limited #	JCE (Till July 13, 2021)
Mumbai Airport Lounge Services Private Limited #	JCE (Till July 13, 2021)
<b>(c) Associates</b>	
GVK Coal Developers (Singapore) Pte Ltd	Associate
Seregraha Mines Limited	Associate of Subsidiary (Till 10-Oct-2022)
<b>(d) Key management personnel</b>	
Dr. GVK Reddy	Non-Executive Chairman
Mr. G V Sanjay Reddy	Director
Mr. Krishna R Bhupal	Director (Till 31-Dec-2022)
Mr. A Issac George	CFO & Director
Mr. P V Prasanna Reddy	Director
Mr. P V Rama Seshu	Vice President & Company Secretary
<b>(e) Enterprises over which the key management personnel exercise significant influence and with whom there are transactions during the year</b>	
TAJ GVK Hotels & Resorts Limited	
Orbit Travels & Tours Private Limited	
GVK Technical & Consultancy Services Private Limited	
Pinakini Share and Stock Broker Limited	
Paigah House Hotels LLP	
Crescent EPC Projects and Technical Services Limited	



## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

### A. Details of related party transactions during the year:

	March 31, 2023	March 31, 2022
<b>Fees for services rendered (Includes Corporate guarantee commission income)</b>		
GVK Energy Limited	2	16
GVK Jaipur Expressway Limited	1,000	1,000
<b>Reimbursement of expenses (Billable expenses)</b>		
GVK Energy Limited	5	13
GVK Industries Limited	-	1
GVK Gautami Power Limited	-	0
Alaknanda Hydro Power Company Limited	12	26
GVK Power (Goindwal Sahib) Limited	23	47
GVK Developmental Projects Private Limited	0	0
Sutara Roads & Infra Limited	0	-
GVK Jaipur Expressway Limited	14	18
GVK Technical & Consultancy Services Private Limited	9	-
Crescent EPC Projects and Technical Services Limited	2	1
<b>Services received</b>		
Sutara Roads & Infra Limited	-	8
GVK Developmental Projects Private Limited	-	7
TAJ GVK Hotels & Resorts Limited	2	2
Green wood Palaces & Resorts Pvt Ltd	2	1
GVK Technical & Consultancy Services Private Limited	-	556
<b>Purchase of Asset</b>		
GVK Airport Developers Limited	-	8
<b>Rent</b>		
Paigah House Hotels LLP	2	4
<b>Interest income on financial assets</b>		
GVK Jaipur Expressway Limited	5	6
Crescent EPC Projects and Technical Services Limited	7	-
<b>Director sitting fees</b>		
Dr. GV Krishna Reddy	1	1
Mr. GV Sanjay Reddy	1	1
Mr. Anil Kumar Reddy	2	2
Ms. Rama Rao	1	1
Mr. A. Rajashekar	2	3
Mr. Ilyas Ghulam Hussain Ghouse (With effect from January 01, 2022)	1	1
Mr. Krishna R Bhupal (Till December 31, 2022)	0	1
Mr. S Balasubramanian (Till November 11, 2022)	1	3
Mr. S Anwar (Till November 10, 2021)	-	0

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

	March 31, 2023	March 31, 2022
<b>Advances and Investments (Including deemed) written off/Provision for impairment</b>		
GVK Airports International Pte. Ltd	-	669
<b>Unearned guarantee commission liability written back</b>		
GVK Jaipur Expressway Limited	-	76
GVK Airport Developers Limited	-	609
<b>Purchase of Preference shares</b>		
Sutara Roads & Infra Limited	-	94,080
<b>Investments in Debentures</b>		
Sutara Roads & Infra Limited	-	25,000
<b>Investments in Equity</b>		
GVK Energy Limited	-	199
GVK Shivpuri Devas Expressway Private Limited	-	1
GVK Power ( Khadur Sahib) Private Limited	-	1
<b>Loans/advances given/expenditure incurred on behalf</b>		
GVK Energy Limited	-	11,523
GVK Industries Limited	-	8
GVK Airport Developers Limited	-	131
GVK Transportation Private Limited	-	298
GVK Perambalur SEZ Private Limited	684	609
GVK Jaipur Expressway Limited	-	500
Crescent EPC Projects and Technical Services Limited	749	-
<b>Loans/advances recovered</b>		
GVK Energy Limited	4,800	10,590
GVK Jaipur Expressway Limited	500	-
GVK Industries Limited	-	149
GVK Gautami Power Limited	-	3
GVK Airport Developers Limited	-	58
GVK Transportation Private Limited	-	9,551
<b>Loan taken</b>		
Sutara Roads & Infra Limited	-	5,000
<b>Loan repaid</b>		
GVK Developmental Projects Private Limited	278	33,303
Sutara Roads & Infra Limited	35,769	-
<b>Guarantees released</b>		
GVK Energy Limited	3,100	224,257
GVK Jaipur Expressway Limited	9,878	23,626
GVK Ratle Hydro Electric Project Private Limited	-	26,472

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

	March 31, 2023	March 31, 2022
<b>B Year end balances - Receivables/ (Payables)</b>		
GVK Energy Limited	6,502	11,320
Alaknanda Hydro Power Company Limited	8	28
GVK Power (Goindwal Sahib) Limited *	18	56
GVK Transportation Private Limited	11	11
GVK Jaipur Expressway Limited	955	1,605
Sutara Roads & Infra Limited	(38,731)	(74,500)
GVK Bagodara Vasad Expressway Private Limited	5	5
GVK Deoli Kota Expressway Private Limited	2	2
GVK Perambalur SEZ Private Limited	10,913	10,229
GVK Developmental Projects Private Limited	(134)	(412)
TAJ GVK Hotels & Resorts Limited	(0)	(0)
Green wood Palaces & Resorts Pvt Ltd	(0)	(0)
GVK Technical & Consultancy Services Private Limited	(7)	(32)
Crescent EPC Projects and Technical Services Limited	757	1
* NCLT order dated 10-Oct-2022, Corporate Insolvency Resolution Process is under process		
<b>Corporate Guarantee (Loan outstanding)</b>		
GVK Energy Limited	-	3,100
GVK Jaipur Expressway Limited	-	9,878
GVK Coal Developers (Singapore) Pte Limited	456,222	420,654
<b>Pledge of Investment (no. of shares)</b>		
GVK Energy Limited	230,960,770	225,843,130
GVK Coal Developers (Singapore) Pte Limited	333,874,882	226,082,500

### Note:

a. Refer note 26

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

## 30. Disclosures pursuant to the Regulation 34(3) read with paragraph A of Schedule V to SEBI Listing Regulations, 2015

Details of loan given to subsidiaries, associates, parties in which directors are interested:

Subsidiaries	Year ended March 31, 2023	Year ended March 31, 2022
<b>i) GVK Perambalur SEZ Private Limited</b>		
Balance as at the year end	10,913	10,229
Maximum amount outstanding during the year	10,913	10,229
The aforesaid loan is repayable at the option of the subsidiary.		
<b>ii) GVK Transportation Private Limited</b>		
Balance as at the year end	11	11
Maximum amount outstanding during the year	11	9,264
The aforesaid loan is repayable on demand		
<b>iii) GVK Jaipur Expressway Limited</b>		
Balance as at the year end	-	500
Maximum amount outstanding during the year	500	500
The aforesaid loan is repayable on demand		
<b>iv) GVK Energy Limited</b>		
Balance as at the year end	6,497	11,297
Maximum amount outstanding during the year	11,297	11,297
The aforesaid loan is repayable on demand		

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

Subsidiaries	Year ended March 31, 2023	Year ended March 31, 2022
<b>v) GVK Industries Limited</b>		
Balance as at the year end	-	-
Maximum amount outstanding during the year	-	139
The aforesaid loan is repayable on demand		
<b>vi) GVK Power (Goindwal Sahib) Limited</b>		
Balance as at the year end	-	15
Maximum amount outstanding during the year	15	15
The aforesaid loan is repayable on demand.		
<b>vii) Crescent EPC Projects and Technical Services Limited</b>		
Balance as at the year end	749	-
Maximum amount outstanding during the year	749	-
The aforesaid loan is repayable by end of one year along with interest rate		
<b>viii) GVK Airport Developers Limited</b>		
Balance as at the year end	-	-
Maximum amount outstanding during the year	-	69
The aforesaid loan is repayable on demand.		

**31. Details of trade receivables due from subsidiary companies in which Company's director is a director.**

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
GVK Jaipur Expressway Limited	955	1,100

**32. Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, borrowings including interest accrued on borrowings, less cash and short-term deposits.

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Borrowings including interest accrued on borrowings (refer note 15)	36,561	36,838
Less: Cash and short-term deposits (refer note 9)	(4,676)	(4,034)
Less: Investments in mutual funds and Bank deposits (refer note 7)	(9,965)	(6,929)
<b>Net debt</b>	<b>21,920</b>	<b>25,875</b>
Equity share capital	15,792	15,792
Other Equity	71,505	70,859
<b>Total Equity</b>	<b>87,297</b>	<b>86,651</b>
<b>Gearing ratio (Net Debt/ Total Equity)</b>	<b>0.25</b>	<b>0.30</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings.

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2023.

**33. Fair values**

The management assessed that the fair value of loans given, trade receivables, cash and cash equivalents, other financial assets, short term borrowings, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities or interest bearing nature of these instruments. The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

Set out below, is a comparison by class of the carrying amounts and fair value of the Group's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

### a) Financial instruments by category

	Level	March 31, 2023		March 31, 2022	
		Carrying value	Fair value	Carrying value	Fair value
<b>Financial assets</b>					
<b>Measured at amortised cost</b>					
<b>Current:</b>					
Trade receivables	3	994	994	1,199	1,199
Loans	3	7,257	7,257	11,829	11,829
Investments	3	137,464	137,464	137,464	137,464
Other financial assets	3	52	52	6	6
Cash and cash equivalents	1	4,676	4,676	4,034	4,034
<b>Mandatorily measured at fair value through profit / loss</b>					
Investments	1	9,965	9,965	6,929	6,929
<b>Financial liabilities</b>					
<b>Measured at amortised cost</b>					
<b>Current</b>					
Borrowings	3	36,561	36,561	36,838	36,838
Trade payables	3	77	77	1,212	1,212
Other financial liabilities	3	129,796	129,796	129,257	129,257

**Level 1:** Level 1 hierarchy includes financial instruments measuring using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted price. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing net asset value.

**Level 2:** The fair value of financial instruments that are not traded in an active market (for example, traded bonds, over the counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

**Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity shares, contingent consideration and indemnification asset included in level 3.

### b) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include:

- The fair value of investment in mutual funds is measured at quoted price or NAV.
- The fair values for non-current investments, other non-current financial assets and borrowings are based on discounted cash flows using a borrowing rate at the date of transition. They are classified as level 3 fair values in their fair value hierarchy due to the use of unobservable inputs, including own credit risk.

## 34. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

### A. Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

#### i. Determination of control and accounting thereof

As detailed in the accounting policy, principles under Ind AS are different from the previous GAAP, especially with respect to

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

assessment of control of subsidiaries. Further, investment in GVK Coal Developers (Singapore) Pte. Ltd has been accounted as associate since the company participates in all significant financial and operating decisions. The company has therefore determined that it has significant influence over this entity, even though it only holds 10% of the voting rights.

**ii. Impairment of non-current assets including investments in subsidiaries, joint ventures and associates**

Determining whether investment are impaired requires an estimation of the value in use of the individual investment or the relevant cash generating units. The value in use calculation is based on Discounted Cash Flow ('DCF') model over the estimated useful life of the power plants, concession on roads etc. Further, the cash flow projections are based on estimates and assumptions relating to conclusion of tariff rates, operational performance of the plants and coal mines, life extension plans, availability and market prices of gas, coal and other fuels, restructuring of loans etc in case of investments in entities in the energy business, estimation of passenger traffic and rates and outcomes of litigations, and settlements that may be reached with lenders which are considered as reasonable by the management and significant uncertainties faced including absence of financial closure in respect of GVK Coal Developers (Singapore) Pte Ltd.

Based on such determination the Company has impaired carrying value of its investment in GVK Airports International Pte. Ltd Nil (March 31, 2022: 669 Lakhs).

**iii. Also refer note 54 on significant judgement on going concern ability of the Company.****B. Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has prepared financial statements based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(i) Taxes**

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

**(ii) Defined employee benefit plans (Gratuity)**

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries. Further details about gratuity obligations are given in note 27.

**(iii) Fair value measurement of financial instruments**

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.



## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

### (iv) Depreciation on property, plant and equipment

Depreciation on property, plant and equipment is calculated on a straight-line basis using the rates arrived at based on the useful lives and residual values of all its property, plant and equipment estimated by the management. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of property, plant and equipment, and the useful lives are in line with the useful lives prescribed under Schedule II of the Companies Act, 2013.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the group and that are believed to be reasonable under the circumstances.

## 35 Financial risk management objectives and policies

### Financial Risk Management Framework

The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

#### A Price risk

The company's exposure to investment in mutual funds are subject to price and classified in the balance sheet as fair value through profit or loss.

#### Sensitivity

The table below summaries the impact of increase/decrease of the index on the company's investment in mutual fund and profit/(loss) for the year.

Particulars	Impact on Profit after tax		Impact on other components of equity	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
Increase by 1%	96	69	-	-
Decrease by 1%	(96)	(69)	-	-

#### B Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and other financial assets. Trade receivables, Financial guarantee receivables (Other financial assets) and Loans given by the Company result in material concentration of credit risk as these are with related parties.

#### Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs. 8,303 lakhs (March 31, 2022: Rs. 13,035 lakhs), being the total of the carrying amount of balances with trade receivables, Loans and Other financial assets.

#### Trade receivables, Other financial assets, Loans given:

An impairment analysis is performed at each reporting date. The Company does not hold collateral as security. Impairment analysis takes into account historical credit loss experience and adjusted for forward-looking information. Significant portion of trade receivables, other financial assets and loans given comprise receivables from related parties and not subject to significant credit risk based on past history.

#### C. Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments.

Particulars	On Demand	Within 12 months	After 12 months	Total
<b>Year ended March 31, 2023</b>				
Borrowings	36,561	-	-	36,561
Other financial liabilities	-	129,796	-	129,796
Trade payables	-	77	-	77
<b>Total</b>	<b>36,561</b>	<b>129,873</b>	<b>-</b>	<b>166,434</b>
<b>Year ended March 31, 2022</b>				
Borrowings	36,838	-	-	36,838
Other financial liabilities	-	129,257	-	129,257
Trade payables	-	1,212	-	1,212
<b>Total</b>	<b>36,838</b>	<b>130,469</b>	<b>-</b>	<b>167,307</b>

\* Based on maximum amount that can be called for under the financial guarantee contract.

**D. Market Risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk and interest rate risk. Financial instruments affected by market risk include loans and borrowings, investments, other financial assets and other financial liabilities.

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. As the Company has debt obligations with floating interest rates, exposure to the risk of changes in market interest rates are substantially dependent of changes in market interest rates.

As the company has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

**Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on the portion of loans and borrowings. With all other variables held constant, the Company's profit/(loss) before tax is affected through impact on floating rate borrowings, as follows:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Change in Interest Rate		
-increase by 50 basis points	-	-
-decrease by 50 basis points	-	-

**Foreign Currency exchange rate risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's investment in foreign entity and financial asset/liability in relation to foreign entity in respect of financial guarantee. The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Company. The Company evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. The Company has not entered into derivative instruments during the year.

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise is Nil.

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rate, with other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Rs. in Lakhs	
Change in USD rate	Year ended March 31, 2023	Year ended March 31, 2022
5%	-	-
-5%	-	-

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

### 36. Segment reporting

In accordance with Indian Accounting Standard (Ind AS) 108 on Operating segments, 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.

### 37. Ratios

S No.	Ratio	Formula	Particulars		31 March 2023		31 March 2022		Ratio as on	Ratio as on	Variation	Reason (If variation is more than 25%)
			Numerator	Denominator	Numerator	Denominator	Numerator	Denominator	31 March 2023	31 March 2022		
1	Current Ratio	Current Assets / Current Liabilities	Current Assets= Inventories + Current Investment + Trade Receivable + Cash & Cash Equivalents + Other Current Assets + Contract Assets + Assets held for Sale	Current Liability= Short term borrowings + Trade Payables + Other financial Liability+ Current tax (Liabilities) + Contract Liabilities+ Provisions + Other Current Liability	160,805	166,562	161,980	167,641	0.97	0.97	(0.00)	-
2	Return on Equity Ratio	Profit after tax less pref. Dividend x 100 / Shareholder's Equity	Net Income= Net Profits after taxes – Preference Dividend	Shareholder's Equity	646	87,297	5,587	86,651	0.74%	6.45%	(0.89)	Profit on sale of Investment in Airport vertical in the previous year (PY)
3	Trade Receivables Turnover Ratio	Net Credit Sales / Average Trade Receivables	Net Credit Sales	(Opening Trade Receivables + Closing Trade Receivable)/2	1,000	1,097	1,000	1,625	0.91	0.62	0.48	Decrease in average trade receivables
4	Net Capital Turnover Ratio	Revenue / Average Working Capital	Revenue	Average Working Capital= Average of Current assets – Current liabilities	1,000	(5,709)	1,000	(26,544)	-0.18	-0.04	3.65	Decrease in average working capital
5	Net Profit Ratio	Net Profit / Net Sales	Net Profit	Net Sales	646	1,000	5,587	1,000	64.60%	559%	(0.88)	Profit on sale of Investment in Airport vertical in the PY
6	Return on Capital Employed	EBIT / Capital Employed	EBIT= Earnings before interest and taxes	Capital Employed= Total Assets - Current Liability	701	89,992	5,687	89,346	0.78%	6.37%	(0.88)	Profit on sale of Investment in Airport vertical in the PY
7	Return on Investment	Net Profit / Net Investment	Net Profit	Net Investment= Net Equity	646	87,297	5,587	86,651	0.74%	6.45%	(0.89)	Profit on sale of Investment in Airport vertical in the PY

### 38. Details of Benami Property held

The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

### 39. Details relating wilful defaulter

The Company is not declared as wilful defaulter by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof or other lender in accordance with the guidelines on wilful defaulters issued by the Reserve Bank of India.

**40.** The Company has complied with the number of layers for its holding in downstream companies prescribed under clause (87) of section 2 of the Companies Act, 2013 read with the Companies (Restriction on number of Layers) Rules, 2017.

### 41. Corporate Social Responsibility Expenditure

The company is not required to spend on Corporate Social Responsibility (CSR) in view of the continuing losses during the last three years.

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

**42. Relationship with Struck off Companies**

The Company does not have any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

**43.** The Company has not advanced or loaned or invested funds to any other person(s) or entity(is), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

The Company has not received any fund from any person(s) or entity(is), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**44. Registration of charges or satisfaction with Registrar of Companies**

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

**45. Undisclosed income**

The Company does not have any undisclosed income which is not recorded in the books of account that has been surrendered or disclosed as income during the year (previous year) in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

**46. Details of Crypto Currency or Virtual Currency**

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

**47. Social Security Code, 2020**

The Code on Social Security 2020 ('the Code') relating to employee benefits, during the employment and post-employment, has received Presidential assent on September 28, 2020. The Code has been published in the Gazette of India. Further, the Ministry of Labour and Employment has released draft rules for the Code on November 13, 2020. However, the effective date from which the changes are applicable is yet to be notified and rules for quantifying the financial impact are also not yet issued.

The Company will assess the impact of the Code and will give appropriate impact in the financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**48.** The following disclosures shall be made where Loans or Advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined under Companies Act, 2013), either severally or jointly with any other person, that are:

Type of Borrower	Loans/Advances granted Individually or Jointly with other. (Individually / Jointly)	Repayable on demand (Yes / No)	Terms/ Period of repayment is specified (Yes / No)	31-Mar-23		31-Mar-22	
				Amount outstanding as at the balance sheet date	% of Total	Amount outstanding as at the balance sheet date	% of Total
Related Parties	Individually	Yes	No	7,257	100%	11,829	100%
Total of Loan and Advances in the nature of Loan (Refer Note 10)	-	-	-	7,257	-	11,829	-

**49.** The Company has an investment in GVK Coal Developers (Singapore) Pte. Limited (GVK Coal) which is assessed as an associate to the parent Company. The parent Company exercises significant influence on GVK Coal as per Ind AS 28.

The company has also given guarantees and commitments for loans amounting Rs. 931,065 lakhs (March 31, 2022: Rs. 858,478 lakhs) taken by GVK Coal as at March 31, 2023 part of which is collateralized by the pledge of 37% shares of GVK Airport Holdings Limited, and has also undertaken to provide financial assistance of USD 3.11 million (Rs. 2,557 lakhs) as at March 31, 2023 (March 31, 2022: Rs. 2,358 lakhs), an entity whose current liabilities exceeds current assets by USD 2,845 million (Rs. 2,339,320 lakhs) as at March 31, 2023 (March 31, 2022: USD 2,459 million (Rs. 1,864,024 lakhs)) and the entity has also incurred net losses of USD 212 Million (Rs.174,606 Lakh) for the nine months ended March 31, 2023 (July 1, 2021 to June 30,

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

2022; USD 308 Million (Rs.243,142 Lakh)) based on the audited financial statements. GVK Coal is witnessing various material uncertainties. The prices of the coal have fallen since GVK coal had acquired a 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 and also necessary environmental and regulatory clearances. Further, all the lenders of GVK Coal have classified the loan as non-performing and the lenders had an option to curtail the rights of the company on various assets either on October 2015 or every year thereafter.

The lenders have also filed a claim in the High Court of Justice Business and Property Courts of England and Wales Commercial Courts (England Court) on November 09, 2020 and have sought to recover the amounts advanced to GVK Coal. Under the interim solution undertaking by the lenders dated March 23, 2017, the respective arguments of the lenders and the company were filed with the court. On June 13, 2022, the Judge has adjourned the starting of the trial to October, 2023. Despite the matter is pending before England Court, one of the lenders has filed an application under section 7 of the Insolvency and Bankruptcy Code 2016 to initiate Corporate Insolvency Resolution Process against the company (being guarantor for loan taken by GVK Coal) before National Company Law Tribunal, Hyderabad on July 14, 2022 and the company has filed the reply. The next date of hearing is 8th June 2023.

The Company is hopeful of achieving one time settlement with the lenders in view of its arrangement with Adani Airport Holdings Limited (AAHL) which is adequately incentivized to find solution with the lenders to get unencumbered ownership over the shares of GVK Airport Developers pledged with the lenders. The extent of the liability that may arise in respect of guarantees and commitments and the manner of such settlement is presently not ascertainable and accordingly no provision has been made in this regard in relation to any liability.

The company has provided for impairment of Rs 78,634 Lakhs for full value of its investment and receivable in earlier years in the absence of any certainty of realization either by use or from the settlement that may be reached.

**50.** Till 3rd February 2022, GVK Energy Ltd (GVKEL) has been considered as jointly controlled entity under IND - AS 28 "Investment in associate and joint venture", based on the protective rights available to the other investors of GVKEL. As on 4th February 2022, the company (GVKPIL) has acquired the control over the operations of GVKEL from those Investors as per the Termination Agreement dated 3rd February 2022 resulting in relinquishment of protective rights available to investors. GVKPIL has also bought 11,72,46,622 shares of GVKEL from those Investors under this agreement. Accordingly, GVKEL and its group companies (Energy group) are considered as Subsidiaries of the GVKPIL w.e.f. 4th February 2022.

Certain subsidiaries and jointly controlled entity (group companies) of GVK Energy Limited ('GVKEL') are facing uncertainties as detailed below:

a) The Hon'ble Supreme Court of India had deallocated dedicated coal mine allotted to GVK Power (Goindwal Sahib) Limited (GVKPGSL). GVK Coal (Tokisud) Private Limited (GVKCTPL), a subsidiary company of GVKEL and mine operator was offered compensation by the Nominated Authority of Rs. 11,129 Lakhs as against carrying value of assets of Rs. 31,113 Lakhs as at March 31, 2017. GVKCTPL had appealed against the said order in the Hon'ble High Court of Delhi. The aforesaid court vide its order dated March 09, 2017, directed GVKCTPL to submit its claim to the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015. Subsequently GVKCTPL submitted its claim for the balance amount of Rs. 19,882 Lakhs to the aforesaid authority. The GVKEL has also given corporate guarantee for the loan taken by GVKCTPL. The nominated authority under the Ministry of Coal vide its order dated 16th March 2022 has further approved and released compensation of Rs.13,867 lakhs. Out of this an amount of Rs.8,883 lakhs have been deposited by nominated authority in interest bearing account with Registrar General of the Court as per the directions of the high court of Delhi dated 11th April 2022 and an amount of Rs.4,984 lakhs have been paid to lenders by nominated authority towards the balance dues payable as per the claims made by the lenders as on the date of vesting orders less the amount already paid to the lenders. Nominated authority has advised in the above order to approach Coal Tribunal in respect of disputes including the compensation disallowed with regards to R&R costs. The company has accordingly filed the appeal under sec. 27 of the Coal Mines (Special Provisions) Act, 2015 with Coal Tribunal for a claim of Rs 34,830 lakhs on August 01, 2022 and the next hearing of the case is scheduled on June 22, 2023.

Management believes that GVKCTPL will be appropriately reimbursed for cancelled coal mine and accordingly no provision is required towards corporate guarantee given by GVKEL for loan taken by GVKCTPL and carrying value (Balance of claims) of Rs 6,015 Lakhs.

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

- b) GVK Power (Goindwal Sahib) Limited ("GVKPGSL") a subsidiary company of GV KEL, has been admitted into Corporate Insolvency Resolution Process on October 10, 2022 based on petition filed by Axis Bank Ltd, one of the lenders in the consortium of GVKPGSL with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company. GV KEL has filed an appeal against this order before NCLAT, Chennai on October 27, 2022 and GV KEL filed appeal in Supreme court on May 19, 2023 as the appeal filed by GV KEL dismissed by NCLAT, Chennai on April 24, 2023.

Interim Resolution professional appointed by NCLT has taken possession of all assets of GVKPGSL.

Since the Group has lost the control over the GVKPGSL, the assets and liabilities of GVKPGSL were deconsolidated as at October 10, 2022 as per Ind AS 110 and a gain of Rs.343,685 Lakh is recorded in consolidated financials as per below entry:

Particulars	Rs in Lakhs
Value of assets	- 345,970
Value of liabilities	698,027
Equity Share Capital	126,520
Amount already recognised in consolidated FS in previous period	-134,892
<b>Net amount recognised as exceptional gain</b>	<b>-343,685</b>

The GV KEL has provided Corporate Guarantee to the lenders of GVKPGSL with respect to the amount lent by them. This Corporate Guarantee may be invoked by the Lenders of GVKPGSL considering the default therein. In such an eventuality, GV KEL may need to reimburse the same, especially considering that the net assets of GVKPGSL is negative. However, the extent of the liability that may arise in respect of guarantee is presently not ascertainable and accordingly no provision has been made in this regard in relation to such liability.

- c) There has been uncertainty regarding supplies/availability of gas to power plant of GVK Gautami Power Limited (GVKGPL), a jointly controlled entity of GV KEL. The company has incurred losses of Rs. 35,783 Lakhs during the year ended March 31, 2023 (March 31, 2022: Rs. 37,439 Lakhs) and the net worth of the company has been eroded upto and including the financial year ended March 31, 2023. The GVKGPL is confident that Government of India will continue to take necessary steps/initiatives to improve the situation of natural gas. However, in the interim the GVKGPL is working with the lenders for one-time settlement proposal wherein the loans would be settled at the value of the plant to be realized on its sale to AP DISCOM. 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 that the GVKGPL continues to be in operation in foreseeable future despite continued losses or will be able to amicably settle the loan liability as part of one-time settlement proposal. The GV KEL has also given corporate guarantee for the loan taken by GVKGPL. The GV KEL believes that no provision for impairment/diminution is required towards carrying value of assets aggregating to Rs. 79,259 Lakhs as at March 31, 2023 of GVKGPL (March 31, 2022 of Rs.82,799 lakhs) and also no provision towards corporate guarantee given by GV KEL to GVKGPL is necessary.

Tradereceivables of GVK Gautami Power Limited, includes outstanding minimum alternate tax amounts claims for reimbursement under the provisions of Income Tax Act, 1961 for the period commencing from the financial year 2009-10 to 2010-11, aggregating to Rs. 1,500 Lakhs (March 31, 2022: Rs. 1,500 Lakhs) which has been disputed by AP Transco/subject to approvals. As lenders have classified the borrowings of the GVKGPL as "Non-performing Assets (NPA)". Indian Overseas Bank and Union Bank of India, members of the consortium, issued notices dated 13th December, 2021 and 16th March, 2022 respectively under Sub-section (4) of Section 19 of the Recovery of Debts due to banks and financial institutions Act, 1993, read with Sub Rule (2A) of Rule 5 of the Debt Recovery Tribunal (Procedure) Rules 1993 directing GVKGPL to file necessary written statement and reply. GVKGPL is in the process of contesting the above notices before the Debt Recovery Tribunal.

Further, Edelweiss Asset Reconstruction Company Ltd. and Bank of Baroda issued Loan recall notices dated 21st January, 2022 and 4th February, 2022 respectively. Edelweiss Asset Reconstruction Company Ltd issued a notice dated 19th July, 2022 under section 13(2) of The Securitization and Reconstruction of Financial Assets and enforcement of Security Interest Act 2002 ("SARFAESI Act") read with Security interest (Enforcement) Rules, 2002 ("Rules" ) and next hearing of the case is schedule on June 05, 2023.

Moreover, Edelweiss Asset Reconstruction Company Ltd, one of the lenders in the consortium of GVKGPL has filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against the company and the next hearing of the case is scheduled on May 29, 2023.

- d) The company has assessed and based on the valuation carried out and other relevant factors, no provision is considered necessary in the books of accounts towards the carrying value of investment in GV KEL of Rs 74,122 Lakhs (March 31, 2022 Rs.74,122 Lakhs) and Loan of Rs.6,497 Lakhs (March 31, 2022 Rs.11,297 Lakhs).



## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

e) Edelweiss (through its debentures trustee namely Catalyst Trusteeship Limited) has also filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against GVKPIL on October 21, 2022 and the next hearing of the case is scheduled on June 07, 2023

**51.** The company has made an investment in GVK Transportation Private Limited (GVKTPL) amounting to Rs. 4,977 lakhs (Includes deemed investment of Rs. 1,181 lakhs) and given a loan amounting to Rs. 11 lakhs as at March 31, 2023. Considering that GVKTPL does not have a certainty over the cash flows and timing of such cash flows in the underlying projects of GVKTPL, the Company has carried out an impairment assessment of its carrying value of investment and other receivables on a value in use basis.

GVKTPL has further made investments into three subsidiaries out of which two subsidiaries are facing uncertainties, detailed as follows:

### a. GVK Bagodara Vasad Expressway Private Limited (GVK BVEPL)

GVK Bagodara Vasad Expressway Private Limited (GVK BVEPL), a wholly owned step down subsidiary of GVKPIL has carried out project work towards the Concessionaire Agreement entered with Gujarat State Road Development Corporation Limited (GSRDC). During construction, there has been significant delays in fulfilling the obligations from GSRDC like providing Land required for construction, right of way, shifting of utilities etc., which has resulted in significant delays in construction. On March 27, 2018, GSRDC has issued a termination and arbitration notice as per which GSRDC has terminated the concession agreement and also has claimed an amount of Rs. 108,419 Lakhs. In response to the same, GVK BVEPL has written to GSRDC denying the claims from GSRDC and terminated the agreement. GVK BVEPL has also stated that the delay is due to the default from GSRDC. Also, GVK BVEPL has notified GSRDC that dispute settlement process will be as per the Concession Agreement.

GVK BVEPL has approached The International Centre for Alternative Dispute Resolution (ICADR) for appointment of Arbitration Tribunal (AT). Arbitration Tribunal is constituted and the dispute is being addressed. GSRDC has filed a claim of Rs 108,419 lakhs and GVK BVEPL has filed its statement of Defense and a counter claim of Rs.91,325 lakhs as termination payment due to GSRDC default (apart from various other claims towards Loss of Profit, Interest Payment on Debts etc.) disputing the very process of termination and are also taking other necessary legal remedies in this regard. Initially GVK BVEPL intended to bring into substitution process, however in spite of best efforts of GVK BVEPL, substitution process could not be completed. Meanwhile GSRDC awarded project to two different contractors. Hence GVK BVEPL is no more going concern and the financials are prepared accordingly since financial year ended March 31, 2020.

GVK BVEPL is closely working with the lenders by explaining to them the intricacies of the project and outlining support required to give effect to the process of arbitration. Tribunal heard arguments of both sides in respect of Application dated 23-09-2021 and the hearing was concluded. Both parties filed the written arguments and Tribunal reserved the orders on February 24, 2023 and GSRDC has approached the High Court of Gujarat for seeking the extension of mandate of the Tribunal for rendering the award in the Arbitration Proceeding on March 15, 2023. The next hearing of the case is scheduled on June 06, 2023.

### b. GVK Deolikota Expressway Private Limited (GVK DKEPL)

GVK Deoli Kota Expressway Private Limited (GVK DKEPL), a wholly owned step-down subsidiary of GVKPIL. On June 25, 2019, GVK DKEPL has issued a termination notice under Article 37.2.2 of the Concession Agreement for termination on account of material breach and defaults on the part of National Highway Authority of India (NHAI) during the course of construction like providing Right of Way (ROW), shifting of utilities, obtaining approvals & clearances, alternate route & prevention of complete user fee collection etc., which has resulted in significant delays in construction of expressway. Further, GVK DKEPL has claimed a termination payment of Rs. 169,650 lakhs (apart from various other claims towards future loss, Loss of Toll Revenue, Loss suffered on account of additional overheads etc.) from NHAI as per the terms of the Concession Agreement. In response to the above notice, GVK DKEPL has received letter from NHAI dated July 03, 2019 denying the claim of GVK DKEPL stating that the termination notice issued under clause 37.2.2 is invalid as defaults alleged by GVK DKEPL are false and NHAI has not committed any material default in complying with the provisions of the Concession Agreement.

On September 12, 2019, NHAI has issued a termination notice as per clause 37.2.1 of the Concession Agreement for non-fulfillment of the obligation as stated in the Concession Agreement by Concessionaire. NHAI by virtue of this notice, is deemed to have taken possession and control of the project highway along with all the equipment on or at site. After this termination notice toll plaza is deemed to have been transferred to NHAI and from September 16, 2019 onwards NHAI started collecting the toll on the project highway.

The matter is under Arbitration and the company has filed claim documents with Tribunal and NHAI has filed statement of defense and next cross examining the witness of NHAI is scheduled on 24, 25, 26 & 29 of July, 2023.

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

The Concession Agreement being the sole agreement executed by the Company, termination of the same has now resulted into liquidation basis of accounting which has been adopted in preparation of these financial statements of GVK DKEPL. Under the liquidation basis of accounting, all assets and liabilities are measured at their net realizable value. As toll collection right has been taken over by NHAI from the Company, Company has impaired toll and premium assets against premium liability (not due) and claim receivable from NHAI.

c) J.C. Flowers Asset Reconstruction Pvt Ltd (Debt assigned by Yes bank) has also filed petition with the Hon'ble NCLT, Hyderabad invoking Corporate Insolvency Resolution Process against GVKTPL on February 24, 2022 and the next hearing of the case is scheduled on May 29, 2023.

Based on such assessment management has made an impairment provision amounting to Rs 4,977 lakhs (which includes deemed investment of Rs. 1,181 lakhs) in the earlier years.

**52.** GVK Perambalur SEZ Private Limited (GVK SEZ), a wholly owned subsidiary company. The Company has an investment and has receivables (Loan given to subsidiaries classified as equity) aggregating to Rs 10,913 Lakhs (March 31, 2022: Rs 10,230 Lakhs). GVK SEZ stood as a Guarantor and mortgaged its land admeasuring 2,506.25 Acres to Syndicate Bank (since merged with Canara Bank) on account of loans taken by the company. GVK PIL has since repaid the loan taken from Canara Bank and the bank has also acknowledged the same. However, inspite of the same, Canara bank has not issued a no due certificate and has not returned the original title documents. The Canara Bank has exercised the right of general lien under section 171 of Indian Contract Act, 1872 and has enforced general lien over the title deeds in the name of GVK SEZ for liabilities of GVK Coal (Singapore) PTE Ltd, an associate of GVK PIL. GVK PIL and GVK SEZ have jointly filed writ petition stating that Bank exercising of general lien under section 171 of the Indian contract Act, 1872 is wholly misconceived and illegal and contrary to the terms of Guarantee extended by the GVK SEZ. Further, Enforcement Directorate (ED) has provisionally attached the said Land property in view of investigation under Prevention of Money Laundering Act (PMLA) (Refer Note 42). However, Hon'ble High Court of Telangana has stayed the proceedings by issuing Show Cause Notice to ED. As on March 31, 2023, the status remains the same.

**53.** In June 2020, Central Bureau of Investigation (CBI) has registered a First Information Report (FIR) against MIAL, its holding Company GVK Airport Holdings Limited (GVKAHL) (both are erstwhile step-down subsidiaries of the Company), the Chairman and Vice Chairman of the Company and has initiated investigation on various matters alleging misuse of funds of MIAL including for the benefit of other GVK group and related parties. CBI has filed a charge sheet before the Chief Metropolitan Court, Mumbai on February 09, 2023, laying as allegation under section 120B read with section 420 of IPC against MIAL, Vice Chairman, Director & CFO of the Company and four other GVK group companies apart from others. The Court has granted bail to all the accused. The main issue alleged is siphoning of fund of MIAL eventually causing a loss to AAI. After going through the Charge Sheet, the company is of the view that the case will not stand the test of scrutiny of the court and will eventually be dismissed. The company is also of the view that the charges are unsubstantiated, and no offence u/s section 420 IPC has been made out as there is no loss to AAI, Government, or any Tax Authorities as alleged. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid proceedings.

The Enforcement Directorate (ED) has also taken up the investigation under the Prevention of Money Laundering Act (PMLA) on the basis of an FIR registered by the CBI. ED has filed a complaint in April 2021 on the same matters against the above-mentioned parties and some of the subsidiaries, joint ventures and step down subsidiaries of the Company, their directors and officers, and the concerned parties are cooperating with the investigating agencies. ED has filed a complaint before the City Court and Additional Session Judge, Greater Bombay under Section 45 of Prevention of Money Laundering Act, 2002 for commission of offence of Money laundering under section 3, read with section 70, Punishable u/s 4 of the Prevention of Money Laundering Act, 2002. The Audit Committee of the Company, based on the legal advice received by the Audit committee of MIAL, have decided not to proceed with any independent investigation on the matters mentioned in the FIR or the complaint filed by ED. Considering the status of the proceedings, the implications, if any, that may arise can't be ascertained and would be considered in the financial statements on conclusion of the aforesaid investigation.

**54.** As at March 31, 2023, The company has also provided guarantees and commitments and/or has undertaken to provide financial assistance on behalf of various entities and as further detailed in notes 49, 50, 51(a) and 51(b) (referring to notes on GVK Coal Developers (Singapore) Pte Limited, GVK Energy Limited, GVK Bagodara Vasad Expressway Private Limited and GVK Deoli Kota Expressway Private Limited) uncertainties are being faced by various projects such as delays in development of coal mines in an overseas project where the Company has provided guarantees and commitments for the borrowings, losses incurred by gas based power plant in the absence of gas and litigations on rights to claim capacity charge, arbitration on delay of commencement of road projects, termination of various projects etc. These factors may indicate significant doubt on

## Notes to Standalone financial statements for the year ended March 31, 2023

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

going concern ability of the company. 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 ultimately 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 allocation etc. as required despite current macro-economic environment challenges.

**55.** The Company and its erstwhile subsidiary GVK Airport Developers Limited (GVK ADL) had entered into a binding agreement comprising a co-operation agreement and other related agreements with Adani Airport Holdings Limited (AAHL) on August 31, 2020 and subsequent dates. This includes acquisition of the debt by AAHL from various lenders of GVKADL with a view to release pledge on certain shares of GVK Airport Holdings Limited (GVKAHL) and with an ability for AAHL to convert the acquired debt from the lenders of GVKADL to equity so as to acquire equity interest in Mumbai International Airport Limited (MIAL) and also acquiring Company's equity and other instruments in GVKADL and also possible acquisition/ settlement of debt of GVK Coal Developers (Singapore) Pte Ltd (with a view to release pledge on remaining shares of GVKAHL). AAHL has since acquired the debt of GVKADL from lenders and has converted the same to equity acquiring controlling interest in GVKADL on July 13, 2021. Consequently GVKADL, Bangalore Airport & Infrastructure Developers Limited (BAIDL), GVKAHL, MIAL and Navi Mumbai International Airport Limited (NMIAL) are no longer subsidiaries of the Company from July 13, 2021. The company has recognized a profit of Rs.4,576 Lakh on account of transfer of Equity shares and a gain of Rs 2,336 Lakhs on account of fair value of balance of the investment held in GVKADL for the year ended March 31,2022.

The broad contours of the co-operation and related agreements is detailed below:

- (i) Acquisition of debt and related accrued interest with carrying value in the financial statements of GVKADL of Rs. 255,107 lakhs by AAHL.
- (ii) AAHL acquiring certain securities of Sutara Roads & Infra Limited, a subsidiary of the Company and another Company of the promoter group to be used exclusively for financial support of any of its affiliates and affiliates of GVKPIL post the date of co-operation agreement.
- (iii) Acquiring equity of Rs. 30,000 lakhs and other instruments of Rs. 100,000 lakhs held by GVKPIL and its subsidiary in GVKADL by AAHL to be settled by transfer of securities held by AAHL referred to in (ii) above.
- (iv) GVKPIL and AAHL have also agreed on certain steps to be taken in respect of lenders of GVK Coal.

GVKPIL has sold its majority holding in GVKADL to AAHL and AAHL has acquired and hold the securities as per Para (ii) above during the financial year ended March 31, 2022. The management of the company considered GVKPIL as beneficial owner of the Optionally Convertible Debentures (OCDs) of Rs.1,37,464 Lakhs held by AAHL as per Para (ii) above in view of the terms of arrangement. Accordingly, the securities held in the name of AAHL have been classified as Current Investments of GVKPIL at Rs.1,37,464 Lakhs in the financial statements.

The full financial effect of the above cannot be estimated as certain aspects of the transaction including settlement with GVK Coal lenders are yet to be concluded.

**56.** The Board of Directors has approved the scheme of amalgamation in their meeting 23rd March, 2022 for with regard to Amalgamation of

- GVK Airport Services Private Limited (Transferor Company -1),
- GVK Power (Khadur Sahib) Private Limited (Transferor Company -2),
- GVK Shivpuri Dewas Expressway Private Limited (Transferor Company -3),
- Sutara Roads & Infra Limited (Transferor Company -4)
- GVK Power & Infrastructure Limited (Transferee Company)

The application has filed with National Company Law Tribunal, Hyderabad on 31st March, 2022, seeking for the dispensation of shareholders & credits meeting and same has been allowed by order dated January 09, 2023. NCLT has directed the applicant companies to send the copies of proposed scheme to Statutory Authorities for their objection before formal approval of scheme of Arrangement. So far, the company have not received any comment from any these authorities. All the above companies are finalizing the company petition to be filed with NCLT.

**Notes to Standalone financial statements for the year ended March 31, 2023**

(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

**57.** Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the standalone financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.

**58.** Previous year's figures have been regrouped/reclassified, wherever necessary, to conform to the current year's classification.

**For T R Chadha & Co LLP,**  
Chartered Accountants  
Firm registration number: 006711N/N500028

**Aashish Gupta**  
Partner  
Membership No. 097343

Place: Gurugram  
Date: May 26, 2023  
UDIN: 23097343BGQJMF5083

For and on behalf of the Board of Directors of  
**GVK Power and Infrastructure Limited**  
(CIN - L74999TG2005PLC059013)

<b>Dr. GVK Reddy</b>	<b>A Issac George</b>
Non-Executive Chairman	Director & CFO
DIN: 00005212	DIN: 00005456

**P V Rama Seshu**  
Vice President & Company Secretary, FCS 4545  
Place: Hyderabad  
Date: May 26, 2023





**GVK POWER & INFRASTRUCTURE LIMITED**

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