



## **AUDITOR'S REPORT**

**To the Members of GVK Oil & Gas Limited**

### **Report on the Financial Statements**

1. We have audited the accompanying financial statements of GVK Oil & Gas Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2014, Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### ***Management's Responsibility for the Financial Statements***

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

3. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



6. In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:
- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
  - In the case of Statement of Profit & Loss, of the loss for the year ended on that date.
  - In the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

**Report on Other Legal and Regulatory Requirements**

7. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
8. As required by section 227(3) of the Act, we report that:
- we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - 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.
  - the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account [and with the returns received from branches not visited by us];
  - in our opinion, the Balance Sheet, Statement of Profit & Loss and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956;
  - on the basis of written representations received from the directors as on March 31, 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

**For SARANGA PANI & CO.**

**Firm No: 050030S**

**Chartered Accountants**

**C.SARANGA PANI**

**PROPRIETOR**

**Membership No: 73178**

**PLACE: HYDERABAD**

**DATE: May 10, 2014**



Annexure referred to in paragraph 7 of our report of even date  
Re: **GVK Oil & Gas Limited** ('the Company')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no substantial disposal of fixed assets during the year.
- (ii) In view of the nature of operations carried out by the Company, it has no inventory. Accordingly, the provisions of clause (ii) of the paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of the inventories are not applicable.
- (iii) As informed, the Company has neither granted nor taken any loans, secured or unsecured from/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 (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- (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.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
- (b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contract or arrangement exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.



(viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the services of the Company.

(ix)(a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess as applicable..

Further, since the Central Government has till date not prescribed the amount of cess payable under section 441 A of the Companies Act, 1956, we are not in a position to comment upon the regularity or otherwise of the company in depositing the same.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(x) The Company has incurred a cash loss of Rs.1,79,15,085/- (previous year Rs. 7,42,292/-) and as accumulated loss of Rs. 2,08,79,756/- (Previous year Rs.11,72,189/-) as on 31.03.2014.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.

(xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

(xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not given guarantee for loans taken by others from bank or financial institutions.

(xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.

# SARANGA PANI & CO

CHARTERED ACCOUNTANTS



1-1-719, Gandhi Nagar,

Hyderabad - 500 080.

Tel : 040 - 65979525 Cell : 9989991515

E-mail : cacspani@gmail.com

(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 short term funds have not been used for long term investments.

(xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.

(xix) The Company did not have any outstanding debentures during the year.

(xx) The Company did not raise any money through a public issue during the year.

(xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

**For SARANGA PANI & CO.**

**Firm No : 050030S**

**Chartered Accountants**

**C.SARANGA PANI**

**PROPRIETOR**

**Membership No: 73178**

**PLACE: HYDERABAD**

**DATE : May 10, 2014**

GVK Oil & Gas Limited

Balance Sheet as at 31st March, 2014

(Amounts expressed in Indian Rupees unless otherwise stated)

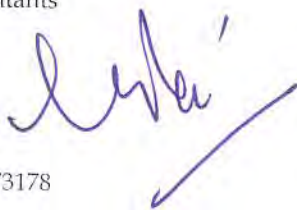
	Note	31-Mar-14	31-Mar-13
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholders' Funds</b>			
Share capital	3	5,00,000	5,00,000
Reserves and surplus	4	(2,08,79,756)	(11,72,189)
		(2,03,79,756)	(6,72,189)
<b>Non-current liabilities</b>			
Long-term provisions	5	-	1,55,947
		-	1,55,947
<b>Current liabilities</b>			
Short-term borrowings	6	1,77,39,73,210	1,76,20,13,615
Other current liabilities	7	8,20,30,345	7,36,70,866
Short-term provisions	5	-	6,38,284
		1,85,60,03,555	1,83,63,22,765
		1,83,56,23,800	1,83,58,06,524
<b>ASSETS</b>			
<b>Non-current assets</b>			
<b>Fixed Assets</b>			
(i) Tangible Assets	8	46,72,932	64,65,414
(ii) Capital Work-in-Progress	8(i)	1,81,80,60,570	1,81,80,60,570
Other non-current assets	10	7,81,048	7,28,757
		1,82,35,14,550	1,82,52,54,741
<b>Current assets</b>			
Cash and cash equivalents	11	1,20,244	4,36,323
Short-term loans and advances	9	1,19,89,006	1,01,15,460
		1,21,09,250	1,05,51,782
		1,83,56,23,800	1,83,58,06,524

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

As per our report of even date

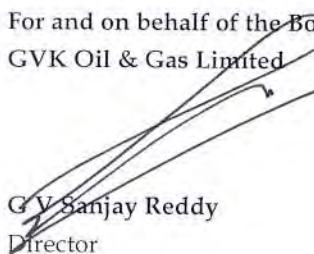
For SARANGA PANI & Co.,  
Firm Registration No : 050030S  
Chartered Accountants

C. Saranga Pani  
Proprietor  
Membership No.73178

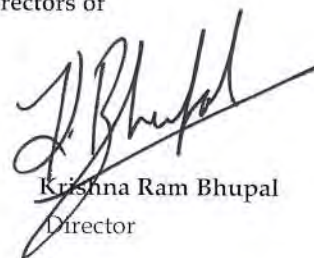


For and on behalf of the Board of Directors of  
GVK Oil & Gas Limited

G V Sanjay Reddy  
Director



Krishna Ram Bhupal  
Director



Place : Secunderabad

Date : May 10, 2014

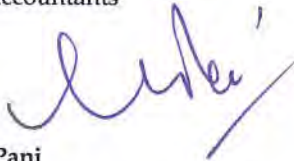
GVK Oil & Gas Limited  
Profit and Loss Account  
Statement of profit and loss for the year ended 31st March, 2014

	Note	31-Mar-14	31-Mar-13
<b>INCOME</b>			
Other Income	12	52,291	-
		<u>52,291</u>	<u>-</u>
<b>EXPENDITURE</b>			
Employee benefits expense	13	17,19,167	
Other expenses	14	1,61,88,654	7,44,491
Finance Cost	15	59,555	-
Depreciation & Amortisation	8	17,92,482	
		<u>1,97,59,858</u>	<u>7,44,491</u>
<b>Profit/(loss) before tax</b>		<b>(1,97,07,567)</b>	<b>(7,44,491)</b>
Provision for taxation			
Provision for Income Tax		-	-
Income Tax for eaarlier years		-	(2,199)
<b>Total tax expense</b>		<b>-</b>	<b>(2,199)</b>
<b>Profit/(loss) after tax</b>		<b>(1,97,07,567)</b>	<b>(7,42,292)</b>

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

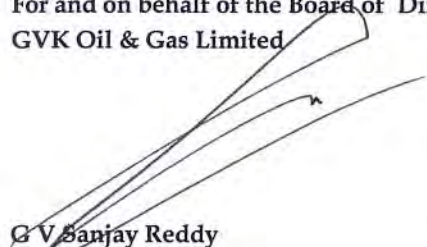
As per our report of even date

For SARANGA PANI & Co.,  
Firm Registration No : 0500305  
Chartered Accountants

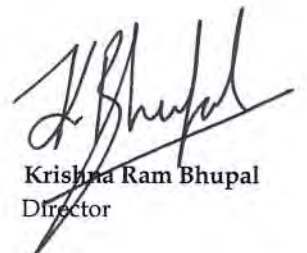


C. Saranga Pani  
Proprietor  
Membership No.73178

For and on behalf of the Board of Directors of  
GVK Oil & Gas Limited



G V Sanjay Reddy  
Director



Krishna Ram Bhupal  
Director

Place : Secunderabad  
Date : May 10, 2014

# GVK OIL & GAS LIMITED

(Formerly Known as GVK ENERGY LIMITED)

## Notes to financial statements for the year ended 31 March 2014

### 1. Corporate information

GVK Oil & Gas Limited (the company) is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The company is engaged in the business of exploration and development and production of crude oil, associated gas and natural gas resources.

### 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) Use of estimates

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

##### (b) Fixed assets

The Company follows a full cost method of accounting for oil & gas assets.

All Costs incurred in prospecting, acquiring mineral interest are accumulated in a large cost centers and are carried as Capital Work in Progress

Fixed assets are stated at cost (or revalued amounts, as the case may be), 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 related to the period till such assets are ready to be put to use.

Depreciation is provided using Straight Line Method at the rates that are greater than or equal to the corresponding rates prescribed in Schedule XIV of the Companies Act, 1956

Nature of Asset	Rates (SLM)
Data Processing Equipment	16.21%



# GVK OIL & GAS LIMITED

(Formerly Known as GVK ENERGY LIMITED)

## Notes to financial statements for the year ended 31 March 2014

### (c) Foreign currency transactions

#### *Foreign currency transactions and balances*

##### (i) Initial recognition

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

##### (ii) Conversion

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

##### (iii) Exchange differences

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

### (d) Provisions & contingent liabilities

A provision is recognized when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present values and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. A disclosure for a contingent liability is made when there is possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.



# GVK OIL & GAS LIMITED

(Formerly Known as GVK ENERGY LIMITED)

Notes to financial statements for the year ended 31 March 2014

## 3. Share capital

	31-Mar-14 Rs.	31-Mar-13 Rs.
Authorized shares (No. thousands)		
50,000 (31 March 2013: 50,000) equity shares of Rs.10/- each	5,00,000	5,00,000
Issued, subscribed and fully paid-up shares		
50,000 (31 March 2013: 50,000) equity shares of Rs.10/- each	5,00,000	5,00,000
	5,00,000	5,00,000

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

#### Equity shares

	31-Mar-14		31-Mar-13	
	No.	Rs.	No.	Rs.
At the beginning of the year	50,000	5,00,000	50,000	5,00,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	50,000	5,00,000	50,000	5,00,000

### (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.

### (c) Shares held by holding company

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

	31-Mar-14 Rs.	31-Mar-13 Rs.
GVK Power & Infrastructure Limited, the holding company		
50,000 (31 March 2013: 50,000) equity shares of Rs.10/- each fully paid	5,00,000	5,00,000

### Details of shareholders holding more than 5% shares in the company

Name of the shareholder	31-Mar-14		31-Mar-13	
	No.	% holding in the class	No.	% holding in the class
Equity shares of Rs.10 each fully paid				
GVK Power & Infrastructure Limited, hol	50,000	100%	50,000	100%

# GVK OIL & GAS LIMITED

(Formerly Known as GVK ENERGY LIMITED)

## Notes to financial statements for the year ended 31 March 2014

As per records of the company, including its register of shareholders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownerships of shares.

### 4. Reserves and surplus

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Surplus/ (deficit) in the statement of profit and loss		
Balance as per the last financial statements	(11,72,189)	(4,29,897)
Profit for the year	(1,97,07,567)	(7,42,292)
Net surplus in the statement of profit and loss	(2,08,79,756)	(11,72,189)
Total reserves and surplus	(2,08,79,756)	(11,72,189)

### 5. Long-term provisions and Short-term provisions

	Long-term		Short-term	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	Rs.	Rs.	Rs.	Rs.
Provision for employee benefits				
Provision for gratuity	-	1,55,947	-	-
Provision for leave travel allowance	-	-	-	93,050
Provision for leave benefits	-	-	-	5,45,234
	-	1,55,947	-	6,38,284

Note: There are no employees at the end of the year and there is no liability towards gratuity and therefore the provision for gratuity has been written back.

### 6. Short-term borrowings

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Loan from GVK Power & Infrastructure Ltd. (Holding company)	1,77,39,73,210	1,76,20,13,615
	1,77,39,73,210	1,76,20,13,615

Loan from GVK Power & Infrastructure Ltd., holding company is unsecured and repayable on demand. This loan carries nil rate of interest.

# GVK OIL & GAS LIMITED

(Formerly Known as GVK ENERGY LIMITED)

Notes to financial statements for the year ended 31 March 2014

## 7. Other current liabilities

	31-Mar-14 Rs.	31-Mar-13 Rs.
Other liabilities		
TDS payable	-	2,80,362
Others	8,20,30,345	7,33,90,504
	<u>8,20,30,345</u>	<u>7,36,70,866</u>

## 8. Tangible assets

	Data processing equipment Rs.	Total Rs.
Cost		
At 1 April 2012	1,10,55,003	1,10,55,003
Additions	-	-
At 31 March 2013	<u>1,10,55,003</u>	<u>1,10,55,003</u>
Additions	-	-
At 31 March 2014	<u>1,10,55,003</u>	<u>1,10,55,003</u>
Depreciation		
At 1 April 2012	27,97,105	27,97,105
Charge for the year	17,92,484	17,92,484
At 31 March 2013	<u>45,89,589</u>	<u>45,89,589</u>
Charge for the year	17,92,482	17,92,482
At 31 March 2014	<u>63,82,071</u>	<u>63,82,071</u>

## 9. Loans and advances

	Non-current		Current	
	31-Mar-14 Rs.	31-Mar-13 Rs.	31-Mar-14 Rs.	31-Mar-13 Rs.
Advances recoverable in cash or kind				
Unsecured considered good	-	-	5,000	1,31,454
Other loans and advances				
Income Tax paid	-	-	1,19,84,006	99,84,006
	<u>-</u>	<u>-</u>	<u>1,19,89,006</u>	<u>1,01,15,460</u>

# GVK OIL & GAS LIMITED

(Formerly Known as GVK ENERGY LIMITED)

## Notes to financial statements for the year ended 31 March 2014

### 10. Other non-current assets

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Other non-current assets		
Interest accrued but not due	2,34,048	1,81,757
Non-current bank balance	5,18,000	5,18,000
Preliminary Expenditure	29,000	29,000
	<u>7,81,048</u>	<u>7,28,757</u>

### 11. Cash and bank balances

	Non-current		Current	
	31-Mar-14	31-Mar-13	31-Mar-14	31-Mar-13
	Rs.	Rs.	Rs.	Rs.
Cash and cash equivalents				
Balances with banks:				
- On current accounts	-	-	1,20,244	4,36,323
	-	-	<u>1,20,244</u>	<u>4,36,323</u>
Other bank balances				
- Deposits with original maturity for more than 12 months	5,18,000	5,18,000	-	-
	<u>5,18,000</u>	<u>5,18,000</u>	-	-
Amount disclosed under non-current assets	(5,18,000)	(5,18,000)	-	-
	-	-	<u>1,20,244</u>	<u>4,36,323</u>

### 12. Other Income

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Interest on Fixed Deposits	52,291	-
	<u>52,291</u>	-

### 13. Employee benefits expense

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Salaries, wages and bonus	17,17,607	-
Staff welfare expenses	1,560	-
	<u>17,19,167</u>	-

# GVK OIL & GAS LIMITED

(Formerly Known as GVK ENERGY LIMITED)

Notes to financial statements for the year ended 31 March 2014

## 14. Other expense

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Auditor's Remuneration	6,742	9,000
Business Promotion Expenses	-	43,500
Repairs and maintenance	40,217	-
Insurance - Group Personal Accident (GPAI)	66	-
Legal & Professional Charges	70,84,608	6,90,412
Travelling and conveyance	1,02,989	-
Rates & Taxes	12,500	-
Printing and Stationery - General Stationery	6,000	-
Insurance - Others	9,792	-
Communication costs	3,615	-
Foreign Exchange Variation	89,19,095	-
Miscellaneous expenses	3,031	1,000
Service Tax - Reverse Charge	-	579
	<u>1,61,88,654</u>	<u>7,44,491</u>

## 15. Finance cost

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Bank charges	62	-
Bank Charges - BG / LC Commission	59,493	-
	<u>59,555</u>	-

## 16. Related party disclosures

Transactions with related parties during the year ended and outstanding as at March 31, are:

### a) Holding Company

GVK Power & Infrastructure Limited

### b) Key Management Personnel

Dr. G V Krishna Reddy

Mr. G V Sanjay Reddy

Mr. Krishna Ram Bhupal

### c) Enterprises in which Key Management Personnel and / or their relatives have significant influence

M/s .Orbit Travel & Tours Private Limited

# GVK OIL & GAS LIMITED

(Formerly Known as GVK ENERGY LIMITED)

## Notes to financial statements for the year ended 31 March 2014

### Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Holding Company:

Particulars of Transactions	Transactions during the year	Amount owed to the related parties
Short-term borrowings	1,19,59,595 (7,14,00,478)	1,77,39,73,210 (1,76,20,13,615)

Note: Previous year figures are in parenthesis

Enterprises in which key management personnel are interested:

Particulars of Transactions	Transactions during the year	Amount owed to the related parties
Travelling Expenses	87,895 (8,36,579)	- (-)

Note: Previous year figures are in parenthesis

### 17. 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.

### 18. Contingent Liabilities not provided for in respect of claims

- (i) The dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:-

Name of the Statute	Nature of Amount	Amount (Rs.)	Period to which amount relates	Forum Where dispute is pending
Central Excise and Customs Act, 1944	Service tax	81,86,734/-	2008-2009	In Appeal with commissioner of Service Tax.
Income Tax Act, 1961	Income Tax	8,435,214/	2008-2009	ITAT, Hyderabad

- (ii) As On March 31,2014, Performance Bank Guarantee for oil blocks amounting for Rs. 1,37,86,368 (Previous Year: Rs. 11,78,06,132) was taken in favour of 'Ministry of Petroleum & Natural Gas' for a period of one year towards 35% of estimated expenditure of Minimum Work

# GVK OIL & GAS LIMITED

(Formerly Known as GVK ENERGY LIMITED)

## Notes to financial statements for the year ended 31 March 2014

Program of the exploration phase. As Management is confident of executing the Minimum work Program during the exploration phase, no provision has been made.

### 19. Commitments

The company under the Production Sharing Contract entered into with Ministry of Petroleum and Natural Gas has given commitment towards minimum work programme in seven blocks allotted during NELP VII for exploration of oil and gas being conducted by the jointly controlled entity of the company. Similar commitment was there in the previous year also.

### 20. Expenditure in foreign currency (accrual basis)

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Software Purchase / Maintenance	-	24,81,269
Traveling Expenses	-	3,84,617

### 21. Payment to auditor

	31-Mar-14	31-Mar-13
	Rs.	Rs.
Audit fee	6,742	9,000
Other services (certification fees)	-	6,000

### 22. 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 31 March 2014 (31 March 2013: Nil).

As per our report of even date

For Saranga Pani & Co.

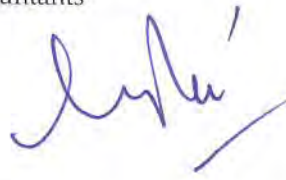
Firm registration number: 0500305

Chartered Accountants

C Sarangapani

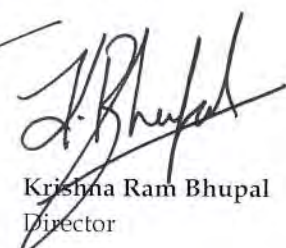
Proprietor

Membership no.: 73178



For and on behalf of the board of directors of  
GVK Oil & Gas Limited

G.V. Sanjay Reddy  
Director



Krishna Ram Bhupal  
Director

Place: Hyderabad

Date: May 10, 2014.



# GVK Oil & Gas Limited

(Formerly Known as GVK Energy Limited)

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

Particulars	31-Mar-14	31-Mar-13
<b>Cash flow from operating activities</b>		
Profit after taxation	(1,97,07,567)	(7,42,292)
<b>Adjustments for:</b>		
Depreciation	-	-
Provision for retirement benefits	-	-
<b>Operating profit before working capital changes</b>	<b>(1,97,07,568)</b>	<b>(7,42,292)</b>
<b>Changes in working capital :</b>		
(Increase) in loans and advances	(1,55,947)	37,053
(Increase) / decrease in unbilled revenues	-	-
(Increase) / decrease in other current assets	-	-
Increase/(Decrease) in current liabilities and provisions	-	-
<b>Cash (used in) / generated from operations</b>	<b>(1,98,63,515)</b>	<b>(7,05,239)</b>
<b>Net cash from / (used in) operating activities</b>	<b>(A) (1,98,63,515)</b>	<b>(7,05,239)</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets	-	-
CWIP and Expenditure during construction pending Allocation	75,87,841	(7,07,51,251)
<b>Net cash used in investing activities</b>	<b>(B) 75,87,841</b>	<b>(7,07,51,251)</b>
<b>Cash flows from financing activities</b>		
Proceed from Unsecured Loan	1,19,59,595	7,14,00,478
Proceeds from share application money	-	-
Repayment of share application money	-	-
<b>Net cash from financing activities</b>	<b>(C) 1,19,59,595</b>	<b>7,14,00,478</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A+B+C) (3,16,079)</b>	<b>(56,012)</b>
Cash and cash equivalents at the beginning of the year	4,36,323	4,92,335
<b>Cash and cash equivalents at the end of the period</b>	<b>1,20,244</b>	<b>4,36,323</b>

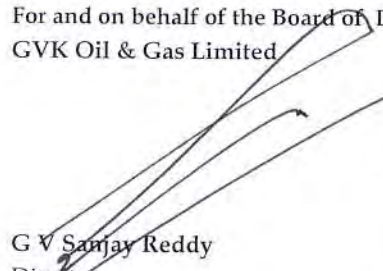
As per our report of even date

For SARANGA PANI & Co.,  
Firm Registration No : 0500305  
Chartered Accountants

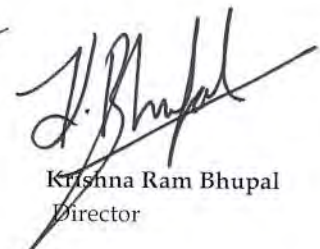


C. Saranga Pani  
Proprietor  
Membership No.73178

For and on behalf of the Board of Directors of  
GVK Oil & Gas Limited



G V Sanjay Reddy  
Director



Krishna Ram Bhupal  
Director

Place : Secunderabad

Date : May 10, 2014