

GVK ENERGY LIMITED

4TH ANNUAL GENERAL MEETING

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**Venue : Hotel Taj Krishna, Road No.1,
Banjara Hills, Hyderabad - 500 034**

Date & Time : Thursday, the 2nd August, 2012 at 1.00 PM

CORPORATE INFORMATION

Board of Directors as on 8th May, 2012

Board of Directors	Dr. G V Krishna Reddy Mrs. G Indira Krishna Reddy Mr. G V Sanjay Reddy Mr. Krishna Ram Bhupal Mr. A. Issac George Mr. Narsim Kasargod Shenoy Dr. A Ramakrishna Mr. P. Abraham Mr. Girish Pankaj Baliga Mr. K Venugopal Mr. Torbjon Caeser Mr. Matthew Lim
Company Secretary	Mr. T. Ravi Prakash
Statutory Auditors	M/s S.R.Batliboi & Associates Chartered Accountants Oval Office, 18 ILabs Centre, Hitech City, Madhapur Hyderabad-500081.
Registered Office	'Paigah House', 156-159 Sardar Patel Road Secunderabad – 500003
ISIN Number	INE233L01016
Registrar & Share Transfer Agent (Both Physical & Electronic)	Karvy Computershare Pvt. Ltd. Plot No.17 to 24, Vittalrao Nagar Madhapur, Hyderabad-500 081 Ph : 040-23420815 to 24 Fax : 040-23420814 E-Mail : einward.ris@karvy.com

Notice of the 4th Annual General Meeting

Notice is hereby given that the Fourth Annual General Meeting of the members of GVK Energy Limited will be held on the 2nd Day of August, 2012 at 1.00 PM at Hotel Taj Krishna, Road # 1, Banjara Hills, Hyderabad-500 034, to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2012, Profit & Loss account for the year ended on that date and the Report of the Directors' and Auditors thereon.
2. To appoint a Director in place of Dr. G. V Krishna Reddy, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Krishnaram Bhupal, who retires by rotation and being eligible, offers himself for re-appointment
4. To appoint M/s S.R. Batliboi & Associates, as Statutory Auditors (Firm Regn. No: 101049W) to hold office from the conclusion of this Annual General Meeting until the conclusion of next Annual General Meeting and to authorize the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

5. To appoint Mr. K Venugopal, as Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, read with the provision of Articles of Association of the Company, Mr. K Venugopal, be and is hereby appointed as Director of the Company.”

6. To appoint Mr. K Venugopal as Director and Chief Financial Officer:

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, read with Schedule XIII of the Companies Act, 1956, subject to the approval of Central Government, if any, as may be necessary, consent of members be and is hereby accorded for appointment of Mr. K Venugopal, as Director and Chief Financial Officer of the Company for a period of 5 year, with effect from 8th May, 2012 on the following remuneration, the terms and conditions as detailed below:

1. **Salary** of Rs.5,72,300/- (Rupees five lakhs seventy two thousand three hundred only) per month, as per the following break-up:
 - i) Basic Salary in the scale of Rs. 2,50,000- 25,000 – 275,000 – 27,500 - 302,500 – 30,500 – 330,000 – 33,500 – 366,500 per month

- ii) HRA : Rs. 1,00,000/- per month
- iii) Other allowances : Rs. 2,19,000/- per month
- iv) Conveyance Allowance: Rs. 3,300/- per month.

2. Perquisites:

In addition to the above, the following perquisites shall be payable and the same shall be valued in terms of the provisions of the Income Tax Act, 1961.

- i) Medical Reimbursement: Reimbursement of expenses incurred for self and family upto a maximum of Rs. 15000/- p.a.
- ii) Leave Travel Concession: Leave Travel Concession for self and family once in a year not exceeding Rs. 1,00,000/- p.a.

Explanation: Family for (i) and (ii) above shall mean spouse, dependent children and dependant parents.

- iii) Personal Accident Insurance: Personal Accident Insurance premium shall be as per the rules of the Company;
- iv) Coverage under Mediclaim policy of the company for self, spouse and dependent children;
- v) Encashment of Leave as per the policy of the Company on separation;
- vi) Contribution to the provident fund, to the extent not taxable under the Income Tax Act, 1961; and
- vii) Gratuity payable at a rate not exceeding half a month's basic salary for each completed year of service as per the rules of the company governing the payment of Gratuity.

- 3. Minimum Remuneration: Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the Director and Chief Financial Officer, the Company shall pay remuneration to the appointee by way of salary, perquisites and allowances as specified above as minimum remuneration, subject to the limits as specified in Part-II of Schedule-XIII."

7. To appoint Mr. Torbjon Caeser, as Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, read with the provisions of Articles of Association of the Company, Mr. Torbjon Caeser, be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation.”

8. To appoint Mr. Matthew Lim, as Director of the Company

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

“RESOLVED THAT pursuant to the provisions of Section 257 and other applicable provisions, if any, of the Companies Act, 1956, read with the provisions of Articles of Association of the Company, Mr. Matthew Lim, be and is hereby appointed as Director of the Company, who shall be liable to retire by rotation.”

By order of the Board
For GVK Energy Limited

Place: Secunderabad
Date : 08/05/2012

T Ravi Prakash
Company Secretary

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER.
2. The Proxy form duly completed must reach the registered office of the Company 48 hours before the time fixed for holding the meeting.
3. Members are requested to notify immediately any change in their address to the Company at the Registered Office.
4. The Explanatory Statement pursuant to Sec. 173(2) of the Companies Act, 1956 is annexed hereto and form part of the notice.

EXPLANATORY STATEMENT**(Pursuant to Section 173(2) of the Companies Act, 1956)****Item No: 5**

It is placed before the members, that Mr. K Venugopal has joined GVK in the year 2011 and is presently CFO of Energy Vertical. The Board of Directors at its meeting held on 08.05.2012 has appointed him as Additional Director of the Company, hold office up to this Annual General Meeting. Your Company has received a notice, in writing, from a shareholder, under Section 257 of the Companies Act, 1956 along with a requisite deposit, signifying his intention to appoint Mr. K Venugopal as a Director of the Company.

The brief Profile of Mr. K Venugopal is furnished hereunder for your reference:

Mr. Venugopal has done his graduation in commerce and Masters in Business Administration with Finance. He has about 24 years of experience. Before joining GVK, he had worked 11 years with the Adani Group on the Infrastructure Projects – mainly Sea Ports and Power Plants. He has rich experience in varied aspects of Finance and Accounts including mergers & acquisitions, project appraisal & raising resources, debt & equity management, investor relations, Treasury /Forex accounting, etc.

Hence the Board recommends the above resolution for your approval as an Ordinary Resolution.

None of the directors are interested or concerned in this resolution except Mr. K Venugopal.

Item No: 6

In order to derive the benefits of vast experience of Mr. K. Venugopal and also in order to company with the provisions of Companies Act, 1956 it is proposed to appoint Mr. K Venugopal, as Director and Chief Financial Officer with effect from 8th May, 2012. The details pertaining to the terms of appointment including the details of remuneration and perks payable to him are stated in the resolution.

The Explanatory Statement together with the accompanying Notice may also be regarded as an abstract of the terms of Remuneration of Mr. K Venugopal, Director & Chief Finance Officer (CFO) and Memorandum of Interest of Directors under Section 302 of the Companies Act, 1956.

The Board recommends the above resolution for your approval as a Special Resolution.

None of the directors are interested or concerned in this resolution except Mr. K Venugopal.

Item No: 7

The Board of Directors at their meeting held on 8th May, 2012 has appointed Mr. Torbjon Caesar, an authorised representative of M/s. Actis Infrastructure India PCC Limited as Additional Director of the Company, who holds his office up to the date of this Annual General Meeting. Your Company has received a notice, in writing, from a shareholder, under Section 257 of the Companies Act, 1956 along with a requisite deposit, signifying his intention to appoint Mr. Torbjon Caesar as a Director of the Company.

Hence the Board recommends the above resolution for your approval as an Ordinary Resolution.

None of the directors are interested or concerned in this resolution except Mr. Torbjon Caesar.

Item No: 8

The Board of Directors at their meeting held on 8th May, 2012 has appointed Mr. Matthew Lim, an authorised representative of M/s. Indivest Pte Limited as Additional Director of the Company, who holds his office up to the date of this Annual General Meeting. Your Company has received a notice, in writing, from a shareholder, under Section 257 of the Companies Act, 1956 along with a requisite deposit, signifying his intention to appoint Mr. Matthew Lim as a Director of the Company.

Hence the Board recommends the above resolution for your approval as an Ordinary Resolution.

None of the directors are interested or concerned in these resolutions except Mr. Matthew Lim.

By order of the Board
For GVK Energy Limited

Place: Secunderabad
Date : 08/05/2012

T Ravi Prakash
Company Secretary

DIRECTORS' REPORT

Dear Stakeholders,

Your Directors have pleasure in presenting the Fourth Annual Report on the business and operations of the company together with Audited Annual Accounts for the year ended as on March 31, 2012.

CONSOLIDATED FINANCIAL RESULTS

The summary of consolidated results of the company and its subsidiaries, as on 31st March, 2012 is furnished hereunder:

(Rs in Lakhs)

Particulars	2011-12	2010-11
Financial Performance		
Operational Income	166631	88008
EBIDTA	33498	18243
Other Income	6665	1509
Interest & Finance Charges	17443	7674
Depreciation	16497	8649
Profit Before Tax (PBT)	6223	3429
Provision for Taxes	2388	398
Profit After Tax (PAT)	3835	3031
Add: Share in profit of associate	0	699
Less: Minority Interest	288	1129
Profit for the year	3547	2601
Add: Balance brought forward from the previous years	2445	-156
Balance available for appropriation	5992	2445
Appropriations		
Transfer to General Reserve	NIL	NIL
Earning Per Share (Rupees)		
Basic	1.14	2.78
Diluted	0.30	0.74
Financial Position		
Fixed Assets(Net of Depreciation)	811819	575120
Other Non Current Assets	38539	64329
Cash and Cash Equivalent	81972	99172
Other Current Assets	23967	21175
Total Assets	956297	759796
Equity	44827	37391
Reserves	172271	119984
Net Worth	217098	157375

OPERATIONS

As the members are aware that your Company is a holding Company of energy vertical and as such your company does not have independent operating revenues except O & M fee and other treasury income on surplus funds.

PERFORMANCE OF THE SUBSIDIARY COMPANIES:

1. GVK INDUSTRIES LIMITED:

PHASE-I : For the financial year ended 31st March, 2012, the Phase I plant operated at a Plant Load Factor (PLF) of 78.40% as against a PLF of 76.62% for the previous year. However, the Heat Rate of the Plant for the current financial year was at 2021 kcal/kWh as against 2007 kcal/kWh for the previous year. The increase in the Heat Rate is on account of the plant being operated on part load basis.

The generation of energy for the year as on 31st March, 2012 was at 1482.14 Million kWh as against generation of 1455.32 Million kWh for the previous year.

PHASE- II: For the financial year ended 31st March, 2012, the Phase II plant operated at a Plant Load Factor (PLF) of 71.53% as against a PLF of 89.17% for the previous year. The Heat Rate of the Plant for the current financial year was at 1904 kcal/kWh as against 1824 kcal/kWh for the previous year. The reduction in PLF and increase in the Heat Rate is on account of the plant being operated on part load basis.

The generation of energy for the year ended 31st March, 2012 was at 1354.30 Million kWh as against generation of 1638.85 Million kWh for the previous year.

The combined operations of the Phase I & Phase II of the GVK Industries Limited has resulted in a profit of Rs.1.15 Crores for the financial year 2011-12 as against the loss of Rs.8.29 crores for the previous year.

2. GVK GAUTAMI POWER LIMITED:

For the financial year ended 31st March, 2012, the plant operated at a Plant Load Factor (PLF) of 73.131% as against a PLF of 88.64% for the previous year. The Heat Rate of the Plant was at 1848 kcal/kWh as against 1825.60 kcal/kWh for the previous year. The reduction in PLF and increase in the Heat Rate is on account of the plant being operated on part load basis.

The generation of energy for the year ended 31st March, 2012 was at 2903.957 Million kWh as against generation of 3422.90 Million kWh for the previous year.

GVK Gautami Power Limited has posted a profit of Rs.7.89 Crores for the financial year 2011-12 as against the profit of Rs. 76.58 crores for the previous year.

3. ALAKNANDA HYDRO POWER COMPANY LIMITED:

As the members are aware that one of the subsidiary Company viz., Alaknanda Hydro Power Company Limited is implementing 330 MW hydroelectric power plant on the river of Alaknanda at Srinagar in the state of Uttarakhand at project cost of Rs.4200 Crores. The excavation and concreting of power house are completed. The concreting work at Dam is completed to the extent of 91% and excavation at right and left flanks of the dam is completed. All the radial gates are fabricated. All other related works at the site are getting completed and it is expected that the plant would be fully operational by May, 2013.

4. **GVK POWER (GOINDWAL SAHIB) LIMITED:**

The 540 MW Coal Fired Thermal Power Plant at Goindwal Sahib in Punjab State is being implemented by the company at a project cost of Rs.3200 Crores. The plant has achieved a progress of 67% as per the Financial closure (FC) and also as per PPA. It is expected the COD of the project would be achieved by May, 2013.

5. **GVK POWER (KADHUR SAHIB) PVT LIMITED:**

The 1320 MW Thermal Power with super critical technology is being implemented by GVK Power (Kadhur Sahib) Pvt. Limited at a project cost of Rs.7493 Crores. The company has signed MOU with Punjab State Power Corporation Limited (PSPCL) on 3rd February, 2012. The DPR is prepared by M/s. Lahmeyer International and submitted to Punjab State Power Corporation Limited (PSPCL).

6. **GVK COAL (TOKISUD) COMPANY PRIVATE LIMITED:**

As the members are aware, GVK Coal (Tokisud) Company Private Limited, a Special Purpose Vehicle (SPV) envisaging development of coal mine in South Karanpura Coalfield situated in the District of Hazaribagh in the state of Jharkand. The produced coal will be utilized for the Thermal Power project of GVK Power (Goindwal Sahib) Limited in the state of Punjab. The expected minable reserves are 52 Million Tones and peak production will be 2.3 Million Tones. The estimated project cost is Rs.300 Crores and debt-equity ratio of 75:25. The total land required for the project is 1,445 acres and acquisition of land is in progress. The DPR for railway siding is already approved. The expected COD for the project is February, 2013.

ALLOTMENT OF FURTHER EQUITY SHARES

In pursuance of Investment Agreement as entered into by the company with the Private Equity investors a sum of Rs.561.75 crores has been brought in by them during the month of February, 2012 towards the Second Tranche of Investment.

Accordingly the company has issued equity shares and Compulsory Convertible Preference Shares (CCPS) to the investors as per the terms of the Investment Agreement. As a result of which the Paid up capital of the company has gone upto Rs. 448.26 Crores.

DIVIDEND

With a view to achieve the objectives of enhancing the shareholders wealth in long run, your Directors, have decided not to recommend any dividend and conserve the funds generated from the operations, for funding the existing operating projects as well expansion plans.

SUBSIDIARIES

As on 31st March, 2012 your company has the following six subsidiaries and one associate company.

SUBSIDIARY COMPANIES

1. GVK Industries Limited
2. GVK Gautami Power Limited
3. Alaknanda Hydro Power Company Limited
4. GVK Power (Goindwal Sahib) Limited

5. GVK Power (Khadur Sahib) Private Limited
6. GVK Coal (Tokisud) Company Private Limited

ASSOCIATE COMPANIES

1. Seregarha Mines Limited

CONSOLIDATED FINANCIAL STATEMENTS

The Company has prepared the Consolidated Financial Accounts of the Company along with Subsidiaries Companies viz. GVK Industries Limited, GVK Gautami Power Limited, GVK Power (Goindwal Shaib) Limited, GVK Power (Khadur Sahib) Private Limited, GVK Coal (Tokisud) Company Private Limited and Alaknanda Hydro Power Company Limited, along with associate company namely Seregarha Mines Limited for the year ended 31st March, 2012.

The Ministry of Corporate Affairs, vide its circular No.2/2011 dated 21.02.2011 has given the general exemption to the Companies which provide in its annual report, the consolidated financial statements of holding company and all its subsidiaries duly audited by its statutory auditors, from attaching the financial statements of the subsidiaries to the annual report of holding company, as per the provisions of Section 212 of the Companies Act, 1956.

In view of the above, the present Annual Report of the company does not contain the financial statements of its subsidiaries. The annual accounts of the subsidiaries would be available for inspection by any interested member of the company during the business hours at the registered office of the company and that of the subsidiary companies concerned.

DIRECTORS' RESPONSIBILITY STATEMENT

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

- i) that in the preparation of the annual accounts for the year ended March 31, 2012, the applicable Accounting Standards have been followed along with the proper explanations relating to material departures;
- ii) that 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 for the year under review;
- iii) that the Directors had taken proper and sufficient care for the maintenance of adequate accounting records with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv) that the Directors have prepared the annual accounts for the year on a going concern basis.

DIRECTORS

The Board of Directors at their meeting held on 08th May, 2012 co-opted Mr. K Venugopal, as Director and CFO, Mr TorbjonCaeser and Mr. Matthew Lim as Directors of the Company.

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the company, Dr. G V Krishna Reddy and Mr. Krishna Ram Bhupal, Directors will retire by rotation at this meeting and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

AUDIT COMMITTEE

During the year under review, the Audit Committee of the Company met four (4) times. The following is the Constitution & attendance of the members of the Audit Committee:

Sl No.	Name of the Member	Designation	Attendance on Meetings held on			
			06.05.2011	01.08.2011	09.11.2011	02.02.2012
1	Mr. K N Shenoy	Chairman	Yes	No	Yes	Yes
2	Mr. P Abraham	Member	Yes	No	No	No
3	Dr. A. Rama Krishna	Member	Yes	Yes	Yes	Yes
4	Mr. Krishna Ram Bhupal	Member	Yes	Yes	No	Yes
5	Mr. A. Issac George	Member	Yes	Yes	Yes	Yes

AUDITORS

M/s S. R. Batliboi & Associates, Chartered Accountants, Statutory Auditors of the Company, retire at the conclusion of the ensuing Annual General Meeting and being eligible for reappointment, the Board recommends their re-appointment.

PUBLIC DEPOSITS

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

PARTICULARS OF EMPLOYEES

Particulars of employees under section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975, are: Nil.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In accordance with the provisions of Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the additional information on Conservation of Energy, Technology Absorption is not required as the company carrying mainly investment activities and these provisions do not apply to the company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

In accordance with the provisions of Companies (Disclosure of particulars in the report of Board of Directors) Rules, 1988, the information relating to Foreign exchange earnings and outgo is provided here under:

(Rupees in Lakhs)

Particulars	2011-12	2010-11
Foreign Exchange outgo	-	0.85
Foreign Exchange Earnings	-	Nil

ACKNOWLEDGEMENTS:

Your Directors take this opportunity to express their sincere gratitude to the Government of Andhra Pradesh, Registrar of Companies, Andhra Pradesh, and the Bankers for their timely support and cooperation to the Company. Your Directors also thank all the Shareholders for their continued support and expects to receive the same in the years to come.

For and on behalf of the Board
GVK Energy Limited

Place: Secunderabad
Date: 08/05/2012

Dr. G V Krishna Reddy
Chairman

Mrs. G Indira Krishna Reddy
Director

CONSOLIDATED FINANCIALS

Auditors' Report

To
The Board of Directors of GVK Energy Limited

1. We have audited the attached Consolidated balance sheet of GVK Energy Limited ('the company'), its subsidiaries and associate (Collectively, 'the Group'), as at 31st March, 2012, and also the consolidated statement of profit and loss and consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We have conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. The accompanying financial statements have been prepared by the Group solely for the purpose of submitting to its private equity investors.
4. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 913,573 lakhs as at March 31, 2012, the total revenue of Rs. 166,631 lakhs and net cash flows amounting to Rs. 11,178 lakhs for the year then ended. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
5. Without qualifying opinion, we draw attention to:
 - i) Note 16(a) of notes to the financial statements, regarding pending confirmation for and approval by the Andhra Pradesh Electricity Regulatory Commission (APERC) of the increase in capital cost and consequential accruals of revenue to that extent being the fixed charge component of the tariff for the years 1997-98 to 2000-01 aggregating to Rs. 4,512 lakhs by GVK Industries Ltd, a subsidiary;
 - ii) Note 16(b) and 16(c) of notes to the financial statements, regarding outstanding minimum alternate tax amounts claimed for reimbursement and other amounts aggregating to Rs. 3,530 lakhs and Rs. 76 lakhs respectively considered recoverable from AP Transco and consequential impact on taxes in GVK Industries Limited and GVK Gautami Power Limited's books, subsidiary Companies; and

iii) Note 33 of notes to the financial statements, the Company has made certain transactions covered by the provisions of Section 297 of the Companies Act 1956, where the prior approval of the Central Government is required, but has not been so obtained. The Company has applied to the appropriate regulatory authorities for regularisation of non-compliance.

The outcome of the above matters cannot presently be determined, pending approvals, acceptances and legal interpretations as referred to in the relevant notes to the consolidated accounts referred above and accordingly no provision for any liability and/or adjustment that may result has been made in the consolidated financial statements.

6. Based on our audit and on consolidation of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) In the case of the consolidated balance sheet, of the state of affairs of the Group as at March 31, 2012;
 - b) In the case of the consolidated statement of profit and loss, of the profit for the year ended on that date; and
 - c) In the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.
7. This report is furnished solely for use set out in paragraph 3 above is not to be used for any other purpose or referred to in any document or distributed to anyone without our prior written consent.

For S.R. BATLIBOI & ASSOCIATES
Firm Registration no. : 101049W
Chartered Accountants

Per Vikas Kumar Pansari
Partner
Membership no. : 93649

Place: Hyderabad
Date : May 8, 2012.

Consolidated Balance sheet as at March 31, 2012

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Particulars	Note No	As at 31st March, 2012	As at 31st March, 2011
Equity and liabilities			
Shareholders' funds			
Share capital	3	44,827	37,391
Reserves and surplus	4	172,271	119,984
		217,098	157,375
Minority Interest		28,080	30,593
Non-current liabilities			
Long-term borrowings	5	597,707	487,278
Deferred tax liabilities (net)	6	4,877	5,761
Other long-term liabilities	7	9,204	12,271
Long-term provisions	8	215	182
		612,003	505,492
Current liabilities			
Short-term borrowings	9	10,023	29,849
Trade payables	10	13,799	8,311
Other current liabilities	10	74,329	27,260
Short-term provisions	8	965	916
		99,116	66,336
TOTAL		956,297	759,796
Assets			
Non-current assets			
Fixed assets			
Tangible assets	11	277,668	288,340
Intangible assets	12	1,171	1,202
Capital work-in-progress		431,588	232,501
Expenditure incurred during construction period	13	101,392	53,077
Non-current investments	14	2	2
Deferred tax assets (net)	6	37	23
Long-term loans and advances	15	27,412	53,187
Trade receivables	16	8,118	6,810
Other non-current assets	16	2,970	4,307
		850,358	639,449
Current assets			
Current investments	17	18,359	69,627
Inventories	18	7,003	2,988
Cash and bank balances	19	63,613	29,545
Short-term loans and advances	15	2,894	1,671
Other current assets	16	14,070	16,516
		105,939	120,347
TOTAL		956,297	759,796
Summary of significant accounting policies		2	

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

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No : 101049W
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No. 93649

Place: Hyderabad
Date: May 8, 2012

For and on behalf of the Board of Directors of
GVK Energy Limited

Dr. G V Krishna Reddy
Chairman

G V Sanjay Reddy
Director

A. Issac George
Director

T Ravi Prakash
Company Secretary

Statement of consolidated profit and loss for the year ended March 31, 2012

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Particulars	Note No	Current Year As at 31st March, 2012	Previous Year As at 31st March, 2011
Income			
Revenue from operations	20	166,631	88,008
Other income	21	6,665	1,509
Total revenue		173,296	89,517
Expenses			
Cost of fuel		118,483	59,477
Employee benefits expense	22	2,013	1,285
Finance costs	23	17,443	7,674
Depreciation and amortization expense	24	16,497	8,649
Other expenses	25	12,637	9,003
		167,073	86,088
Profit before tax and share of profits of associate and minority interest		6,223	3,429
Tax expenses			
Current tax		2,439	424
Deferred tax		(25)	(23)
Income tax for earlier years		(26)	(3)
Total tax expenses		2,388	398
Profit after tax and before share of profits of associate and minority interest		3,835	3,031
Add: Share of profits of associates for the year		-	699
Less: Minority interest		288	1,129
Profit for the year		3,547	2,601
Earnings per equity share (in Rs.)	26		
- Basic		1.14	2.78
- Diluted		0.30	0.74
Nominal value per equity share (in Rs.)		10	10
Summary of significant accounting policies	2		

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

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No : 101049W
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No. 93649

Place: Hyderabad
Date: May 8, 2012

For and on behalf of the Board of Directors of
GVK Energy Limited

Dr. G V Krishna Reddy
Chairman

G V Sanjay Reddy
Director

A. Issac George
Director

T Ravi Prakash
Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2012

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	March 31, 2012	March 31, 2011
Cash flow from Operating Activities		
Profit before tax	6,223	3,429
Adjustments for		
Depreciation and amortisation	16,497	8,649
Profit on sale of fixed assets (net)	(12)	(1)
Unrealised foreign exchange loss	222	375
Profit on sale of investments	(3,553)	(788)
Interest expense	17,116	7,501
Interest income	(2,770)	(540)
Dividend income from non trade current investments	(94)	(76)
Liabilities written back	(20)	(3)
Operating profit before working capital changes	33,609	18,546
Movements in working capital		
(Increase)/decrease in inventories	(3,900)	1,995
Increase/(decrease) in current liabilities and provisions	5,811	(5,973)
Increase in trade receivables	(1,308)	(716)
Increase in loans and advances	(1,871)	(176)
Decrease/(increase) in other assets	4,291	(554)
Cash generated from operations	36,632	13,122
Direct taxes paid	(3,465)	(1,503)
Net cash from operating activities (A)	33,167	11,619
Cash flows from investing activities		
Purchase of fixed assets including capital work in progress and capital advances	(164,356)	(98,999)
Proceeds from sale of fixed assets	16	1,180
Refund of capital advances	7,266	-
Purchase of current investments	(242,745)	(238,238)
Proceeds from sale/maturity of current investments	296,761	197,871
Investments in bank deposits (having original maturity of more than three months)	(17,843)	(20,182)
Payments for net assets acquired of subsidiaries, net of cash	-	(33,004)
Share application money (net of refund received)	-	(49)
Interest received	2,794	158
Net cash used in investing activities (B)	(118,107)	(191,263)
Cash flows from financing activities		
Proceeds from issue of equity shares, net of share issue expenses	14,402	49,663
Proceeds from issue of preference shares	41,306	68,842
Rapayment of share application money	-	(15,077)
Money received from/ (paid to) minority shareholders	(2,802)	2,802
Proceeds from long term borrowings	136,066	112,480
Repayment of long term borrowings	(16,159)	(31,704)
Proceeds/(repayment) of short-term borrowings (net)	(20,048)	23,803
Interest paid	(51,581)	(21,915)
Net cash from financing activities (C)	101,184	188,894
Net increase / (decrease) in cash and cash equivalents A+B+C	16,244	9,250
Cash and cash equivalents at the beginning of the year	9,256	6
Cash and cash equivalents at the end of the year	25,500	9,256

Consolidated Cash Flow Statement for the year ended March 31, 2012
(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	March 31, 2012	March 31, 2011
Components of cash and cash equivalents		
Balances with Banks:		
On current Accounts	16,428	9,209
Deposits with original maturity of less than 3 months	9,045	29
On unpaid dividend account *	11	16
Cheques/drafts on hand	-	
Cash on hand	16	2
Total cash and cash equivalents (note 19)	25,500	9,256

* The Company can utilise these balances only towards settlement of the respective unpaid dividend

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No : 101049W
Chartered Accountants

For and on behalf of the Board of Directors of
GVK Energy Limited

per Vikas Kumar Pansari
Partner
Membership No. 93649

Dr. G V Krishna Reddy
Chairman

G V Sanjay Reddy
Director

Place: Hyderabad
Date: May 8, 2012

A. Issac George
Director

T Ravi Prakash
Company Secretary

Notes to consolidated accounts for the year ended March 31, 2012

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

1. Nature of operations

GVK Energy Limited (“Parent Company” or “GVKEL”) is primarily engaged in the business of providing operating & maintenance services to owners of power plants. The Parent Company together with its subsidiaries and associate (collectively termed as “the Group”) has acquired substantial ownership interest into power generating assets and exploration of coal mines.

The following is the brief description of the subsidiaries:

- a) GVK Industries Limited (“GVKIL” or “Subsidiary Company”) is engaged in business of generation of power.
- b) Alaknanda Hydro Power Company Limited (“AHPCL” or “Subsidiary Company”) is engaged in business of generation of power.
- c) GVK Power (Goindwal Sahib) Limited (“GVKPGSL” or “Subsidiary Company”) is engaged in business of generation of power.
- d) GVK Coal (Tokisud) Company Private Limited (“GVKCCPL” or “Subsidiary Company”) is engaged in business of mining of coal meant.
- e) GVK Gautami Power Limited (“GVKGPL” or “Subsidiary Company”) is engaged in business of generation of power.
- f) GVK Power (Khadur Sahib) Private Limited (“GVKPKSPL” or “Subsidiary Company”) is aengaged in the business of generation of power.

The following is the brief description of the associate:

- a) Seregarha Mines Limited (“SML” or “Associate Company”) is engaged in exploration of coal mines.

2. Statement of significant accounting policies

a. Basis of preparation

The Consolidated Financial Statements of the Company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below:

Change in accounting policy

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company, for preparation and presentation of its consolidated financial statements. Except accounting for dividend on investments in subsidiary companies (see below), the adoption of revised Schedule VI

does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the consolidated financial statements.

b. Principles of consolidation

Investments in subsidiaries and associate in Consolidated Financial Statements are accounted in accordance with accounting principles as defined in the AS 21 “Consolidated Financial Statements” and AS 23 “Accounting for investments in Associates in consolidated financial statements” notified by Companies Accounting Standards Rules, 2006 respectively.

The Consolidated Financial Statements are prepared on the following basis:

- i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.
- ii) The difference between the cost to the Group of investments in subsidiaries and the proportionate share in the equity of the subsidiary company as at the date of acquisition of stake is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.
- iii) Minorities’ interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Group.
- iv) Investment in associate is accounted for using equity method. The excess of cost of investment over the proportionate share in equity of the associate as at the date of acquisition of stake is identified as Goodwill and is disclosed in the Consolidated Financial Statements. The carrying amount of the investment is adjusted thereafter for the post-acquisition change in the share of net assets of associate. However, share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped.
- v) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company’s stand alone financial statements.
- vi) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2012.
- vii) As per Accounting Standard 21, only those notes which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information

contained in the Consolidated Financial Statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the Consolidated Financial Statements has not being disclosed in the Consolidated Financial Statements.

The Consolidated Financial Statements as at and for the year ended on March 31, 2012 include the financial statements of the following entities:

Name of the consolidated entity	Country of Incorporation	Nature of Interest	% of interest	
			2012	2011
GVKIL	India	Subsidiary	100.00	100.00
AHPCL	India	Subsidiary	100.00	100.00
GVKPGSL	India	Subsidiary	100.00	100.00
GVKCCPL	India	Subsidiary	100.00	100.00
GVKGPL	India	Subsidiary	63.60	63.60
GVKPKSPL	India	Subsidiary	100.00	-
SML	India	Associate	44.45	44.45

c. Use of estimates

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

d. Tangible Fixed assets and depreciation

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

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

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

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

Leasehold land is amortized over the primary period of the lease.

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

e. Intangible Assets and amortization

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

Software

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

Goodwill

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

f. Impairment

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

g. Investments

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

h. Revenue recognition

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

i) Generation of power

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

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

ii) Rendering of operating and maintenance services

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

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

iii) Interest

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

iv) Dividends

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

i. Borrowing Costs

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

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

j. Foreign currency transactions

i) Initial recognition

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

ii) Conversion

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

iii) Exchange differences

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

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

k. Operating Lease

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

l. Retirement and other employee benefits

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

- ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of each financial year.
- iv) Actuarial gains/losses are immediately taken to statement of profit and loss Account and are not deferred.
- v) The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

m. Inventories

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

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

n. Income taxes

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

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

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

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

MAT credit is recognized as an asset only when and to the extent there is convincing

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

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share is determined by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year as adjusted for weighted average number of potential dilutive equity shares outstanding during the year.

p. Provisions

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

q. Cash and Cash equivalents

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

r. Derivative instruments

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

s. Contingent liabilities

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

3. Share Capital

Particulars	As at March 31, 2012	As at March 31, 2011
Authorized shares		
1,500,000,000 (March 31, 2011: 1,500,000,000) equity shares of Rs.10 each	150,000	150,000
1,000,000,000 (March 31, 2011: 1,000,000,000) 0.001% compulsorily convertible preference (CCPS) of Rs.10 each	100,000	100,000
Issued, subscribed and fully paid-up shares		
338,117,648 (March 31, 2011: 305,073,529) equity shares of Rs.10 each	33,812	30,507
110,147,059 (March 31, 2011: 68,841,912) 0.001% CCPS of Rs.10 each	11,015	6,884
	44,827	37,391

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

Equity shares

	March 31, 2012		March 31, 2011	
	No.	Rs.	No.	Rs.
At the beginning of the year	305,073,529	30,507	50	-
Issued during the year	33,044,119	3,305	305,073,479	30,507
	338,117,648	33,812	305,073,529	30,507

Preference shares

	March 31, 2012		March 31, 2011	
	No.	Rs.	No.	Rs.
At the beginning of the year	68,841,912	6,884	-	-
Issued during the year	41,305,147	4,131	68,841,912	6,884
	110,147,059	11,015	68,841,912	6,884

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having per value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(c) Terms of conversion/ redemption of CCPS

CCPS carry cumulative dividend of 0.001% per annum. 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.

Each 0.001% compulsorily convertible preference share is convertible into 2.2 equity shares at price of Rs.45 per equity share, in a maximum period of 3 years from the date of issue.

(d) Shares held by holding company

Out of equity shares issued by the company, shares held by the holding company are as below:

Particulars	As at March 31, 2012	As at March 31, 2011
GVK Power & Infrastructure Limited, the holding company 250,000,000 (March 31, 2011: 250,000,000) equity shares of Rs.10 each fully paid	25,000	25,000

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

Name of the shareholder	March 31, 2012		March 31, 2011	
	No.	% holding	No.	% holding
Equity shares of Rs.10 each fully paid up				
GVK Power & Infrastructure Limited	250,000,000	73.94%	250,000,000	81.95%
3I India Infrastructure Investment Limited	47,058,824	13.92%	29,411,765	9.63%
Actis Infrastructure India PCC Limited	20,529,412	6.07%	12,830,882	4.21%
Indivest Pte Limited	20,529,412	6.07%	12,830,882	4.21%
CCPS of Rs.10 each fully paid				
3I India Infrastructure Investment Limited	58,823,529	53.40%	36,764,706	53.40%
Actis Infrastructure India PCC Limited	25,661,765	23.30%	16,038,603	23.30%
Indivest Pte Limited	25,661,765	23.30%	16,038,603	23.30%

(f) Shares reserved for issue under options

For details of shares reserved for issue on conversion of CCPS, please refer note 3 (c) regarding terms of conversion of preference shares. For details of shares reserved for issue on conversion of CCD, please refer note 5 (a) regarding terms of conversion of debentures.

4. Reserves and surplus

Particulars	As at March 31, 2012	As at March 31, 2011
Capital reserve on acquisition (A)	36,888	36,888
Securities premium account		
Balance as per the last financial statements	80,651	-
Add: premium on issue of equity shares	11,565	19,277
Add: premium on issue of CCPS	37,175	61,957
Less: utilized for share issue expenses	-	583
Closing Balance (B)	129,391	80,651
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	2,445	(156)
Profit for the year	3,547	2,601
Net surplus in the statement of profit and loss (C)	5,992	2,445
Total reserves and surplus (A+B+C)	172,271	119,984

5. Long-term borrowings

	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Debentures				
83,322,610 (March 31, 2011: 83,322,610) 0.001% compulsorily convertible debentures of Rs.100 each (unsecured)	83,323	83,323	-	-
Term loans				
Indian rupee loan from banks (secured)	353,328	255,238	17,835	8,677
Foreign currency loan from banks (secured)	41,721	40,504	4,119	2,409
Indian rupee loans from financial institutions (secured)	111,814	108,170	9,257	4,875
Indian rupee loan from banks (unsecured)	7,500	-	-	-
Other loans and advances				
Vehicle loan	21	43	22	21
	597,707	487,278	31,233	15,982
The above amount includes				
Secured borrowings	506,884	403,955	31,233	15,982
Unsecured borrowings	90,823	83,323	-	-
Amount disclosed under the head "other current liabilities" (note 10)	-	-	(31,233)	(15,982)
Net amount	597,707	487,278		

The above long term borrowings from banks and others include the following:

Name of the entities	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Parent Company	83,323	83,323	-	-
GVKIL	50,649	54,676	8,611	7,087
AHPCL	211,284	171,729	10,748	2,595
GVKPGSL	151,503	70,809	6	6
GVKCCPL	9,850	5,400	-	-
GVKGPL	91,098	101,341	11,868	6,294

a) Parent Company

	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Debentures				
83,322,610 (March 31, 2011: 83,322,610) 0.001% compulsorily convertible debentures of Rs.100 each (unsecured)	83,323	83,323	-	-
	83,323	83,323	-	-

Each 0.001% compulsorily convertible debentures is convertible into certain number of equity shares such that the investor's shareholding in the company is equal to the investor stake. Investor stake is the proportion of all amounts invested by the investor in the company, whether in the form of subscription to equity shares or CCPSS to the post money valuation of the company. Post money valuation of the company has been pegged in the range of Rs.276,100 to Rs.425,000. The conversion date coincides with note 3(c) above.

b) GVKIL

	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Term loans				
Indian rupee loan from banks (secured)	33,686	36,387	5,701	4,478
Foreign currency loan from banks (secured)	11,023	11,247	1,807	1,505
Indian rupee loans from financial institutions (secured)	5,936	7,035	1,100	1,101
Other loans and advances				
Vehicle loan	4	7	3	3
	50,649	54,676	8,611	7,087
The above amount includes				
Secured borrowings	50,649	54,676	8,611	7,087
Unsecured borrowings				
Amount disclosed under the head "other current liabilities"	-	-	(8,611)	(7,087)
Net amount	50,649	54,676	-	-

- A. Rupee term loans from banks other than one loan from State Bank of India of Rs. 3,000, financial institutions and foreign currency loan from a bank are secured by:
- Pari passu first mortgage and charge on all the immovable and movable properties (both tangible and intangible), present and future of the expansion project and assets common for both Phase I and Phase II;
 - Pari passu first charge on all the immovable and movable properties (both tangible and intangible), present and future, pertaining to Phase-I;
 - Pari passu first charge/assignment/security interest on all the revenues/receivables of the subsidiary company pertaining to Phase-II;
 - Pari passu first charge/assignment/security interest on subsidiary company's rights under Phase II agreements, in respect of all clearances, licenses, permits, approvals and consents in respect of the expansion project and letters of credit, guarantee or performance bond that may be provided in favour of subsidiary company; and
 - Pledge of 28% of shares of the subsidiary company held by its holding company, GVKEL.
- B. Loan from State Bank of India is secured by hypothecation of first charge on spares and Pari-passu first charge on Fixed Assets of Phase I.
- C. Repayment and other terms of loans as follows:
- Rupee loan from State Bank of India amounting to Rs.3,000 is repayable in 12 quarterly instalments from June 2012 and currently carries interest of 13% per annum.

- ii) Other Indian Rupee loans from banks are repayable in 42 quarterly instalments from 2008-09, and currently carry interest of 9.50% per annum.
 - iii) Term loans from financial institution are repayable in 39 quarterly instalments from 2008-09, and carry interest of 9.88 % and 11.35% for the two tranches.
 - iv) Foreign currency loan is repayable in 13 half yearly foreign currency instalments from 2008-2009 and 13 quarterly INR instalments from 2015-2016. Interest is payable half yearly at 6 Month Libor plus 2.50% margin and interest on INR instalments would be agreed at the time of conversion
- D. The vehicle loan is secured by charge over fixed asset i.e. vehicle, for which finance is provided by the lender. It is repayable in 31 instalments and carries interest at 9.6% p.a.

c) **AHPCL**

	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Term loans				
Indian rupee loan from banks (secured)	154,801	122,516	8,390	1,973
Foreign currency loan from banks (secured)	19,077	17,712	763	224
From financial institutions (secured)	29,906	31,501	1,595	398
Indian rupee loan from financial institution (unsecured)	7,500	-	-	-
	211,284	171,729	10,748	2,595
The above amount includes				
Secured borrowings	203,784	171,729	10,748	2,595
Unsecured borrowings	7,500	-	-	-
Amount disclosed under the head "other current liabilities"	-	-	(10,748)	(2,595)
Net amount	211,284	171,729	-	-

- A. Rupee term loans from banks, financial institutions and foreign currency loan from bank are secured by:
- i) First mortgage on the subsidiary company's immovable properties present and future;
 - ii) First charge by way of hypothecation of all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future;
 - iii) First charge on all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising and all intangibles including but not limited to goodwill, uncalled capital, present and future; and

- iv) Assignment or creation of security interest in:
- All rights, titles, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time;
 - All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances;
 - All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, performance bond provided by any party to the project document;
 - All insurance contracts / insurance proceeds;
 - Pledge of 51% of equity shares issued or to be issued by the subsidiary company during the currency of the term loans; and
 - The aforesaid mortgages, hypothecation, assignment charges and pledge of shares, shall in all respects, rank pari pasu interest.
- B. Repayment and other terms of loans are as follows:
- i) All the secured rupee term loans are repayable in 60 quarterly instalments commencing from January 1, 2012. However, the subsidiary company has requested banks to reschedule the repayment date starting from December 1, 2013 to be repaid in 53 quarterly instalments which is under consideration of the lenders. Pending approval of the same the subsidiary company paid the first instalment due on January 1, 2012 in accordance with the existing repayment schedule.
 - ii) The secured foreign currency loans are repayable in 60 quarterly instalments commencing from January 1, 2012.
 - iii) The secured rupee term loans currently carry interest at 12% per annum subject to reset. Foreign currency loan carries floating rate of interest at 3 month LIBOR + 248 bps (i.e.2.48%).
- C. Unsecured loan from financial institution is repayable in full within 24 months from the date of disbursement i.e. July 25, 2011. Interest is currently payable at 13.5% per annum.

d) GVKPGSL

	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Term loans				
Indian rupee loan from banks (secured)	126,500	58,700	-	-
Indian rupee loan from financial institution (secured)	25,000	12,100	-	-
Other loans and advances				
Vehicle loan	3	9	6	6
	151,503	70,809	6	6
The above amount includes				
Secured borrowings	151,503	70,809	6	6
Unsecured borrowings	-	-	-	-
Amount disclosed under the head "other current liabilities"	-	-	(6)	(6)
Net amount	151,503	70,809	-	-

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

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

(B) Repayment and other terms of loans are as follows:

70% of rupee loans are repayable in 46 quarterly instalments commencing from November 1, 2013 and balance of 30% are repayable in a single/bullet repayment instalment along with 46th quarter instalment. The loans are scheduled to be repaid fully by February 1, 2025. The Rupee Term loans currently carry interest at 13.5% per annum.

(C) The vehicle loan is secured by charge over fixed asset i.e. vehicle, for which finance is provided by the lender. The loan is repayable in 36 instalments and carries interest of 8.75% per annum.

e) GVKCCPL

	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Term loans				
Indian rupee loan from banks (secured)	9,850	5,400	-	-

(A) Rupee term loans from banks are secured by:

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

(B) Repayment and other terms of loans are as follows:

- i) Rupee term loans are repayable in 45 equal quarterly instalments commencing from April 1, 2013 and are scheduled to be repaid fully by April 1, 2024. The loans currently carry interest at 12.5% p.a. subject to reset.

f) GVKGPL

	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Term loans				
Indian rupee loan from banks (secured)	28,491	32,235	3,744	2,226
Foreign currency loan from banks (secured)	11,621	11,545	1,549	679
India rupee loans from financial institutions (secured)	50,972	57,534	6,562	3,376
Other loans and advances				
Vehicle loan	14	27	13	13
	91,098	101,341	11,868	6,294
The above amount includes				
Secured borrowings	91,098	101,341	11,868	6,294
Unsecured borrowings				
Amount disclosed under the head "other current liabilities"	-	-	(11,868)	(6,294)
Net amount	91,098	101,341	-	-

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

- i) Pari passu first charge by deposit of title deeds of immovable properties in respect of project land;
- ii) Pari passu first charge in the form of Hypothecation of all movable assets of the project both present and future except specified receivables on which first charge was given to working capital lender;

- iii) Pari passu first charge/assignment/security interest on/ of all the rights, titles, interest and benefits and all licenses, permits, approvals and consents in respect of the project; and
 - iv) Pledge of 51% shares of paid-up capital of the subsidiary company held by GVKEL.
- B. Repayment terms of loans are as follows:
- i) Indian Term Loans from banks currently carries interest at 9.50%p.a to 11.50%. The loans are repayable in 42 to 44 quarterly instalments along with monthly interest. The first instalment was paid in year 2008-2009 and the final instalments will fall due on March 15, 2020.
 - ii) Foreign Currency Loan carries interest at 3 M Libor plus 2.50% margin. The loan is repayable in 43 quarterly instalments along with interest. The first instalment was paid in year 2008-2009 and the final instalments will fall on March 15, 2020.
 - iii) Term Loans from financial institution currently carries interest at 11.35%. These loans are repayable in 40 quarterly instalments along with monthly interest. The first instalment was paid in year 2010-2011 and the final instalment will fall on April 15, 2020.
- C. The vehicle loan is secured by charge over fixed asset i.e. vehicle, for which finance is provided by the lender and is scheduled for complete repayment by March 2014.

6. Deferred tax assets and liabilities

Particulars	As at March 31, 2012	As at March 31, 2011
Deferred tax liability (net)		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	4,464	5,334
Others	413	427
Gross deferred tax liability	4,877	5,761
Deferred tax asset (net)		
Provision for retirement benefits	37	23
Depreciation	-	-
Others	-	-
Gross deferred tax asset	37	23

Note:

In accordance with the terms and conditions of the Power Purchase Agreement ('PPA') with AP Transco, GVKIL is entitled for reimbursement of tax on income. Since deferred tax liability is created based on tax laws, timing difference reversing after tax holiday period but within the period of power purchase agreement amounting to Rs. 2,623 (March 31, 2011: Rs. 3,496) has been accrued as unbilled revenues. Further, the company has created deferred tax liability on such unbilled revenue to the extent not expected to be reimbursed by AP Transco.

7. Other long-term liabilities

Particulars	As at March 31, 2012	As at March 31, 2011
Retention money	9,126	12,271
Others	78	-
	9,204	12,271

8. Provisions

	Long-term		Short-term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for employee benefits				
Provision for gratuity	215	182	26	12
Provision for leave benefits	-	-	143	126
	215	182	169	138
Other provisions				
Provision for income tax	-	-	796	778
	-	-	796	778
	215	182	965	916

9. Short term borrowings

Particulars	As at March 31, 2012	As at March 31, 2011
Cash credit from banks (secured)	38	-
Overdraft from banks (secured)	50	5,698
Buyers credit from banks (secured)	2,935	2,651
Other loans and advances		
- Loan from banks (secured)	5,000	-
- Loan from banks (unsecured)	2,000	21,500
	10,023	29,849
The above amount includes		
Secured borrowings	8,023	8,349
Unsecured borrowings	2,000	21,500

The above long term borrowings from banks and others include the following:

Name of the entities	As at March 31, 2012	As at March 31, 2011
GVKIL	9,973	25,602
GVKGPL	50	4,247

The details of the security are as follows:

a) GVKIL

Particulars	As at March 31, 2012	As at March 31, 2011
Cash credit from banks (secured)	38	1,451
Buyers credit from banks (secured)	2,935	2,651
Loan from banks (secured)	5,000	-
Loan from banks (unsecured)	2,000	21,500
	9,973	25,602

1. Cash Credit from banks are secured by:

- In respect of Phase-I working capital lenders, first charge on receivables of Phase-I and second charge on fixed assets of Phase-I.
- In respect of Phase-II working capital lenders, first charge on fixed assets and on current assets of Phase-II on pari passu with Phase-II term lenders.
- Cash credit carries interest at PLR+ margin which ranged from 11% to 14% per annum

2. Buyer's Credit is secured by corporate guarantee of Parent Company and carries interest at Libor plus 2.50 margin.

3. Loan from Syndicate Bank (Rs.5,000) is secured by pari passu second charge on fixed assets of the subsidiary company and currently carries interest of 12.25% per annum.

4. Unsecured loan from bank currently carries interest of 11.75% per annum.

b) GVKGPL

	As at March 31, 2012	As at March 31, 2011
Overdraft from banks (secured)	50	4,247

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

10. Trade payables and other current liabilities

Particulars	As at March 31, 2012	As at March 31, 2011
Trade payables (includes Rs. 47 due to holding company)	13,799	8,311
	13,799	8,311
Other liabilities		
Current maturities of long-term borrowings (note 5)	31,233	15,982
Interest accrued but not due on borrowings	2,487	547
Unpaid dividends	11	16
Retention money	23,863	183
Payable for capital goods	16,271	9,741
Other liabilities	464	791
	74,329	27,260

11. Tangible assets

	Freehold Land	Leasehold Land	Factory building	Non-factory building	Plant and machinery	Computers and computer equipments	Office equipment	Electrical equipment	Furniture and fixtures	Vehicles	Total
Cost											
At April 1, 2010	-	-	-	-	-	-	-	-	-	-	-
Additions on acquisition of subsidiaries	26,984	1,253	6,739	8,431	333,693	390	459	92	362	293	378,696
Additions	4,478	-	2	38	1,378	83	82	23	82	95	6,261
Disposals	-	-	-	-	1,420	-	-	-	-	15	1,435
At March 31, 2011	31,462	1,253	6,741	8,469	333,651	473	541	115	444	373	383,522
Additions	2,903	-	11	116	1,255	53	173	69	263	39	4,881
Disposals	596	-	-	8	21	-	3	-	-	-	628
Other adjustments											
- Exchange differences	-	-	-	-	1,761	-	-	-	-	-	1,761
At March 31, 2012	33,769	1,253	6,752	8,577	336,646	526	710	184	707	412	389,536
Depreciation											
At April 1, 2010	-	-	-	-	-	-	-	-	-	-	-
On acquisitions	-	80	1,883	688	83,157	270	122	28	170	141	86,539
Charge for the year	-	28	96	42	8,491	26	16	4	18	17	8,738
Disposals	-	-	-	-	83	-	-	-	-	12	95
At March 31, 2011	-	108	1,979	730	91,565	296	138	32	188	146	95,182
Charge for the year	-	42	140	234	16,108	48	31	10	41	35	16,689
Disposals	-	-	-	-	3	-	-	-	-	-	3
At March 31, 2012	-	150	2,119	964	107,670	344	169	42	229	181	111,868
Net Block											
At March 31, 2011	31,462	1,145	4,762	7,739	242,086	177	403	83	256	227	288,340
At March 31, 2012	33,769	1,103	4,633	7,613	228,976	182	541	142	478	231	277,668

12. Intangible assets

	Goodwill	Software	Total
Cost			
At April 1, 2010	-	-	-
Additions on acquisition of subsidiaries	1,018	113	1,131
Additions	-	116	116
At March 31, 2011	1,018	229	1,247
Additions	-	30	30
At March 31, 2012	1,018	259	1,277
Amortisation			
At April 1, 2010	-	-	-
On acquisitions	-	19	19
Charge for the year	-	26	26
At March 31, 2011	-	45	45
On acquisitions	-	-	-
Charge for the year	-	61	61
At March 31, 2012	-	106	106
Net Block			
At March 31, 2011	1,018	184	1,202
At March 31, 2012	1,018	153	1,171

Note 13: Expenditure incurred during construction period pending allocation

Particulars	As at April 01, 2011	Additions during the year	As at March 31, 2012
Personnel expenses:			
Salaries, allowances and bonus	1,676	1,378	3,054
Contribution to Provident and other funds	22	91	113
Staff welfare	88	65	153
Electricity & water	130	140	270
Stores and consumables	308	94	402
Rent	335	309	644
Rates & Taxes	170	9	179
Communication costs	149	70	219
Travel and Conveyance	2,608	1,271	3,879
Legal and professional charges	7,708	3,745	11,453
Survey charges	10	1	11
Repairs & Maintenance:			
Building	422	110	532
Plant & Machinery	19	7	26
Others	200	55	255
Insurance	1,493	418	1,911
Land lease charges	8	-	8
Printing & Stationery	99	36	135
Remuneration to directors	419	111	530
Office maintenance	11	105	116
Guest house maintenance	11	7	18
Loss on sale of assets(net)	10	-	10
Exchange fluctuations	1,143	1,044	2,187
Miscellaneous expenses	1,266	252	1,518
Depreciation	513	253	766
Financial expenses:			
Interest on fixed period loans	34,339	37,863	72,202
Interest on other loans	1,871	180	2,051
Exchange difference considered as adjustment to borrowing cost	-	1,385	1,385
Bank charges	1	125	126
Sub Total - (A)	55,029	49,124	104,153
Less:			
Interest income	121	58	179
Dividends from mutual funds	976	445	1,421
Profit on Sale of mutual funds	45	55	100
Provisions no longer required written back	691	20	711
Miscellaneous income	61	148	209
Gain on forward contracts	58	83	141
Sub Total- (B)	1,952	809	2,761
Balance carried to Balance Sheet - (A-B)	53,077	48,315	101,392

14. Non-current investments

	As at March 31, 2012	As at March 31, 2011
Trade investments (unquoted, at cost)		
Investment in associate		
22,225 (March 31, 2011: 22,225) Equity shares of Rs.10 each fully paid-up in Seregraha Mines Limited	2	2
	2	2
Aggregate amount of unquoted investments	2	2

15. Loans and advances

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Loan and advances to related parties				
Unsecured, considered good				
Share application money to associate	337	207	-	-
Loan to EMRI	2,264	2,262	-	-
Inter corporate deposit to fellow subsidiary	2,300	-	-	-
Capital advances (Unsecured, considered good)	21,127	49,123	-	-
Deposits (Unsecured, considered good)	850	1,139	297	357
Advances recoverable in cash or kind				
Unsecured, considered good	418	456	608	346
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	-	-	1,177	139
Prepaid expenses	-	-	812	617
Balances with statutory/ government authorities	-	-	-	212
Others	116	-	-	-
	27,412	53,187	2,894	1,671

16. Trade receivables and other assets

(i) Trade receivables

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	6,810	6,327	-	-
Other receivables				
Unsecured, considered good	1,308	483	-	-
	8,118	6,810	-	-

Trade receivables include the following:

- a) Trade receivables include accruals towards reimbursement of fixed charges for the financial years 1997-1998 to 2000-2001, on increased capital cost worked out as per ratios set out in the PPA aggregating to Rs.4,512 by GVKIL. The increased capital cost is subject to the approval of APERC. Pending approval of increased capital cost by APERC, the claim for reimbursement of fixed charges has not been made on AP Transco. The subsidiary company contends that it is entitled to reimbursement of fixed charges on increased capital cost under the terms of PPA and accordingly considers these amounts as good and recoverable. The subsidiary company has filed a writ petition before the High Court of New Delhi against APERC, seeking a direction to APERC to take a decision on approval of completed capital cost in a time bound manner. The matter is pending hearing. The management of the subsidiary company based on its internal assessment and legal advice is confident of receiving approval of completed capital cost.
- b) Trade receivables include amounts receivable from AP Transco towards reimbursement of minimum alternate tax under the provisions of Income Tax Act, 1961, for the period commencing from the financial year 2000-2001 up to the financial year 2010-2011, aggregating to Rs.3,530 are refuted by AP Transco. While the subsidiary company contends that it is entitled to claim payments on account of minimum alternate taxes also under the provisions of PPA, AP Transco contends only taxes on the net taxable income under the regular provisions of the Income Tax Act, 1961 are reimbursable and not taxes levied on book profits under the deemed provisions of Section 115 JB of the Income Tax Act, 1961. Further, provision for current taxes is being made after considering reimbursable amount from AP Transco. Based on its internal assessment and legal advice, the subsidiary company's contention is that these amounts are recoverable.
- c) Trade receivables further include an amount of Rs.76 being the differential interest recovered by AP Transco considering the actual working capital limits as against the working capital limits computed as per the terms of the PPA and interest rate charged as per rates available with AP Transco and not with the subsidiary Company. The subsidiary company has filed a petition under Section 9 of Arbitration & Conciliation Act 1996, and the City Civil Court of Hyderabad has restrained AP Transco from considering the lower level of working capital limits by granting a stay in the matter. The appeal filed by AP Transco before the High Court of Andhra Pradesh against the aforesaid stay, is pending for disposal. The management of the subsidiary company based on its internal assessment is confident that the matter will be decided in its favour.

(ii) Other assets

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Unsecured, considered good				
Non-current bank balances (note 19)	400	381	-	-
Non-current inventory (note 18)	1,026	1,141	-	-
Unamortized expenditure				
Unamortized portion of ancillary cost of arranging the borrowings	1,544	1,483		
Others				
Unbilled revenues	-	1,302	12,105	16,024
Interest accrued on deposits	-	-	526	492
Advance for investments	-	-	1,400	-
Other receivables	-	-	39	-
	2,970	4,307	14,070	16,516

17. Current investments

Particulars	As at March 31, 2012	As at March 31, 2011
Current investments (valued at lower of cost and fair value)		
Other than trade (quoted)		
Investments in units of Mutual Funds	16,899	67,182
Certificate of Deposit	1,460	2,445
	18,359	69,627
Aggregate market value of quoted investments	18,506	70,368

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

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Stores, spares and consumables	1,026	1,141	7,003	2,988
	1,026	1,141	7,003	2,988
Amount disclosed under non-current assets (note 16)	(1,026)	(1,141)	-	-
	-	-	7,003	2,988

19. Cash and bank balances

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	16,428	9,209
– Deposits with original maturity of less than three months	-	-	9,045	29
– On unpaid dividend account	-	-	11	16
Cash on hand	-	-	16	2
	-	-	25,500	9,256
Other bank balances				
– Deposits with original maturity for more than 12 months	-	-	-	-
– Deposits with original maturity for more than 3 months but less than 12 months	-	-	37,934	20,000
– Margin money deposit	400	381	179	289
	400	381	38,113	20,289
Amount disclosed under non-current assets (note 16)	(400)	(381)	-	-
	-	-	63,613	29,545

20. Revenue from operations

Particulars	As at March 31, 2012	As at March 31, 2011
Revenue from operations		
Sale of electrical energy	166,631	88,008
	166,631	88,008

21. Other income

Particulars	As at March 31, 2012	As at March 31, 2011
Interest income on		
Bank deposits	2,738	523
Others	32	17
Dividend income on		
Non trade current investments	94	76
Profit on sale of investments		
Non trade current investments	3,553	788
Profit on sale of fixed assets (net)	12	1
Professional service fees	142	99
Liabilities written back	20	3
Miscellaneous income	74	2
	6,665	1,509

22. Employee benefits expense

	As at March 31, 2012	As at March 31, 2011
Salaries, wages and bonus	1,885	1,185
Contribution to provident and other funds	55	23
Retirement and other employee benefits (note 27)	12	41
Staff welfare expenses	61	36
	2,013	1,285

23. Finance costs

	As at March 31, 2012	As at March 31, 2011
Interest	15,471	7,501
Bank charges	327	173
Exchange difference to the extent considered as an adjustment to borrowing costs	1,645	-
	17,443	7,674

24. Depreciation and amortization expense

	As at March 31, 2012	As at March 31, 2011
Depreciation of tangible assets	16,689	8,738
Amortization of intangible assets	61	26
	16,750	8,764
Less: Transfer to Expenditure incurred during construction period	253	115
	16,497	8,649

25. Other expenses

Particulars	As at March 31, 2012	As at March 31, 2011
Minimum off take price for naphtha	13	5
Rent	180	99
Rates and taxes	74	41
O & M contractor's fee including incentive	807	553
Insurance	790	380
Repairs and maintenance:		
- Buildings	62	42
- Plant and machinery	3,143	3,449
- Others	379	248
Vehicle hire charges	32	16
Electricity and water	133	57
Travel and conveyance	215	179
Communication	57	35
Printing and stationery	32	35
Bid and tender document charges	-	106
Legal and professional charges	1,318	823
Prompt payment rebate	3,998	2,145
Auditor's remuneration	10	7
Directors' sitting fee	13	4
Donation	551	36
Foreign exchange fluctuations (net)	404	467
Miscellaneous expenses	426	276
	12,637	9,003

26. Earnings per share (EPS)

	As at March 31, 2012	As at March 31, 2011
Profit after tax	3,547	2,601
Less : dividends on compulsory convertible preference shares and tax thereon	0	0
Net profit for calculation of basic EPS	3,547	2,601
Net profit as above	3,547	2,601
Add: Interest on compulsory convertible debentures and tax thereon	1	0
Add : Dividends on compulsory convertible preference shares & tax thereon	0	0
Net profit for calculation of diluted EPS	3,548	2,601
	No.	No.
Weighted average number of equity shares in calculating basic EPS	310,018,141	93,638,267
Add: Weighted average number of equity shares which would be issued on the conversion of compulsory convertible preference shares	165,049,889	44,567,839
Add: Weighted average number of equity shares which would be issued on the conversion of compulsory convertible debentures	694,444,445	214,992,390
Weighted average number of equity shares in calculating diluted EPS	1,169,512,475	353,198,496

27. Gratuity and other post-employment benefit plans

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

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

(A) Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	As at March 31, 2012	As at March 31, 2011
Current service cost	31	37
Interest cost on benefit obligation	15	7
Expected return on plan assets	-	-
Past service cost	-	36
Net actuarial(gain) / loss recognized in the year	26	(21)
Net benefit expense	72	59

(B) Balance sheet**Benefit asset/ liability**

Particulars	As at March 31, 2012	As at March 31, 2011
Present value of defined benefit obligation	241	194
Fair value of plan assets	-	-
Plan asset / (liability)	241	194

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

Particulars	As at March 31, 2012	As at March 31, 2011
Opening defined benefit obligation	194	99
Current service cost	31	37
Liability on transfer of employees	-	37
Interest cost	15	7
Past service cost	-	36
Benefits paid	(25)	(1)
Actuarial (gains) / losses on obligation	26	(21)
Closing defined benefit obligation	241	194

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

	As at March 31, 2012	As at March 31, 2011
Discount rate	8.6% p.a.	8% p.a.
Expected rate of return on assets	Not applicable	Not applicable
Employee turnover	5%	5%
Further salary increase	7%	7%

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

28. Segment information

The Company's operations fall within a single business segment "Generation of Power" and single geographical segment and therefore segment information is not provided.

29. Contingent liabilities**A) Subsidiary companies****i) GVKIL**

Particulars	As at March 31, 2012	As at March 31, 2011
On account of guarantees issued by banks	128	208
Claims not acknowledged as debts	150	8
Service Tax demand on operator of the power plant	759	570

- AP Transco during the year 2003-2004 made a claim of Rs. 2,048 against the subsidiary company stating that effective Return on Equity (“ROE”) claimed by the subsidiary company works out to 17.17% as pointed out by Comptroller and Auditor General of India as against 16% to be claimed as per the Power Purchase Agreement (“PPA”). Aggrieved by the said claim, the subsidiary preferred a writ petition before the High Court of Andhra Pradesh and the High Court directed that the matter be referred to arbitration as envisaged in PPA. Pending arbitration, the High Court permitted the subsidiary company to collect ROE at 16% on a monthly basis which is accounted for as income and is being paid by AP Transco. If the decision is against GVKIL, the liability on this account up to March 31, 2012 would be Rs.5,078 (March 31, 2011: Rs.4,716). The subsidiary company is confident that its claim for ROE on a monthly basis is strictly in accordance with PPA.
- AP Transco has filed petition before APERC to consider interest on working capital charged by State Bank of India to its most credit worthy customers for the purpose of determining tariff for the year 2003-04. Based on these petitions, APERC has issued notices to the subsidiary company for hearing on these matters. The subsidiary company has filed a writ petition before the High Court of Andhra Pradesh questioning the jurisdiction of APERC for adjudication of matters under the PPA. The High Court of Andhra Pradesh has issued interim directions against APERC not to proceed with the subject notice until further orders.

Subsequently, in the year 2008, the Supreme Court held that all matters relating to tariff shall be adjudicated by Electricity Regulatory Commission. The subsidiary company accordingly, withdrew the writ petition and approached Andhra Pradesh Electricity Regulatory Commission (APERC) seeking directions of the Commission for adjudication of its claims. The subsidiary company is confident that the matter will be decided in its favour.

- In the year 2007, AP Central Power Distribution Company Ltd has filed a petition without specifying any amount before APERC against the subsidiary company stating that insurance premium relating to Business Interruption Policy is not eligible for reimbursement right from date of commencement of commercial operations. The subsidiary company is confident that the matter will be decided in its favour.
- As per the terms of contract with Bharat Petroleum Corporation Limited (BPCL) for supply of Naphtha, the subsidiary company has to pay for 80,000 MT @ Rs.38.45 as ‘Minimum off Take charges’ in the year in which there is no procurement. The subsidiary company is negotiating with BPCL to reduce the Minimum off Take quantity from 80,000 MT to 40,000 MT, which is under consideration by BPCL. Pending receipt of acceptance from BPCL, no provision is made in the books for the requested reductions of 40,000 MT, which worked out to Rs. 13 (March 31, 2011 Rs.15) for the year and the liability on this account up to January 29, 2012 is Rs.105 (March 31, 2011 Rs. 92). The subsidiary company is confident of receiving acceptance from BPCL. The contract with BPCL expired on January 29, 2012.
- AP State Load Despatch Centre (APSLDC) has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) for appointment of adjudicating officer for assessment of charges to be levied on the Company for

non adherence to backing down instructions by GVK Power and Infrastructure Limited, operator of the power plant of the subsidiary company. APSLDC has claimed an amount of Rs. 1,320 for the aforesaid non- compliance. Management based on its internal assessment/ legal advice is confident that the matter will be decided in the Company's favour.

- The subsidiary company approached AP Transco for new connection while constructing its new power plant upon which AP Transco raised demand of Rs.399 towards minimum monthly charges regarding electricity connection taken earlier which was surrendered on October 7, 1996. The subsidiary company filed petition before the Andhra Pradesh Electricity Regulatory Commission (APERC) claiming levy of demand as arbitrary, which is disposed directing GVKIL to approach Consumer Grievance Redressal Cell as dispute is not connection with power purchase agreement. The GVKIL has filed a writ petition before the High Court of Andhra Pradesh contesting the matter is within ambit of PPA. The High Court of Andhra Pradesh has issued stay on demand. Management based on its internal assessment/ legal advice is confident that the matter will be decided in the Company's favour.

ii) AHPCL

Particulars	As at March 31, 2012	As at March 31, 2011
On account of guarantees issued by banks	6,085	7,075
Claims not acknowledged as debts	7,650	5
Disputed income Tax demands	32	126

iii) GVKPGSL

Particulars	As at March 31, 2012	As at March 31, 2011
On account of guarantees issued by banks	4,050	4,050

iv) GVKGPL

Particulars	As at March 31, 2012	As at March 31, 2011
Service Tax demand on operator of the power plant	312	156
Claims not acknowledged as debts	826	97

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

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

SML

Particulars	As at March 31, 2012	As at March 31, 2011
On account of bank guarantees	1,440	1,440

30. Capital and other commitments

Parent Company:

During the previous year, the Company, GVK Power and Infrastructure Limited (Holding Company) and certain private equity investors ('investors') entered into an investment agreement pursuant to which the Holding Company has undertaken to conduct an initial public offering of the Company's equity shares ('Qualified IPO' or 'QIPO') within 60 months from the date of investment agreement (preferred listing period).

If the Company does not make a QIPO during the preferred listing period and no offer for sale takes place within 12 months of the preferred listing period, then, at any time thereafter, the investors will have a put option with respect to all of the securities held by the Investor ("Put Right") on the Holding Company and the Company at the higher of i) 20% IRR from the date of investment to the date of receipt of proceeds from the investor ("Put IRR") and ii) the fair market value of the investor's shares.

Provided the Put IRR shall be reduced to 15% IRR, if at least 3 private sector initial public offerings with an issue size of Rs.100,000 or more each have not taken place in India between the 36th month to the 60th month from date of investment agreement.

Subsidiary Companies:

Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for.

Name of the Entity	As at March 31, 2012	As at March 31, 2011
GVKIL	23	115,164
AHPCL	35,811	74,844
GVKPGSL	59,367	164,623
GVKGPL	-	49
	95,201	354,680

31. Related Party Transactions

During the year ended March 31, 2012, the Group has entered into certain related party transactions. Details of the related party and transactions are as follows:

Name of the related party	Nature of relationship
GVK Power & Infrastructure Limited	Holding Company
Goriganga Hydro Power Private Limited	Fellow subsidiary
GVK Jaipur Expressway Private Limited	
Dr. G V Krishna Reddy, Chairman and Director	Key management personnel
Mr. A Issac George , Director	
TAJ GVK Hotels & Resorts Limited	Enterprise over which the key management personnel exercise significant influence
Orbit Travels & Tours Private Limited	
Paigah House Hotel Private Limited	
GVK Transportation Private Limited	
Pinakini Share and Stock Brokers Limited	
GVK Technical & Consultancy Services Private Limited	
Krishna Enterprises	
GVK Foundation	
GVK Emergency Management and Research Institute (a society registered under Societies Registration Act) (EMRI)	
GVK Projects & Technical Services Limited	

Notes to consolidated accounts for the year ended March 31, 2012
(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Related Party Transactions

Particulars	GVK Power & Infrastructure Limited	Goriganga Hydro Power Private Limited	GVK Jaipur Expressway Private Limited	GVK Projects and Technical Services Limited
Services received	1,516	-	-	40,826
	(1,385)	-	-	(28,925)
Services provided	156	-	-	-
	-	-	-	-
Interest income	32	-	-	-
	-	-	-	-
Rent	-	-	-	-
	-	-	-	-
Donation	-	-	-	-
	-	-	-	-
Refund of share application monies	-	-	-	-
	(2,370)	-	-	-
Share application money given	-	-	-	-
	-	(3,992)	-	-
Share application money refund received	-	-	-	-
	-	(3,992)	-	-
Allotment of equity and debentures	-	-	-	-
	(108,318)	-	-	-
Loans/Advance taken	182	-	-	-
	(3,307)	-	-	-
Loans/Advance repaid	-	-	-	-
	(3,417)	-	-	-
Loans/Advance given	5,050	-	24	440
	(3)	-	(10)	(918)
Loans/Advance recovered	5,050	-	-	-
	(3)	-	-	-
Sale of land	-	-	-	-
	-	-	-	-
Purchase of investments	-	-	-	-
	(118,051)	-	-	-
Remuneration paid	-	-	-	-
	-	-	-	-
Balance outstanding				
March 31, 2012	(40)	-	5	(8,671)
March 31, 2011	(1,186)	-	(4)	(517)

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

Notes to consolidated accounts for the year ended March 31, 2012
(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Related Party Transactions

Particulars	GVK Technical & Consultancy Services Private Limited	GVK Foundation	GVK Transportation Private Limited	Pinakani Share and Stock Broker Limited
Services received	3,318	-	-	6
	(2,095)	-	-	(3)
Services provided	-	-	-	-
	-	-	-	-
Interest income	-	-	10	-
	-	-	-	-
Rent	-	-	-	-
	-	-	-	-
Donation	-	85	-	-
	-	(33)	-	-
Refund of share application monies	-	-	-	-
	-	-	-	-
Share application money given	-	-	-	-
	-	-	-	-
Share application money refund received	-	-	-	-
	-	-	-	-
Allotment of equity and debentures	-	-	-	-
	-	-	-	-
Loans/Advance taken	-	-	-	-
	-	-	-	-
Loans/Advance repaid	-	-	-	-
	-	-	-	-
Loans/Advance given	99	-	4,100	-
	-	-	-	-
Loans/Advance recovered	-	-	1,800	-
	-	-	-	-
Sale of land	-	-	-	-
	-	-	-	-
Purchase of investments	-	-	-	-
	-	-	-	-
Remuneration paid	-	-	-	-
	-	-	-	-
Balance outstanding				
March 31, 2012	85	-	2,300	(3)
March 31, 2011	-	-	-	-

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

Notes to consolidated accounts for the year ended March 31, 2012
(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Related Party Transactions

Particulars	TAJ GVK Hotels & Resorts Limited	Orbit Travel and Tours Private Limited	GVK Deoli Kota Expressway Private Limited	GVK EMRI
Services received	29	297	-	-
	(16)	(201)	-	-
Services provided	-	-	-	-
	-	-	-	-
Interest income	-	-	-	-
	-	-	-	-
Rent	-	-	-	-
	-	-	-	-
Donation	-	-	-	466
	-	-	-	-
Refund of share application monies	-	-	-	-
	-	-	-	-
Share application money given	-	-	-	-
	-	-	-	-
Share application money refund received	-	-	-	-
	-	-	-	-
Allotment of equity and debentures	-	-	-	-
	-	-	-	-
Loans/Advance taken	-	-	-	-
	-	-	-	-
Loans/Advance repaid	-	-	-	-
	-	-	-	-
Loans/Advance given	4	-	-	2
	-	-	-	(420)
Loans/Advance recovered	-	-	-	-
	-	-	-	-
Sale of land	-	-	5	-
	-	-	-	-
Purchase of investments	-	-	-	-
	-	-	-	-
Remuneration paid	-	-	-	-
	-	-	-	-
Balance outstanding				
March 31, 2012	1	(8)	-	2,264
March 31, 2011	7	-	-	2,262

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

Notes to consolidated accounts for the year ended March 31, 2012
(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Related Party Transactions

Particulars	Paigah House Hotel Private Limited	Krishna Enterprises	Mr. Issac George	Mr. Krishna Ram Bhupal	Dr. G V Krishna Reddy
Services received	-	-	-	-	-
	-	-	-	-	-
Services provided	-	-	-	-	-
	-	-	-	-	-
Interest income	-	-	-	-	-
	-	-	-	-	-
Rent	108	24	-	31	-
	(50)	(16)	-	(21)	-
Donation	-	-	-	-	-
	-	-	-	-	-
Refund of share application monies	-	-	-	-	-
	-	-	-	-	-
Share application money given	-	-	-	-	-
	-	-	-	-	-
Share application money refund received	-	-	-	-	-
	-	-	-	-	-
Allotment of equity and debentures	-	-	-	-	-
	-	-	-	-	-
Loans/Advance taken	-	-	-	-	-
	-	-	-	-	-
Loans/Advance repaid	-	-	-	-	-
	-	-	-	-	-
Loans/Advance given	-	-	-	-	-
	-	-	-	-	-
Loans/Advance recovered	-	-	-	-	-
	-	-	-	-	-
Sale of land	-	-	-	-	-
	-	-	-	-	-
Purchase of investments	-	-	-	-	-
	-	-	-	-	-
Remuneration paid	-	-	39	53	-
	-	-	(36)	-	(32)
Balance outstanding					
March 31, 2012	-	-	-	-	-
March 31, 2011	-	-	-	-	-

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

32. Derivative Instruments and Unhedged foreign currency exposure
Details of outstanding derivatives:

Particulars of derivative	Purpose	March 31, 2012	March 31, 2011
Forward cover contracts outstanding at Balance Sheet date	Hedge of foreign currency transactions related to firm commitments	Buy EURO 47 Buy CHF 9	Buy EURO 16 -

Particulars of unhedged foreign currency:

Particulars	As at March 31, 2012	As at March 31, 2011
Loans	45,840	42,912
Creditors	-	1,968
Buyers credit	2,407	-

33. During the previous year, the Company has made purchase of services from two companies aggregating to Rs.69 in respect of which prior approval of central government is required under the provisions of section 297 of the Companies Act 1956. The above transactions are part of normal business transactions at prevailing market prices. The Company has since then applied to regulatory authorities for condonation.
34. The Reserve Bank of India ('RBI') had issued guidelines for Core Investment Companies (CIC) on January 5, 2011 pursuant to which Core Investment Companies (CIC) are exempted from applying for registration with RBI. The Company had evaluated the guidelines and concluded that it is a CIC and accordingly exempt from registration requirements.
35. The financial statements contain certain amounts reported as "0", which are less than Rs. 1.
36. Previous year comparatives

Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year's classification.

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No : 101049W
Chartered Accountants

For and on behalf of the Board of Directors of
GVK Energy Limited

per Vikas Kumar Pansari
Partner
Membership No. 93649

Dr. G V Krishna Reddy
Chairman

G V Sanjay Reddy
Director

Place: Hyderabad
Date: May 8, 2012

A. Issac George
Director

T Ravi Prakash
Company Secretary

STANDALONE FINANCIALS

Auditors' Report

To

The Members of GVK Energy Limited

1. We have audited the attached Balance Sheet of GVK Energy Limited ('the Company') as at March 31, 2012 and also the Statement of Profit and Loss and the Cash Flow Statement for theyear ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statementpresentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to note 28 of notes to financial statements. The Company has made certain transactions covered by the provisions of Section 297 of the Companies Act, 1956, where the prior approval of the Central Government is required, but has not been so obtained. The Company has applied to the appropriate regulatory authoritiesfor regularisation of this non-compliance. Pending the final outcome of the Company's application, no adjustments have been made in the accompanying financial statements.
5. Further to our comments in the Annexure referred to above, we report that:
 - i. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - ii. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
 - iii. The balance sheet, statement of profit and loss and cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31,2012, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2012 from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956;

- vi. In our opinion and to the best of our information and according to the explanations given to us, the said accounts give the information required by the Companies Act, 1956, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the balance sheet, of the state of affairs of the Company as at March 31, 2012;
 - b) in the case of the statement of profit and loss, of the profit for the year ended on that date; and
 - c) in the case of cash flow statement, of the cash flows for the year ended on that date

For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049W
Chartered Accountants

perVikas Kumar Pansari
Partner
Membership No.: 93649

Place: Hyderabad
Date : May 8, 2012

Annexure referred to in paragraph 3 of our report of even date
Re: GVK Energy Limited ('the Company')

- (i)
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) Fixed assets have been physically verified by the management during the year and nomaterial discrepancies were identified on such verification.
 - (c) There was no substantial disposal of fixed assets during the year.
- (ii) The nature of the Company's business is such that the provisions of clause 4(ii) of the Companies Auditor's Report Order, 2003 (as amended) relating to inventories is not applicable to the Company.
- (iii)
 - (a) According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of the clauses (iii) (a) to (d) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
 - (b) According to the information and explanation given to us, the Company has not taken any loans, secured or unsecured from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of the clauses (iii) (e) to (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Due to the nature of its business, the Company does not purchase any inventory or sell goods. During the course of our audit, no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company in respect of these areas.
- (v)
 - (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
 - (b) In our opinion and according to the information and explanations given to us, the transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for the services availed from one party aggregating to Rs. 70 lakhs because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the products of the Company.
- (ix)
 - (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities except for income tax where there has been a *slight delay* in a few cases.
 - (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
 - (c) According to the information and explanation given to us, there are no dues of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess which have not been deposited on account of any dispute.
- (x) The company has been registered for a period of less than five years and hence we are not required to comment on whether or not the accumulated losses at the end of the financial year and in the immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and banks. There are no dues to debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) The Company did not have any term loans outstanding during the year.

- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- (xix) The Company has unsecured debentures outstanding during the year on which no security or charge is required to be created
- (xx) The company has not raised any money through a public issue during the year.
- (xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the year.

For S.R. BATLIBOI & ASSOCIATES
Firm registration number: 101049W
Chartered Accountants

perVikas Kumar Pansari
Partner
Membership No.: 93649

Place: Hyderabad
Date : May 8, 2012

Standalone Balance sheet as at March 31, 2012

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Particulars	Note No	As at 31st March, 2012	As at 31st March, 2011
Equity and liabilities			
Shareholders' Funds			
Share capital	3	44,827	37,391
Reserves and surplus	4	133,539	81,260
		178,366	118,651
Non-current liabilities			
Long-term borrowings	5	83,323	83,323
Long-term provisions	6	66	41
		83,389	83,364
Current liabilities			
Trade payables	7	71	558
Other current liabilities	7	21	62
Short-term provisions	6	53	63
		145	683
TOTAL		261,900	202,698
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	8	12	-
Intangible assets	9	6	-
Non-current investments	10	176,320	132,026
Deferred tax assets (net)	11	37	23
Other non-current assets	12.2	29,845	16,191
		206,220	148,240
Current assets			
Current investments	13	4,410	33,294
Trade receivables	12.1	378	300
Cash and bank balance	14	37,651	20,335
Short-term loans and advances	15	12,671	15
Other current assets	12.2	570	514
		55,680	54,458
TOTAL		261,900	202,698
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No : 101049W
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No. 93649

Place: Hyderabad
Date: May 8, 2012

For and on behalf of the Board of Directors of
GVK Energy Limited

Dr. G V Krishna Reddy
Chairman

A. Issac George
Director

G V Sanjay Reddy
Director

T Ravi Prakash
Company Secretary

Statement of profit and loss

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Particulars	Note No	As at 31st March, 2012	As at 31st March, 2011
Income			
Revenue from operations	16	2,045	891
Other income	17	4,531	914
Total revenue		6,576	1,805
Expenses			
Employee benefits expense	18	799	290
Operating and other expenses	19	523	390
Depreciation and amortisation expense	20	3	-
Financial costs	21	1	1
Total		1,326	681
Profit before tax		5,250	1,124
Tax expenses			
Current tax		1,725	381
Deferred tax		(14)	(23)
Total tax expense		1,711	358
Profit for the year		3,539	766
Earnings per equity share	22		
Basic		1.14	0.82
Diluted		0.30	0.22
Nominal avalue per share		10	10
Summary of significant accounting policies	2.1		

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

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No : 101049W
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No. 93649

Place: Hyderabad
Date: May 8, 2012

For and on behalf of the Board of Directors of
GVK Energy Limited

Dr. G V Krishna Reddy
Chairman

G V Sanjay Reddy
Director

A. Issac George
Director

T Ravi Prakash
Company Secretary

Standalone Cash Flow Statement for the year ended March 31, 2012
(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	March 31, 2012	March 31, 2011
A. Cash flow from operating activities		
Profit before tax	5,250	1,124
Non-cash adjustment to reconcile profit before tax to net cash flows:		
Depreciation/amortisation expense	3	-
Profit on sale of investments	(1,923)	(405)
Interest income	(2,608)	(509)
Interest expense	1	-
Operating profit before working capital changes	723	210
Movements in working capital:		
Increase/(decrease) in current liabilities and provisions	(20)	8
Increase in trade receivables	(78)	(300)
Increase in loans and advances	(56)	(15)
Decrease/(increase) in other current assets and other non-current assets	(69)	(60)
Cash generated from operations	500	(157)
Direct taxes paid	(1,751)	(348)
Net cash used in operating activities A	(1,251)	(505)
B. Cash flows from investing activities		
Purchase of fixed assets	(21)	-
Investments in subsidiaries including share application money (net)	(57,925)	(48,704)
Advances to subsidiaries	(18,650)	(16,129)
Refund of advance from subsidiaries	6,050	-
Purchase of current investments	(48,237)	(76,613)
Proceeds from sale/maturity of current investments	78,844	43,726
Investments in bank deposits (having original maturity of more than three months)	(12,250)	(20,000)
Interest received	2,798	50
Net cash used in investing activities B	(49,391)	(117,670)
C. Cash flows from financing activities		
Proceeds from issue of equity shares, net of share issue expenses	14,402	49,662
Proceeds from issue of preference shares	41,306	68,842
Net cash from financing activities C	55,708	118,504
Net increase in cash and cash equivalents (A+B+C)	5,066	329
Cash and cash equivalents at the beginning of the year	335	6
Cash and cash equivalents at the end of the period	5,401	335
Components of cash and cash equivalents as at		
Cash on hand	1	1
Balance with scheduled banks on current accounts	5,400	334
	5,401	335
Add: Deposit held as security against borrowings	32,250	20,000
Cash and bank balance as per balance sheet	37,651	20,335

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

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No : 101049W
Chartered Accountants

per Vikas Kumar Pansari
Partner
Membership No. 93649

Place: Hyderabad
Date: May 8, 2012

For and on behalf of the Board of Directors of
GVK Energy Limited

Dr. G V Krishna Reddy
Chairman

G V Sanjay Reddy
Director

A. Issac George
Director

T Ravi Prakash
Company Secretary

Notes to financial statements for the year ended March 31, 2012

Amounts express in Indian Rupees Lakhs, unless otherwise stated

1. Corporate information

GVK Energy Limited (‘the Company or GVKEL) provides operating and maintenance service to the owners of power plants. It has also acquired substantial ownership interest into power generating assets.

2. Basis of preparation

The financial statements of the company have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP). The company has prepared these financial statements to comply in all material respects with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the change in accounting policy explained below.

2.1 Summary of significant accounting policies**(a) Change in accounting policy**

Presentation and disclosure of financial statements

During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the Company, for preparation and presentation of its financial statements. The adoption of revised Schedule VI does not impact recognition and measurement principles followed for preparation of financial statements. However, it has significant impact on presentation and disclosures made in the financial statements. The company has also reclassified the previous year figures in accordance with the requirements applicable in the current year.

(b) Use of estimates

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

(c) Tangible fixed assets

Fixed assetare stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

(d) Depreciation on tangible fixed assets

Depreciation on fixed assets is calculated on straight-line basis using the rates arrived at based on the useful life estimated by the Management which coincides with the rates prescribed under Schedule XIV of the Companies Act, 1956. Fixed assets individually costing 0.05 or less are fully depreciated in the year of purchase.

(e) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Intangible asset comprises of software which is amortized on a straight line basis over the estimated useful economic life of three years.

(f) Impairment

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

(g) Borrowing costs

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

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

(h) Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are carried in the financial statements at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

(i) Revenue recognition

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

Rendering of operating and maintenance services

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

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

Dividends

Dividend income is recognized when the company's right to receive dividend is established by the reporting date.

Interest

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

(j) Foreign currency transaction

Initial recognition

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

Conversion

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

Exchange differences

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

(k) Retirement and other employee benefits

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

(l) Income taxes

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date. Deferred income taxes reflects the impact of timing differences between taxable income and accounting income originated during the year and reversal of timing differences of earlier years.

Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets are recognized only if there is reasonable that they can be realized against future taxable profits.

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

(m) Earnings Per Share

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

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

(n) Provisions

A provision is recognized when the company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(o) Cash and cash equivalents

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

(p) Contingent liability

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

3. Share Capital

Particulars	As at March 31, 2012	As at March 31, 2011
Authorized shares		
1,500,000,000 (March 31, 2011: 1,500,000,000) equity shares of Rs.10 each	150,000	150,000
1,000,000,000 (March 31, 2011: 1,000,000,000) 0.001% compulsorily convertible preference (CCPS) of Rs.10 each	100,000	100,000
Issued, subscribed and fully paid-up shares		
338,117,648 (March 31, 2011: 305,073,529) equity shares of Rs.10 each	33,812	30,507
110,147,059 (March 31, 2011: 68,841,912) 0.001% CCPS of Rs.10 each	11,015	6,884
	44,827	37,391

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year**Equity shares**

	March 31, 2012		March 31, 2011	
	No.	Rs.	No.	Rs.
At the beginning of the year	305,073,529	30,507	50	0
Issued during the year	33,044,119	3,305	305,073,479	30,507
	338,117,648	33,812	305,073,529	30,507

Preference shares

	March 31, 2012		March 31, 2011	
	No.	Rs.	No.	Rs.
At the beginning of the year	68,841,912	6,884	-	-
Issued during the year	41,305,147	4,131	68,841,912	6,884
	110,147,059	11,015	68,841,912	6,884

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

(c) Terms of conversion/ redemption of CCPS

CCPS carry cumulative dividend of 0.001% per annum. 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.

Each 0.001% compulsorily convertible preference share is convertible into 2.2 equity shares at price of Rs.45 per equity share, in a maximum period of 3 years from the date of issue.

(d) Shares held by holding company

Out of equity shares issued by the company, shares held by the holding company are as below:

Particulars	As at March 31, 2012	As at March 31, 2011
GVK Power & Infrastructure Limited, the holding company 250,000,000(March 31, 2011: 250,000,000) equity shares of Rs.10each fully paid	25,000	25,000

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

Name of the shareholder	As at March 31, 2012		As at March 31, 2011	
	No.	% holding	No.	% holding
Equity shares of Rs.10 each fully paid up				
GVK Power & Infrastructure Limited	250,000,000	73.94%	250,000,000	81.95%
3I India Infrastructure Investment Limited	47,058,824	13.92%	29,411,765	9.63%
Actis Infrastructure India PCC Limited	20,529,412	6.07%	12,830,882	4.21%
Indivest Pte Limited	20,529,412	6.07%	12,830,882	4.21%
CCPS of Rs.10 each fully paid				
3I India Infrastructure Investment Limited	58,823,529	53.40%	36,764,706	53.40%
Actis Infrastructure India PCC Limited	25,661,765	23.30%	16,038,603	23.30%
Indivest Pte Limited	25,661,765	23.30%	16,038,603	23.30%

(f) Shares reserved for issue under options

For details of shares reserved for issue on conversion of CCPS, please refer note 3 (c) regarding terms of conversion of preference shares. For details of shares reserved for issue on conversion of CCD, please refer note 5 regarding terms of conversion of debentures.

4. Reserves and surplus

Particulars	As at March 31, 2012	As at March 31, 2011
Securities premium account		
Balance as per the last financial statements	80,650	-
Add: premium on issue of equity shares	11,565	19,276
Add: premium on issue of CCPS	37,175	61,957
Less: utilized for share issue expenses	-	583
	129,390	80,650
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	610	(156)
Profit for the year	3,539	766
Net surplus in the statement of profit and loss	4,149	610
	133,539	81,260

5. Long-term borrowings

Name of the shareholder	Non-current portion		Current maturities	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Debentures				
83,322,610 (March 31, 2011: 83,322,610) 0.001% compulsorily convertible debentures of Rs.100 each(unsecured)	83,323	83,323	-	-
	83,323	83,323	-	-

Each 0.001% Compulsorily Convertible Debentures is convertible into certain number of equity shares such that the investor's shareholding in the Company is equal to the investor stake. Investor stake is the proportion of all amounts invested by the investor in the Company, whether in the form of subscription to equity shares or CCPSs to the post money valuation of the Company. Post money valuation of the Company has been pegged in the range of Rs.276,100 to Rs.425,000. The conversion date coincides with note 3(c) above.

6. Provisions

Name of the shareholder	Long-term		Short-term	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Provision for employee benefits				
Provision for gratuity	66	41	4	7
Provision for leave benefits	-	-	42	23
	66	41	46	30
Other provisions				
Provision for income tax (net)	-	-	7	33
	-	-	7	33
	66	41	53	63

7. Trade payable and other current liabilities

Particulars	As at March 31, 2012	As at March 31, 2011
Trade payables (note 29)	71	558
Other current liabilities		
Interest accrued and due on debentures	1	0
Others	20	62
	21	62

8. Tangible assets (cost)

Particulars	Office equipment	Data processing equipments	Total
As at April 1, 2010	-	-	-
Additions	-	0	0
As at March 31, 2011	-	0	0
Additions	9	3	12
As at March 31, 2012	9	3	12
Depreciation			
Upto April 1, 2010	-	-	-
Charge for the year- 0	0		
Upto March 31, 2011	-	0	0
Charge for the year0 0	0		
Upto March 31, 2012	0	0	0
Net Block			
As at March 31, 2011	-	0	0
As at March 31, 2012	9	3	12

9. Intangible assets (cost)

Particulars	Computer Software
Gross Block	
As at April 1, 2010	-
Additions	-
As at March 31, 2011	-
Additions	9
As at March 31, 2012	9
Amortisation	
Upto April 1, 2010	-
Charge for the year	-
Upto March 31, 2011	-
Charge for the year	3
Upto March 31, 2012	3
Net Block	
As at March 31, 2011	-
As at March 31, 2012	6

10. Non-current investments

Particulars	As at March 31, 2012	As at March 31, 2011
Trade investments (cost)		
Unquoted equity instruments		
Investment in subsidiaries		
539,680,000 (March 31, 2011: 340,750,000) equity shares of Rs.10 each fully paid-up in Alaknanda Hydro Power Company Limited	53,968	34,075
418,938,901 (March 31, 2011: 418,938,901) equity shares of Rs.10 each fully paid-up in GVK Gautami Power Limited	46,900	46,900
244,800,000 (March 31, 2011: 244,800,000) equity shares of Rs.10 each fully paid-up in GVK Industries Limited	17,395	17,395
529,050,000 (March 31, 2011: 295,050,000) equity shares of Rs.10 each fully paid-up in GVK Power (Goindwal Sahib) Limited	52,905	29,505
51,510,000 (March 31, 2011: 41,510,000) equity shares of Rs.10 each fully paid-up in GVK Coal (Tokisud) Company Private Limited	5,151	4,151
9,900 (March 31, 2011: Nil) equity shares of Rs.10 each fully paid-up in GVK Power (Khadur Sahib) Private Limited	1	-
	176,320	132,026
Aggregate amount of unquoted investments	176,320	132,026

11. Deferred tax asset (net)

Particulars	As at March 31, 2012	As at March 31, 2011
Provision for Gratuity	23	15
Provision for compensated absences	14	8
	37	23

12. Trade receivables and other assets

12.1 Trade Receivables

Name of the shareholder	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Unsecured, considered good				
Outstanding for a period not exceeding six months from the date they are due for payment	-	-	378	300
	-	-	378	300
Trade receivables include due from:				
GVK Industries Limited	-	-	378	300

12.2 Other Assets

Name of the shareholder	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Unsecured, considered good				
Unbilled revenues	85	62	101	55
Share application money to subsidiaries	29,760	16,129	-	-
	29,845	16,191	101	55
Others				
Advance for investment	-	-	200	-
Accrued interest	-	-	269	459
	-	-	469	459
	29,845	16,191	570	514

13. Current investments

Particulars	As at March 31, 2012	As at March 31, 2011
Current investments (valued at lower of cost and fair value)		
Quoted mutual funds-other than trade		
860,512 (March 31, 2011: 5,310,627) units of Rs.10 each fully paid-up of Kotak Floater – Short term growth plan	150	831
5,921,214 (March 31, 2011: Nil) units of Rs.10 each fully paid-up of L&T Select Income Fund Flexi Debt– Retail growth	700	-
9,501 (March 31, 2011: Nil) units of Rs.1000 each fully paid-up of Morgan Stanley Liquid Fund – Institutional growth plan	100	-
2,068,595 (March 31, 2011: Nil) units of Rs.10 each fully paid-up of Reliance Liquid Fund – Treasury - Growth plan	300	-
3,445,662 (March 31, 2011: Nil) units of Rs.10 each fully paid-up of Reliance Quarterly Interval Fund – Series III – Growth plan	500	-

Particulars	As at March 31, 2012	As at March 31, 2011
3,015,809 (March 31, 2011: Nil) units of Rs.10 each fully paid-up of SBI Magnum Income Fund – Growth plan	500	-
2,000,000 (March 31, 2011: Nil) units of Rs.10 each fully paid-up of SBI MF SDFS 90 days collection plan – Growth plan	200	-
34,865 (March 31, 2011: Nil) units of Rs.1000 each fully paid-up of TATA Liquid Fund – Growth plan	500	-
Nil (March 31, 2011: 265,461) units of Rs.1000 each fully paid-up of Religare Ultra Short Term Fund – Growth plan	-	3,536
Nil (March 31, 2011: 5,000,000) units of Rs.10 each fully paid-up of Religare FMP Series V Plan C 3 Months – Growth plan	-	500
Nil (March 31, 2011: 4,584,632) units of Rs.10 each fully paid-up of Religare Credit Opportunities Fund – Regular Growth plan	-	500
Nil (March 31, 2011: 6,285,724) units of Rs.10 each fully paid-up of Birla Sun Life Cash Manager – IP – Growth plan	-	1,009
Nil (March 31, 2011: 13,424,816) units of Rs.10 each fully paid-up of Birla Sun Life Short Term Opportunities Fund - Growth plan	-	1,500
Nil (March 31, 2011: 17,633,871) units of Rs.10 each fully paid-up of Birla Sun Life Ultra Short Term Fund - Growth plan	-	2,033
Nil (March 31, 2011: 7,829,805) units of Rs.10 each fully paid-up of Sundaram Ultra Short Term Fund - Growth plan	-	1,001
Nil (March 31, 2011: 4,002,786) units of Rs.10 each fully paid-up of Sundaram Interval Fund – Quarterly – Plan B	-	500
Nil (March 31, 2011: 6,304,778) units of Rs.10 each fully paid-up of Sundaram Select Debit Short Term Asset	-	1,017
Nil (March 31, 2011: 10,557,110) units of Rs.10 each fully paid-up of IDFC Money Manager Fund TP Plan C - Growth	-	1,207
Nil (March 31, 2011: 5,000,000) units of Rs.10 each fully paid-up of IDFC FMP – Quarterly Series 62 - Growth	-	500
Nil (March 31, 2011: 5,117,850) units of Rs.10 each fully paid-up of IDFC Fixed Maturity Monthly Series – 30 Growth	-	512
Nil (March 31, 2011: 5,037,472) units of Rs.10 each fully paid-up of IDFC FMP – 100 Days Series 1 – Growth plan	-	504
Nil (March 31, 2011: 91,212) units of Rs.1000 each fully paid-up of Baroda Poiner Liquid Fund – IP Growth	-	1,000
Nil (March 31, 2011: 9,035) units of Rs.1000 each fully paid-up of Baroda Poiner Treasury Advantage Fund – IP Growth	-	100
Nil (March 31, 2011: 4,745,499) units of Rs.10 each fully paid-up of ICICI Prudential Blended Plan B Inst. Growth option II	-	500
Nil (March 31, 2011: 5,319,616) units of Rs.10 each fully paid-up of Tata FMP Series 28 – Scheme B Growth plan	-	532
Nil (March 31, 2011: 10,465,944) units of Rs.10 each fully paid-up of Tata Floater Fund – Growth plan	-	1,500
Nil (March 31, 2011: 5,840,300) units of Rs.10 each fully paid-up of Kotak Floater – Long term growth plan	-	909
Nil (March 31, 2011: 22,560,286) units of Rs.10 each fully paid-up of Reliance Liquid Fund – Growth plan	-	3,501

Particulars	As at March 31, 2012	As at March 31, 2011
Nil (March 31, 2011: 3,323,232) units of Rs.10 each fully paid-up of Reliance Floating Rate Fund – Short term growth plan	-	510
Nil (March 31, 2011: 38,243) units of Rs.1000 each fully paid-up of Reliance Money Manager Fund – Institutional growth plan	-	505
Nil (March 31, 2011: 3,840,895) units of Rs.10 each fully paid-up of Reliance Monthly Interval Fund – II Growth plan	-	500
Nil (March 31, 2011: 94,103) units of Rs.1000 each fully paid-up of Axis Liquid Fund – IP Growth	-	1,000
Nil (March 31, 2011: 4,827,403) units of Rs.10 each fully paid-up of BNP Paribus Money Plus IP Fund – Growth	-	711
Nil (March 31, 2011: 4,000,000) units of Rs.10 each fully paid-up of Kotak BNP Paribas Fixed Term Fund Ser 21 A Growth	-	400
Nil (March 31, 2011: 4,000,000) units of Rs.10 each fully paid-up of Kotak BNP Paribas Fixed Term Fund Ser 21 C Growth	-	400
Nil (March 31, 2011: 45,374) units of Rs.10 each fully paid-up of DSP Black Rock Money Manager Fund – Institutional Growth Plan	-	616
Nil (March 31, 2011: 5,000,000) units of Rs.10 each fully paid-up of L&T FMP – II (Jan 90 D A) – Growth plan	-	500
Nil (March 31, 2011: 5,097,098) units of Rs.10 each fully paid-up of L&T FMP – III (February 90 D A) – Growth plan	-	510
Nil (March 31, 2011: 3,164,317) units of Rs.10 each fully paid-up of L&T Freedom Income STP – Institutional growth plan	-	500
Nil (March 31, 2011: 9,835) units of Rs.1000 each fully paid-up of Pramerica Short Term Income Fund – Growth plan	-	100
Nil (March 31, 2011: 58,811) units of Rs.1000 each fully paid-up of Taurus Liquid Fund – Super institutional growth plan	-	607
Nil (March 31, 2011: 29,919) units of Rs.1000 each fully paid-up of Taurus Short Term Income Fund – Growth plan	-	500
Nil (March 31, 2011: 953,234) units of Rs.10 each fully paid-up of Templeton India Low Duration Fund – Growth plan	-	100
Nil (March 31, 2011: 1,195,379) units of Rs.10 each fully paid-up of HDFC Floating Rate Income Fund – Short term plan	-	200
Nil (March 31, 2011: 2,500) units of Rs.100,000 each fully paid-up of Certificate of Deposit with Punjab and Sind Bank	-	2445
1500 (March 31, 2011: Nil) units of Rs.100,000 each fully paid-up of Certificate of Deposit with Punjab Bank	1,460	-
	4,410	33,294
Aggregate amount of quoted investments (Market value Rs.4,425 (March 31, 2011: Rs.33,758))	4,410	33,294

14. Cash and bank balances

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	5,400	334
- Cash on hand	-	-	1	1
	-	-	5,401	335
Other bank balances				
- Deposits with original maturity for more than 3 months but less than 12 months	-	-	32,250	20,000
	-	-	32,250	20,000
	-	-	37,651	20,335

15. Loans and advances

	Non-current		Current	
	March 31, 2012	March 31, 2011	March 31, 2012	March 31, 2011
Loan and advances to related parties (note 24)				
Unsecured, considered good	-	-	12,600	-
Advances recoverable in cash or kind				
Unsecured considered good	-	-	61	8
Other loans and advances				
Prepaid expenses	-	-	10	7
	-	-	12,671	15

16. Revenue from operations

Particulars	As at March 31, 2012	As at March 31, 2011
Revenue from operations		
- Operation and maintenance services	2,045	891
	2,045	891

17. Other income

Particulars	As at March 31, 2012	As at March 31, 2011
Profit on sale of investments		
Current, Non trade	1,923	405
Interest Income on		
- Bank Deposits	2,322	509
- Others	286	-
	4,531	914

18. Employee benefits expense

Particulars	As at March 31, 2012	As at March 31, 2011
Salaries, wages and bonus	669	249
Contribution to provident and other funds	38	11
Retirement and other employee benefit expense	53	17
Staff welfare expenses	39	13
	799	290

19. Other expenses

Particulars	As at March 31, 2012	As at March 31, 2011
Communication costs	11	4
Travelling and conveyance	60	34
Operating and maintenance expenses	258	87
Legal and professional fees	97	105
Insurance	12	3
Payment to auditor (note below)	10	7
Rates and taxes	31	17
Printing and stationery	6	13
Directors' sitting fees	5	1
Bid and tender document charges	-	106
Miscellaneous expenses	33	13
	523	390

Payment of auditor(including service tax)

Particulars	As at March 31, 2012	As at March 31, 2011
As auditor:		
Audit fee	10	7
In other Capacity:	-	-
	10	7

20. Depreciation and amortisation expense

Particulars	As at March 31, 2012	As at March 31, 2011
Depreciation of tangible assets	0	0
Amortisation of intangible assets	3	-
	3	-

21. Finance costs

Particulars	As at March 31, 2012	As at March 31, 2011
Interest on debentures	1	-
Bank charges	-	1
	1	1

22. Earnings per share (EPS)

Particulars	As at March 31, 2012	As at March 31, 2011
Profit after tax	3,539	766
Less : dividends on compulsory convertible preference shares and tax thereon	0	0
Net profit for calculation of basic EPS	3,539	766
Net profit as above	3,539	766
Add: Interest on compulsory convertible debentures and tax thereon	1	0
Add : Dividends on compulsory convertible preference shares & tax thereon	0	0
Net profit for calculation of diluted EPS	3,540	766
	No.	No.
Weighted average number of equity shares in calculating basic EPS	310,018,141	93,638,267
Add: Weighted average number of equity shares which would be issued on the conversion of compulsory convertible preference shares	165,049,889	44,567,839
Add: Weighted average number of equity shares which would be issued on the conversion of compulsory convertible debentures	694,444,445	214,992,390
Weighted average number of equity shares in calculating diluted EPS	1,169,512,475	353,198,496

23. Gratuity and other post-employment benefit plans

The Company has unfunded defined benefit gratuity plan. Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972.

(A) Statement of profit and loss

Net employee benefit expense recognized in the employee cost

Particulars	As at March 31, 2012	As at March 31, 2011
Current service cost	7	10
Interest cost on benefit obligation	4	-
Expected return on plan assets	-	-
Net actuarial(gain) / loss recognized in the year	18	-
Net benefit expense	29	10

(B) Balance sheet

Benefit liability

Particulars	As at March 31, 2012	As at March 31, 2011
Present value of defined benefit obligation	70	48
Fair value of plan assets	-	-
Plan asset / (liability)	70	48

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

Particulars	As at March 31, 2012	As at March 31, 2011
Opening defined benefit obligation	48	-
Current service cost	7	10
Transfer from parent company on transfer of employees	-	38
Interest cost	4	-
Benefits paid	(7)	-
Actuarial (gains) / losses on obligation	18	-
Closing defined benefit obligation	70	48

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

Particulars	As at March 31, 2012	As at March 31, 2011
Discount rate	8.6% p.a.	8% p.a.
Expected rate of return on assets	Not applicable	Not applicable
Employee turnover	5%	5%

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

24. Related party disclosures

Name of the related party	Nature of relationship
GVK Power & Infrastructure Limited	Holding Company
GVK Industries Limited	Subsidiaries
GVK Gautami Power Limited	
Alaknanda Hydro Power Company Limited	
GVK Power (Goindwal Sahib) Limited	
GVK Coal (Tokisud) Company Private Limited	
GVK Power (Khadur Sahib) Private Limited	
Goriganga Hydro Power Private Limited	Fellow Subsidiary
Seregraha Mines Limited*	Associate
Dr. G V Krishna Reddy, Chairman and Director	Key management personnel
Mr. A Issac George , Director	
Mr. G V Sanjay Reddy	
Mr. Krishna Ram Bhupal	
TAJ GVK Hotels & Resorts Limited	Companies over which the key management personnel exercise significant influence
Orbit Travel and Tours Private Limited	
GVK Technical & Consultancy Services Private Limited	
Pinakini Share & Stock Broker Limited	
GVK Projects & Technical Services Limited	

* through subsidiary Company

Notes to financial statements for the year ended March 31, 2012
(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Details of related party transactions during the year

Particulars	GVK Industries Limited	Alakananda Hydro Power Company Limited	GVK Power (Goindwal Sahib) Limited	GVK Coal (Tokisud) Company Private Limited	Goriganga Hydro Power Private Limited	GVK Power (Khadur Sahib) Private Limited	GVK Power & Infrastructure Limited	GVK Projects & Technical Services Limited	GVK Technical & Consultancy Services Private Limited	Pinakani Share and Stock Brokers Limited	TAJ GVK Hotels & Resorts Limited	Orbit Travel and Tours Private Limited
Transactions during the year												
Fees for power plant operations	1,165	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses	(475)	-	-	-	-	-	-	-	-	-	-	-
Interest Income	881	-	-	-	-	-	(78)	-	-	-	-	-
Services received	(416)	-	-	-	-	-	-	-	-	-	-	-
Investment in equity shares	286	-	-	-	-	-	-	-	-	-	-	-
	-	19,893	23,400	1,000	-	1	-	(14)	(66)	6	3	9
	-	(6,575)	(5,500)	(1,900)	-	-	-	-	-	(3)	(1)	(3)
Purchase of investments	-	-	-	-	-	-	-	-	-	-	-	-
Loans taken	-	-	-	-	-	-	(118,051)	-	-	-	-	-
Loans repaid	-	-	-	-	-	-	(3,201)	-	-	-	-	-
Share application money given	-	34,780	24,130	1,000	-	15	(3,390)	-	-	-	-	-
	-	(14,813)	(1,313)	(3)	(3,992)	-	-	-	-	-	-	-
Share application money received back	-	-	2,000	-	-	-	-	-	-	-	-	-
Loans/advance given	14,650	4,000	-	-	(3,992)	-	-	-	-	-	-	-
Loans refunded	6,050	-	-	-	-	-	-	-	55	-	-	-
Issue of debentures	-	-	-	-	-	-	-	-	-	-	-	-
Issue of equity shares	-	-	-	-	-	-	(83,323)	-	-	-	-	-
Balances outstanding	-	-	-	-	-	-	(24,995)	-	-	-	-	-
Receivables/(Payables) - March 31, 2012	9,164	33,700	43	3	-	14	(1)	-	55	(3)	-	(1)
Receivables/(Payables) - March 31, 2011	416	14,813	1,313	3	-	-	(47)	-	-	-	(0)	-

25. Segment reporting

The Company's operations fall within a single business segment "Operation and Maintenance of power plants" and single geographical segment and therefore segment information is not provided.

26. Contingent liabilities

The Company has provided security by way of pledge of its investments in respect of amounts borrowed by the following subsidiaries:

Name of the subsidiary	Number of Shares Pledged	
	As at March 31, 2012	As at March 31, 2011
GVK Industries Limited	68,120,000	68,120,000
GVK Gautami Power Limited	268,764,369	213,658,839
Alaknanda Hydro Power Company Limited	275,236,800	173,782,500
GVK Power (Goindwal Sahib) Limited	269,815,500	150,475,500
GVK Coal (Tokisud) Company Private Limited	26,270,100	21,170,100

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

27. Commitment

During the previous year, the Company, GVK Power and Infrastructure Limited (Holding Company) and certain private equity investors ('investors') entered into an investment agreement pursuant to which the Holding Company has undertaken to conduct an initial public offering of the Company's equity shares ('Qualified IPO' or 'QIPO') within 60 months from the date of investment agreement (preferred listing period).

If the Company does not make a QIPO during the preferred listing period and no offer for sale takes place within 12 months of the preferred listing period, then, at any time thereafter, the investors will have a put option with respect to all of the securities held by the Investor ("Put Right") on the Holding Company and the Company at the higher of (i) 20% IRR from the date of investment to the date of receipt of proceeds from the investor ("Put IRR") and (ii) the fair market value of the investor's shares.

Provided the Put IRR shall be reduced to 15% IRR, if at least 3 private sector initial public offerings with an issue size of Rs.100,000 or more each have not taken place in India between the 36th month to the 60th month from date of investment agreement. The Company believes that it would be able to successfully conduct QIPO in the preferred listing period.

28. During the previous year, the Company has made purchase of services from two companies aggregating to Rs.69 in respect of which prior approval of central government is required under the provisions of section 297 of the Companies Act 1956. The above transactions are part of normal business transactions at prevailing market prices. The Company has since then applied to regulatory authorities for condonation.

29. Micro, small and medium enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of “Micro, small and medium enterprises Act, 2006” is based on Management’s knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2012: Nil (March 31, 2011: Nil).

30. Expenditure in foreign currency (accrual basis)

Particulars	As at March 31, 2012	As at March 31, 2011
Travelling expenses	-	1
	-	1

31. The Reserve Bank of India (‘RBI’) had issued guidelines for Core Investment Companies (CIC) on January 5, 2011 pursuant to which Core Investment Companies (CIC) are exempted from applying for registration with RBI. The Company had evaluated the guidelines and concluded that it is a CIC and accordingly exempt from registration requirements.

32. The financial statements contain certain amounts reported as “0”, which are less than Re.1.

33. Previous year figures

Till the year ended March 31, 2011, the Company was using pre-revised Schedule VI to the Companies Act 1956, for preparation and presentation of its financial statements. During the year ended March 31, 2012, the revised Schedule VI notified under the Companies Act 1956, has become applicable to the company. The company has reclassified previous year figures to conform to this year’s classification.

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

As per our report of even date

For S. R. BATLIBOI & ASSOCIATES
Firm Registration No : 101049W
Chartered Accountants

For and on behalf of the Board of Directors of
GVK Energy Limited

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

Dr. G V Krishna Reddy
Chairman

G V Sanjay Reddy
Director

Place: Hyderabad
Date: May 8, 2012

A. Issac George
Director

T Ravi Prakash
Company Secretary



GVK ENERGY LIMITED

Regd. Off. 'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003.

ADMISSION SLIP

Folio No. / DP ID No. & Client ID No.*	
No. of Equity Shares held	

I/We hereby record my presence at the 4th Annual General Meeting held at Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500 034. on Thursday the 2nd August, 2012 at 1.00 pm.

Name of Shareholder (In Block Letters)	
No. of Shares Held	

* Applicable for investors holding shares in Electronic Mode

** Strike out whichever is not applicable

Signature of the shareholder/proxy*

1. A member/proxy/authorised representative wishing to attend the Meeting must complete this Admission Slip before coming to the Meeting and hand it over at the entrance.
2. If you intend to appoint a proxy, please complete, stamp, sign and deposit the Proxy Form given below at the Company's Registered Office at least 48 hours before the Meeting.



GVK ENERGY LIMITED

Regd. Off. 'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003.

PROXY FORM

I/We _____ of _____ being a member / members of GVK Energy Limited hereby appoint Shri./ Smt./ Kum. _____ of _____ as my /our Proxy in my/our absence to attend and vote for me/us and on my/our behalf at the 4th Annual General Meeting held at Hotel Taj Krishna, Road No.1, Banjara Hills, Hyderabad - 500 034 on Thursday the 2nd August, 2012 at 1.00 pm. and at any adjournment there of.

Folio No. / DP ID No. & Client ID No.*	
No. of Equity Shares held	

* Strike out whichever is not applicable

Note: The proxy, in order to be effective, should be duly completed, stamped, signed and must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for the Meeting.

Affix
Re. 1/-
Revenue
Stamp

Signature