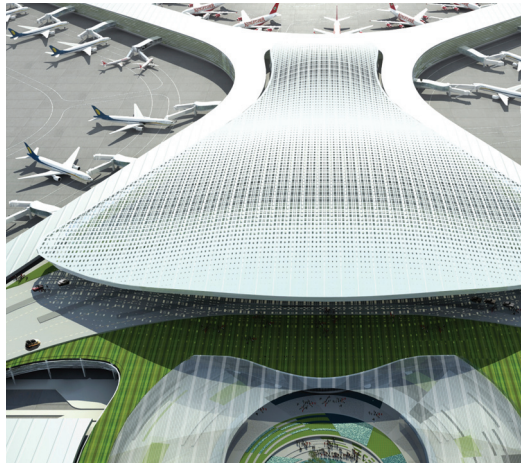


15TH ANNUAL REPORT 2008 - 09



GVK POWER & INFRASTRUCTURE LIMITED



Corporate Information

Board of Directors

G V Krishna Reddy	Chairman & Managing Director
G Indira Krishna Reddy	Director
G V Sanjay Reddy	Director
Somanadri Bhupal	Director
A Ramakrishna	Director
K N Shenoy	Director
Abid Hussain	Director
P Abraham	Director
Sanjay Narayen	Director
Pradip Baijal	Director
Ch G Krishna Murthy	Director
A Issac George	Director & CFO
P V Rama Seshu	Company Secretary & Compliance Officer

Committees of the Board

Audit Committee

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

Remuneration Committee

A Ramakrishna	Chairman
K N Shenoy	Member
P Abraham	Member

Investors' Grievance Committee

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

Statutory Auditors

M/s S R Batliboi & Associates
205, 2nd Floor
Ashok Bhoopal Chambers
S P Road, Secunderabad - 500 003

Registrar & Share Transfer Agents

Karvy Computershare Private Limited
Plot No. 17-24, Vittal Rao Nagar
Madhapur, Hyderabad - 500 081

Registered & Corporate Office

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

ISIN

INE251H01024

Stock Code

BSE:532708

NSE: GVKPIL

Standalone Financials at a glance

Rs. '000

	2009	2008
Financial Performance		
Financial Performance:		
Gross Income	424,720	1,173,166
EBIDTA	246,991	1,041,431
Interest & Financial Charges	2,250	64,937
Depreciation	349	113
Profit After Tax	209,956	908,536
Dividend	-	-
EPS (Rupees)		
Basic	0.15	0.70
Diluted	0.15	0.70
Financial Position		
Fixed Assets (Net of Depreciation)	3,257	3,191
Cash and cash equivalent	675,075	3,499,072
Net current assets	7,865,768	5,474,279
Total Assets	17,392,209	17,182,253
Equity	1,405,849	1,405,849
Reserves	15,986,360	15,776,404
Networth	17,392,209	17,182,253
Market Capitalisation	32,826,572	7,029,245

Notice

Notice is hereby given that the Fifteenth Annual General Meeting of the members of GVK Power & Infrastructure Limited will be held on Tuesday, the 28th of July, 2009, at 11.30 a.m. at Sri Satya Sai Nigamagadam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073 to transact the following business:

Ordinary business

1. To receive, consider and adopt the Balance Sheet as at March 31, 2009 and the Profit and Loss Account for the year ended on that date and the Report of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Ch. G Krishna Murthy, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Sanjay Narayan, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint M/s. S R Batliboi & Associates, Chartered Accountants, Hyderabad, the retiring auditors, as Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting to the conclusion of next Annual General Meeting on such remuneration as may be determined by the Board.

Special business

5. To consider and if thought fit, to pass the following, with or without modification(s), as a special resolution.
 "RESOLVED THAT pursuant to the provisions of sections 198, 269, 309, 310, 316, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof that may hereafter be made by the Central Government) and subject to approval of the Central Government, if any, and based on the recommendations of the Remuneration Committee and the Board of Directors of the Company, approval of the Shareholders be and is hereby accorded for the re-appointment of Dr. G V Krishna Reddy as Chairman & Managing Director of the Company for a further period of 5 (Five) years with effect from 14th October, 2008 on the salary and perquisites as set out below;
 1. **Period of Re-appointment:** The re-appointment is for a period of 5 years with effect from 14th October, 2008.
 2. **Salary:** In the scale of Rs.4,75,000 - 50,000 - 6,75,000 per month which includes Basic, DA, HRA and all other allowances by whatever name called.
 3. **Perquisites:** Perquisites shall be restricted to 100% of an amount equivalent to annual salary and shall be valued in terms of the provisions of Income Tax Act, 1961.
 - i) Medical Reimbursement: Reimbursement of medical expenses incurred for self and family.
 - ii) Leave Travel Concession: Leave Travel Concession for self and family once in a year.
Explanation: Family for (i) and (ii) above shall mean spouse, dependant children and dependant parents.
 - iii) Club Fees: Fees for one club and no admission and life membership fee shall be paid;
 - iv) Personal Accident Insurance: Personal Accident Insurance premium shall be as per the rules of the Company;
 - v) Reimbursement of expenses for utilities such as gas, electricity, water, furnishings, air-conditioning and repairs, all of which, may be hired or owned;
 - vi) Use of Company's car for official duties and telephones at residence (including long distance calls) shall not be considered as perquisites;
 - vii) Earned Leave: Encashment of leave at the end of the tenure is as per the rules of the Company.
 - viii) Contribution to the provident fund, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and
 - ix) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
 The perquisites mentioned above can be interchangeable within the overall ceiling of the annual salary.
 4. **Minimum Remuneration:** Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the Chairman & Managing Director, the Company shall pay remuneration by way of salary and perquisites as specified above as minimum remuneration."
 5. **Termination:** Services of Dr. G V Krishna Reddy, Chairman & Managing Director can be terminated by giving 6 (Six) months notice in writing from either side or 6 (six) months' salary and perquisites in lieu thereof, whichever, as may be decided by the Company."

"RESOLVED FURTHER THAT Mr. A Issac George, Director and Chief Financial Officer or Mr. P V Rama Seshu, Company Secretary of the Company be and are hereby severally authorised to take necessary steps as may be required for giving effect to this resolution."

By Order of the Board

Place: Hyderabad
Date : 29.04.2009

P V Rama Seshu
Company Secretary

Notes

1. Every Member entitled to attend and vote at the meeting is entitled to appoint a Proxy to attend and vote instead of himself and such Proxy need not be a member of the Company.
2. Duly filled in Proxy form must be deposited at the Corporate / Registered Office of the Company before 48 hours of the time fixed for holding the meeting.
3. Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956 is annexed hereto and forms part of the notice.
4. Pursuant to Clause 49 of the Listing Agreement, particulars of Directors seeking appointment / re-appointment at this meeting are annexed hereto.
5. The Register of Members and Share Transfer Books of the Company will remain closed from 24-07-2009 to 28-07-2009 (both days inclusive).
6. Members are requested to:
 - i) Note that as a measure of austerity, copies of Annual Report will not be distributed at the Annual General Meeting.
 - ii) Deliver duly completed and signed Attendance Slip at the entrance of the meeting venue as entry to the Auditorium will be strictly on the basis of the entry slip available at the counters at the venue to be exchanged with the attendance slip.
 - iii) Quote their Folio / Client ID & DP ID Nos. in all correspondence.
 - iv) Note that due to strict security reasons brief cases, eatables and other belongings are not allowed inside the auditorium.
 - v) Note that no gifts / compliments / coupons will be distributed at the Annual General Meeting.
 - vi) A corporate member shall be deemed to be personally present only if it is represented in accordance with Section 187 of the Companies Act, 1956 i.e. only if the corporate member sends certified true copy of the Board resolution / power of attorney authorizing the representative to attend and vote at the Annual General Meeting.
 - vii) Members are requested to notify immediately any change of address to their Depository Participants (DP) in respect of shares held in dematerialized form.
7. Members desirous of getting any information on any items of business of this Meeting are requested to address their queries to Mr. P V Rama Seshu, Company Secretary at the Registered Office of the Company at least ten days prior to the date of the meeting, so that the information required can be made available at the meeting.
8. All documents referred to in the notice and annexures thereto along with other mandatory registers / documents are open for inspection at the registered office of the Company on all working days (except Saturdays and Sundays) between 11.00 a.m. to 1.00 p.m. prior to the date of Annual General Meeting.

Explanatory Statement

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

Item 5

The Board of Directors of your Company at its meeting held on January 31, 2009 has re-appointed Dr. G V Krishna Reddy, as Chairman & Managing Director of the Company for a further period of 5 years with effect from 14-10-2008, subject to your approval and the Central Government, if need be. The detailed terms of appointment of Dr. G V Krishna Reddy as given in the above resolution has been approved by the Board based on the recommendations of the Remuneration Committee of the Company.

In terms of the provisions of sections 198, 269, 309, 310, 316, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956, the above is required to be approved by the Shareholders as a Special Resolution.

The terms and conditions as specified in the said resolution shall also be treated as an abstract of his terms of appointment and memorandum of disclosure of nature of interest or concern therein in terms of section 302 of the Companies Act, 1956. Your Board considers it desirable that the Company should continue to avail his services and accordingly recommends the above resolutions for your approval.

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

By Order of the Board

Place: Hyderabad
Date : 29.04.2009

P V Rama Seshu
Company Secretary

Annexure

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

Name of the Director	Mr. Sanjay Narayan	Mr. Ch G Krishna Murthy
Date of Appointment	28.01.2008	24.07.2008
Date of Birth	06.06.1952	09.02.1931
Qualifications	MA (History), IAS(Retd)	MA, LLB, CA
Expertise in specific functional areas	Sanjay Narayan, is a Director of our Company. He holds a Masters of Arts Degree in History from Delhi University and a Diploma in Development. Economics from Churchill College, Cambridge University (UK). He joined the Indian Administrative Services and worked in different capacities in Government of Maharashtra and Government of India such as, Secretary, MSEB Chief of Protocol for Maharashtra, Advisor to Prime Minister on Heritage and Cultural Affairs. He also worked as Joint Secretary, Ministry of Civil Aviation and has been instrumental in the privatization of Delhi and Mumbai Airports.	Ch G Krishna Murthy, is an Independent Director on our Board. He is a Chartered Accountant and holds a Masters degree in Arts and a LLB Degree. He has been a member, Law Commission India and has served on the Income Tax Appellate Tribunal in various capacities including President. He has also been a chairman of the Oil Selection Board, Ministry of Petroleum for the states of Karnataka, Andhra Pradesh and Orissa. He was also a practicing chartered accountant. He us a member of the Governing Council of the International Centre for Alternative Dispute Resolution (ICADR), a member of the General Council of the National Academy of Legal Studies and Research Univerity, a Chairman of the Chinmaya Vidyala and a member of the Chinmaya Seva Trust.
List of Companies in which Directorship is held as on 31.03.2009	Nil	Nil
Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2009	Nil	Nil

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

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

Name of the Director	Dr. G V Krishna Reddy
Date and period of re-appointment	For a period of 5 years w.e.f. 14.10.2008
Date of Birth	22.03.1937
Qualifications	BA
Expertise in specific functional areas	<p>Dr. G V Krishna Reddy, is the Chairman and Managing Director of our Company. He holds a Bachelors degree and has completed the Owner/ President Management Program from Harvard Business School. He has also been awarded a Doctorate in Philosophy from the Jawarhalal Nehru Technological University. He is a first generation industrialist and the founder of the GVK Group which has businesses in the energy, urban infrastructure, transportation, particle boards, hospitality, petrochemicals, biotechnology and finance sectors. His career spanning the last 42 years started with his involvement in the construction of major infrastructure projects for the Government such as dams, power houses, irrigation canals, bridges, roads, aqueducts and undertunnels. He established Novopan Industries Limited, one of India's first high quality pre-laminated particle board facility in 1979, followed by GVK Petrochemicals Limited for the manufacture of thermo-setting polymers to meet the requirements of the particle board industry, and GVK America Inc. in North Carolina, USA.</p> <p>The hospitality business of the GVK group of companies which was initiated as a strategic alliance forged by him with the Taj Group, comprises of Taj Krishna, Taj Deccan, Taj Banjara and Taj Chandigarh. He also pioneered the establishment of the 217 MW Jegurupadu combined cycle power plant, India's first independent power producer and the Jaipur-Kishangarh BOT road project, a segment of the Golden Quadrilateral National Highways Development Project of the Gol.</p>
List of Companies in which Directorship is held as on 31.03.2009	<p>GVK Industries Limited Gautami Power Limited Alaknanda Hydro Power Company Limited GVK Power (Goindwal Sahib) Limited Novopan Industries Limited TajGVK Hotels & Resorts Limited GVK Jaipur Expressway Private Limited GVK Aviation Private Limited GVK Perambalur SEZ Private Limited GVK Energy Limited GVK Oil & Gas Limited GVK Developmental Projects Private Limited GVK Coal (Tokisud) Company Private Limited Mumbai International Airport Private Limited</p>
Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2009	NIL

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

Directors' Report

Dear Shareholders,

Your Directors have pleasure in presenting the 15th annual report together with the audited balance sheet and profit and loss account of your Company for the year ended March 31, 2009.

Financial Results

Being a holding company of different vertical business operations, your company does not have independent operating revenues other than O&M fee, incentives and dividends, if any, from its subsidiaries, interest and other treasury income earned on surplus funds. Following is the summary of consolidated results of the company and its subsidiary companies.

Consolidated Financial Results

(Rs. '000)

Particulars	2008-2009	2007-2008
Financial Performance		
Gross Income	5,339,638	5,319,083
EBIDTA	1,964,845	2,494,312
Interest & Financial charges	333,853	431,208
Depreciation	779,537	775,693
Provision for Taxes	100,356	238,511
PAT before share of income from Associates	751,099	1,048,900
Add:-Net Share of Income from Associates	312,456	305,797
Add:-Profit on the sale of Subsidiary	12,074	-
Total Profit for the year	1,075,629	1,354,697
Add:-Balance Brought Forward from previous years	1,721,753	510,565
Balance Available for Appropriation	2,797,382	1,865,262
Appropriations		
Transfer To General Reserve	-	47,500
Tax on Dividend	-	96,009
Earning Purchase (in Rs.)		
Weighted Average no. of Equity Shares	1,405,848,900	1,304,368,059
Basic & Diluted	0.77	1.04
Financial Position		
Fixed Assets (Net of Depreciation)	13,589,590	12,274,832
Cash & Cash Equivalent	1,788,186	4,313,711
Net Current Assets	2,886,761	4,582,254
Total Assets	58,197,142	37,431,227
Equity	1,405,849	1,405,849
Reserves	21,532,900	20,457,271
Networth	23,228,828	21,865,916

Dividend

Apart from expansion of the existing ones, your company is implementing different projects through its subsidiaries and is also exploring various business opportunities. In this endeavour, it is necessary to conserve the funds to meet investment opportunities, which your board believes would enhance the shareholders value in the long term. Therefore, your board has not recommended any dividend for the financial year 2008-09.

Subsidiaries

As on March 31, 2009, your company has a total of 12 subsidiaries and 2 associate companies. The total list of these subsidiaries and associate companies is provided as annexure "A" to this report.

In terms of section 212 of the Companies Act, 1956, the Company is required to attach the Directors' Report, balance sheets, profit and loss account of its subsidiary companies to its Annual Report. The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its orders No.47/281/2009 CL-III dated 24.04.2009 has granted exemption to your company for not attaching the above documents of subsidiaries with Annual Report of the Company for the financial year 2008-09.

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

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

Consolidated Financial Statements

The audited Stand alone and Consolidated Financial Statements of the company along with its subsidiary companies are attached herewith and form part of this annual report. These have been prepared in accordance with the provisions of the Companies Act, 1956, the Listing Agreement, the Accounting Standard (AS-21) on Consolidated Financial Statements and the Accounting Standard (AS-23) on Accounting for Investments in Associates.

Corporate Governance

Your Company firmly believes and adopts the highest standard of practice under Corporate Governance. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance is attached to this report.

Management Discussion and Analysis

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

Directors

Appointments by rotation: In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company, Mr. Sanjay Narayan and Mr. Ch G Krishna Murthy, Directors of the company will retire by rotation at this meeting and being eligible, offer themselves for re-appointment.

Re-appointment: During the year under review, Dr. G V Krishna Reddy has been re-appointed as Chairman & Managing Director for a further period of five years with effect from 14th October, 2008 subject to your approval. Your Board recommends the above re-appointments for your approval.

Resignation: Mr. Ajay Lal, resigned as Director with effect from August 21, 2008. The Board places on record its appreciation for the contribution made by Mr. Ajay Lal during his tenure as Director of the Company.

Directors' Responsibilities Statement

Pursuant to the requirements specified under Section 217 (2AA) of the Companies Act, 1956, with respect to the Directors' Responsibilities Statement, it is hereby confirmed that;

- I. in the preparation of the annual accounts for the financial year ended 31st March, 2009, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- II. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2009 and of the profit or loss of the Company for the said period;
- III. that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- IV. the directors had prepared the annual accounts for the financial year ended 31st March, 2009 on a "going concern" basis.

Auditors

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

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

Public Deposits

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

Particulars of Employees

As required under the provisions of Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, the names and other particulars of employee(s) are set out in the annexure "C" to this report.

Foreign Exchange Earnings and Outgo

In accordance with the provisions of Section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, the information relating to foreign exchange earnings and

outgo is provided under Notes to the Balance Sheet and Profit and Loss Account.

Other Information

The Audit Committee of the Company has reviewed the audited financial statements for the year under review at its meeting held on 29th April, 2009 and recommended the same for the approval of the Board of Directors.

Acknowledgements

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

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

For and on behalf of the Board of
Directors

Place : Hyderabad
Date : 29.04.2009

G V Krishna Reddy
Chairman & Managing Director

Annexure - A**Holding Company**

- GVK Power & Infrastructure Limited

Subsidiaries (As on March 31, 2009)

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

Associates (As on March 31, 2009)

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

Annexure 'B'
Statement pursuant to approval of the Central Government under section 212(8) of the Companies Act, 1956 about the financial information of the Subsidiary Companies as at March 31, 2009
(In Rupees)

Name of the Subsidiary	GVK Industries Limited	GVK Jaipur Expressway Private Limited	Alaknanda Hydro Power Company Limited	Goriganga Hydro Power Private Limited	GVK Power (Goindwal Sahib) Limited	GVK Perambalur SEZ Private Limited	GVK Coal (Takisud) Company Private Limited	GVK Airport Developers Private Limited	GVK Oil & Gas Limited	GVK Energy Limited	GVK Developmental Projects Private Limited	Gautami Power Limited
Issued and Subscribed Share Capital	2,620,000,000	1,045,030,000	1,500,000,000	100,000	500,000	100,000	100,000	100,000	500,000	500,000	100,000	5,494,362,000
Reserves	3,361,661,116	2,246,041,280	451,308	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Assets	15,093,388,582	5,892,222,578	9,704,534,168	161,744,218	3,025,076,650	1,063,395,167	50,796,334	1,811,845,633	261,781,492	16,241,332	118,936	18,368,687,165
Total Liabilities	15,093,388,582	5,892,222,578	9,704,534,168	161,744,218	3,025,076,650	1,063,395,167	50,796,334	1,811,845,633	261,781,492	16,241,332	118,936	18,368,687,165
Investments (except investments in Subsidiaries)	Nil	22,687,586	168,782	Nil	Nil	Nil	Nil	9900	Nil	Nil	Nil	Nil
Turnover	3,496,379,389	1,458,715,093	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit / (Loss) before taxation	67,834,083	600,563,844	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Provision for taxation	4,321,733	68,020,125	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Profit / (Loss) after taxation	72,831,342	532,543,719	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil

Notes:

- 1) The Ministry of Corporate Affairs vide their Order No.47/281/2009 dated 24.04.2009 has granted exemption to the company from the applicability of the provisions of sub-section (1) of section 212 of the Companies Act, 1956.
- 2) The Company will make available the annual accounts of the subsidiary companies and related detailed information if sought by the members of the company or its subsidiaries. Further, the annual accounts of the Subsidiary companies will also be kept for inspection by any member of the company or its subsidiary at the registered office of the company and that of the subsidiary companies concerned.

Annexure - C

Annexure to the Directors' Report

Information as per Section 217(2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1988 and forming part of the Directors' Report for the year ended March 31, 2009.

Name of the employee	Age	Qualification	Designation	Experience (Years)	Date of commencement of employment	Remuneration received (Rupees)	Previous Employment
Dr. G V Krishna Reddy	72	BA	Chairman & Managing Director	45	14-10-2005	8,495,580	Executive Chairman GVK Industries Limited
A Issac George	54	B.Com, ACA	Director & Chief Financial Officer	30	01-10-2005	7,734,994	Director (Finance) GVK Industries Ltd

a) Remuneration received includes salary and other allowances, perquisites etc.

b) Mrs. G Indira Krishna Reddy, Mr. G V Sanjay Reddy and Mr. Somanadri Bhupal, Directors of the Company are relatives of Dr. G V Krishna Reddy.

By Order of the Board

Place: Hyderabad
Date : 29.04.2009

G V Krishna Reddy
Chairman & Managing Director

Report on Corporate Governance

In compliance with Clause 49 of the Listing Agreement entered into with the stock exchanges, the Company is providing below a report on the matters as mentioned in the said clause and practices followed by the Company.

Philosophy of the Company on the code of governance

The Company aims at achieving transparency, accountability and equity in all facets of its operations, and in all interactions with stakeholders, including shareholders, employees, government, lenders and other constituents, while fulfilling the role of a responsible corporate representative committed to good corporate practices. The Company is committed to achieve good standards of Corporate Governance on a continuous basis by laying emphasis on ethical corporate citizenship and establishment of good corporate culture which aims at true Corporate Governance.

The Company believes that all its operations and actions must result in enhancement of the overall shareholder value in terms of maximizing shareholder's benefits, over a sustained period of time.

Board composition

Size and composition of the Board

The policy is to have an appropriate mix of executive and independent directors to maintain the independence of the Board, and to separate the Board functions of governance and management. The total strength of the Board is twelve Directors comprising of four Promoter Directors, six Independent Directors and two Non-independent Directors. Among the Directors, two are Executive Directors and ten are Non-executive Directors. The Board periodically evaluates the need for increasing or decreasing its size. Following is the present composition of our Board and their number of directorships in other companies.

Name of the Director	Category	Director Identification Number	Relationship with other directors	Number of memberships in Board of other Public Limited Companies	+ Associated with other Committees of Public Limited Companies	
					Member	Chairman
G V Krishna Reddy	Chairman & Managing Director	00005212	All promoter directors are relatives	8	-	-
G Indira Krishna Reddy	NEPD	00005230	All promoter directors are relatives	8	-	-
Somanadri Bhupal	NEPD	00005422	All promoter directors are relatives	10	-	-
G V Sanjay Reddy	NEPD	00005282	All promoter directors are relatives	10	-	-
Abid Hussain	NEID	00612504	None	10	5	-
A Ramakrishna	NEID	00027520	None	11	7	-
K N Shenoy	NEID	00021373	None	3	-	-
P Abraham	NEID	00280426	None	10	5	-
Sanjay Narayan	NID	00507608	None	-	-	-
Pradip Bajjal	NEID	01417748	None	1	-	-
Ch G Krishna Murthy	NEID	01667614	None	-	-	-
A Issac George	Director & CFO NIED	00005456	None	5	2	-

NEPD - Non-Executive Promoter Director
NID - Non-Independent Director

NEID - Non-Executive Independent Director
NIED - Non-Independent Executive Director

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

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

Number of Board meetings and the attendance of directors during the financial year 2008-09

Four Board meetings were held during the year ended March 31, 2009. These were held on 22-04-08, 29-07-08, 31-10-08 and 31-01-09.

Given in the table below is the attendance record of the directors during the year 2008-09.

Name of the Director	No. of meetings held	No. of meetings attended	Sitting Fees Paid (Rs.)	Presence at last AGM
Dr. G V Krishna Reddy	4	4	-	Yes
G Indira Krishna Reddy	4	4	80,000	Yes
Somanadri Bhupal	4	4	80,000	Yes
G V Sanjay Reddy	4	4	80,000	Yes
A Ramakrishna	4	4	80,000	Yes
Abid Hussain	4	2	40,000	No
K N Shenoy	4	1	20,000	Yes
P Abraham	4	4	80,000	Yes
Sanjay Narayan	4	4	80,000	Yes
Pradip Baijal	4	2	40,000	Yes
Ch G Krishna Murthy	4	4	80,000	Yes
A Issac George	4	4	-	Yes
Ajay Lal*	4	1	20,000	Yes

*Mr. Ajay Lal resigned from the Board w.e.f. 21.08.2008.

Availability of information to the members of the Board

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

The information regularly supplied to the Board includes:

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

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

Code of Conduct

The Board of Directors of the Company has laid a code of conduct for Directors and the senior management. The code of conduct is posted on the Company's website. All Directors and designated personnel in the senior management have affirmed compliance with the code for the year under review. A declaration to this effect duly signed by Dr. G V Krishna Reddy, Chairman & Managing Director is annexed to this report.

Details of Directors seeking appointment / re-appointment as required under Clause 49 of the Listing Agreement Pursuant to the requirements of the Listing Agreement of Stock Exchanges on Corporate Governance, the information about the Directors proposed to be appointed / re-appointed is given as an Annexure.

Audit Committee

In terms of Clause 49 of the Listing Agreement, the Audit Committee constituted by the Board consists of four Non-Executive and Independent Directors. The committee had met four times on 22-04-2008, 28-07-2008, 31-10-2008 and 31-01-2009. The attendance details for the Committee meetings are as follows:

Name of the Member	No. of meetings	
	Held	Attended
K N Shenoy	4	1
A Ramakrishna	4	4
P Abraham	4	4
Ch G Krishna Murthy	4	4

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

- a) Review of the Company's financial reporting process and disclosure of its financial information.
- b) Recommending the appointment and removal of external auditors, fixation of audit fee and recommending payment for any other services.
- c) Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on
 - (i) Changes in accounting policies and practices
 - (ii) Major accounting entries involving estimates based on the exercise of judgment by the management
 - (iii) Qualifications in the draft audit report
 - (iv) Significant adjustments arising out of audit
 - (v) The going concern assumption
 - (vi) Compliance with accounting standards
 - (vii) Compliance with stock exchange and legal requirements concerning financial statements
 - (viii) Disclosure of any related party transactions
- d) Reviewing with the management, the external and internal auditors the adequacy of internal control systems.
- e) Reviewing with the management, the quarterly financial statements before submission to the Board for approval.
- f) Discussion with internal auditors of any significant findings and follow up there on.
- g) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or failure of internal control systems of a material nature and reporting the matter to the Board.
- h) Discussion with statutory auditors about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

The committee is in compliance with its requirements under this charter.

Remuneration Committee

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

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

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

Shareholders' / Investors' Grievance Committee

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

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

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

Details of complaints received / resolved during the financial year 2008-09

Nature of Complaints	Received	Resolved	Pending
Complaints			
Non receipt of Refund Order	6	6	-
For Non receipt of			
- Dividend Warrant	28	28	-
- Annual Report	5	5	-
- Share Certificate	107	107	-
Total	146	146	-

Ethics & Compliance Committee

The Ethics & Compliance Committee was constituted pursuant to the amended regulations of SEBI (Insider Trading Regulations), 1992 and comprises of the following Non-Executive Independent Directors.

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

The Company has a Code of Conduct for Prevention of Insider Trading as prescribed by the Securities and Exchange Board of India. The Committee monitors the implementation of the Code and takes on record the status reports detailing the dealings in securities by the Specified Persons.

Whistle-blower policy

We have established a policy for all the employees to report concerns about unethical behavior, actual or suspected fraud, or violation of our code of conduct or ethics policy. The mechanism under the said policy also provides for adequate safeguards against victimization of employees who avail of the mechanism and also provide for direct access to the Chairperson of the Audit Committee in exceptional cases. We further affirm that during the financial year 2008-09, no employee has been denied access to the audit committee.

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

Annual General Meetings

Year	Date	Time	Venue
2005-06	04.09.2006	10.30 A.M.	Air Force Auditorium Subroto Park, New Delhi - 110 010
2006-07	06.12.2007	11.30 A.M.	Air Force Auditorium Subroto Park, New Delhi - 110 010
2007-08	29.07.2008	11.30 A.M.	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad - 500 074

Disclosures

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

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

Means of Communication

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

Further, the Securities and Exchange Board of India (SEBI) has made it mandatory for companies to file information through the internet on their website www.sebiedifar.nic.in vide the Electronic Data Information and Retrieval System (EDIFAR) which is an automated system for filing, retrieval and dissemination of time - sensitive corporate information. The Company has been regularly filing information such as quarterly financial statements, shareholding pattern, etc., on the site apart from posting on the Company's website www.gvk.com for information of the stakeholders.

Chief Executive Officer and Chief Financial Officer Certification under clause 49 of the Listing Agreement with the Stock Exchanges

To
The Board of Directors of
GVK Power & Infrastructure Limited

In relation to the Audited Financial Accounts of the Company as at March 31, 2009, we hereby certify that

- a) We have reviewed the financial statements and the cash flow statement for the year and that to the best of our knowledge and belief.
 - i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - ii) these statements together present a true and fair view of the company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's Code of Conduct.
- c) We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of the internal control systems of the company pertaining to financial reporting and we have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
- d) We have indicated to the Auditors and the Audit Committee
 - i) significant changes in internal control over financial reporting during the year;
 - ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

G V Krishna Reddy
Chairman & Managing Director

Place: Hyderabad
Date : 29.04.2009

A Issac George
Director & CFO

Certificate from a Company Secretary in Whole-time Practice on compliance of conditions of Corporate Governance as per Clause 49 of the Listing Agreement with Stock Exchanges

To
The Members of
GVK Power & Infrastructure Limited

We have reviewed the compliance of conditions of Corporate Governance by GVK Power & Infrastructure Limited, for the year ended on March 31, 2009, as stipulated in Clause 49 of the Listing Agreement of the said Company with Stock Exchanges.

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

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

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement.

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

Place: Hyderabad
Date : 29.04.2009

G Narender
Company Secretary
in Whole-time Practice
FCS- 4898 CP: 5024

General Shareholder Information

1. Annual General Meeting:
Day, date and time : **Tuesday, the 28th July, 2009 at 11.30 a.m.,**
Venue : Sri Satya Sai Nigamagmam, 8-3-987/2,
Srinagar Colony, Hyderabad - 500 073
2. Book Closure Dates : From 24.07.2009 to 28.07.2009(both days inclusive)
3. Calendar of events (tentative and subject to change)
for financial reporting for the period ending-
 - Jun 30, 2009 : 28 July, 2009
 - Sep 30, 2009 : October, 2009 *
 - Dec 31, 2009 : January, 2010 *
 - Mar 31, 2010 : April / May, 2010 *
 - AGM for 2009-10 : July, 2010*
(* Expected)
4. Listing of equity shares is at : **The National Stock Exchange of India Limited**
Exchange Plaza, Bandra Kurla Complex,
Bandra East, Mumbai - 400 051

The Bombay Stock Exchange Limited
Floor 25, P J Towers, Dalal Street
Fort, Mumbai - 400 001

Annual Listing Fee has been paid for the year 2009-10 to
both the Exchanges.
5. Stock Code : BSE: 532708, NSE: GVKPIL
ISIN : INE251H01024
6. Corporate Identification Number (CIN) allotted by
the Ministry of Corporate Affairs : **L74999AP2005PLC059013**
7. Share Transfer System : Share transfer requests, which are received in physical form are
processed and the share certificates returned within a period of 15
days in most cases, and in any case within 30 days, from the date of
receipt, subject to the documents being in order and complete in all
respects.
8. Secretarial Audit : Secretarial Audit is being carried out every quarter by a practicing
Company Secretary and his audit report is placed before the Board
for its perusal and filed regularly with the Stock Exchanges within the
stipulated time.
9. Location : **Registered office**
'Paigah House', 156-159, Sardar Patel Road
Secunderabad - 500 003
Phone: 040 - 2790 2663 / 64
Fax : 040 - 2790 2665
E-mail: cs.gvkpil@gvk.com
website: www.gvk.com

10. Registrar & Share Transfer Agents

: **Karvy Computershare Private Limited**

Unit: GVK Power & Infrastructure Limited

Plot No. 17-24, Vittal Rao Nagar,

Madhapur Hyderabad - 500 081

Phone: 040 - 2342 0815 Fax : 040 - 2343 1551

E-mail: mailmanager@karvy.com website: www.karvy.com

11. Query on the Annual Report

(shall reach 10 days before the AGM)

: P V Rama Seshu

Company Secretary & Compliance Officer

GVK Power & Infrastructure Limited,

156-159, 'Paigah House'

Sardar Patel Road,

Secunderabad - 500 003

Ph: 040-27902663/64

Fax: 040-27902665

Changes in Share Capital

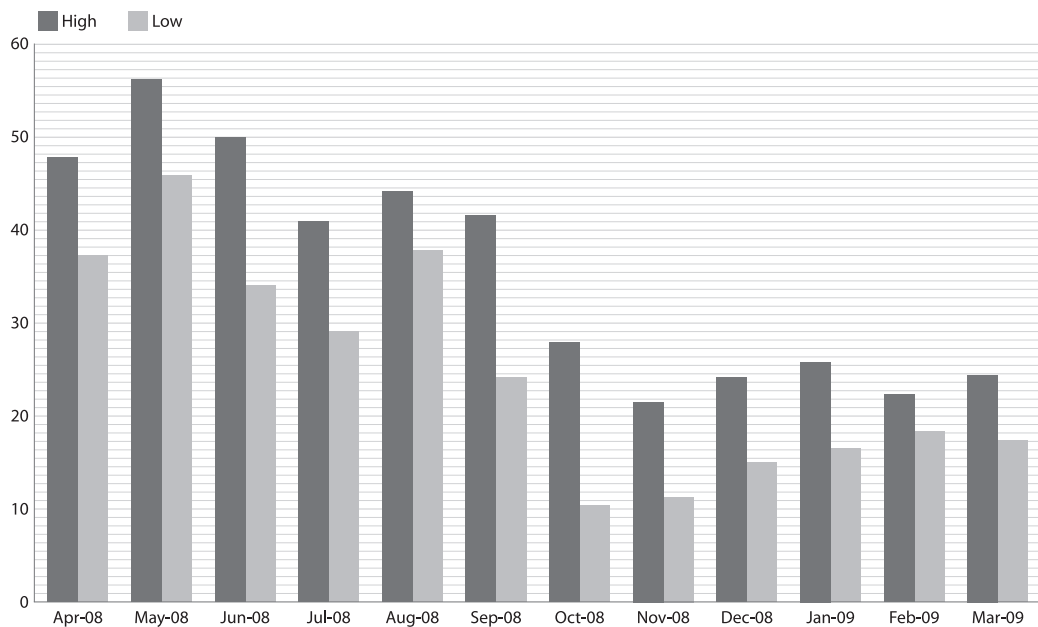
Date of Allotment	Number of Shares	Issue Price (Rs.)	Consideration	Reasons for Allotment	Cumulative Paid up Capital (Rs.)	Cumulative Share Premium (Rs.)
02/12/1994	1	10.00	Cash	Subscribers to the Memorandum	10	Nil
02/12/1994	1	10.00	Cash	Subscribers to the Memorandum	20	Nil
10/09/1996	8	10.00	Cash	Allotment to JOMC Mauritius	100	Nil
18/01/1997	20,990	10.00	Cash	Allotment to JOMC Mauritius	210,000	Nil
18/06/1997	14,000	10.00	Cash	Allotment to Triumph Investments Limited	350,000	Nil
27/08/2005	52,85,000	10.00	Other than Cash	Bonus issue in the ratio 151:1	53,200,000	Nil
14/10/2005	24,76,194	155.41	Cash	Preferential allotment to certain Promoters, Promoter Group Companies and others	77,961,940	360,063,369.54
14/10/2005	75,72,695	155.44	Cash	Preferential allotment to Transoceanic Projects Limited	153,688,890	1,461,436,130.34
21/02/2006	82,75,556	310.00	Cash	Initial Public Offering	236,444,450	3,944,102,930.34
14/05/2007	375,69,230	325.00	Cash	Qualified Institutional Placement (QIP)	612,136,750	15,778,410,380.34
17/10/2007	7,03,25,000	10.00	Other than Cash	Under the Scheme of Amalgamation	1,315,386,750	15,778,410,380.34
24/11/2007	90,46,215	10.00	Other than Cash	Under the Scheme of Arrangement	1,405,848,900	15,778,410,380.34
Total	1,40,584,890*					

*Effective from 15.02.2008 these shares have been sub-divided into 140,58,48,900 equity shares of Re.1 each

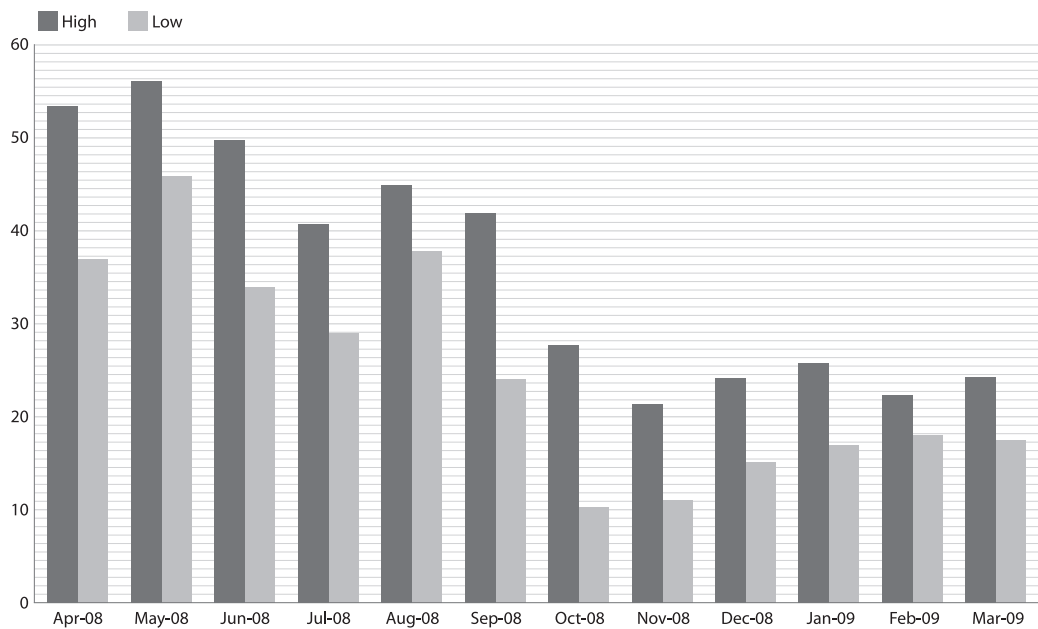
Monthly high, low and trading volume of equity shares of the Company during the financial year 2008-09

Month, Year	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)			Total Volume (No.)
	High (Rs.)	Low (Rs.)	Volume (No.)	High (Rs.)	Low (Rs.)	Volume (No.)	BSE & NSE
April, 2008	47.80	37.25	5,90,51,976	53.55	37.05	3,40,93,763	5,90,51,976
May	56.15	45.85	8,76,17,229	56.20	46.00	6,00,24,259	14,76,41,488
June	49.90	34.00	4,75,18,633	49.90	34.00	2,78,26,375	7,53,45,008
July	40.90	29.10	5,74,12,419	40.85	29.10	3,19,88,091	8,94,00,510
August	44.10	37.80	4,97,65,367	45.00	37.95	2,63,04,932	7,60,70,299
September	41.50	24.15	4,45,07,747	42.00	24.10	3,77,12,110	8,22,19,857
October	27.85	10.40	14,90,71,895	27.80	10.30	8,38,14,657	14,90,71,895
November	21.50	11.30	71,21,96,060	21.45	11.10	35,25,24,870	1,06,47,20,930
December	24.15	15.00	58,00,49,505	24.20	15.20	26,52,51,261	84,53,00,766
January, 2009	25.80	16.50	40,51,60,032	25.80	17.00	16,75,28,334	57,26,88,366
February	22.30	18.35	31,96,06,994	22.40	18.10	13,50,30,754	45,46,37,748
March	24.40	17.55	30,92,14,979	24.30	17.55	10,67,79,018	41,59,93,997





Price Movement in NSE



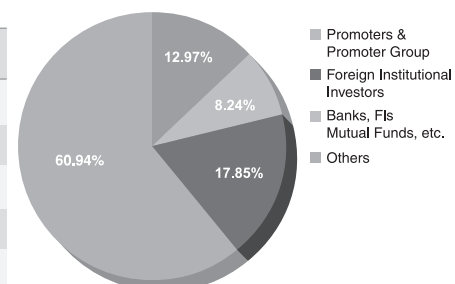
Price Movement in BSE

Details of Shareholding as on March 31, 2009

Category	Number of Shareholders	Total Shares	% of holding
Promoter Companies	5	9,96,82,430	7.09
Promoter Directors	4	59,51,16,910	42.33
Promoter Individuals	6	16,19,30,000	11.51
Directors & Relatives	9	1,58,880	0.01
Foreign Institutional Investors	64	25,09,95,252	17.85
Resident Individuals	1,73,835	7,84,05,741	5.58
Mutual Funds	62	11,21,92,225	7.98
Bodies Corporate	1,596	4,28,01,560	3.04
Banks	7	2,75,590	0.02
HUF	2,743	24,61,173	0.17
Indian Financial Institutions	5	33,34,780	0.23
Non Resident Indians	1,551	25,93,917	0.18
Clearing Members	527	89,69,165	0.63
Trusts	12	10,160	0.00
State Government	1	63,30,000	0.45
Overseas Corporate Bodies	1	3,75,000	0.02
Foreign Bodies	3	4,02,12,617	2.86
Total	1,80,435	140,58,48,900	100.00

Distribution by category as on March 31, 2009

Category	Number of Shares	% of holding
Promoters & Promoter Group	85,67,29,340	60.94
Foreign Institutional Investors	25,09,95,252	17.85
Banks, FIs, Mutual Funds etc	11,58,02,595	8.24
Others	18,23,21,713	12.97
Total	1,40,58,48,900	100.00

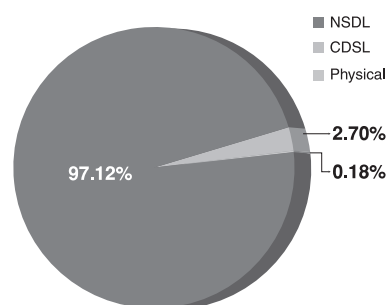


Distribution by size as on March 31, 2009

Range of equity shares held	No. of Shareholders	%	No. of equity shares	%
1-5,000	1,78,435	98.89	6,43,27,236	4.57
5,001-10,000	991	0.54	74,50,052	0.52
10,001-20,000	434	0.24	63,18,255	0.44
20,001-30,000	148	0.08	36,78,020	0.26
30,001-40,000	62	0.03	21,81,616	0.15
40,001-50,000	43	0.02	19,56,891	0.14
50,001-1,00,000	100	0.05	70,56,467	0.50
1,00,001 & above	222	0.12	1,31,28,80,363	93.39
Total	1,80,435	100.00	1,40,58,48,900	100.00

Dematerialisation of Shares

Category	Shareholders	Number of Shares	%
NSDL	1,16,218	1,36,52,33,318	97.12
CDSL	57,427	3,80,09,135	2.70
Physical	6,790	26,06,447	0.18
Total	1,80,435	1,40,58,48,900	100.00



As on March 31, 2009 over 99.82% of outstanding shares are held in demat form and the balance 0.18% in physical form. Trading in equity shares of the Company is permitted only in dematerialised form as per notification issued by the Securities and Exchange Board of India (SEBI). Shareholders interested in dematerializing / rematerializing their shares are requested to write to the Registrar & Transfer Agent through their Depository Participants.

Compliance with Clause 49 of the Listing Agreement

The Company has been in compliance with all the requirements specified under the revised Clause 49.

DECLARATION

A Code of Conduct for the Directors and Senior Management Personnel has already been approved by the Board of Directors of the Company. As stipulated under the provisions of sub-clause I(D) (ii) of Clause 49 of the Listing Agreement with stock exchanges, all the Directors and the designated personnel in the Senior Management of the Company have affirmed compliance with the said code for the financial year ended March 31, 2009.

For GVK Power & Infrastructure Limited

Place: Hyderabad
Date: 29.04.2009

G V Krishna Reddy
Chairman & Managing Director

Management's Discussions and Analysis

ABOUT THE COMPANY

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

During the year, the company won 7 deep water blocks off the western coast of India under NELP VII, received in-principle approval from the Government of Andhra Pradesh for setting up an additional 1,500 MW capacity at Jegurupadu and Gautami, completed the land acquisition process for the SEZ in Tamil Nadu and received the formal approval from the SEZ Board of Approvals, obtained the approval of Government of India for the levy of ADF in MIAL and for a 10% rise in aero-charges.

THE ECONOMY

The Indian economy, by virtue of its strong macroeconomic fundamentals, has been one of the most resilient and fastest growing emerging economies of the world. Despite the sub-prime crisis and other events that have had negative consequences for most other nations, India continued to grow at an impressive rate of 6.7% in the fiscal year 2008-09, albeit at a slower pace when compared to the earlier years. In the current financial year, it is expected that the Indian Economy will regain its growth momentum to grow at its recent trend growth rate of 8% to 9% over the past 5 years because of the stable policy environment, and internal growth stimuli notwithstanding the global factors like tighter credit conditions, slackening of demand, lower exports and slow down in developed economies.

Inflation based on the wholesale price index (WPI) soared during the first half 2008 - 09, but it has swiftly been tackled to bring it to acceptable limits due to the timely intervention of RBI, which was also helped by the global economic slowdown and the resultant drop in commodity prices. In the current year, the challenges on the inflation front are not expected to be daunting despite the plateauing of the slide in global slowdown and the recent "green shoots" and optimistic forecast of a second-half recovery in global growth. Global Equity markets are in a rebound mode with the net inflow of funds from Foreign Institutional Investors (FIIs) becoming positive once again leading to rising Indian capital markets.

The fiscal stimuli provided by the government and the rising fiscal deficit could potentially lead to inflationary pressures, if not handled adroitly, and in the near term there could be a crowding out of private investment by the public sector. The focus during the current year will be on investments, both public and private, which will continue to increase as a share of GDP, and the Government is expected to provide the requisite policy clarity and debottlenecking needed for accelerating further growth. Investments in agriculture, rural development, health, human resources and infrastructure will need to gain momentum to make growth more inclusive and balanced. Overall, the Indian economy is slated to be one of the few in the world with positive growth acceleration in the current year.

INFRASTRUCTURE

Robust growth coinciding with the positive business cycle world over in the last half decade despite the inadequate domestic infrastructure base, points to the urgent need for meeting the large demand-supply gap in infrastructure, which could only be met by enhanced spending on infrastructure. Continued focus on infrastructure development is indispensable to our economy. Higher investment in infrastructure is essential to the realization of the 8-9% growth rate envisaged for the economy and to bring about a qualitative change in the life of its people. The Economic Survey by the Ministry of Finance has estimated the investment in physical infrastructure to be of the order of \$500 billion during the 11th Five Year Plan with the share of the Private Sector pegged at 30.07% translating into \$150.35 billion. So far, the investments have been lagging behind the estimates.

Recognizing the importance of infrastructure as the key to for the sustenance of GDP growth, Government of India undertook several measures to give the impetus to infrastructure creation, both in terms of quality and scale. Further, realizing the scale of investments required, private participation was also envisaged and being encouraged for overall infrastructure development in the country.

Over the last decade, the private sector has been increasingly playing a significant role in infrastructure development in the country. While India's infrastructure challenges are immense and the opportunities appear huge, numerous challenges are still needed to be overcome, such as issues relating to land acquisition, multiplicity of authorities for various clearances contributing to project delays, delay in equipment supplies, clarity on bidding procedures, etc.

Apart from the initiatives launched by the Government measures to speed up reforms aimed at boosting infrastructure spends including refinance facilities from India Infrastructure Finance Limited, provision of further incentives by the Government and the establishment of a liberalized regulatory framework are crucial to attract and retain Private sector participation.

Nevertheless, with a stable central government, financial stimulus packages announced within the country and outside, marked improvement in the stock markets, the economy is set to improve in which infrastructure sector is expected to play a key role.

GVKPIL

GVKPIL is a holding entity with 3 verticals - Energy, Transportation and Urban Infrastructure. The Company owns three gas based power plants, two hydro-electric plants and one thermal plant, and two captive coal mines to service the thermal power plant. Your company also operates the Chhatrapati Shivaji International Airport, Mumbai through its associate company and a toll-based road project on the Delhi-Mumbai Highway through its wholly owned subsidiary. Under urban infrastructure, your company is developing a 3,184 acre SEZ at Perambalur in Tamilnadu.

ENERGY

As per the Ministry of Power, the total installed power capacity in India is 1,48,265 MW. Out of this, coal based thermal power plants accounted for 77,948 MW, gas fired plants for 14,876 MW and oil based plants for 1,199 MW. The total capacity of these thermal power plants was 64.6% of the country's installed capacity. Hydro-electric power plants had 36,878 MW which was 24.7% of the installed capacity. Nuclear power and renewable energy sources accounted for the balance 17,362 MW of installed capacity.

In FY 2009, there was a 2.71% growth in electricity generation and 723.556 BU were added. This was 93.44% of the targeted 774.09 BU. Overall the PLF of power plants was 77.19% and plants from the private sector achieved a PLF of 91.01%. However, the gap between demand and supply still remains large, and there is a shortage of 13,124 MW during peak hours. With demand expected to grow for several years to come, the power shortage scenario in the country is unlikely to improve unless power generation picks up. To facilitate capacity additions, issues relating to sourcing of equipment, project financing, land acquisition and fuel linkages are needed to be addressed on priority. Government of India alive to the situation has reiterated its intention to streamline timelines for setting up power plants and so it is reasonable to expect that the situation will improve.

The government's ambitious 'Power-For-All by 2012' plan requires that India's installed generation capacity reaches at least 200,000 MW by 2012 from the present level of 1,48,265 MW. Consequently, power supply must grow 12% annually to keep pace with the average GDP growth rate of about 8% per annum. The target for the 11th Five Year Plan (2007-12) has been set at 69,000 MW. Central Government has introduced different schemes like Accelerated Power Development and Reform Program (APDRP) for improving the transmission and distribution network across the states, without which additions to generation capacities alone will not be of much use..

For augmentation of transmission capacity considered vital for additions in generation, the Ministry of Power, Government of India has identified transmission grid strengthening and augmentation requirements for the next five years which would translate into investment of more than Rs. 71,000 crores in power transmission and thus the importance of the PPP model to enhance the grid capacities. The first fully independent private transmission project was awarded during 2007 through international competitive bidding basis under a BOT model. Government of India has identified 12 such projects, which would be awarded across the country in the coming years.

POWER AND MINING

Power has been GVKPIL's strength and we will continue to focus on this important sector. Your company has diversified portfolio of gas based, coal fired and hydro-electric power plants. With over a decade of experience in the power sector, GVKPIL has acquired the technical skills and financial expertise and is now in a position to build on this proven track record.

During FY 2009, Jegurupadu Phase I operated at a Plant Availability Factor (PAF) of 97.92%. The plant operated at a PLF of 68.72%, which is on the lower side on account of limited availability of natural gas. The plant also ran on naphtha as an alternate fuel as and when directed by the AP Transco. A total of 1299.792 M KWh was generated during the financial year.

During the financial year 2008-09, Jegurupadu Phase II remained stranded due to non-availability of gas and incurred cost overrun mainly on account of interest during construction, insurance and preservation costs. Consequent to the supply of gas from Reliance, Phase-II has started its commercial operations from April 14, 2009 and is currently running at full capacity.

Gautami, a 464 MW gas based plant was also idle due to non-availability of natural gas. However, the plant carried out trial runs and all the necessary tests were conducted. After the conclusion of the trial runs regular operations will be commenced in June 09. Gas supply agreements with Reliance were entered and gas supply to run the plant at full capacity during the year 08-09 shall be available.

Alaknanda, a 330 MW hydro project is coming up in the State of Uttarakhand. Subsequent to the financial closure in 2007, the project is under development and most contracts have been awarded. Presently, construction works are progressing at a brisk pace, and the plant is expected to commence operations in 2011.

The Draft Project Report (DPR) for Goriganga, a 370 MW merchant power plant in Uttarakhand is under preparation and is expected to be completed during FY 2010. Environment Impact Assessment (EIA) for the project is also being carried out.

Development of Goindwal Sahib, a 540 MW coal based thermal power plant in the state of Punjab has begun. 1,067 acres of land has been acquired for the project. Boiler-Turbine-Generator (BTG) contract has been awarded to BHEL and Balance of Plant (BOP) contract has been awarded to Punj Lloyd Ltd.

Tokisud & Seregarha are two captive coal mines of your company to service Goindwal Sahib project with a production of 3 million metric tonnes of coal per annum. Mining Plan has been approved for Tokisud and it has also received the clearance from the Ministry of Environment and Forests. Forest clearance is being processed and is expected during FY 2010. Land acquisition for afforestation has been completed and acquisition of private land is under way. Prospecting license for Seregarha has been applied for. Both mines possess mineable reserves with sufficient coal to service Goindwal Sahib for the 25 year term of its PPA.

AIRPORTS

The aviation industry in India over the last year experienced some turbulence as the airlines are caught in a vortex of big losses, high debt and falling demand during the financial year ended March 2009. The sector reportedly suffered due to over-expansion, costly fuel and cut-throat competition. Sudden economic shock in the second half of the year and sky rocketing ATF prices have taken a toll with passenger numbers experiencing a fall during the year 2008-09 snapping the recent impressive growth trend.

A fifth of the losses of airlines globally to the tune of \$ 8.5 billion as estimated by the International Air Transport Association (IATA) was contributed by India which is high considering that India accounts for only 2% of the world traffic. Moreover, decline in airline traffic impacted aero revenues of most airports.

The recent hiccups in the aviation industry are like temporary blips on the radar; otherwise aviation in a growing economy such as ours will continue to be a sun rise industry. To address some of the issues, government initiated some important structural measures to aid Airlines and Airport developers.

India has announced ambitious airport development plans which will greatly enhance the country's capacity for commercial air travel. The country's Ministry of Civil Aviation earlier announced that it intends to build a host of new international airports on greenfield sites, in addition to redeveloping existing smaller airports. In "A Road Map for the Civil Aviation Sector", India's Ministry of Civil Aviation acknowledged that the industry's development is hampered by outdated infrastructure, inadequate ground handling systems and night landing facilities, poor passenger amenities and the poor utilization of exiting capacity. The most visible manifestation of the above is the revamping of the airports in Mumbai and New Delhi where private sector operators are the lead partners holding a majority stake.

Currently only 60 airports in India can be classified as capable of handling commercial air passenger and cargo services. There are currently 24 major international passenger and cargo airports, and 36 regional airports in India. India's target is to more than double the number of major international and regional hubs within the next 12 years

Modernization of airports and setting up of new airports offer opportunities to the private sector. The Greenfield airport at Navi Mumbai is set to be bid out to private developers and the Government is also in the process of bidding out smaller airports offering integrated airport development possibilities by including city side development along with the air-side development.

MIAL, an associate of your company is currently developing the Mumbai International Airport and has achieved considerable progress since it was taken over in May 2006. MIAL has a limited right of first refusal for the Navi Mumbai Airport.

ROADS

As per the Ministry of Road Transport & Highways, the total road network in India is 3.34 million kilometres. Of this national highways comprise of 65,569 kilometres and carry approximately 40% of the country's traffic. They are crucial to India's continued development and their importance will only increase in the years to come. The Government has embarked on the National Highways Development Project to revamp the road connectivity in the country. It is believed that there will be increased activity in this sector and a large number of projects will be allotted to private developers.

GVK Jaipur Expressway Pvt. Ltd. continued its stellar performance during the year. It handled over 19,000 vehicles per day on average and its daily toll collections were close to 40 lacs. In spite of a slowdown in economic growth, the daily traffic volumes grew YOY for every month except for December 2008 and January 2009 and in no month did the YOY toll revenues decline. This remarkable achievement highlights the quality of the asset.

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

SEZ

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

Your company has successfully acquired land for the 3184 acre multi-product SEZ in Perambalur in Tamilnadu without any problems whatsoever and this was widely reported in the Press as a successful model for land acquisition. During the year, approx 3000 acres of land were registered in the name of the SPV and Board approval for the SEZ has been received. A formal notification needs to be done post which your company can go in for financial closure.

FUTURE OF PUBLIC-PRIVATE PARTNERSHIP

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

RISKS AND CONCERNS

Power

The company sources its current gas requirement from GAIL for Jegurupadu Phase 1, and the supply hasn't been adequate. With the expected start up of production from Krishna-Godavari - D6 Gas fields the company has been sourcing gas from Reliance industries Limited (RIL) from April 2009 for Jegurupadu Phase II and Gautami power projects. Gas availability for the existing plant

will also improve with the KG Basin gas flowing. Your Company had entered into an arrangement with RIL for the supply of 0.18 standard cubic meters of gas per day for Jegurupadu Phase 1, 1.1 million standard cubic meters of gas per day for Jegurupadu Phase II, and 1.96 million standard cubic meters for Gautami Power Limited. In April of 2009, Jegurupadu commenced operations and in June Gautami commenced operations. At present, gas requirements for Jegurupadu Phase 2 and Gautami are being received in full from RIL.

Any short supply of gas will mean that the plants will not be able to operate at full capacity.

Navi Mumbai Airport

The MIAL airport is expected to reach its threshold capacity of 40 million passengers by 2013. Additional traffic beyond the figure specified will create unwarranted congestion if the Navi Mumbai airport is not developed by 2013. The bidding process for this project is to be launched during FY 10. Any delay in completion of the Navi Mumbai airport will cause a strain on the infrastructure at MIAL and might affect the passenger experience. MIAL enjoys only a limited right of first refusal which would mean that if bidding is not within the commercial viable limits, it may not be the preferred bidder.

Rising Aviation Fuel Prices

Global oil prices reached a high of \$147 a barrel during the year and this had increased the cost of aviation fuel. Airline industry suffered huge losses for reasons brought out earlier including higher fuel cost. Though the fuel costs came down during the year, any further increases in ATF prices will adversely affect the industry and thus will impact airport developers.

PERFORMANCE

Energy

We currently operate one power asset at Jegurupadu, Rajahmundry in the state of Andhra Pradesh. During the Financial Year 2008-09, Jegurupadu Phase-I Project generated total revenue of Rs.357.90 crores (including other income) with a net profit of Rs 7.28 crores as compared to Rs.326.42 crores revenue with a net profit of Rs.29.63 crores in the Financial Year 2007-08. The increase in revenue is on account of firing naphtha as an alternate fuel. The profit after tax has dropped mainly due to lower other income, lower depreciation recovery and higher heat rate this year. The company could not operate Jegurupadu Phase II and Gautami Power Limited due to the non availability of the gas. Your company expects Jegurupadu Phase II to be operational in April, 2009 and Gautami Power Limited to be operational in June, 2009.

Your company is presently developing the following projects through its subsidiaries:

- 330 MW Hydro-electric power plant on Alaknanda River in Uttarakhand.
- 540 MW thermal power plant in Goindwal Sahib, Punjab.
- Two captive coal mines in Jharkhand that will service Goindwal Sahib Thermal Power Plant
- 370 MW Hydro-electric power plant on river Goriganga in Pithorgarh District, Uttarakhand
- 7 deepwater blocks as part of NELP VII
- A 3,184 acre multi-product SEZ in Tamil Nadu

Airport

During the financial year 2008-09, Mumbai International Airport Private Limited (MIAL) generated total revenue of Rs 955.10 Crores (including other income) with a net profit of Rs 85.27 crores as compared to Rs 856.83 Crores and Rs 110.03 Crores respectively in the financial year 2007-08. The above revenue constitutes 39.71% aeronautical income and the balance 60.29% was from non aeronautical, cargo operations, and interest and dividend. The like figures in previous year were 42.78% and 57.22% respectively. There has been a 2.2% decrease in aircraft movements, 9.4% decrease in passenger traffic and 0.62% decrease in cargo handled in the current year as compared to previous year. MIAL has shared Rs. 369.62 Crores of its revenue with AAI as compared to Rs. 331.59 Crores in the previous year.

HIGHLIGHTS**Road**

During the financial year 2008-09 GVK Jaipur Expressway Private Limited generated total revenue of Rs. 150.66 Crores with a net profit of Rs 53.46 Crores as compared to Rs 140.71 Crores with a net profit of Rs 43.64 crores in the financial year 2007-08. This is the first road project SPV in India to share the excess toll fee revenue with NHAI over and above the projected toll fee.

GVK Power & infrastructure Limited - Financial Performance Review**Standalone Financials****Revenue**

The Company's total income, which comprises of income in the form of operating fees, incentives, fees for technical services and other income decreased by 63.84% to Rs. 42.47 Crores as compared to Rs. 117.32 Crores of the previous year. The reasons for this were absence of dividend income from subsidiaries and reduced interest from investible surplus.

Expenditure

The Company's total expenditure, comprising of staff costs, and other administrative expenses, increased by 34.83% to Rs. 17.77 Crores for the year ended March 31, 2009 from Rs. 13.18 Crores when compared to the previous year ended March 31, 2008.

Interest

Interest expenses stood at Rs. 0.22 Crores (previous year figure was Rs. 6.52 Crores).

Profit before tax (PBT)

PBT decreased by 74.97% to Rs. 24.44 Crores for the current year from Rs. 97.64 Crores in the previous year.

Profit after tax

The Company's profit after tax decreased by 76.88% to Rs. 21.00 Crores for the year ended 31st March, 2009 from Rs. 90.85 Crores as compared to the previous year.

EPS

The earnings per share for the current year stood at Rs. 0.15 as compared to Rs. 0.70 per equity share of Rs. 1 each in the previous year.

Consolidated Financials

The current year results include the results of the 12 companies including 10 subsidiaries and 1 associate. The Consolidated Financial Statements have been drawn as per the Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India. A total of 11 subsidiary companies and 1 associate company have been consolidated in arriving at the group performance. These companies operate broadly in a) Power b) Road and C) Other sectors.

Revenue

The Company reported gross revenue of Rs. 533.97 crores for 2008-09 compared to Rs. 531.91 crores in the previous year. The increase in gross revenue is mainly attributable to increase in revenue from power on account of naphtha usage and increase in road revenue.

Profit after tax

The Company reported profit after tax and minority interest of Rs. 107.56 crores for 2008-09 which is 20.60% lower than the previous year's profit after tax of Rs. 135.47 Crores.

EPS

The earnings per share at consolidated level for the current year stands at Rs. 0.77 as compared to Rs. 1.04 per equity share of Re. 1 each in the previous year.

Net Worth

The net worth in the current year stands at Rs. 2322.88 crores as compared to Rs. 2186.59 crores in the previous year.

Internal Control System

Internal Control System is an essential element of the Corporate Governance and plays a key role in identifying, minimizing and managing risks that are significant for the Company, contributing to the safeguarding of stockholders investments and Company's assets.

The Internal Control System includes policies, processes and performance of the company that ensures economical and effective use of resources to attain the aims and objectives of the company. It also facilitates the effectiveness and efficiency of its operations by enabling it to respond appropriately to operational, financial, compliance and other risks that hinder the achievement of the company's objectives. The Internal Control Systems help in ensuring quality of Internal and external reporting and compliance with the applicable laws, regulations and internal procedures, and safeguards the company's assets from inappropriate use or from loss and fraud.

The Internal Audit function has been outsourced to a firm of Independent Chartered Accountants who conducted the audit on the basis of Annual Audit Plan. The Internal audit process sought to include review and evaluation of effectiveness of the existing processes, controls and compliance. It also ensures adherence to policies and systems and mitigation of the operation risks perceived for each area under the audit. Significant observations were reported to the Audit Committee of the Board which reviewed the Internal Audit Reports and the status of implementation of the agreed action plan.

Human Resources

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

Future Outlook

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

Cautionary Statement

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

Auditor's Report on Consolidated Financial Statements

The Board of Directors

GVK Power & Infrastructure Limited

1. We have audited the attached consolidated balance sheet of GVK Power & Infrastructure Limited (the "Company"), its subsidiaries and associates (collectively, the "GVK Group"), as at March 31, 2009, and also the consolidated profit and loss account and the consolidated cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management and have been prepared by Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with the auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. We did not audit the financial statements of certain subsidiaries, whose financial statements reflect total assets of Rs. 57,654,696 thousands as at March 31, 2009, the total revenue of Rs. 5,014,985 thousands and cash flows amounting to Rs. 892,327 thousands for the year then ended. We also did not audit the financial statements of associates; whose financial statements reflect share of profit of the Company Rs. 315,509 thousands for the year ended March 31, 2009. These financial statements and other financial information have been audited by other auditors whose reports have been furnished to us, and our opinion is based solely on the report of other auditors.
4. Without qualifying our opinion, we draw attention to:
 - i) Note 11 (a) of Schedule 19, regarding pending confirmation for and approval by the Central Electricity Authority (CEA) of the increase in capital cost and accruals of revenue being the fixed charged components of the tariff therein for the years 1997-98 to 2000-01 aggregating to Rs. 451,250 thousands by GVK Industries Limited (the "Subsidiary Company");
 - ii) Note 11 (b) and 11 (c) of Schedule 19, regarding outstanding minimum alternate tax amounts claimed for reimbursement and other amounts aggregating to Rs. 174,096 thousands and Rs. 7,551 thousands respectively in the Subsidiary Company's books. The matters involved are interpretational in nature and subjudice respectively;
 - iii) Note 12 of Schedule 19, regarding provision for income taxes net of amounts claimed for reimbursements from Transmission Corporation of Andhra Pradesh Limited (AP Transco) and the Subsidiary Company's intention to offer such amounts to tax on acceptance by AP Transco.
The ultimate outcome of the above matters cannot presently be determined, pending approvals, acceptances and legal interpretations as referred to in the relevant notes to the consolidated accounts referred above and no provision for any liability that may result has been made in the consolidated financial statements.
 - iv) Note 13 of Schedule 19, regarding certain transactions entered by the parent company and certain subsidiaries with Mumbai International Airport Private Limited aggregating to Rs. 103,570 thousands, GVK Technical & Consultancy Services Pvt. Ltd. aggregating to Rs. 176,024 thousands and Orbit Travels & Tours Pvt. Ltd. aggregating to Rs. 18,227 thousands which require prior approval of the Central Government under the provisions of Section 297 of the Companies Act, 1956. The Parent Company and the subsidiaries have however, filed applications with the Company Law Board for compounding of the said matter.
5. We report that the consolidated financial statements have been prepared by the Company's management in accordance with the requirements of Accounting Standards (AS) 21, 'Consolidated Financial Statements' and AS 23, 'Accounting for Investments in Associates' in Consolidated Financial Statements' Notified by Companies Accounting Standards Rules, 2006.
6. Based on our audit and on consideration of reports of other auditors on separate financial statements and on the other financial information of the components, and to the best of our information and according to the explanations given to us, we are of the opinion that the attached consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (a) in the case of the consolidated balance sheet, of the state of affairs of the GVK Group as at March 31, 2009;
 - (b) in the case of the consolidated profit and loss account, of the profit for the year ended on that date; and
 - (c) in the case of the consolidated cash flow statement, of the cash flows for the year ended on that date.

For S R Batliboi & Associates
Chartered Accountants

Place: Hyderabad
Date: April 29, 2009

per Ali Nyaz
Partner, Membership No.: 200427

Consolidated Balance Sheet as at March 31, 2009

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	Schedules	March 31, 2009	March 31, 2008
Sources of Funds			
Shareholders' funds			
Share capital	1	1,405,849	1,405,849
Share capital/application money pending allotment		290,079	2,796
Reserves and surplus	2	21,532,900	20,457,271
		23,228,828	21,865,916
Deferred income		1,641,111	1,758,333
Minority interest		2,644,086	5,634
Loan funds			
Secured loans	3	28,686,461	12,639,398
Unsecured loans	4	1,111,471	270,545
		29,797,932	12,909,943
Deferred tax liability (net)	19 (15)(B)	885,185	891,401
Total		58,197,142	37,431,227
APPLICATION OF FUNDS			
Fixed assets	5A		
Gross block		21,269,167	19,043,682
Less: Accumulated depreciation and amortisation		7,679,577	6,768,850
Net block		13,589,590	12,274,832
Expenditure incurred during construction period pending allocation	5B	11,044,496	3,795,609
Capital work-in-progress including capital advances of Rs. 2,874,100 (previous year Rs.1,642,216)		27,457,168	9,705,482
		52,091,254	25,775,923
Investments	6	3,213,952	7,068,138
Deferred tax asset (net)	19 (15)(A)	5,175	4,912
Current assets, loans and advances			
Inventories	7	441,901	227,134
Sundry debtors	8	642,560	652,300
Cash and bank balances	9	1,562,141	1,643,482
Loans and advances	10	626,631	1,476,813
Other current assets	11	952,386	879,668
(A)		4,225,619	4,879,397
Less: Current liabilities and provisions			
Current liabilities	12	1,303,017	269,427
Provisions	13	35,841	27,716
(B)		1,338,858	297,143
Net current assets (A-B)		2,886,761	4,582,254
Total		58,197,142	37,431,227
Notes to Consolidated Accounts	19		

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

As per our report of even date

For **S R Batliboi & Associates**
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place : Hyderabad
Date : 29.04.2009

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

G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
Company Secretary

Consolidated Profit and Loss account for the year ended March 31, 2009

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	Schedules	March 31, 2009	March 31, 2008
Income			
Gross earnings from sale of electrical energy		3,556,022	3,204,905
Income from Toll Operations		1,458,715	1,368,644
Operating Income and fees from manpower and consultancy services	14	123,045	126,311
(Net of service tax : Rs.17,567 (Previous year Rs.15,612)			
Other income	15	201,856	619,223
		5,339,638	5,319,083
EXPENDITURE			
Cost of fuel		2,493,892	1,735,941
Personnel expenses	16	172,542	155,820
Operating, Maintenance & Administration expenses	17	708,359	933,010
Financial expenses	18	333,853	431,208
Depreciation and amortisation	5A	779,537	775,693
		4,488,183	4,031,672
Profit before tax and share of profits of associate and minority interest		851,455	1,287,411
Provision for taxation			
Current tax (Refer note 12 in schedule 19)		98,033	237,903
Deferred tax		(9,582)	1,394
Income tax for earlier years		8,495	(4,251)
Fringe benefit tax		3,410	3,465
Profit after tax and before share of profits of associate and minority interest		751,099	1,048,900
Add: Share of profits of associate for the year		315,509	406,675
Less: Minority interest		3,053	100,878
Add: Gain on sale of subsidiary		12,074	-
Profit for the year		1,075,629	1,354,697
Balance brought forward from previous year		1,721,753	510,565
Profit available for appropriation		2,797,382	1,865,262
Appropriations			
Transfer to general reserve		-	47,500
Tax on dividend		-	96,009
Surplus carried to balance sheet		2,797,382	1,721,753
Earnings per share (in Rs.)			
Basic		0.77	1.04
Diluted		0.77	1.04
Nominal value per equity share (in Rs.)		1	1
Weighted average number of equity shares			
- Basic		1,405,848,900	1,304,368,059
- Diluted		1,405,848,900	1,304,368,059
Notes to Consolidated Accounts	19		

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

As per our report of even date

For **S R Batliboi & Associates**
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place : Hyderabad
Date : 29.04.2009

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

G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
Company Secretary

Schedules to the Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	March 31, 2009	March 31, 2008
Schedule 1: Share Capital		
1,772,500,000 (Previous year: 1,772,500,000) equity shares of Re.1/- each	1,772,500	1,772,500
Issued, subscribed and paid-up		
1,405,848,900 (Previous year: 1,405,848,900) equity shares of Re.1/- each	1,405,849	1,405,849
Note:		
Of the above shares:		
1. Of the above shares:		
52,850,000 (Previous year: 52,850,000) equity shares of Re.1/- each are allotted as fully paid up by way of bonus shares by capitalization of General Reserve."		
703,250,000 (Previous year: 703,250,000) equity shares of Re. 1/- each are allotted as fully paid up as per the scheme of amalgamation."		
90,462,150 (Previous Year: 90,462,150) equity shares of Re.1/- each are allotted as fully paid up as per the scheme of arrangement."		
2. With effect from February 15, 2008 the nominal value of the equity shares have been sub divided from Rs. 10/- per share to Re. 1/- per share. "		
Schedule 2 : Reserves and surplus		
Capital reserve on acquisition	3,923,445	3,923,445
General reserve		
Balance as per last account	95,198	49,845
Less: Adjustment for employee benefits provision	-	2,147
[Net of tax Nil (Previous year Rs. 1,106)]		
Add: Transferred from Profit and Loss Account	-	47,500
Securities premium account	95,198	95,198
Balance as per last account	14,716,875	3,120,376
Add: Received during the year on Qualified Institutional Placement issue	-	11,834,307
Less: Utilised for share issue expenses	-	237,808
	14,716,875	14,716,875
Profit and loss account	2,797,382	1,721,753
	21,532,900	20,457,271
Schedule 3 : Secured loans		
(Refer note 5 in schedule 19)		
Term loans		
Rupee loans from banks	17,524,394	8,248,692
[Repayable within one year Rs. 793,401 (Previous year: Rs. 283,267)]		
Interest accrued and due	15,442	-
Rupee loans from others	5,414,310	2,450,000
[Repayable within one year Rs. 312,744 (Previous year: Rs. 123,500)]		
Foreign currency loans from banks	5,347,925	1,797,550
[Repayable within one year Rs. 131,399 (Previous year: Rs. 42,000)]		
Buyers' line credit	171,237	-
Short term loans from bank	213,153	143,156
Schedule 4 : Unsecured loans	28,686,461	12,639,398
Short term loans and advances		
From banks	1,111,471	270,545
	1,111,471	270,545

Schedules to the Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	March 31, 2009	March 31, 2008
Schedule 7 : Inventories (at lower of cost and net realisable value)		
Stores, spares and consumables	441,901	227,134
	441,901	227,134
Schedule 8 : Sundry debtors		
(Refer note 11 in schedule 19)		
Unsecured, considered good		
Outstanding for a period exceeding six months	627,960	599,883
Other debts	14,600	52,417
	642,560	652,300
Schedule 9 : Cash and bank balances		
Cash and cheques on hand	6,187	7,562
Stamps in hand	628	588
Balances with scheduled banks on :		
- On current accounts	761,535	408,678
- On fixed deposits	663,367	1,109,855
- On margin money deposit accounts	126,902	112,765
- On unpaid dividend accounts	3,522	4,034
	1,562,141	1,643,482
Schedule 10 : Loans and advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	230,359	145,478
Share application money	43,659	998,185
Deposits	129,240	107,883
Other receivables	115,859	183,779
Advance tax (net of provision)	107,514	41,488
	626,631	1,476,813
Schedule 11: Other current assets		
Unbilled revenues	931,606	822,374
(Refer note 10 in schedule 19)		
Interest accrued but not due on deposits	20,780	57,294
	952,386	879,668
Schedule 12: Current liabilities		
Sundry creditors		
- total outstanding dues to micro, small and medium enterprises	-	-
- total outstanding dues of other creditors	350,001	192,794
Advance from customer	190,621	-
Retention money	480,311	7,862
"Unpaid dividend "	3,522	4,034
Due to directors	7,010	7,111
Interest accrued but not due on loans	215,513	23,321
Other liabilities	56,039	34,305
	1,303,017	269,427
Schedule 13 : Provisions		
Provision for Income tax (net of advance tax payments)	1,317	4,362
Provision for Fringe benefit tax (net of advance tax payments)	1,418	261
Provision for Wealth Tax	26	-
Provision for Gratuity	21,863	15,426
Provision for Compensated absence	11,217	7,667
	35,841	27,716

Schedules to the Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Schedule 5A : Fixed assets											
Particulars	Gross Block				Depreciation / Amortisation					Net Block	
	As at April 01 2008	Additions on acquisition of subsidiaries	Additions/ adjustments during the year	Deletions/ adjustments during the year	As at March 31, 2009	As at March 31, 2008	Additions on acquisition of subsidiaries	For the year	On deletions	As at March 31 2009	As at March 31 2008
Tangible Assets:											
1)Freehold Land	240,698	287,538	1,766,283	1,931	2,292,588	-	-	-	-	2,292,588	240,699
2)Buildings											
i) Factory building	387,816	-	-	-	387,816	141,849	-	12,953	-	154,802	245,967
ii) Non-factory building	253,723	-	5,591	-	259,314	39,490	-	5,703	-	45,193	214,233
3) Plant and machinery	9,343,234	5,036	55,283	155	9,403,398	5,406,527	488	494,488	-	5,901,503	3,936,706
4) Computers	34,147	4,467	4,469	-	43,083	20,687	1,507	3,848	-	26,042	13,463
5) Office equipment	33,005	4,949	5,012	-	42,966	8,777	510	2,157	-	11,444	24,217
6) Electrical equipment	6,195	117	1,557	-	7,869	1,899	22	388	-	2,309	4,297
7) Furniture and fixtures	26,238	4,775	7,875	-	38,888	11,480	389	4,002	-	15,871	14,768
8) Helicopter			261,830	261,830	-	-	-	2,732	2,732	-	-
9) Vehicles	42,390	9,245	7,389	389	58,635	9,797	3,183	4,794	370	17,404	32,588
Intangible assets:											
1) Toll collection rights	6,779,632	-	-	-	6,779,632	1,128,344	-	376,665	-	1,505,009	5,651,290
2) Goodwill	1,896,604	-	59,196	822	1,954,978	-	-	-	-	1,954,978	1,896,604
(Refer notes 6 and 7 in schedule 19)											
Total	19,043,682	316,127	2,174,485	265,127	21,269,167	6,768,850	6,099	907,730	3,102	7,679,577	12,274,832
Previous year	18,889,840	-	157,816	3,974	19,043,682	5,874,000	-	892,915	1,021	6,768,850	-

Notes:

1. Depreciation amounting to Rs. 10,971 (Previous year Rs. 2,956) for the year ended March 31, 2009 transferred to expenditure incurred during construction period pending allocation.
2. Depreciation for the year ended March 31, 2009 is net of amount withdrawn from deferred income Rs. 117,222 (Previous year: Rs. 117,222).

Schedules to the Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Schedule 5B : Expenditure incurred during construction period pending allocation

	As at April 01, 2008	Additions on account of acquisition of subsidiary	Deletions on account of disposal of subsidiary	Additions during the year / period	As at March 31, 2009
Printing & Stationery	2,627	7,782	-	892	11,301
Personnel expenses:					
Salaries, allowances and bonus	50,391	115,186	-	43,743	209,320
Contribution to Provident and other funds	1,413	7,043	-	1,712	10,168
Staff welfare	6,394	3,564	-	3,758	13,716
Communication costs	6,661	16,480	-	3,099	26,240
Travelling and Conveyance	114,184	64,837	25	44,067	223,063
Advertisement	8,095	7,595	-	1,275	16,965
Legal and professional charges	517,333	443,374	1,150	234,979	1,194,537
Repairs & Maintenance:					
Building	17,369	-	-	8,674	26,043
Plant & Machinery	1,237	-	-	191	1,428
Others	19,173	26,613	-	14,325	60,111
Insurance	100,111	115,183	-	61,414	276,708
Rent	10,701	27,152	-	7,231	45,084
Land lease charges	52	-	-	13	65
Power, fuel & water charges	5,127	10,412	-	6,671	22,210
Corporate guarantee commission	11,500	-	-	3,600	15,100
Bank guarantee commission	-	-	-	-	-
Financial expenses:					
Interest on fixed period loans	1,860,804	2,681,610	-	1,947,362	6,489,776
Interest on other loans	258,454	285,052	-	33,913	577,419
Bank charges	15,130	82,563	8	6,201	103,886
Processing and other charges	2,153	-	-	549	2,702
Depreciation	8,970	10,336	-	10,971	30,277
Trial Run cost:					
Power used	22,181	-	-	-	22,181
Cost of fuel	186,620	-	-	181,958	368,578
Operators' Training	131,258	-	-	-	131,258
Other expenses	66	-	-	-	66
Payments to other auditors'	509	1,238	10	332	2,069
Guest house maintenance	496	-	-	426	922
Interest	-	-	-	-	-
Office maintenance	311	-	-	758	1,069
Documentation charges	765	-	-	195	960
Temporary shed construction expenses	111	-	-	-	111
Donations	5	216	-	125	346
Survey charges	2,612	-	-	23	2,635
Debit balances written off	31	4,068	-	-	4,099
Loss on sale of assets	1,046	3,130	-	-	4,176
Remuneration to directors	13,912	31,793	-	8,828	54,533
Stores and consumables	1,500	-	-	17,909	19,409

Schedules to the Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Schedule 5B : Expenditure incurred during construction period pending allocation

	As at April 01, 2008	Additions on account of acquisition of subsidiary	Deletions on account of disposal of subsidiary	Additions during the year / period	As at March 31, 2009
Rates & Taxes	119,145	1,482	1	4,820	125,446
Tender fees paid	1,000	-	-	-	1,000
Assets written off	2	394	-	-	396
Project expenses	431,510	-	-	201,316	632,826
Preliminary exp. written off	-	-	-	-	-
Director sitting fees	-	905	-	160	1,065
Meeting, conference and subscription	-	1,802	-	360	2,162
Exchange fluctuations	-	83,889	-	-	83,889
Pre-operative expenses	-	91,792	-	-	91,792
Miscellaneous expenses	19,871	28,365	53	401,936	450,117
Sub Total	3,950,830	4,153,856	1,246	3,253,784	11,357,224
Less:					
Interest income	9,239	50,460	-	9,220	68,919
Dividends from mutual funds	12,739	10,390	14	9,471	32,586
Sale of Infirm power	66,842	-	-	69,119	135,961
Profit on sale of assets	9	542	-	-	551
Depreciation written back	489	-	-	-	489
Provisions no longer required written back	68,181	-	-	479	68,660
Tender fee received	546	-	-	-	546
Sale of Scrap	-	-	-	98	98
Gain on forward contracts	-	42,001	-	-	42,001
Add:-	-	-	-	-	-
- Income Tax	338	7,618	-	5,888	13,844
- Fringe Benefit Tax	2,485	2,002	53	2,764	7,198
- Income tax for earlier years	1	15,959	-	(25)	15,935
- Wealth Tax	-	87	-	19	106
Total	3,795,609	4,076,129	1,285	3,174,043	11,044,496

Schedules to the Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Schedule 6 : Investments

	Face Value	Number of Shares/Units	March 31, 2009 Amount	Market Values	Number of Shares/Units	March 31, 2008 Amount	Market Values
Long term investments (at cost)							
Trade (unquoted), fully paid equity shares							
In Associates							
Goutami Power Limited	-	-	-	-	174,202,450	1,742,025	-
(includes goodwill amounting to Rs. 51,938)							
Mumbai International Airport Private Limited	10	148,000,000	2,538,607	-	74,000,000	1,483,097	-
Saregraha Mines Limited	10	22,225	222	-	-	-	-
Other than trade							
Reliance Diversified Power Sector Fund-Retail Dividend Plan (quoted) [net of provision for diminution in value of investments Rs. 23,528 (Previous year Rs.Nil)]	20	901,483	22,638	22,638	835,645	43,284	35,243
National savings certificates (unquoted)	-	-	50	50	-	34	34
Sub - Total (A)			2,561,517	22,638		3,268,440	35,243
Current Investments (at lower of cost and market value)							
Principal Cash Management Fund	10	-	-	-	280,460	2,805	2,805
Principal Liquid Plus Fund - Daily Dividend Reinvestment	10	-	-	-	20,661,395	207,027	207,027
UTI Liquid Plus Fund instl plan-daily div option- reinvestments	1,000	70,359	70,375	70,379	-	-	-
UTI Fixed Income interval fund futly plan series-1 Institutional Dividend plan reinvestment	10	-	-	-	10,000,000	100,000	100,152
ING Liquid Plus Fund - Institutional Daily Dividend	10	-	-	-	23,844,616	238,525	238,525
ING Liquid Fund - Daily Dividend	10	-	-	-	1,227,829	13,245	13,245
ING Fixed Maturity Fund 34 - Institutional Dividend	10	-	-	-	10,000,000	100,000	100,491
ING Fixed Maturity Fund 35 Institutional Dividend	10	-	-	-	15,000,000	150,000	150,749
TATA Dynamic Bond Fund Option A-Dividend	10	-	-	-	9,550,985	100,313	100,480
Tata Treasury Manager SHIP Daily Dividend	1,000	24,745	25,000	25,000	-	-	-
DWS Money Plus Fund - Institutional Plan - Daily	10	-	-	-	10,077,685	100,859	100,859
DWS Credit Opportunities Cash Fund - Weekly Dividend	10	5,234,772	52,926	52,926	100,420,473	1,007,686	1,009,708
DWS Credit Opportunities Fund - Weekly Dividend Plan	10	-	-	-	11,815,708	118,805	118,805
Kotak Quarterly Interval Plan Series 4 - Dividend	10	-	-	-	7,029,034	70,282	70,394
LIC MF Liquid Plus Fund -Daily Dividend Plan	10	10,001,924	100,019	100,019	24,214,475	242,145	242,145
M17DD ABN Amro Money Plus Instl Plan Dly Div	10	25,591,407	255,989	255,993	-	-	-
DSPML-FMP-3M Series 9 Instl Div	10	-	-	-	14,062,616	140,628	140,983
DSP Merrill Lynch Liquid Plus Daily Dividend	1,000	-	-	-	19,588	19,600	19,600
JM Money Manager fund Super Plus	10	-	-	-	18,280,137	182,876	182,876
JM Interval Fund - Quarterly Plan 5 - Institutional Dividend Plan	10	-	-	-	18,124,000	181,240	181,584
Principal Floating Rate Fund Fixed Maturity Plan - Institutional Daily Dividend Reinvestment	10	-	-	-	1,448,979	14,508	14,508
AIG Short Term Fund Institutional Weekly Dividend	1,000	-	-	-	10,050	10,050	10,060
Reliance Fixed Horizon Fund-VI series 3 Institutional Dividend payout	10	-	-	-	5,000,000	50,000	50,072
Reliance Fixed Horizon Fund - VI - Series 2-Institutional Dividend Plan	10	-	-	-	1,500,252	15,022	15,022
Reliance Liquid Plus Fund - Institutional Daily Dividend	1,000	51,670	51,728	51,728	27,615	27,647	27,647
Reliance Monthly Interval Fund- series-1 Institutional Dividend	10	-	-	-	5,006,655	50,109	50,138
Reliance Liquid Plus Fund	1,000	-	-	-	50,131	50,188	50,188
Reliance Mutual Fund	10	-	-	-	896	14	14
Birla Sun Life Liquid Plus - Institutional Daily Dividend - Reinvestment	10	1,451,666	14,527	14,527	135,339	1,354	1,354
Birla Sun Life Interval Income Fund - Institutional quarterly series 2 Dividend	10	-	-	-	10,079,264	100,793	100,994
Birla Sun Life Interval Income Fund - Institutional quarterly Series 3 Dividend	10	-	-	-	9,061,094	90,611	90,779
Birla Sun Life Interval income - Institutional monthly series 2 Dividend	10	-	-	-	10,036,270	100,363	100,552
Fidelity Liquid Plus Institutional - Dividend	10	-	-	-	1,606,038	16,062	16,062
JP MORGAN India Liquid Plus Fund-Div Plan Reinvestment	10	6,752,667	67,587	67,587	-	-	-
ICICI Prudential Institutional Liquid Plan -Daily Dividend Reinvestment	10	-	-	-	9,701,273	105,220	105,220
Sundaram BNP Paribas Liquid Plus Fund	10	-	-	-	3,755,794	37,652	37,652
Mirae Asset Liquid Fund Regular -Dividend Plan	1,000	-	-	-	4,018	4,020	4,020
MIRAE Asset Liquid Plus Fund	1,000	-	-	-	49,979	50,049	50,049
Religare (Lotus) India Liquid Plus Fund - Institutional Daily Dividend	10	1,409,272	14,115	14,115	-	-	-
Kotak Mahindra Mutual Fund	1,000	1,688	169	169	-	-	-
HSBC Interval Fund -Plus-III- Institutional Dividend	10	-	-	-	10,000,000	100,000	100,360
Sub - Total (B)			652,435	652,443		3,799,698	3,805,119
Total - A + B			3,213,952	675,131		7,068,138	3,840,362

Schedules to the consolidated accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	March 31, 2009	March 31, 2008
Schedule 14 : Operating Income and Fees from manpower and consultancy services		
Charter Fees	248	-
Manpower and consultancy services	122,797	126,311
	123,045	126,311
Schedule 15 : Other income		
Interest Income	41,342	117,670
Dividend income from non trade investments- short term	140,785	287,667
Profit on sale of investments from non trade investments- short term (net)	9,300	2,248
Excess provisions / credit balances written back	609	12,846
Profit on sale of fixed assets (net)	39	-
Guarantee commission	1,333	12,178
Insurance claim	-	161,228
Foreign Exchange fluctuations	-	327
Miscellaneous income	8,448	25,059
	201,856	619,223
Schedule 16 : Personnel expenses		
Salaries, allowances and bonus	156,468	138,869
Contribution to provident and other funds	5,011	4,559
Retirement benefits	5,835	6,578
Staff welfare	5,228	5,814
	172,542	155,820
Schedule 17 : Operating, Maintenance & Administration expenses		
Operating and maintenance expenses	44,442	45,190
NHAI share of toll fee	76,494	77,192
Payments to NHAI	9,134	8,322
Minimum off take price for naphtha	779	1,086
Rent	14,240	11,751
Rates and taxes	17,102	2,135
Insurance	60,657	73,138
Repairs and maintenance:		
- Buildings	7,295	2,931
- Roads	126,772	76,321
- Plant and machinery	36,011	357,786
- Others	20,327	22,960
Vehicle hire charges	4,287	4,387
Electricity and water	3,791	3,342
Travel and conveyance	37,773	30,145
Communication	6,294	3,410
Printing and stationery	6,289	5,866
Bid and tender document charges	6,718	7,838
Legal and professional charges	85,940	38,697
Prompt payment rebate	59,643	80,329
Auditor's remuneration	1,198	1,146
Directors' sitting fee	1,710	1,880
Donation	20,213	26,081
Foreign Exchange Fluctuations	2,566	-
Loss on sale of fixed assets (net)	-	420
Expenses on amalgamation	-	5,781
Provision for diminution in value of long term investments (other than trade)	23,528	-
Miscellaneous expenses	35,156	44,876
	708,359	933,010
Schedule 18 : Financial expenses		
Interest		
- on fixed period loans	288,396	312,845
- on other loans	22,891	97,822
Bank charges	7,521	3,764
Bank guarantee commission	14,830	13,769
Processing and other charges	215	3,008
	333,853	431,208

Consolidated Cash Flow Statement for the year ended March 31, 2009

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	March 31, 2009	March 31, 2008
Cash flow from Operating Activities		
Profit before tax	851,455	1,287,437
Adjustments for		
Depreciation	779,537	775,693
Dividend income	(140,785)	(287,667)
Amalgamation expenses	-	5,781
Interest income	(41,342)	(117,670)
Interest expense	311,287	410,667
Profit on sale of short term investment	(9,300)	(2,248)
Profit on sale of assets	(39)	420
Provision for Diminution in value of Investments	23,528	-
Operating profit before working capital changes	1,774,341	2,072,413
Movements in working capital		
Increase in sundry debtors and other receivables	(29,109)	(1,175,857)
(Increase)/Decrease in inventories	(214,767)	57,692
(Increase) /decrease in loans and advances	(5,886)	(143,411)
(Decrease)/increase in current liabilities	217,901	(51,474)
Cash generated from operations	1,742,480	759,363
Direct taxes paid	(171,020)	(311,187)
Net cash from used in operating activities (A)	1,571,460	448,176
Cash flows from investing activities		
Purchase of fixed assets	(2,293,927)	(2,100,957)
Proceeds from sale of fixed assets	58	1,898
Expenditure during construction period pending allocation	(8,206,632)	(1,542,631)
Payments for net assets acquired of subsidiaries, net of cash	(50,497)	(39)
Purchase of investments	(1,700,413)	(43,295)
Profit on sale of short term investment	9,300	2,248
Proceeds from sale of subsidiary	18,157	-
Share application money (net of refund received)	1,935,314	(391,163)
(Increase)/decrease in bank deposits	703,099	(864,973)
Expenses on amalgamation and preliminary expenses	-	(6,588)
Dividends received	150,256	298,900
Interest received	111,716	68,539
Net cash used in investing activities (B)	(9,323,569)	(4,578,061)
Cash flows from financing activities		
Proceeds from share issue, net of share issue expenses	-	11,980,808
Proceeds from long term borrowings	6,949,715	2,407,297
Repayment of long term borrowings	(169,227)	(4,762,378)
Proceeds from/(repayment of) short term borrowings (net)	(101,298)	(72,963)
Proceeds from share application money	274,763	-
Repayment of share application money/ buy-back	-	(292,680)
Interest paid	(1,727,369)	(1,242,351)
Dividend paid	-	(96,009)
Net cash from financing activities (C)	5,226,584	7,921,724
Net increase in cash and cash equivalents A+B+C	(2,525,525)	3,791,839
Cash and cash equivalents at the beginning of the year	4,313,711	521,872
Cash and cash equivalents at the end of the year	1,788,186	4,313,711

	March 31, 2009	March 31, 2008
Components of cash and cash equivalents		
Cash on hand	6,188	7,562
Stamps in hand	628	588
Balances with scheduled banks on :		
(i) Current accounts	761,535	408,679
(ii) Deposit accounts	357,134	89,366
(iii) Unpaid dividend accounts *	3,522	4,033
(iv) Margin money deposit accounts *	6,745	3,765
Balances in short term investments	652,434	3,799,718
	1,788,186	4,313,711
Reconciliation between cash and cash equivalents and amounts reported in consolidated balance sheet		
Cash and cash equivalents	1,788,186	4,313,711
Add: Fixed deposits classified in investing activities	426,390	1,129,489
Less: Current investments classified as cash equivalents	(652,435)	(3,799,718)
Cash and bank balance as reported in consolidated balance sheet	1,562,141	1,643,482

* Not available for ready use by the company

For **S R Batliboi & Associates**
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place : Hyderabad
Date : 29.04.2009

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

G V Krishna Reddy
Chairman and Managing Director

G V Sanjay Reddy
Director

A Issac George
Director & CFO

P V Rama Seshu
Company Secretary

Notes to consolidated accounts

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees thousands unless otherwise stated)

1. Nature of Operations

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

The following is the brief description of the subsidiaries:

- a) GVK Industries Limited ("GVKIL" or "Subsidiary Company") is engaged in generation of power.
- b) GVK Jaipur Expressway Private Limited ("GJEPL" or "Subsidiary Company") is engaged in building and developing of the highway project.
- c) Alaknanda Hydro Power Company Limited ("AHPCL" or "Subsidiary Company") is engaged in generation of power.
- d) GVK Power (Goindwal Sahib) Limited ("GVKPGSL" or "Subsidiary Company") is engaged in generation of power.
- e) GVK Coal (Tokisud) Company Private Limited ("GVKCCPL" or "Subsidiary Company") is engaged in mining of coal meant for "GVKPGSL".
- f) GVK Airport Developers Private Limited ("GVKADPL" or "Subsidiary Company") is engaged in business of construction and development of airports.
- g) Goriganga Hydro Power Private Limited ("GHPPL" or "Subsidiary Company") is engaged in generation of power.
- h) GVK Airport Holdings Private Limited ("GVKAHPL" or "Subsidiary Company") is engaged in business of investments as promoters and developers of the international and domestic airport projects.
- i) GVK Perambalur SEZ Private Limited formerly known as GVK Infratech Private Limited ("GVKPSPL" or "Subsidiary Company") is engaged in business of development, operation and maintenance of infrastructure facility.
- j) GVK Oil & Gas Limited ("GVKOGIL" or "Subsidiary Company") is engaged in business of exploration of Oil and Natural Gas.
- k) GVK Energy Limited ("GVKEL" or "Subsidiary Company") which became a subsidiary w.e.f. November 27, 2008 is engaged in generation of power.
- l) GVK Developmental Projects Private Limited ("GVKDPPL" or "Subsidiary Company") which became a subsidiary w.e.f. May 9, 2008 is engaged in the business of Infrastructure Projects.
- m) Gautami Power Limited ("GPL" or "Subsidiary Company") which became a subsidiary w.e.f. July 1, 2008 is engaged in generation of power.

On September 30, 2008, the parent company has sold its entire stake GVK Aviation Private Limited ("GVKAPL"), a wholly owned subsidiary. The accompanying Consolidated Profit and Loss Account for the year ended March 31, 2009 include item in Profit and Loss Account of GVKAPL for the period April 1, 2008 to September 30, 2008.

The following is the brief description of the associates:

- a) Mumbai International Airport Private Limited ("MIAL" or "Associate Company") is engaged in operations, maintenance and development of Chhatrapati Shivaji International Airport, Mumbai.
- b) Seregraha Mines Limited ("SML" or "Associate Company") which became an associate in the current year ended March 31, 2009, is engaged in exploration of coal mines.

2. Summary of significant accounting policies

a. Basis of preparation

The Consolidated Financial Statements of the Company have been prepared under the historical cost convention on accrual basis to comply in all material respects with the mandatory Accounting Standards ("AS") notified by Companies Accounting Standards Rules, 2006 and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company are consistent with those used in the previous year.

b. Principles of consolidation

Investments in Consolidated Financial Statements are accounted in accordance with accounting principles as defined in the AS 21 "Consolidated Financial Statements" and AS 23 "Accounting for investments in Associates in consolidated financial statements" notified by Companies Accounting Standards Rules, 2006. The Consolidated Financial Statements are prepared on the following basis:

- i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.
- ii) The difference between the cost to the Group of investments in subsidiaries and the proportionate share in the equity of the investee company as at the date of acquisition of stake is recognised in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.
- iii) Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the Company.
- iv) Investments in associates are accounted for using equity method. The excess of cost of investment over the proportionate share in equity of the associate as at the date of acquisition of stake is identified as Goodwill and is disclosed in the Consolidated Financial Statements. The carrying amount of the investment is adjusted thereafter for the post-acquisition change in the share of net assets of associate. However, share of losses is accounted for only to the extent of the cost of investment. Subsequent profits of such associates are not accounted for unless the accumulated losses (not accounted for by the Group) are recouped.
- v) As far as possible, the Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's stand alone financial statements.
- vi) The financial statements of the entities used for the purpose of consolidation are drawn up to same reporting date as that of the Company i.e. year ended March 31, 2009.
- vii) As per Accounting Standard Interpretation (ASI-15) on Notes to the Consolidated Financial Statements, only the notes involving items which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the Consolidated Financial Statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the Consolidated Financial Statements need not be disclosed in the Consolidated Financial Statements.

The Consolidated Financial Statements as at and for the year ended on March 31, 2009 include the financial statements of the following entities:

Name of the Consolidated Entity	Country of Incorporation	Nature of Interest	% of Interest	
			2009	2008
GVKIL	India	Subsidiary	100	100
GJEPL	India	Subsidiary	100	100
AHPCL	India	Subsidiary	100	100
GVKPGSL	India	Subsidiary	100	100
GVKCCPL	India	Subsidiary	100	100
GVKADPL	India	Subsidiary	100	100
GHPPL	India	Subsidiary	100	100
GVKAHPL	India	Subsidiary	99	99
GVKPSPL	India	Subsidiary	100	100
GVKEL	India	Subsidiary	100	-
GVKOGI	India	Subsidiary	100	100
GVKDPPL	India	Subsidiary	100	-
GPL	India	Subsidiary	51	44.97
MIAL	India	Associate	36.63	36.63
SML	India	Associate	44.45	-

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

c. Use of estimates

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

d. Fixed assets, Intangibles, depreciation and amortisation

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 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	16.21%
Office and electrical equipment	4.75%
Furniture and fixtures	6.33%
Helicopter	5.60%
Vehicles	9.50%
Toll collection rights	*

* The toll collection rights are written off over the concession of 18 years.

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

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

The Company follows a full cost method of accounting for Oil & Gas Assets as set out by the Guidance Note issued by the Institute of Chartered Accountants of India. All costs incurred in prospecting, acquiring, mineral interest are accumulated in a large cost centers and are carried as Capital Work In Progress.

e. 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 on a periodic basis and impairment losses are recognised where applicable.

f. Impairment

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

g. Expenditure incurred during construction period

Expenditure directly relating to construction activity is capitalized. Indirect expenditure incurred during construction period is capitalized as part of the indirect construction cost to the extent to which the expenditure is indirectly related to construction or is incidental thereto. Other indirect expenditure (including borrowing costs) incurred during the construction period which is not related to the construction activity nor is incidental thereto is charged to the profit and loss account. For the companies

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

under construction phase no profit and loss account has been drawn. Income earned during construction period is deducted from the total of the indirect expenditure. Direct and indirect expenditure are capitalized only if they increase the value of the asset beyond its original standard of performance.

h. Investments

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

i. Government grants

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

Grants related to depreciable assets are treated as deferred income which is recognised in Profit & Loss Account over the periods and in the proportions in which depreciation on related assets is charged.

j. Revenue recognition

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

i) Generation of power

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

The subsidiary company 'GVKIL' is entitled to receive incentive for every percentage point generated in excess of Plant Load Factor (PLF) of 68.50% during the tariff year of 20th June of each year to 19th June of next year.

ii) Income from toll operations

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

iii) Manpower and consultancy services

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

iv) Interest

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

v) Dividends

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

k. Foreign currency transactions**i) Initial recognition**

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

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in 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 not covered above, or on reporting such monetary items of company at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

l. Operating Lease

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

Schedule 19 Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

m. Employee benefits

- i) Retirement benefits in the form of Provident fund, in the nature of defined contribution plans, are charged to the Profit and Loss Account of the year when the contribution to the provident fund is due. There are no other obligations other than the contribution payable to the provident fund authorities.
- ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- iv) Actuarial gains/losses are immediately taken to Profit and Loss Account and are not deferred.

n. Inventories

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

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

o. Income taxes

Tax expense comprises of current, deferred and fringe benefit tax. Current income tax and fringe benefit 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.

Minimum Alternate Tax (MAT) payable by subsidiary company is reimbursable by APTRANSCO as per the PPA. Hence, no MAT credit has been recognised.

p. Earnings per share

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

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

q. Provisions

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

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

r. Segment Reporting Policies**Identification of segments**

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

Intersegment Transfers

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

Allocation of common costs

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

Unallocated items

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

s. Cash and Cash equivalents

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

3. Contingent liabilities**A) Parent Company****■ Security against loans taken by others**

During the year ended March 31, 2009, the Company has provided security amounting to Rs. 1,211,200 by way of corporate guarantee given on behalf of GVKAPL. Management is of the opinion that the GVKAPL will be able to meet its obligations as they arise and consequently no adjustment is required to be made to the carrying value of the security provided.

■ Claims against GVKPIL not acknowledged as debt

- i) The Parent Company has received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs.282,960 (Previous year: Rs.282,960) on transfer of shares to the shareholders of GVKIL vide the scheme of arrangement approved by the Andhra Pradesh High Court. GVKPIL has obtained an order from the Andhra Pradesh High Court staying the above notice on March 13, 2008 until such further orders from the said court.
- ii) The Parent Company has received a show cause notice from service tax authorities demanding the Company to pay service tax of Rs.38,635 (Previous year: Rs.Nil) under the category "Management, Maintenance or Repair services" for operating and maintenance of immovable property, management of power plant and maintenance of equipment for the period from July 1, 2003 to September 30, 2008. The Company has preferred an appeal against the said order before Customs, Excise and Service Tax Appellate Tribunal, Bangalore.

B) Subsidiary companies**i) GVKIL**

Particulars	March 31, 2009	March 31, 2008
On account of guarantees issued by banks	12,750	203,350
Income tax demand pending appeals	1,742	1,545

- AP Transco during the year 2003-2004 made a claim of Rs.204,834 against the subsidiary company stating that effective Return on Equity ("ROE") claimed by the 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. The subsidiary company is confident that its claim for ROE on a monthly basis is strictly in accordance with PPA. If the decision is against GVKIL, the liability on this account up to March 31, 2009 would be Rs.403,500 (Previous year: Rs.377,781).
- AP Transco has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) in February 2004 for adjudication of certain matters relating to tariff provisions under the PPA without specifying any amount. Based on these petitions, APERC has issued notices to the subsidiary company for hearing on these matters. The subsidiary company has

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

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 Company accordingly, withdrew the writ petition and approached Andhra Pradesh Electricity Regulatory Commission (APERC) seeking directions of the Commission for adjudication of its claims. With this the proceedings in writ petition before Andhra Pradesh High Court stood disposed off and the Company's application is still pending before APERC. Pending disposal of the matter, no provision has been made in the consolidated accounts in this regard.

- 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 Company is negotiating with BPCL to reduce the Minimum off Take quantity from 80,000 MT to 40,000 MT, which is under consideration by BPCL. Pending receipt of acceptance from BPCL, no provision is made in the books for the requested reductions of 40,000 MT, which worked out to Rs.1,538 (Previous year Rs.1,538) for the year and the liability on this account up to March 31, 2009 is Rs.6,152 (Previous year Rs.4,614)

ii) GJEPL

Particulars	March 31, 2009	March 31, 2008
On account of guarantees issued by banks	210,000	210,000
Disputed income tax demands	179,026	1,086

iii) AHPCL

Particulars	March 31, 2009	March 31, 2008
On account of guarantees issued by banks	525,400	-
On account of excess of interest on term loans not acknowledged as debt	6,000	-

iv) GVKPGSL

Contingent liability not provided for on account of bank guarantees Rs.39,000 (Previous year Rs.39,000).

v) GPL (Previous year: to the extent of share holding - 44.97%)

Particulars	March 31, 2009	March 31, 2008
On account of guarantees issued by banks	126,147	147,954
Claims against the Company not acknowledged as debt	5,186	46,314
On account of income tax demands	1,683	757
Disputed Entry tax	-	23,026

vi) GVKOGL

During the year, GVKOGL ('the subsidiary') had purchased seismic data, which is required in the process of bidding, from M/s GX Technology Corporation and M/s GGS Spectrum Limited. The Company remitted Rs.61,693 and Rs.4,543 to the above parties respectively without deduction of tax, on the opinion that remittance for purchase of data is not covered u/s 195 of the Income Tax Act.

Subsequently, the Income Tax Department raised a demand notices for Rs.7,867 and Rs.569 aggregating to Rs.8,435 stating that the payments made were in the nature of royalty and were subject to TDS. The Company has filed an appeal against the said notice and the case is pending before the Commissioner of Income tax (Appeals). The Management is of the opinion that there is a high likelihood that the case will be decided in favor of the subsidiary company. Pending disposal of the matter, no provision has been made in the consolidated accounts in this regard.

During the year, the subsidiary company has given seven multiple performance bank guarantee's amounting to Rs.13,706 for seven oil blocks in favor of 'Ministry of Petroleum & Natural Gas' for a period of one year towards 35% of estimated expenditure of Minimum Work Program of the exploration phase. Management is confident of executing the Minimum work Program during the exploration phase, hence no provision has been made.

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

C) Associate companies (to the extent of share holding therein)**i) MIAL (36.63%)**

- Claims against the Associate Company not acknowledged as debts:

a) Non agricultural tax amounting to Rs.282,271 (Previous year: Rs.85,421) levied by the appropriate authorities on the airport land, of which Rs.42,711 (Previous year : Rs. 42,711) is paid under protest.

b) Rs.129,560 (Previous year: Rs.129,560) claimed by the Airports Authority of India (AAI) being service tax payable on the annual fees. Pending final order from the High Court of Delhi, no provision in the books of account considered necessary at this stage.

- The Associate Company is responsible for payment of retirement compensation to Airports Authority of India (AAI) towards AAI employees assigned to the Company during the operation support period, to the extent of absorption of such employees into the associate company falling short of the required number as stipulated under Operation, Management and Development agreement ("OMDA"). AAI has indicated the estimated financial implication of retirement compensation to the extent of about Rs.868,131 (excluding service tax thereon Rs.89,414) which may vary depending on actual and pay revision due. Pending expiration of operations support period on May 2, 2009 and indicative retirement compensation being an estimate which may vary as mentioned above, no provision has been considered necessary in the books of account. However, once the liability is crystallized, the same would be considered as incidental cost to overall modernization and development of Mumbai Airport.

ii) SML (44.45%)

On account of bank guarantees amounting to Rs.144,018

4. Capital Commitments

Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for as at March 31, 2009 :-

A) Subsidiary companies

Name of the subsidiary	March 31, 2009	March 31, 2008
GVKIL	21,214	121,506
AHPCL	9,427,200	10,420,000
GVK PSPL	870	4,104
GPL*	552,100	544,632

* previous year to the extent of shareholding therein.

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

Name of the associate	March 31, 2009	March 31, 2008
MIAL	3,570,070	2,246,042

5. Secured Loans

Secured loans and advances from banks and others include the following:

Name of the subsidiary	March 31, 2009	March 31, 2008
GVKIL	7,917,471	7,563,200
GJEPL	2,484,440	2,646,801
AHPCL	7,187,310	2,429,397
GPL	11,097,240	-

The details of the security are as follows:

a) GVKIL

- Exclusive first charge on all unused spares and inventory.
- Pari passu first mortgage and charge on movable and immovable assets, present and future, pertaining to Phase - I Project
- Secured by subservient charge on movable fixed assets and current assets and further secured by corporate guarantee of Parent Company
- Secured by corporate guarantee of Parent Company.

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

- Pari passu first mortgage and charge on all the immovable and movable properties (both tangible and intangible), both present and future, of the expansion project and assets common for both Phase I and the expansion project.
 - Pari passu second mortgage and second charge on all the immovable and movable properties (both tangible and intangible), both present and future, pertaining to Phase I (including all receivables).
 - Pari passu first charge/assignment/security interest on all the revenues/receivables of GVKIL pertaining to expansion project.
 - Pari passu first charge/assignment/security interest on GVKIL's rights under the expansion Project Agreements, in respect of all clearances, licences, permits, approvals and consents in respect of the expansion project, and letters of credit, guarantee or performance bond that may be provided in favour of the subsidiary company by any party to any project agreement or contract pertaining to the expansion project.
 - Pledge of 26% of shares of GVKIL held by Parent Company.
 - First charge on six weeks book debts by way of hypothecation.
- b) GJEPL**
- First charge against immovable properties of GJEPL ('the subsidiary company') ; present and future
 - First charge by way of hypothecation of all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future.
 - First charge on all cash flows, books debts and receivables and any other revenues of whatsoever nature and wherever arising, present and future.
 - First charge on all intangibles including but not limited to goodwill, uncalled capital, present and future.
 - First charge by way of assignment or creation of security interest in:
 - all the rights, titles, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time;
 - all the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances;
 - all the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, performance bond provided by any party to the project documents; and
 - all insurance contracts/insurance proceeds.
 - First charge on the Escrow Account and other reserves, and any other bank accounts of the subsidiary company wherever maintained.
 - Pledge of shares to the extent of 51% of the capital of the subsidiary company held by the Parent Company.
- c) AHPCL**
- First mortgage and charge against immovable properties of AHPCL ('the subsidiary company'); present and future
 - First charge by way of hypothecation of all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future.
 - First charge on all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising.
 - First charge on all intangibles including but not limited to Goodwill, uncalled capital, present and future.
 - First charge by way of assignment or creation of security interest in:
 - all rights, titles, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time;
 - all the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances;
 - all the rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, performance bond provided by any party to the project document; and
 - all insurance contracts / insurance proceeds.
 - First charge on the Escrow account and other reserves, and any other bank accounts of the subsidiary company, wherever maintained.
 - Pledge of shares to the extent of 51% of the paid-up capital of the subsidiary company held by Parent Company.
- d) GPL**
- Pari passu first charge by deposit of title deeds of immovable properties of GPL ('the subsidiary company') in respect of project land.
 - Pari passu first charge in the form of hypothecation of all movable assets of the project both present and future except specified receivables on which first charge would be given to working capital lenders.
 - Pari passu first charge/assignment/security interest on/ of all the rights, titles, interest and benefits and all licenses, permits, approvals and consents in respect of the project;
 - Pledge of 51% shares of paid-up capital of the subsidiary company held by the promoters and share application money;
 - Secured by corporate guarantee of Parent Company and GVKIL and second charge on movable assets.

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

6. Goodwill

The interest of GVKPIL in the net assets of the acquired entities during the year and resulting goodwill as on the date of acquisitions are as given hereunder:

Particulars	GPL	GVKDPPL	GVKEL
Share in the net assets of the entity	2,742,966	69	93
Less: Cost of Investment	2,802,125	100	100
Goodwill	59,159	31	7

The assets and liabilities of the acquired entities included in the Consolidated Balance Sheet as at March 31, 2009 are as given under:

Liabilities	
Current liabilities and provisions	514,661
Assets	-
Fixed assets (net)	311,887
Investments	-
Current assets	117,732

The Consolidated Profit and Loss account for the year ended March 31, 2009 includes Rs.15, 669 being post acquisition losses of GVKDPPL and GVKEL.

GPL has not commenced operations and no profit and loss account is prepared for the said entity. Accordingly, the Consolidated Profit & Loss Account for the year ended March 31, 2009 does not include post acquisition profits or losses of the GPL.

7. Disposal of Subsidiary

On September 30, 2008, the parent company has sold its entire stake in GVK Aviation Private Limited (GVKAPL), for a consideration of Rs.20,000. The accompanying Consolidated Profit and Loss Account for the year ended March 31, 2009 include item in Profit and Loss Account of GVKAPL for the period April 1, 2008 to September 30, 2008. The effect of disposal of subsidiary company on the financial position on the reporting date, the results for the reporting period and on the corresponding amounts for the previous year are given below:

Particulars	For the period April 1, 2008 to September 30, 2008	For the year ended March 31, 2008
Revenues	248	-
Expenses	12,322	-
Net loss considered in the Consolidated Profit and Loss Account	(12,074)	-

Particulars	As at September 30, 2008	As at March 31, 2008
Liabilities		
Secured Loans	185,345	-
Assets		
Fixed Assets (including capital work in progress)	1,160,166	722,274
Investments	14	14
Net Current Assets	11,560	1,840
Debit Balance in Profit & Loss Account	12,073	-
Goodwill on acquisition	822	822

8. Investment in Associates

GVKPIL through its step down subsidiary holds 36.63% equity shares of MIAL and 44.45% equity shares in SML, consequent to which investments has been accounted in accordance with Notified AS- 23 and profit amounting to Rs.315,509 (Previous year Rs.406,675) has been recognised in Consolidated Profit & Loss Account.

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

9. i. The Phase II power plant of GVKIL at Jegurupadu is a dual fuel combined cycle power plant using both gas and alternate fuel. As per the terms of agreement with AP Transco the plant may be treated as fully operational only after it is capable of firing under both gas and alternate fuel. Since the alternate fuel facility is under construction all expenditure incurred up to the date of balance sheet including borrowing costs have been included under capital work-in-progress.
- ii. The power plant of Goutami Power Limited is under construction as the provisional performance acceptance of the facility has not been completed and the EPC contractor has not handed over plant till the date of balance sheet in terms of Article 6.4.4 of the supplies (services), contract. Since the plant is under construction all expenditure incurred upto the date of balance sheet including borrowing costs have been included under capital work-in-progress.

10. Unbilled Revenues

In accordance with the terms and conditions of the Power Purchase Agreement ('PPA') with AP Transco, GVKIL is entitled for reimbursement of tax on income. Accordingly, the subsidiary company estimated reimbursement of future taxes amounting to Rs.621,929 (Previous year: Rs.618,826) arising on account of deferred tax liabilities and has accounted the same as unbilled revenues in the consolidated financial statements. Deferred tax liabilities as at March 31, 2009 include future tax liabilities to the extent not reimbursable by AP Transco on such unbilled revenues.

11. Sundry Debtors

- a) Sundry Debtors include accruals towards reimbursement of fixed charges for the financial years 1997-1998 to 2000-2001, on increased capital cost worked out as per ratios set out in the PPA aggregating to Rs.451,250 (Previous year: Rs.451,250) by GVKIL. The increased capital cost is subject to the approval of Central Electricity Authority (CEA). Pending approval of increased capital cost by CEA, 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 CEA, seeking a direction to CEA to take a decision on approval of completed capital cost in a time bound manner. The matter is pending hearing. Pending such approvals, the impact of adjustments, if any, on such amounts is not presently ascertainable.
- b) Sundry Debtors also include amounts billed on AP Transco by GVKIL 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 2008-2009, aggregating to Rs.174,096 (Previous year: Rs.169,159). While the subsidiary company contends that it is entitled to claim payments on account of minimum alternate taxes also under the provisions of PPA, in AP Transco's contention only taxes on the net taxable income under the regular provisions of the Income Tax Act, 1961 are reimbursable and not taxes levied on book profits under the deemed provisions of Section 115 JB of the Income Tax Act, 1961. Although, AP Transco is refuting such claims from time to time, in the subsidiary company's contention these amounts are considered as good and recoverable. The matters involved being interpretational in nature, the impact of adjustments, if any, on such amounts is not presently ascertainable.
- c) Sundry Debtors further include an amount of Rs.7,551 (Previous year: Rs.7,551), being the differential interest recovered by AP Transco considering the actual working capital limits as against the working capital limits computed as per the terms of the PPA. The subsidiary company has filed a petition under Section 9 of Arbitration & Conciliation Act 1996, and the City Civil Court of Hyderabad has restrained AP Transco from considering the lower level of working capital limits by granting a stay in the matter. The appeal filed by AP Transco before the High Court of Andhra Pradesh against the aforesaid stay, is pending disposal. The matter being sub judice, the impact of adjustments, if any, on such amounts is not presently ascertainable.

12. Income Tax

Provision for current taxes was made by GVKIL taking into account the amount claimed as reimbursable amounting to Rs.4,937 (Previous year: Rs.28,077) from AP Transco as per the terms of the PPA for the financial year ended March 31, 2008. AP Transco has disputed claims for reimbursement of MAT made by GVKIL. Since the claims are disputed, the subsidiary company intends to offer amounts in respect of these claims to income tax as and when such claims are accepted by AP Transco. Pending resolution on recoverability and estimation of quantum thereof not being possible, the impact on the consolidated accounts is not presently ascertainable.

13. The Consolidated Profit and Loss Account for the year ended March 31, 2009 include certain transactions entered by the parent company and certain subsidiaries with Mumbai International Private Limited aggregating to Rs.103,570, GVK Technical & Consultancy Services Private Limited aggregating to Rs.192,375 and Orbit Travels & Tours Private Limited aggregating to Rs.27,113 for which prior approval of the Central Government is required under the provisions of Section 297 of the Companies Act, 1956. In respect of this, the parent company and the subsidiaries have filed an application with the Company Law Board for compounding of the said matter, decision on which is awaited.

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

14. Employee benefits

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

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

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

Particulars	March 31, 2009	March 31, 2008
Current service cost	3,873	2,568
Interest cost on benefit obligation	852	660
Net actuarial (gain) / loss recognized in the year	6,121	3,160
Past service cost	(4,304)	-
Net benefit expenses	6,542	6,388
Actual return on plan assets	-	-

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

Particulars	March 31, 2009	March 31, 2008
Opening defined benefit obligation	11,724	9,958
Interest cost	852	660
Current service cost	3,873	2,568
Benefits paid	(707)	(920)
Actuarial (gains)/losses on obligation	6,121	3,160
Closing defined benefit obligation	21,863	15,426

iii) Details of provision for gratuity

	March 31, 2009	March 31, 2008
Defined benefit obligations	21,863	15,426
Fair value of plan assets	-	-
Net liability	21,863	15,426

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

Particulars	March 31, 2009	March 31, 2008
Discount rate	7.5%	8%
Expected rate of return on assets	Not Applicable	Not Applicable
Employee turnover	1%	1%
Further salary rise	6%	4%

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.

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

15. Deferred Taxes**A) Parent company**

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

Particulars	March 31, 2009	March 31, 2008
Provision for retirement benefits	3,378	2,678
Amalgamation expenditure	1,525	2,288
Depreciation	(127)	(54)
Others	399	-
Total	5,175	4,912

B) Subsidiary companies**i) GVKIL**

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

Particulars	March 31, 2009	March 31, 2008
Depreciation	812,734	817,581
Tax on unbilled revenues	79,603	80,770
Interest Income	(2,861)	(2,807)
Provision for retirement benefits	(4,291)	(4,143)
Total	885,185	891,401

ii) GJEPL

The subsidiary company has not recognised deferred tax assets since its income from operation is eligible for deduction under section 80 IA of the Income Tax Act, 1961 for a period of 10 years out of a total 15 years after the commencement of Toll Operations and there is no virtual certainty of sufficient future taxable income.

16. The Company has exercised the option as per the Companies Accounting Standard Rules, 2009. As per the option exchange differences related to long term foreign currency monetary items so far as they relate to the acquisition of a depreciable capital assets are capitalized and depreciated the same over the useful life of the assets.

17. Managerial Remuneration

Particulars	March 31, 2009	March 31, 2008
Salaries	41,528	28,505
Contribution to provident fund	3,241	2,463
Commission	6,160	7,103
Perquisites	1,226	1,149
Total	52,155	39,220

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

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

18. Related Party Transactions

Disclosure as required by Notified Accounting Standard 18 (AS -18) "Related Party Disclosures" are as follows:

Names of the related parties and description of relationship:-

a) Associates

MIAL *

SML*

* Through Subsidiary Companies

b) Key management personnel

Dr. G V Krishna Reddy - Chairman and Managing Director

Mr. G Sanjay Reddy - Director

Mr. Somanadri Bhupal - Director

Mr. A Issac George - Director

Mr. V Rama Rao - Director

Mr. Y Rama Murty - Director

Mr. P V Prasanna Reddy - Director

Mr. Madhusudan S - Director

c) Individual owning an interest in the voting power of the Company and its relatives

Mrs. G V Indira Krishna Reddy

Mr. Krishna Ram Bhupal

Mrs. G V Aparna Reddy

Mr. G V Keshav Reddy

Ms. G Mallika Reddy

Mrs. Shalini Bhupal

Ms. Shriya Bhupal

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

TAJ GVK Hotels & Resorts Limited

Orbit Travels & Tours Private Limited

GVK Hydrel Private Limited

Vertex Infratech Private Limited

Novopan Industries Limited

Paigah House Hotel (P) Limited

GVK City Private Limited

G V K Technical & Consultancy Services (P) Limited

Krishna Enterprises

GVK Projects Limited

GVK Energy Holdings Private Limited

Pinakini Share and Stock Broker Limited

Gautami Power (Samalkot) Private Limited

Nagarjuna Constructions Company Limited

GVK Foundation

Schedule 19: Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Related Party Transactions (contd...)

Particulars of Transactions	Associates	Key Management Personnel and relatives	Enterprises in which key management personnel are interested
Remuneration	-	52,155	-
	-	(39,220)	-
Rent	-	4,883	10,498
	-	(2,356)	(5,692)
Services rendered	122,797	-	-
	(126,311)	-	-
Services received	-	-	272,159
	-	-	(101,707)
Commission received	-	-	1,333
	(12,695)	-	-
Inter corporate deposits paid (including interest)	-	-	-
	-	-	(3,504,402)
Repayment of share application money	-	-	724,950
	-	-	-
Equity contribution including advance for equity contribution	222	-	26,650
	(490,100)	-	(1,063)
Advances paid	-	-	1,583,537
	-	-	(1,585,476)
Pledge of investment	-1,131,495	-	1,350
	(1,131,495)	-	(4,950)
Donations	-	-	19,913
	-	-	(13,277)
Margin money deposit	-	-	9,000
	-	-	(9,000)
Sitting fees	-	1,290	-
	-	(395)	-
Expenses reimbursement	-	-	8,654
	(12,054)	-	(98,646)
Purchase of assets	-	-	2,876
	-	-	-
Interest earned	1,634	-	-
	-	-	-
Interest expense	-	-	(62,966)
Remuneration payable	-	7,010	-
	-	(7,111)	-
Equity contribution including advance for equity contribution	-	-	1,657
	(1,706,575)	-	(1,063)
Advances	-	-	1,197,267
	-	-	(685,726)
Pledge of investment/ Corporate Guarantee	-	-	1,212,560
	(1,131,495)	-	(4,950)
Others payable	-	850	4,252
	-	(400)	-
Receivables	9,664	-	1,790
	(24,340)	-	-
Payable Civil works	-	-	10,764
	-	-	-

Note: The previous year figures are in parenthesis.

19. Segment Information**Business Segments:**

The Company organized its operations into three major businesses:

- Power: Generation, Operation and Maintenance services to the power plants
- Roads: Building, development and maintenance of roads
- Others: SEZ, Manpower, Aviation, Exploration of Oil & Gas, Infrastructure Projects and Consultancy Services.

Geographical Segments:

The Company operates in a single geographical segment.

Schedule 20: Notes to Consolidated Accounts
(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Particulars	Power March 31, 2009	March 31, 2008	Roads March 31, 2009	March 31, 2008	Others March 31, 2009	March 31, 2008	Total March 31, 2009	Total March 31, 2008
REVENUE								
External Revenue	3,556,022	3,204,905	1,458,715	1,368,644	123,045	126,311	5,137,782	4,699,860
Inter Segment Revenue	-	-	-	-	-	-	-	-
Total Revenue	3,556,022	3,204,905	1,458,715	1,368,644	123,045	126,311	5,137,782	4,699,860
RESULT								
Segment result	98,810	171,053	815,562	807,854	70,257	102,980	984,629	1,081,887
Interest expense							(311,502)	(413,674)
Interest income							41,342	117,669
Other income (net)							136,986	501,529
Profit Before Tax (PBT)							851,455	1,287,411
Income taxes							100,356	238,511
Profit before minority interest and share of profit from associate							751,099	1,048,900
Share of profit from associate							315,509	406,675
Minority interest							(3,053)	(100,878)
Gain on sale of subsidiary							12,074	-
Profit for the year							1,075,629	1,354,697
OTHER INFORMATION								
Segment assets	46,017,045	18,427,179	5,426,453	5,808,518	1,332,779	1,584,608	52,776,277	25,820,305
Unallocable corporate assets							6,759,722	11,908,065
Total assets							59,535,999	37,728,370
Segment liabilities	962,335	155,994	112,826	106,057	45,293	7,149	1,120,454	269,200
Unallocable corporate liabilities							33,545,607	13,834,921
Total liabilities							34,666,061	14,104,121
Capital expenditure including capital work in progress	27,392,265	3,719,945	4,520	12,922	493,293	1,538,854	27,890,078	5,271,721
Depreciation (included in segment expense)	513,317	513,205	263,488	262,488	2,732	-	779,537	775,693

20. Operating Leases

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

Particulars	March 31, 2009	March 31, 2008
Not later than one year	2,686	2,752
Later than one year and not later than five years	695	1,529
Later than five years	-	-

Note: The minimum lease payments are excluding service tax.

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

21. Payments to auditors (including service tax)**a) Audit fees in Schedule 17:**

Particulars	March 31, 2009	March 31, 2008
As Auditor:		
Statutory audit fees	772	787
Limited review	337	337
Reimbursement of out-of-pocket expenses	33	22
In other manner:		
Other Services	56	-
	1,198	1,146

Amount paid towards professional services adjusted against securities premium account - Rs.Nil (Previous year - Rs.1,256)

22. Unhedged foreign currency exposure

Particulars	March 31, 2009	March 31, 2008
Loans	5,519,162	1,797,550
	(USD 73,950 at closing rate	(USD 35,000 @ Rs.40.11
	1 USD =Rs.51.55, USD	and USD 10,000@Rs.39.37)
	29,833 at closing rate 1 USD =Rs.51.48	
	and CHF 3,795 at closing rate 1	
Technical consultancy services	CHF Rs. 45.12	
	35,199	-
	(USD 682 at closing rate	
	1USD =Rs.51.55)	
Legal and professional	7,976	-
	(USD 155 at closing rate	
	1USD = Rs.51.55)	

SIGNATORIES TO SCHEDULES 1 TO 22

As per our report of even date

For **S R Batliboi & Associates**
Chartered Accountant

per **Ali Nyaz**
Partner
Membership No. 200427

Place : Hyderabad
Date : 29.04.2009

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

G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
Company Secretary

Standalone Financials

Auditors' Report

To

The Members of GVK Power & Infrastructure Limited.

1. We have audited the attached Balance Sheet of GVK Power & Infrastructure Limited ('the Company') as at March 31, 2009 and also the Profit and Loss account and the Cash flow statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of sub-section (4A) of Section 227 of the Companies Act, 1956, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
4. Without qualifying our opinion, we draw attention to note 15 of Schedule 17, regarding certain transactions for the period from April 1, 2008 to December 31, 2008 with Mumbai International Airport Private Limited aggregating to Rs. 103,570 thousands, GVK Technical & Consultancy Services Pvt. Ltd. aggregating to Rs. 3,250 thousands and Orbit Travels & Tours Pvt. Ltd. aggregating to Rs. 2,368 thousands which require prior approval of the Central Government as required under the provisions of Section 297 of the Companies Act, 1956. The Company has however, filed an application on February 9, 2009 with the Company Law Board for compounding of the said matter.
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, Profit and Loss account and Cash flow statement dealt with by this report are in agreement with the books of account;
 - iv. In our opinion, the Balance Sheet, Profit and Loss account and Cash flow statement dealt with by this report comply with the accounting standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956;
 - v. On the basis of the written representations received from the directors, as on March 31, 2009, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2009 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, 2009;
 - b) in the case of the Profit and Loss account, of the profit for the year ended on that date; and
 - c) in the case of Cash flow statement, of the cash flows for the year ended on that date.

For **S R Batliboi & Associates**

Chartered Accountants

Place: Hyderabad

Date: 29.04.2009

per **Ali Nyaz**

Partner

Membership No.: 200427

Annexure referred to in paragraph 3 of our report of even date

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) There was no 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 paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of inventories are not applicable.
- (iii)(a) The Company has granted loan and advances to two companies covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs. 368,500 thousands and the year-end balance of loans granted to such company was Rs. nil.
- (b) In our opinion and according to the information and explanations given to us, the rate of interest and other terms and conditions for such loans are not prima facie prejudicial to the interest of the Company.
- (c) In respect of loans granted, repayment of the principal amount is as stipulated and payment of interest have been regular.
- (d) There is no overdue amount of loans granted to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956.
- (e) As informed, 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 (iii) (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.
- (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 respect of transactions made in pursuance of such contracts or arrangements exceeding value of Rupees five lakhs entered into during the financial year, because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- (viii) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under clause (d) of sub-section (1) of section 209 of the Companies Act, 1956 for the services of the Company.
- (ix) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues applicable to it, though there have been slight delays in deposit of provident fund in few cases.
- (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, the dues outstanding of income tax, sales-tax, wealth tax, service tax, customs duty, excise duty and cess on account of any dispute are as follows:

Name of the statute	Nature of dues	Amount (Rs.) Thousands	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	1,498	Assessment Year 2006-07	CIT (Appeals), Rajahmundry
Central Excise and Customs Act, 1944	Service Tax	38,635	July 1, 2003 to September 30, 2007	CESTAT, Bangalore

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) Based on our audit procedures and as per the information and explanations given by the management, the Company does not have outstanding dues payable to any financial

Annexure referred to in paragraph 3 of our report of even date

- | | |
|---|---|
| <p>institution, bank or debenture holders, hence clauses (xi) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) is not applicable.</p> <p>(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.</p> <p>(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.</p> <p>(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.</p> <p>(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank and financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.</p> <p>(xvi) The Company did not have any term loans outstanding during the year.</p> <p>(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.</p> | <p>(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.</p> <p>(xix) The Company did not have any outstanding debentures during the year.</p> <p>(xx) The Company did not raise any money through a public issue during the year.</p> <p>(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.</p> |
|---|---|

For **S R Batliboi & Associates**
Chartered Accountants

Place: Hyderabad
Date: 29.04.2009

per **Ali Nyaz**
Partner
Membership No.: 200427

Balance Sheet as at March 31, 2009

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	Schedules	March 31, 2009	March 31, 2008
Sources of Funds			
Shareholders' Funds			
Share capital	1	1,405,849	1,405,849
Reserves and surplus	2	15,986,360	15,776,404
TOTAL		17,392,209	17,182,253
APPLICATION OF FUNDS			
Fixed Assets	3		
Gross block		4,077	3,662
Less : Accumulated depreciation		820	471
Net block		3,257	3,191
Investments	4	9,518,009	11,699,871
Deferred tax assets (net)	5	5,175	4,912
Current Assets, Loans and Advances			
Sundry debtors	6	61,647	57,075
Cash and bank balances	7	40,150	1,116,361
Other current assets	8	24,784	62,182
Loans and advances	9	7,774,635	4,259,260
		7,901,216	5,494,878
Less: Current Liabilities and Provisions			
Current liabilities	10	25,242	12,513
Provisions	11	10,206	8,086
		35,448	20,599
Net Current Assets		7,865,768	5,474,279
TOTAL		17,392,209	17,182,253
Notes to Accounts	17		

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

As per our report of even date

For **S R Batliboi & Associates**
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place : Hyderabad
Date : 29.04.2009

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

G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
Company Secretary

Profit and Loss Account for the year ended March 31, 2009

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	Schedules	March 31, 2009	March 31, 2008
INCOME			
Fees and billable expenses		278,949	269,705
Less: Service tax		17,567	15,612
Fees and billable expenses (Net)	12	261,382	254,093
Other income	13	163,338	919,073
TOTAL		424,720	1,173,166
EXPENDITURE			
Personnel expenses	14	69,567	47,587
Operating and other expenses	15	108,162	83,869
Depreciation	3	349	113
Financial expenses	16	2,250	65,216
		180,328	196,785
Profit before tax		244,392	976,381
Provision for taxation			
- Current tax		25,811	73,213
- Deferred tax credit	5	(263)	(1,783)
- Fringe benefit tax		1,075	815
- Income tax of earlier year		7,813	(4,400)
Total Tax Expense		34,436	67,845
Profit after tax		209,956	908,536
Balance brought forward from previous year		1,046,830	138,294
Surplus carried to Balance Sheet		1,256,786	1,046,830
Earnings per share (in Rs.)			
- Basic		0.15	0.70
- Diluted		0.15	0.70
Nominal value per share (in Rs.)		1	1
Weighted average number of shares			
- Basic		1,405,848,900	1,304,368,059
- Diluted		1,405,848,900	1,304,368,059
Notes to Accounts	17		

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

As per our report of even date

For **S R Batliboi & Associates**
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place : Hyderabad
Date : 29.04.2009

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

G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
Company Secretary

Schedules to the Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	March 31, 2009	March 31, 2008
Schedule 1: Share Capital		
Authorised 1,772,500,000 (Previous year: 1,772,500,000) equity shares of Re 1/- each	1,772,500	1,772,500
Issued, subscribed and paid up 1,405,848,900 (Previous year: 1,405,848,900) equity shares of Re.1/- each	1,405,849	1,405,849
Notes:		
1. Of the above shares 52,850,000 (Previous year: 52,850,000) equity shares of Re.1/- each are allotted as fully paid up by way of bonus shares by capitalization of General Reserve.		
2. Of the above shares 703,250,000 (Previous year: 703,250,000) equity shares of Re. 1/- each are allotted as fully paid up as per the scheme of amalgamation.		
3. Of the above shares 90,462,150 (Previous Year: 90,462,150) equity shares of Re.1/- each are allotted as fully paid up as per the scheme of arrangement.		
4. With effect from February 15, 2008 the nominal value of the equity shares have been sub divided from Rs. 10/- per share to Re. 1/- per share. "		
Schedule 2: Reserves and surplus		
General reserve		
Balance as per last account	12,698	14,845
Less: Adjustment for employee benefits provision (net of tax)	-	2,147
	12,698	12,698
Securities premium account		
Balance as per last account	14,716,876	3,120,376
Add: Received during the year on Qualified Institutional Placement issue	-	11,834,307
Less: Utilised for share issue expenses	-	237,807
	14,716,876	14,716,876
Profit and loss account		
	1,256,786	1,046,830
	15,986,360	15,776,404

Schedule 3 : Fixed assets

Assets	Gross Block				Depreciation				Net Block	
	As at April 1 2008	Additions during the year	Deletions during year	As at March 31, 2009	Upto April 1, 2008	For the year	On Deletion	Upto March 31, 2009	As at March 31, 2009	As at March 31, 2008
Tangible Assets:										
Furniture and fittings	576	17	-	593	306	36	-	342	251	270
Office equipment	203	91	-	294	87	13	-	100	194	116
Vehicles	2,803	-	-	2,803	77	266	-	343	2,460	2,726
Data processing equipment	80	307	-	387	1	34	-	35	352	79
Total	3,662	415	-	4,077	471	349	-	820	3,257	3,191
Previous year	468	3,194	-	3,662	358	113	-	471	3,191	-

Schedules to the Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Schedule 4 : Investments

	Face Value	Number of Shares /Units	March 31, 2009 Amount	Market Values	Number of shares/ Units	March 31, 2008 Amount	Market values
Long term investments (at cost)							
Trade							
A. In associates (Unquoted), fully paid equity shares							
Gautami Power Limited	-	-	-		174,202,450	1,742,025	-
Sub - Total (A)			-			1,742,025	
B. In Subsidiaries (Unquoted), fully paid equity shares							
GVK Industries Limited	10	262,000,000	1,861,770		262,000,000	1,861,770	
GVK Jaipur Expressway Private Limited	10	104,503,000	2,957,849		121,170,000	3,429,526	
Alakananda Hydro Power Company Limited	10	124,200,000	1,242,000		124,200,000	1,242,000	
GVK Airport Developers Private Limited	10	10,000	100		10,000	100	
GVK Coal (Tokisud) Company Private Limited	10	10,000	100		10,000	100	
Goriganga Hydro Power Private Limited	10	10,000	100		10,000	100	
GVK Power (Goindwal Sahib) Limited	10	50,000	500		50,000	500	
GVK Aviation Private Limited	10	-	-		2,000,000	20,000	
GVK Perambalur SEZ Private Limited (formerly GVK Infratech Private Limited)	10	10,000	100		10,000	100	
GVK Oil & Gas Limited (formerly GVK Energy Limited)	10	50,000	500		50,000	500	
GVK Developmental Projects Pvt Ltd	10	10,000	100		-	-	
GVK Energy Limited	10	50,000	500		-	-	
Gautami Power Limited	10	280,212,462	2,802,124		-	-	
(Refer note 6(a) in schedule 17)							
Sub - Total (B)			8,865,743	-		6,554,696	
[Aggregate value of unquoted investments:Rs.8,865,743 (Previous year: Rs.8,296,721)]							
C. Current Investments (at lower of cost or market value)							
Reliance Liquid Plus Fund - Institutional Daily Dividend	1,000	51,670	51,728	51,728	27,615	27,647	27,647
LIC MF Liquid Fund - Daily Dividend	10	10,001,924	100,019	100,019	24,214,475	242,145	242,145
Birla Sun Life Liquid Plus - Institutional Daily Dividend - Reinvestment	10	1,451,666	14,527	14,527	135,339	1,354	1,354
DWS Credit Opportunities Cash Fund - Weekly Dividend	10	5,234,772	52,926	52,926	100,420,473	1,007,686	1,009,708
UTI Treasury Advantage (liquid plus) fund instl plan - daily div option - reinvestment	1,000	70,359	70,375	70,379	-	-	-
M17DD ABN Amro (Fortis) Money Plus Instl plan Dly Div	10	25,591,407	255,989	255,993	-	-	-
Tata Treasury Manager SHIP Daily Dividend	1,000	24,745	25,000	25,000	-	-	-
Religare (Lotus) India Liquid Plus Fund - Institutional Daily Dividend	10	1,409,273	14,115	14,115	-	-	-
JPMORGAN India Liquid Plus Fund- div plan reinvestment	10	6,752,667	67,587	67,587	-	-	-
Principal Cash Management Fund	10	-	-	-	280,460	2,805	2,805
JM Money Manager Fund Super Plus - Daily Dividend	10	-	-	-	18,280,137	182,876	182,876
ING Liquid Plus Fund - Institutional Daily Dividend	10	-	-	-	23,844,616	238,525	238,525
ING Liquid Fund - Daily Dividend	10	-	-	-	1,227,829	13,245	13,245
ING Fixed Maturity Fund 34 - Institutional Dividend	10	-	-	-	10,000,000	100,000	100,491
DWS Money Plus Fund - Institutional Daily Dividend	10	-	-	-	10,077,685	100,859	100,859
Kotak Quarterly Interval Plan Series 4 - Dividend	10	-	-	-	7,029,034	70,282	70,394
DSP Merrill Lynch Fixed Maturity Plan 3M series 3- Institutional Dividend	10	-	-	-	14,062,616	140,628	140,983
Principal Floating Rate Fund Fixed Maturity Plan - Institutional Daily Dividend Reinvestment	10	-	-	-	1,448,979	14,508	14,508
Principal Liquid Plus Fund - Daily Dividend Reinvestment	10	-	-	-	20,661,395	207,027	207,027
Birla Sun Life Interval Income Fund - Institutional quarterly series 2 Dividend	10	-	-	-	10,079,264	100,793	100,994
Birla Sun Life Interval Income Fund - Institutional quarterly Series 3 Dividend	10	-	-	-	9,061,094	90,611	90,779
ING Fixed Maturity Fund 35 Institutional Dividend	10	-	-	-	15,000,000	150,000	150,749
JM Interval Fund - Quarterly Plan 5 - Institutional Dividend Plan	10	-	-	-	18,124,000	181,240	181,584
AIG Short Term Fund Institutional Weekly Dividend	1,000	-	-	-	10,050	10,050	10,060
HSBC Interval Fund -Plus-III- Institutional Dividend	10	-	-	-	10,000,000	100,000	100,360
Birla Sun Life Interval income - Institutional monthly series 2 Dividend	10	-	-	-	10,036,270	100,363	100,552
Reliance Fixed Horizon Fund-VI series 3 Institutional Dividend payout	10	-	-	-	5,000,000	50,000	50,072
Reliance Monthly Interval Fund- series-1 Institutional Dividend	10	-	-	-	5,006,655	50,109	50,138
TATA Dynamic Bond Fund Option A- Dividend	10	-	-	-	9,550,985	100,315	100,480
Fidelity Liquid Plus Institutional - Dividend	10	-	-	-	1,606,038	16,062	16,062
UTI Fixed Income interval fund qutly plan series-1 Institutional Dividend plan reinvestment	10	-	-	-	10,000,000	100,000	100,152
Mirae Asset Liquid Fund Regular -Dividend Plan	1,000	-	-	-	4,018	4,020	4,020
(Refer note 16 in schedule 17)							
Sub - Total (C)			652,266	652,274		3,403,150	3,408,569
Total - A + B + C			9,518,009			11,699,871	
[Aggregate value of quoted investments: Rs. 652,266 (Previous year: Rs. 3,403,150)]							

Schedules to the Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	March 31, 2009	March 31, 2008
Schedule 5 : Deferred tax assets (net)		
Deferred tax assets represents the aggregate tax effect of the timing differences arising on account of:		
Provision for gratuity	2,161	1,881
Provision for compensated absence	1,217	797
Amalgamation expenses	1,525	2,288
Depreciation	(127)	(54)
Others	399	-
	5,175	4,912
Schedule 6 : Sundry debtors – unsecured, considered good		
Debts outstanding for a period exceeding six months	-	-
Other debts*	61,647	57,075
	61,647	57,075
* represents Rs. 51,983 (Previous Year Rs. 32,735) receivable from GVK Industries Limited, a wholly owned subsidiary and Rs. 9,664 (Previous Year Rs. 24,340) from Mumbai International Airport Private Limited, an associate enterprise		
Schedule 7 : Cash and bank balances		
Cash on hand	-	494
Balances with scheduled banks :-		
- On current accounts	22,441	45,057
- On deposit accounts	17,340	1,070,439
- On unpaid dividend accounts	369	371
	40,150	1,116,361
Schedule 8 : Other current assets		
Unbilled revenues	24,443	16,576
Interest accrued but not due on deposits	341	45,606
	24,784	62,182
Schedule 9 : Loans and advances - Unsecured, considered good		
Share application money:-		
- to subsidiaries	7,686,822	3,259,100
- to associates	-	966,575
- to others	1,250	1,063
Loans to subsidiaries	50,000	-
Advances recoverable in cash or kind or for value to be received	8,209	7,275
Deposits - others	2,096	2,096
Advance tax [net of provisions Rs.33,624 (Previous Year Rs. 73,253)]	26,258	23,151
	7,774,635	4,259,260
Schedule 10 : Current liabilities		
Sundry creditors		
- total outstanding dues to micro, small and medium enterprises	-	-
- total outstanding dues of other creditors*	18,435	7,824
Unpaid dividend	369	371
Due to directors	850	400
Retention money	274	474
Other liabilities	5,314	3,444
	25,242	12,513
* Sundry Creditors includes Rs.3,255 (Previous year: Rs.3,255) for share issue expense in connection with the Company's initial public offering of equity shares.		
Schedule 11 : Provisions		
Provision for fringe benefit tax [net of advance tax payments of Rs.1,014 (Previous Year: Rs.795)]	268	207
Provision for gratuity	6,358	5,535
Provision for compensated absences	3,580	2,344
	10,206	8,086

Schedules to the Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	March 31, 2009	March 31, 2008
Schedule 12 : Fees and billable expenses		
Operating fees	46,883	44,703
Incentive fees	11,172	8,428
Manpower and consultancy services	122,797	126,310
Billable expenses	80,530	74,652
	261,382	254,093
Schedule 13 : Other income		
Interest (gross) :		
-Bank deposits [TDS: Rs. 594 (Previous Year: Rs. 19,351)]	2,801	85,395
-Others [TDS: Rs. 482 (Previous Year: Rs. Nil)]	2,126	-
Dividend income:		
-Investment in subsidiary - long term	-	564,925
-Non trade investments - short term	123,792	268,753
Profit on sale of investments:-		
-Non trade - short term	4,952	-
-in subsidiary - long term	28,334	-
Guarantee commission	1,333	-
	163,338	919,073
Schedule 14 : Personnel expenses		
Salaries, wages and bonus	60,169	39,229
Contribution to provident fund	4,148	2,957
Retirement and other employee benefits	2,871	3,136
Staff welfare expenses	2,379	2,265
	69,567	47,587
Schedule 15 : Operating, Maintenance and Administration expenses		
Rent	2,951	1,922
Communication	2,634	2,990
Travelling and conveyance	14,370	9,825
Operating and maintenance expenses	11,946	14,075
Repairs and maintenance - others	632	476
Legal and professional fees	36,596	10,230
Rates and taxes	2,894	3,373
Printing and stationery	3,899	3,966
Insurance	326	161
Auditors' remuneration	1,198	1,146
Expenses on amalgamation	-	5,781
Donation	4,174	5,020
Directors sitting fee	1,020	1,120
Expenses for manpower services	14,065	9,513
Bid and tender document charges	6,718	7,838
Miscellaneous expenses	4,739	6,433
	108,162	83,869
Schedule 16 : Financial expenses		
Interest		
- on loans from bank	-	1,971
- on loans from others	-	62,966
Bank charges	2,250	279
	2,250	65,216

Cash Flow Statement for the year ended March 31, 2009

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	March 31, 2009	March 31, 2008
Cash flow from operating activity		
Profit before taxation	244,392	976,381
Adjustments for:		
Depreciation	349	113
Dividend income	(123,792)	(833,678)
Amalgamation expenses	-	5,781
(Profit) on sale of investments	(28,334)	-
Interest income	(2,801)	(85,395)
Interest income on loans to subsidiaries	(2,126)	-
Interest expense	-	64,937
Operating profit before working capital changes	87,688	128,139
Changes in working capital :		
Increase/ in sundry debtors	(4,572)	(29,229)
Increase/ in loans and advances	(934)	17,829
Increase/decrease in other current assets	-	16,576
Increase/ in current assets	(7,867)	-
Increase/(Decrease) in current liabilities and provisions	14,788	(34,933)
Cash (used in) / generated from operations	89,103	65,230
Direct taxes paid	(37,745)	(96,989)
Net cash from / (used in) operating activities (A)	51,358	(31,759)
Cash flows from investing activities		
Purchase of fixed assets	(415)	(3,194)
Purchase of investments		
In subsidiary	(1,060,700)	(1,231,619)
In others	-	(1,020,439)
Advance for investments	(3,511,333)	(3,323,986)
Expenses on amalgamation and preliminary expenses	-	(5,781)
Proceeds from sale of investments	520,010	-
Proceeds from fixed deposits	1,003,099	-
Dividends received	123,792	833,678
Interest received	50,193	39,789
Net cash used in investing activities (B)	(2,875,354)	(4,711,552)

Cash Flow Statement for the year ended March 31, 2009

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

	March 31, 2009	March 31, 2008
Cash flows from financing activities		
Proceeds from share issue, net of share issue expenses	-	11,980,807
Repayment of short term borrowings	-	(3,504,402)
Repayment of share application money	-	(129,476)
Interest paid	-	(216,284)
Net cash from financing activities (C)	-	8,130,645
Net (decrease)/increase in cash and cash equivalents D = (A+B+C)	(2,823,997)	3,387,334
Cash and cash equivalents at the beginning of the year	3,499,072	111,738
Cash and cash equivalents at the end of the period	675,076	3,499,072
Components of cash and cash equivalents as at	March 31, 2009	March 31, 2008
Cash on hand	-	494
With banks - on current account	22,810	45,428
- on deposit accounts	-	50,000
- short term investments	652,266	3,403,150
	675,076	3,499,072
	March 31, 2009	March 31, 2008
Reconciliation between cash and cash equivalents and amounts reported in balance sheet		
Cash and cash equivalents	675,076	3,499,072
Add: Fixed deposits classified as investing activities	17,340	1,020,439
Less: Current investments classified as cash equivalents	(652,266)	(3,403,150)
Cash and bank balance as reported in balance sheet	40,150	1,116,361

Notes:

1. Previous year figure have been regrouped wherever necessary to confirm current years' classification.
2. Cash and cash equivalents include the following which are not available for ready use by the company:-

	March 31, 2009	March 31, 2008
Unpaid Dividend account	369	371

For **S R Batliboi & Associates**
Chartered Accountants

per **Ali Nyaz**
Partner
Membership No. 200427

Place : Hyderabad
Date : 29.04.2009

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

G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
Company Secretary

Notes to Accounts

Schedule 17: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

1. Nature of Operations

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

2. Statement of significant accounting policies

a. Basis of preparation

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

b. Use of estimates

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

c. Fixed assets and depreciation

Fixed assets are stated at cost, less accumulated depreciation and impairment losses if any. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

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

	Rates (SLM)
Furniture and fittings	6.33 %
Office equipment	4.75 %
Vehicles	9.50 %
Data Processing Equipment	16.21 %

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

d. Impairment

- (i) The carrying amounts of assets are reviewed at each balance sheet date to see if there is any indication of impairment based on internal/external factors. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the assets net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value at the weighted average cost of capital.
- (ii) After impairment, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.

e. Investments

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

f. Revenue recognition

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

(i) Rendering of operating and maintenance services

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

Per the operations and maintenance agreement, the Company's income comprises of (a) Operating fees (b) Incentive fees and (c) Reimbursement of actual expenses. Operating fees are receivable based on certain defined levels of Actual Annual Availability ("AAA") of plant. 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.

The AAA of the power plant for the purpose of determining the operating fees and incentive fees are measured annually according to a tariff year, currently ending on June 19. Expenses incurred for the purpose of operating and maintaining the power plant is reimbursed by its customer.

Schedule 17: Notes to Accounts**(Amounts expressed in Indian Rupees Thousands unless otherwise stated)**

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

(ii) Manpower and consultancy services

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

(iii) Dividends

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

(iv) Interest

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

g. Foreign currency transactions**(i) Initial recognition**

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

(ii) Conversion

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

(iii) Exchange differences

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

h. Retirement and other employee benefits

(i) Retirement benefit in the form of Provident Fund is a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the provident fund.

(ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

(iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.

(iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

i. Income taxes

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

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognized only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

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

j. Earnings per share

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

Schedule 17: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

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.

k. Leases

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

l. Provisions

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

m. Cash and Cash equivalents

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

3. Employee benefits

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

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

(i) Profit and loss account

Particulars	2008-09	2007-08
Current service cost	1,228	901
Interest cost on benefit obligation	392	312
Net actuarial (gain) / loss recognized in the year	(188)	1,305
Net benefit expenses	1,432	2,518
Actual return on plan assets	Nil	Nil

(ii) Balance sheet

Particulars	2008-09	2007-08
Opening defined benefit obligation	5,535	3,905
Interest cost	392	312
Current service cost	1228	901
Benefits paid	(609)	(888)
Actuarial (gains)/losses on obligation	(188)	1,305
closing defined benefit obligation	6,358	5,535

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

Particulars	2008-09	2007-08
Discount rate	7.5	8
Employee turnover	1	1
Further salary rise	6	4

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.

Schedule 17: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

4. Related party transaction

Disclosure as required by Notified Accounting Standard 18 (AS -18) "Related Party Disclosures" are as follows:

Names of the related parties and description of relationship:

(a) Related parties where control exists

Subsidiaries

- GVK Industries Limited
- GVK Jaipur Expressway Private Limited
- Alakananda Hydro Power Company Limited
- Gautami Power Limited (with effect from July 1, 2008)
- Goriganga Hydro Power Private Limited
- GVK Power (Goindwal Sahib) Limited
- GVK Airport Developers Private Limited
- GVK Airport Holdings Private Limited*
- GVK Coal (Tokisud) Company Private Limited
- GVK Aviation Private Limited (till September 30, 2008)
- GVK Perambalur SEZ Private Limited (Formerly GVK Infratech Private Limited)
- GVK Oil & Gas Limited (Formerly GVK Energy Limited)
- GVK Energy Limited (with effect from May 9, 2008)
- GVK Developmental Projects Private Limited (with effect from May 9, 2008)

* Through subsidiary Company

(b) Associates

- Gautami Power Limited (till June 30, 2008)
- Mumbai International Airport Private Limited **
- Seregraha Mines Limited**

** Through subsidiary Company

(c) Key management personnel

Dr. G V Krishna Reddy	Chairman and Managing director
Mr. G V Sanjay Reddy	Director
Mr. Somanadri Bhupal	Director
Mr A Issac George	Director & CFO

(d) Relative of Key management personnel having controlling interest

- Ms. G V Indira Krishna Reddy

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

- TAJ GVK Hotels & Resorts Limited
- Orbit Travels & Tours Private Limited
- GVK Hydel Private Limited
- Paigah House Hotel Private Limited
- Vertex Infratech Private Limited
- GVK Novopan Industries Limited
- GVK Technical & Consultancy Services Private Limited
- Gautami Power (Samalkot) Private Limited
- Pinakini Share and Stock Broker Limited
- GVK Foundation

Schedule 17: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

(f) Details of related party transactions

Particulars of Transactions	Subsidiaries	Associates	Key management personnel and relatives	Enterprises in which key management personnel are interested
Fees for rendering services	59,388	122,797	-	-
	(53,131)	(126,310)	-	-
Reimbursement of expenses (Billable expenses)	80,530	-	-	-
	(74,652)	-	-	-
Remuneration	-	-	14,414	-
	-	-	(5,376)	-
Director's sitting fee			240	
			(245)	
Payment for services rendered	14,065	-	-	9,228
	(9,513)	-	-	(4,591)
Dividends received	-	-	-	-
	(564,925)	-	-	-
Loans Given	669,458	-	-	-
	-	-	-	-
Loans repaid	619,458	-	-	-
	-	-	-	(3,504,402)
Equity contribution including advance for equity contribution (net)	4,501,845	-	-	187
	(4,164,423)	(490,100)	-	(1,063)
Shares Buyback	500,010	-	-	-
	-	-	-	-
Interest Earned	492	1,634	-	-
	-	-	-	-
Interest paid	-	-	-	-
	-	-	-	(62,966)
Guarantees given	2,918,200	-	-	-
	-	-	-	-
Donation				4,174
				(5,020)
Pledge of Investments	1,131,495	-1,131,495	-	-
	(1,932,587)	(1,131,495)	-	-
Balance Outstanding:				
Receivables	53,453	9,664	-	-
	(32,735)	(24,340)	-	-
Share application money	7,686,822	-	-	1,250
	(3,259,100)	(966,575)	-	(1,063)
Guarantees	2,918,200	-	-	-
	-	-	-	-
Pledge of investments	2,860,912	-	-	-
	(1,932,587)	(1,131,495)	-	-
Payable	-	-	850	1,174
	-	-	(400)	

Note: The previous year figures are in parenthesis

Schedule 17: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Details of material related party transaction (included above)

Particulars	GVK Industries Limited	Goutami Power Ltd	Mumbai International Airport Private Limited	GVK Jaipur Expressway Private Limited	Alakananda Hydro Power Company Limited	Goriganga Hydro Power Private Limited	GVK Power (Golindwal Sahib) Limited	GVK Airport Developers Private Limited	GVK Airport Holdings Private Limited	GVK Coal (Tokisud) Company Private Limited
Fees for rendering services	58,055 (53,131)	-	122,797 (126,310)	-	-	-	-	-	-	-
Reimbursement of expenses (Billable expenses)	80,530 (74,652)	-	-	-	-	-	-	-	-	-
Payment for services rendered	14,065 (9,513)	-	-	-	-	-	-	-	-	-
Dividends received	- (262,000)	-	-	- (302,925)	-	-	-	-	-	-
Loans Given	250,000	398,500	-	-	-	-	198	-	-	-
Loan repaid	200,000	398,500	-	-	-	-	198	-	-	-
Equity contribution including advance for equity contribution paid (net)	- -	395,240 (490,100)	-	-	858,000 (1,220,341)	28,462 (13,730)	2,700,684 (292,338)	751,428 (1,059,982)	-	37,028 (12,313)
Shares Buyback	-	-	-	500,010	-	-	-	-	-	-
Interest Earned	-	2,126	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-
Guarantees Given	158,200	1,740,000	-	-	-	-	-	-	1,020,000	-
Pledge of Investments	- (681,200)	- (1,131,495)	-	- (617,967)	- (633,420)	-	-	-	-	-
Balances outstanding										
Receivables	51,983 (32,735)		9664 (24340)							
Share application money		301,715 (966,575)			1,044,976 (186,976)	161,548 (133,086)	3,017,784 (317,099)	1,811,736 (1,060,307)	4,150 (4,150)	49,390 (12,362)
Guarantees	158,200	1,740,000	-	-	-	-	-	-	1,020,000	-
Pledge of Investments	681,200 (681,200)	1,131,495 (1,131,495)	-	414,797 (617,967)	633,420 (633,420)	-	-	-	-	-

Schedule 17: Notes to Accounts
(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Details of material related party transaction (included above)

Particulars	GVK Aviation Private Limited	Goutami Power (Samalkot) Pvt. Ltd.	GVK Perambalur SEZ Private Limited	GVK Developmental Projects Private Limited	GVK Energy Limited	GVK Oil & Gas Limited	Vertex Infotech Private Limited	GVK Technical & Consultancy Services Pvt. Ltd.	Pinakani Share and Stock Broker Limited	TAJ GVK Hotels & Resorts Limited	Orbit Taveis & Tours Private Limited
Fees for rendering services	1,333	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses (Billable expenses)	-	-	-	-	-	-	-	-	-	-	-
Payment for services rendered	-	-	-	-	-	-	-	-	-	-	-
Dividends received	-	-	-	-	-	-	-	-	-	-	-
Loans Given	-	-	20,000	-	-	760	-	-	-	-	-
Loan repaid	-	-	20,000	-	-	760	(3,504,402)	-	-	-	-
Equity contribution including advance for equity contribution paid (net)	-724,950 (724,950)	187 (1,063)	253,944 (809,141)	117	16,239	185,653 (31,629)	-	-	-	-	-
Shares Buyback	-	-	-	-	-	-	-	-	-	-	-
Interest Earned	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	(62,966)	-	-	-	-
Guarantees Given	-	-	-	-	-	-	-	-	-	-	-
Pledge of Investments	-	-	-	-	-	-	-	-	-	-	-
Balances outstanding	-	-	-	-	-	-	-	-	-	-	-
Receivables	1,470	-	-	-	-	-	-	-	-	-	-
Share application money	- (704,950)	1,250 (1,063)	1,062,985 (809,041)	17	15,739	216,782 (31,129)	-	-	-	-	-
Guarantees	-	-	-	-	-	-	-	-	-	-	-
Pledge of Investments	-	-	-	-	-	-	-	-	-	-	-

Schedule 17: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

5. Details of Loan given to subsidiaries and associates and parties in which directors are interested**Subsidiaries**

- (i) Gautami Power Limited
Balance as at March 31, 2009 Rs Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 348,500 (Previous Year Rs. Nil)
The aforesaid loan was repayable on demand
- (ii) GVK Industries Limited
Balance as at March 31, 2009 Rs Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 200,000 (Previous Year Rs. Nil)
The aforesaid loan was repayable on demand
- (iii) GVK Power (Goindwal Sahib) Limited
Balance as at March 31, 2009 Rs Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 125 (Previous Year Rs. Nil)
The aforesaid loan was repayable on demand
- (iv) GVK Oil & Gas Limited (Formerly GVK Energy Limited)
Balance as at March 31, 2009 Rs Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 760 (Previous Year Rs. Nil)
The aforesaid loan was repayable on demand
- (v) GVK Perambalur SEZ Private Limited
(Formerly GVK Infratech Private Limited)
Balance as at March 31, 2009 Rs Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 20,000 (Previous Year Rs. Nil)
The aforesaid loan was repayable on demand

6. Contingent liability**a. Security against loans taken by others**

- (i) During the year ended March 31, 2009 the Company has provided security amounting to Rs. 5,779,112 (Previous Year Rs. 3,064,082) by way of pledge of its investments in subsidiaries in respect of amounts borrowed by GVK Industries Limited, Gautami Power Limited, GVK Jaipur Expressway Private Limited, Alaknanda Hydro Power Company Limited as well as Corporate guarantee given on behalf of GVK Industries Limited, Gautami Power Limited and GVK Airport holdings Private Limited. 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.
- (ii) During the year ended March 31, 2009 the Company has provided security amounting to Rs. 1,211,210 (Previous Year Rs. Nil) by way of corporate guarantee to its erstwhile subsidiary GVK Aviation Private Limited.

b. Claims against the Company not acknowledged as debt

- (i) The Company has received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs. 282,960 on transfer of shares to the shareholders of GVK Industries Limited vide the scheme of arrangement approved by the Andhra Pradesh High Court. The Company has obtained an order from the Andhra Pradesh High Court staying the above notice on March 13, 2008 until such further orders from the said court.
- (ii) The Company has received a show cause notice from service tax authorities demanding the Company to pay service tax of Rs. 27,943 under the category "Management, Maintenance or Repair services" for operating and maintenance of immovable property, management of power plant and maintenance of equipment for the period from July 1, 2003 to September 30, 2008. The Company has preferred an appeal against the said order before Customs, Excise and Service Tax Appellate Tribunal, Bangalore. The consequential liability in respect of service tax and penalty for the period from July 1, 2003 to March 31, 2009 including interest and penalty up to March 31, 2009 is estimated at Rs. 38,635.

7. Segment Information

In accordance with Accounting Standard 17 - Segment Reporting, segment information has been given in the consolidated financial statements of the Company and therefore no separate disclosure on segment information is given in these financial statements.

8. Supplementary statutory information**8.1 Directors' remuneration**

	2008-2009	2007-2008
Salaries and perquisites	13,269	4,800
Contribution to provident fund	1,145	576
	14,414	5,376

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

Schedule 17: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

8.2 Payments to auditors (including service tax)

a) Auditor's remuneration in Schedule 15:

	2008-2009	2007-2008
As auditor:-		
- Audit Fees	772	787
- Limited review	337	337
- Reimbursement of out-of-pocket expenses	33	22
In other manner		
- Certification	56	-
	1,198	1,146

b) Amount paid towards professional services adjusted against securities premium account - Rs. Nil (Previous Year - Rs. 1,256)

8.3 Expenditure in foreign currency (accrual basis):

	2008-09	2007-08
Travel	1,009	349
Legal and professional fees	1,890	5,919
	2,899	6,268

9. Details of utilization of proceeds raised through Qualified Institutional Placement (QIP) issue during the year and balance lying unutilized

Particulars	2008-2009	2007-2008
Balance from QIP issue of shares	4,174,991	12,210,000
Utilization		
Share issue expenses	-	227,435
Repayment of loans with interest	-	3,758,809
Share application money refund on amalgamation	-	129,476
Share application money to subsidiaries and associates	4,174,991	3,919,289
Total	4,174,991	8,035,009
Unutilized balance		
In mutual funds	-	3,082,024
In fixed deposit with scheduled banks	-	1,092,967
Total	-	4,174,991

10. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 are not applicable as the Company is in the business of providing services only.**11. Earnings per share**

Basic and diluted earnings per share	2008-09	2007-08
Net profits after tax	209,956	908,536
Weighted average no. of equity shares of basic and diluted	1,405,848,900	1,304,368,059
Basic and diluted earnings per share (In Rs.)	0.15	0.70

12. Acquisitions and disposal

- The Company acquired GVK Developmental Projects Private Limited, a wholly owned subsidiary on May 9, 2008;
- Gautami Power Limited became a subsidiary of the Company with effect from July 1, 2008. It was an associate till June 30, 2008;
- The Company acquired GVK Energy Limited, a wholly owned subsidiary on November 27, 2008;
- GVK Aviation Private Limited, a wholly owned subsidiary ceased to be a subsidiary with effect from September 30, 2008.

13. Micro, small and medium enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises development Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2009.

Schedule 17: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

14. Operating leases

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

Particulars	2008-09	2007-08
Not later than one year	2,686	2752
Later than one year but not later than five years	695	1529
Later than five years	Nil	Nil

Note: The minimum lease payments are excluding service tax.

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

15. The Profit and Loss Account for the year ended March 31, 2009 include certain transactions for the period from April 1, 2008 to December 31, 2008 with Mumbai International Airport Private Limited aggregating to Rs. 103,570 GVK Technical & Consultancy Services Pvt. Ltd. aggregating to Rs. 3,250 and Orbit Travels & Tours Pvt. Ltd. aggregating to Rs. 2,368 for which prior approval of Central Government is required under the provisions of Section 297 of the Companies Act 1956. In respect of this, the Company has filed an application with the Company Law Board ("CLB") on February 9, 2009 for compounding of the said matter decision on which is awaited.

18. Details mutual funds purchase and sold/switched during the year**Schedule 16: Notes to Accounts**

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Name of Mutual Fund	No. of units purchased	Amount	No. of units sold/switched	Amount
ING Fixed Maturity Fund 49 Institutional Dividend	5,000,000.00	50,000	5,000,000.00	50,000
Sundaram BNP Paribas Liquid Plus - Institutional - Daily Dividend	65,842,923.93	660,075	65,842,923.93	660,075
HSBC Liquid Plus institutional plus - Daily Dividend Plan	10,216,767.22	102,296	10,216,767.22	102,296
TDBD TATA Dynamic Bond Fund Option-B Dividend	10,031,280.46	102,872	10,031,280.46	102,872
TFLD Tata Floater Fund-Daily Dividend	10,279,937.63	103,165	10,279,937.63	103,165
TTMSHD TATA Treasury Manager SHIP Daily Dividend	101,018.98	101,322	101,018.98	101,322
DWS Liquid Plus Fund - Institutional Daily Dividend	32,861,451.70	329,107	32,861,451.70	329,107
DWS Credit Opportunities Cash Fund - Regular Plan Daily Dividend	169,558.70	1,699	169,558.70	1,699
M524D ABN Amro Interval Fund Quarterly Plan	20,191,958.68	201,920	20,191,958.68	201,920
DSP Merrill Lynch Liquid Plus - Institutional Daily Dividend	103,213.05	103,296	103,213.05	103,296
DSPML FMP-3M Series 9 Institutional Dividend	9,154,634.19	91,568	9,154,634.19	91,568
Principal liquid plus fund - Institutional Daily Dividend	1,471,158.79	14,741	1,471,158.79	14,741
Principal PNB Fixed Maturity Plan-series XV	5,000,000.00	50,000	5,000,000.00	50,000
JM Money manager fund super plan-Institutional Daily Dividend	5,027,390.04	50,302	5,027,390.04	50,302
JM Fixed Maturity Fund series XII Monthly Plan Institutional Daily Dividend	5,030,155.10	50,316	5,030,155.10	50,316
LIC MF Liquid Plus Fund - Daily Dividend Plan	73,005,045.75	801,603	73,005,045.75	801,603

Schedule 17: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

17. Details mutual funds purchase and sold/switched during the year (Continued....)

Name of Mutual Fund	No. of units purchased	Amount	No. of units sold/switched	Amount
AIG India Treasury Plus Fund Institutional Daily Dividend	1,018,641.24	10,198	1,018,641.24	10,198
AIG India Treasury Plus Fund Super Institutional Daily Dividend	15,061,776.31	150,783	15,061,776.31	150,783
Reliance Monthly Interval fund- series-II Institutional dividend plan	9,994,902.60	100,013	9,994,902.60	100,013
Reliance Medium Term Fund - Daily Dividend Plan	9,309,796.15	159,156	9,309,796.15	159,156
UTI Liquid Cash Plan Institutional - Daily Income option -Reinvestments	100,280.31	102,230	100,280.31	102,230
UTI Fixed income interval fund- Monthly interval plan series -1 inst - Dividend Plan	5,000,000.00	50,000	5,000,000.00	50,000
Mirae Asset Liquid plus Fund - Super Institutional - Daily Dividend	111,175.57	111,331	111,175.57	111,331
LIC MF interval Fund - series 1 Monthly- Dividend Plan	10,251,534.76	102,515	10,251,534.76	102,515
Kotak Monthly Interval Plan Series 2	5,000,000.00	50,000	5,000,000.00	50,000
Kotak Flexi Debt Fund	4,980,150.74	50,038	4,980,150.74	50,038
Tata Liquid Fund - Dividend Plan	179,701.02	200,280	179,701.02	200,280
Total	314,494,453	3,900,826	314,494,453	3,900,826

18. Previous year comparatives

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

As per our report of even date

For **S R Batliboi & Associates**
Chartered Accountantsper **Ali Nyaz**
Partner
Membership No. 200427Place : Hyderabad
Date : 29.04.2009For and on behalf of the Board of Directors of
GVK Power & Infrastructure Limited**G V Krishna Reddy**
Chairman and Managing Director**A Issac George**
Director & CFO**G V Sanjay Reddy**
Director**P V Rama Seshu**
Company Secretary

Balance sheet abstract & company's general business profile

1. Registration Details

Registration No.

0 5 9 0 1 3

State Code

0 1

Balance Sheet Date

3 1

Date

0 3

Month

2 0 0 9

Year

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

Public Issue

N I L

Rights Issue

N I L

Bonus Issue

N I L

Private Placement

N I L

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

Total Liabilities

1 7 4 2 7 6 5 7

Total Assets

1 7 4 2 7 6 5 7

Sources of Funds

Paid-up Capital

1 4 0 5 8 4 9

Reserves & Surplus

1 5 9 8 6 3 6 0

Secured Loans

N I L

Unsecured Loans

N I L

Deferred Tax liability

N I L

Application of Funds

Net Fixed Assets

3 2 5 7

Investments

9 5 1 8 0 0 9

Net Current Assets

7 8 6 5 7 6 8

Misc. Expenditure

N I L

Deferred Tax Assets

5 1 7 5

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

Turnover

4 2 4 7 2 0

Total Expenditure

1 8 0 3 2 8

Profit before tax

2 4 4 3 9 2

Profit after tax

2 0 9 9 5 6

Earnings per Share Rs.

0 . 1 5

Dividend Rate %.

N I L

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

Product

O & M P O W E R P L A N T S

Description

N I L

Item Code No.

NOTES

[illegible]

This image shows a full page of blank, lined paper. It features approximately 20 evenly spaced horizontal blue or grey lines across the entire width of the page, typical of notebook paper. There are no margins, text, or other markings present.



GVK POWER & INFRASTRUCTURE LIMITED

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

ATTENDANCE SLIP

I/we hereby record my/our presence at the 15th Annual General Meeting held on Tuesday, 28th July, 2009 at 11.30 a.m. at Sri Satya Sai Nigamagmam, 8-3-987/2, Srinagar Colony, Hyderabad - 500073.

Name of the Shareholder/Proxy*

No. of Shares Held: _____

FOLIO NO.	CLIENT ID:	DP ID:
SIGNATURE OF THE SHAREHOLDER/PROXY*		

*Strike out whichever is not applicable

- Notes:
1. Shareholder/Proxy intending to attend the meeting must bring the duly signed Attendance Slip to the Meeting and handover at the entrance.
 2. Shareholder/Proxy should bring his/her copy of the Annual Report.
 3. **No gifts / gift coupons will be distributed at the Annual General Meeting.**



GVK POWER & INFRASTRUCTURE LIMITED

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

PROXY

I/We _____ of _____
in the District of _____ being a Member(s) of the above named Company, hereby appoint _____ of _____ in the district of _____ or failing him/her _____ of _____ in the district of _____ as my/our Proxy to attend and vote for me/us and on my/ our behalf at the 15th Annual General Meeting of the Company to be held on Tuesday, 28th July 2009 at 11.30 a.m. and at any adjournment thereof.

Signed this _____ day of _____ 2009

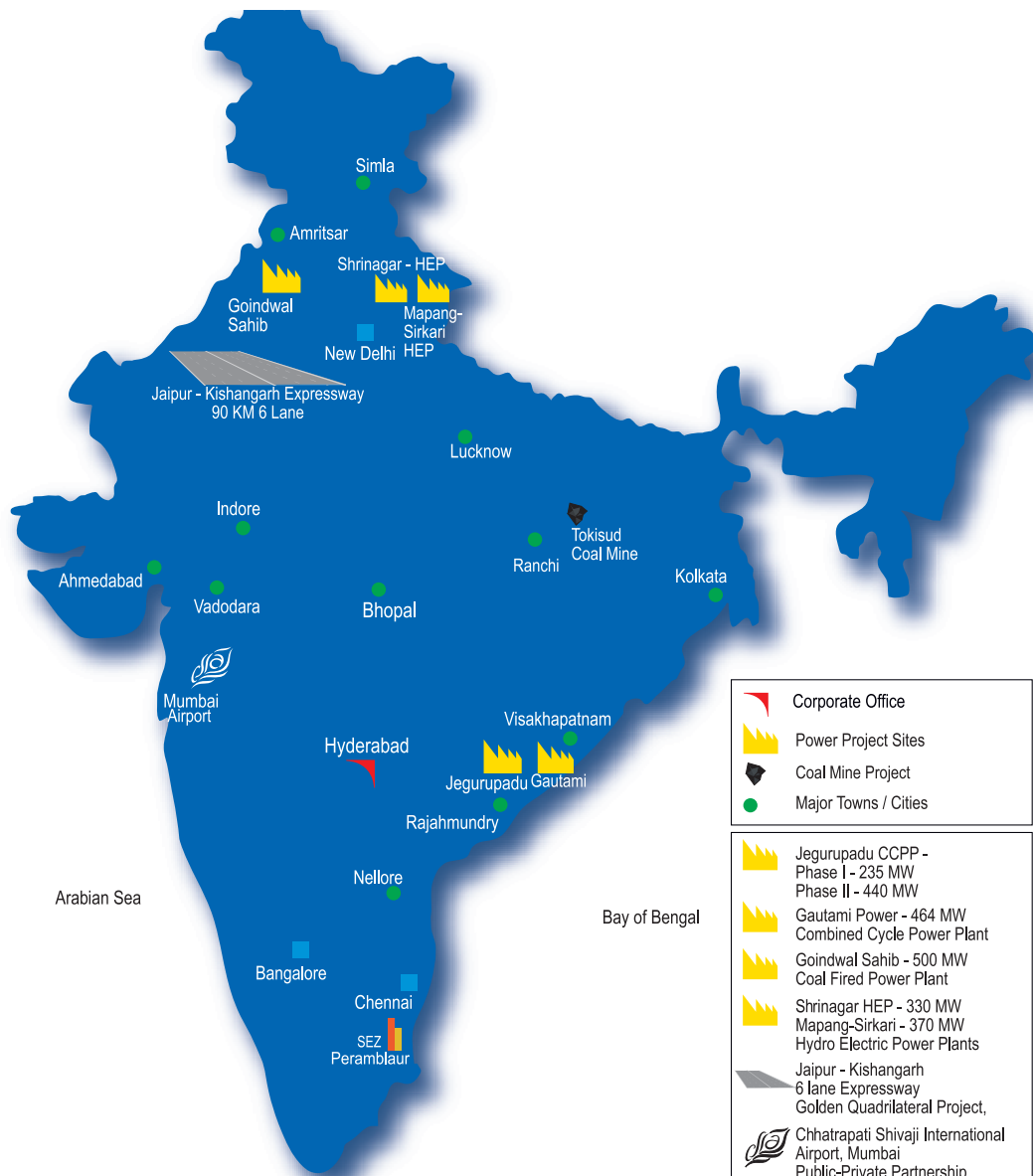
FOLIO NO.	CLIENT ID:	DP ID:
------------------	-------------------	---------------

No. of Shares: _____

Signature: _____

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

Affix
Rs.1/-
Revenue
Stamp



	Corporate Office
	Power Project Sites
	Coal Mine Project
	Major Towns / Cities
	Jegurupadu CCPP - Phase I - 235 MW Phase II - 440 MW
	Gautami Power - 464 MW Combined Cycle Power Plant
	Goindwal Sahib - 500 MW Coal Fired Power Plant
	Shrinagar HEP - 330 MW Mapang-Sirkari - 370 MW Hydro Electric Power Plants
	Jaipur - Kishangarh 6 lane Expressway Golden Quadrilateral Project,
	Chhatrapati Shivaji International Airport, Mumbai Public-Private Partnership
	GVK Infratech (SEZ) Perambalur

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If undelivered, please return to:



GVK POWER & INFRASTRUCTURE LIMITED

"Paigah House", 156-159, Sardar Patel Road
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