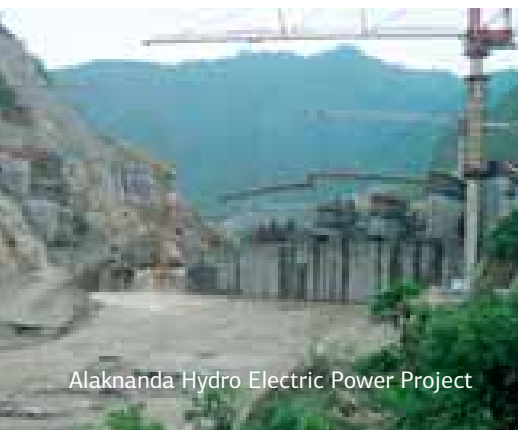




GVK Jegurupadu CCPP

17th Annual Report 2010 - 2011

GVK Power & Infrastructure Limited



Alaknanda Hydro Electric Power Project



GVK Jaipur-Kishangarh Expressway



Domestic Terminal 1B, CSIA, Mumbai



Artistic view of the New Integrated Passenger Terminal, CSIA, Mumbai



GVK Gautami Power Project



Bengaluru International Airport



Dr. G V Krishna Reddy receiving 'Padmabhushan Award' from the President of India



GVK Jaipur-Kishangarh Expressway

Corporate Information

Board of Directors

Dr G V Krishna Reddy	Chairman & Managing Director
G Indira Krishna Reddy	Director
G V Sanjay Reddy	Vice Chairman
Krishna Ram Bhupal	Director
Dr A Ramakrishna	Director
K N Shenoy	Director
Dr Abid Hussain	Director
P Abraham	Director
Sanjay Narayen	Director (upto 07-05-2011)
Pradip Baijal	Director
Ch G Krishna Murthy	Director
S Balasubramanian	Director
A Issac George	Director & CFO
P V Rama Seshu	GM & Company Secretary

Committees of the Board

Audit Committee

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

Remuneration Committee

Dr A Ramakrishna	Chairman
K N Shenoy	
P Abraham	

Investors' Grievance Committee

Dr A Ramakrishna	Chairman
Ch G Krishna Murthy	
A Issac George	

Statutory Auditors

M/s. S R Batliboi & Associates
The Oval Office, 18, ILabs Centre
Hitech City, Madhapur
Hyderabad - 500 081

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. Lakhs)

	2011	2010
Financial Performance		
Operational Income	4,148	4,537
EBIDTA	549	1,803
Other Income	8,158	1,379
Interest & Financial Charges	1,495	150
Depreciation	8	4
Profit After Tax	6,829	2,169
EPS (Rupees)		
Basic and Diluted	0.43	0.14
Financial Position:		
Fixed Assets (Net of depreciation)	159	39
Cash and cash equivalent	309	379
Net current assets	101,695	105,071
Total Assets	263,514	256,625
Equity	15,792	15,792
Reserves	237,628	230,799
Networth	253,420	246,591
Market Capitalisation	409,015	723,278

Notice

Notice is hereby given that the 17th Annual General Meeting of the members of GVK Power & Infrastructure Limited will be held on **Saturday, the August 6, 2011 at 12.05 p.m** at Sri Satya Sai Nigamagmam, 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, 2011 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. K N Shenoy, who retires by rotation and, being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. Pradip Baijal, who retires by rotation and, being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Dr. A Ramakrishna, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. P Abraham, who retires by rotation and, being eligible, offers himself for re-appointment.
6. 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

7. 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, 314, 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 approval of the Board of directors, consent of the Shareholders be and is hereby accorded for the re-appointment of Mr. A Issac George, Director & Chief Financial Officer of the Company for another period of 3 (Three) years with effect from 1st April, 2011 on the salary and perquisites as set out below;

 1. **Salary:** In the scale of Rs. 7,50,000 - 1,00,000 - 9,50,000 per month which includes Basic, DA, HRA and all other allowances by whatever name called.
 2. **Perquisites:** Perquisites shall be restricted to 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) Use of Company's car for official duties and telephone at residence (including long distance calls) shall not be considered as perquisites;
 - vi) **Earned Leave:** Encashment of leave at the end of the tenure is as per the rules of the Company.
 - vii) Contribution to the provident fund, superannuation fund or annuity fund, if any shall be as per the policy of the Company, to the extent these either singly or put together are not taxable under the Income Tax Act, 1961; and
 - viii) Gratuity payable at the rate not exceeding half a month's salary for each completed year of service.
Perquisites mentioned above can be interchangeable within the overall ceiling of the annual salary.
 3. **Minimum Remuneration:** Where, in any financial year, the Company has no profits or its profits are inadequate, during the currency of tenure of the Director & Chief Financial Officer, the Company shall pay remuneration by way of salary and perquisites as specified above as minimum remuneration subject to such approvals, if any, as may be required under Schedule XIII of the Companies Act, 1956.

Services of Mr. A Issac George, Director & Chief Financial Officer can be terminated by giving 6 (Six) months notice in writing from either side or 6 (six) months salary and perquisites in lieu thereof, as may be decided by the Company."

"RESOLVED FURTHER THAT Mr. G V Sanjay Reddy, Vice Chairman and Mr. Krishna Ram Bhupal, Director and Mr. P V Rama Seshu, General Manager & Company Secretary of the Company be and are hereby severally authorised to do all such acts, deeds and things as may be necessary for giving effect to the above resolutions."

By Order of the Board

Place : Hyderabad
Date : May 7, 2011

P V Rama Seshu
GM & 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 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 29-07-2011 to 06-08-2011 (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 changes, if any, in their addresses, in respect of the physical shares held by them, to the Company, and to their Depository Participants (DP) in respect of shares held in 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, General Manager & 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.
9. The Ministry of Corporate Affairs has taken a corporate "Green Initiative in the Corporate Governance" by allowing paperless compliance by companies. As per the MCA Circular, Service of documents through electronic mode ie e-mail by the company will be a valid compliance of Section 53 of the Companies Act, 1956. As such the members are requested to furnish/ register their e-mail id's to enable the Company to send all notices, periodical statements etc., of the company through electronic mode. You are requested to furnish/ register your email ids at einward.ris@karvy.com
10. The Securities and Exchange Board of India has notified that the shareholders/transferee of shares (including joint holders) holding shares in physical form are required to furnish a certified copy of their PAN Card to the company/RTA while transacting in the securities market including transfer, transmission or any other corporate action. Accordingly, all the shareholders/transferee of shares (including joint holders) are requested to furnish a certified copy of their PAN Card to the company/RTA.

Explanatory Statement

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

Item 7

The Board of directors of your Company at its meeting held on May 7, 2011 has re-appointed Mr. A Issac George as Director & Chief Financial Officer for a further period of 3 years with effect from April 1, 2011, subject to your approval and the Central Government, if need be. The detailed terms of appointment of Mr. A Issac George as given in the above resolution has been approved by the Board of Directors based on the recommendations of the Remuneration Committee of the Company.

In terms of sections 198, 269, 309, 310, 314, Schedule XIII and all other applicable provisions, if any, of the Companies Act, 1956 the above re-appointment is required to be approved by the share holders as a Special Resolution.

A brief profile of Mr. A Issac George along with other details are enclosed hereto as Annexure. Your Board considers it desirable that the Company should continue to avail his services and accordingly recommends the above resolutions for your approval.

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.

None of the Directors except Mr. A Issac George is interested or concerned in the above resolution, whether directly or indirectly.

By Order of the Board

Place : Hyderabad
Date : May 7, 2011

P V Rama Seshu
GM & Company Secretary

Important Communication to Members

The Ministry of Corporate Affairs has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies and has issued circulars stating that the service of notice/ documents including Annual Report can be sent by e-mail to its members.

All those shareholders who have not yet registered their email Ids or holding shares in physical form are requested to immediately register their e-mail Ids with NSDL/CDSL and / our RTA at einward.ris@karvy.com along with your Folio No. and No. of shares / Client Id and DP Id.

Annexure

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

Name of the Director	Mr. K N Shenoy	Mr. Pradip Baijal	Dr. A Ramakrishna
Date of Appointment	10.09.2005	24.07.2007	10.09.2005
Date of Birth	26.04.1931	15.02.1943	20.12.1939
Qualifications	BE (Electrical), MBA (USA)	IAS (Retired)	BE, MSc
Expertise in specific functional areas	He has worked as Managing Director and CEO of ABB for over 40 years until 2002 and acted as Chairman for another six years. Currently, he is the Vice Chairman of Volvo India Private Limited. He has also been associated with various Industry Bodies such as Confederation of Indian Industry, Indian Electrical & Electronics and Manufacturers' Association and Electrical Research & Development Association.	As a member of Indian Administrative Service he served in various capacities at the Centre and State Governments. He was the Chairman of Telecom Regulatory Authority of India (TRAI), Secretary, Ministry of Disinvestment, and also worked as Special / Additional / Joint Secretary, Ministry of Power and Joint Secretary, Ministry of Steel. Before joining the Central Government, he served Government of Madhya Pradesh in various capacities.	He is a renowned personality in the field of engineering and was the Dy Managing Director and President (Operations) of L&T Ltd. In recognition to his specialized knowledge in structural engineering, he was conferred with an honorary degree of Doctorate of Science by Andhra University and an honorary degree of Doctor of Philosophy by JNTU. He is associated with many apex industries like CII & FICCI and with premier academic institutes like IITs, Structural Engineering Research Centre, National Institute of Construction Management & Research and Anna University. He has been President of Indian National Academy of Engineering (INAE) and is the Vice-Chairman of National Academy of Construction
List of other Companies in which Directorship is held as on 31.03.2011	INTEGRA India Group Company Ltd GVK Energy Ltd EMCO Ltd Triveni Engineering & Industries Ltd Sobis Software (India) Pvt Ltd Sobis Teksoft Pvt Ltd Shelk Software Pvt Ltd Volvo India Pvt Ltd	Nestle India Ltd Patni Computer Systems Ltd Noesis Strategic Consulting Services Pvt Ltd	GVK Energy Ltd GVK Gautami Power Ltd Taj GVK Hotels & Resorts Ltd GVK Jaipur Expressway Pvt Ltd Mumbai International Airport Pvt Ltd The Andhra PetroChemicals Ltd The Andhra Sugars Ltd International Infrastructure Consultants Pvt Ltd The KCP Ltd Madras Cements Ltd Ramco Industries Ltd SPEL Semi Conductor Ltd Teesta Urja Ltd Brigade Enterprises Ltd
Chairman / Member of the *Committees of other Companies on which he/she is a Member as on 31.03.2011	NIL	NIL	GVK Jaipur Expressway Pvt Ltd GVK Gautami Power Ltd Taj GVK Hotels & Resorts Ltd Mumbai International Airport Pvt Ltd Madras Cements Ltd Ramco Industries Ltd The KCP Ltd Teesta Urja Ltd SPEL Semi Conductor Ltd Brigade Enterprises Ltd

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

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

Name of the Director	Mr. P Abraham	Mr. A Issac George
Date of Appointment	10.09.2005	01.04.2008
Date of Birth	01.07.1939	19.04.1954
Qualifications	IAS (Retired)	B.Com, ACA
Expertise in specific functional areas	As a member of Indian Administrative Service he served in various capacities at the Centre and State Governments. He is the Former Secretary Ministry of Power, Govt. of India. He held responsible executive positions in Centre and State Governments. He functioned as Chairman, Maharashtra State Electricity Board and he was the first Chairman of the State Electricity Board in the country. He was a United Nations Industrial Development Organisation Fellow on Industrial Development. He retired as Member, Union Public Service Commission.	Mr. A Issac George is a member of the Institute of Chartered Accountants of India. His area of expertise includes Project Financing, Financial Structuring, Acquisition Financing, Debt Syndication, Corporate Planning & Forecasting, Treasury Functions, MIS Development & Implementation. He has vast knowledge in the fields of Corporate Security Issuance, Lease Financing and Bond Administration. He also brings in his vast international exposure in dealing with Banks and multilateral agencies. He has been associated with GVK Group since 1994 and held various positions. Currently, he is also a Director (Finance) of GVK Industries Limited, a step down subsidiary of your Company.
List of other Companies in which Directorship is held as on 31.03.2011	GVK Energy Ltd Taj GVK Hotels & Resorts Ltd PTC India Ltd PTC India Financial Services Ltd JSW Energy Ltd Raj West Power Ltd Lanco Infratech Ltd Lanco Power Ltd NCC Ltd NCC Infra Ltd Vijay Electricals Ltd Visaka Industries Ltd Orient Green Power Company Ltd	GVK Industries Ltd GVK Gautami Power Ltd GVK Energy Ltd GVK Power (Goindwal Sahib) Ltd Novopan Industries Ltd GVK Coal (Tokisud) Company Pvt Ltd GVK Transportation Pvt Ltd GVK Power (Khadur Sahib) Pvt Ltd
Chairman / Member of the *Committees of other Companies on which he/she is a Member as on 31.03.2011	JSW Energy Ltd Vijay Electricals Ltd NCC Ltd	GVK Gautami Power Ltd GVK Power (Goindwal Sahib) Ltd GVK Coal (Tokisud) Company Pvt Ltd Novopan Industries Ltd

* 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 17th annual report together with the audited balance sheet and profit and loss account of your Company for the year ended March 31, 2011.

Consolidated 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, its subsidiaries and associates.

(Rs. Lakhs)

Particulars	2010-11	2009-10
Financial Performance		
Operational Income	1,914,66	1,786,64
EBIDTA	513,99	468,30
Other Income	28,53	29,18
Interest & Financial Charges	263,14	217,10
Depreciation	183,64	137,12
Provision for taxes	21,32	20,01
Profit before tax and share of profits for associate and minority interest	74,42	123,25
Add: Share of income from Associates	110,93	51,68
Add: Profit on the sale of subsidiary	-	-
Less: Minority Interest	30,44	19,06
Total Profit for the year	154,91	155,87
Add: Balance brought forward from previous years	435,61	279,74
Balance available for appropriation	590,52	435,61
Appropriations		
Transfer to General Reserve	-	-
EPS (Rupees)		
Weighted Average no. of Equity Shares	1,579,210,400	1,532,189,062
Basic and Diluted	0.98	1.02
Financial Position		
Fixed Assets (Net of Depreciation)	3,671,88	3,948,32
Cash and Cash Equivalent	126,88	38,09
Net Current Assets	397,20	242,00
Total Assets	10,316,39	8,119,15
Equity	157,92	157,92
Reserves	3,228,86	2,998,00
Net worth	3,386,78	3,155,92

Our total income increased by 7% to Rs.1,943.19 Crores from Rs.1,815.82 Crores in the previous year. The Power assets contributed an income of Rs.1,712.93 Crores (88.15% of total income) compared to Rs.1,603.28 Crores in the previous year. This increase is mainly attributable to full year operation of Jegurupadu Phase II and Gautami Power Plants in the current year. The Transportation asset contributed an income of Rs.189.16 Crores (9.73% of total income) compared to Rs.170.75 Crores in the previous year. The other segment contributed Rs.41.10 Crores (2.12% of total income) compared to Rs.41.79 Crores in the previous year. The Airport assets (Mumbai and Bangalore Airports) as the associates of the company have contributed to net profit of Rs.110.93 Crores as compared to Rs.51.68 Crores in the previous year. The consolidated net profit after tax was Rs.154.91 Crores as against Rs.155.87 Crores in the previous year.

Dividend

Apart from implementing the existing or new projects and / their expansions under different vertical businesses, through its subsidiaries and associate companies, your company is also exploring various business opportunities. In this endeavour, it is necessary to conserve the funds to meet the 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 2010-2011.

Subsidiaries

Subsidiaries of your Company are predominantly spread across 3 main vertical business operations i.e., Energy, Airport and Transportation verticals. In addition, your Company has other subsidiaries, which are engaged in Oil & Gas and Industrial Park among others. Having completed the creation of separate business verticals, your Company as on March 31, 2011 has 8 direct subsidiaries, 12 step down subsidiaries and 3 associate companies. A list of these companies is provided separately as Annexure "A" to this report.

In terms of section 212 of the Companies Act, 1956, your Company is required to attach the directors report, balance sheets, profit and loss account of its subsidiary companies to its Annual Report. However, the Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011, dated: 08-02-2011 has granted a general exemption to all the Companies for not attaching the above documents of subsidiaries with the Annual Report of the Holding Company, subject to compliance of the conditions specified therein. As required under the said general circular, the Board of directors of your Company at its meeting held on May 7, 2011 gave its specific consent for not attaching the balance sheets of its subsidiaries, as they would be made available to its members at the company's website.

In terms of the said notification of the MCA, a summary of the financial information of each of the subsidiaries of your Company is provided as Annexure "B" to this report. Any member intends to have a certified copy of the Balance Sheet and other financial statements of these subsidiaries may write to the Company Secretary. Accordingly, this annual report does not contain the reports and other statements of the subsidiary companies. These documents will also be available for inspection during the business hours at the registered office of the company and also at the registered offices of the respective subsidiary companies.

Performance of the existing assets

i) Energy

Currently we operate 900 MW gas based power plants through step down subsidiaries i.e. GVK Industries Limited Jegurupadu Phase-I (216 MW), Phase-II (220 MW) and GVK Gautami Power Limited (464 MW). Following is the gist of performance of these assets.

GVK Industries Limited

Phase-I

During the year Jegurupadu Phase I was operated at a Plant Availability Factor (PAF) and Plant Load Factor (PLF) of 95.94% and 76.62% respectively (PY 98.58 % and 89.56%) and reported a loss of Rs.29.03 Crores (PY Rs.0.15 Crores). The decline in PAF, PLF and profits are mainly attributable to non availability of natural gas. The energy generated during the year was 1455.32 Million kWh (PY 1685.82 Million kWh) out of which 1422.74 Million kWh was exported and 32.58 MUs were for Auxiliary Consumption. The Station Heat Rate during the year was 2007 kcal/kWh as against 1968 kcal/kWh in the previous year.

Phase-II

During the year Jegurupadu Phase II was operated at a PAF and PLF of 89.17% and 81.75% respectively (PY 95.29% and 90.35%) and reported a profit after tax of Rs.20.74 Crores (PY Rs.25.26 Crores). The decline in PAF, PLF and profits are mainly attributable to non availability of natural gas. The energy generated during the year was 1638.85 Million kWh (PY 1742.47 Million kWh) out of which 1606.96 Million kWh was exported and 31.89 MUs were for Auxiliary Consumption. The Station Heat Rate during the year was 1824 kcal/kWh as against 1808 kcal/kWh in the previous year.

GVK Gautami Power Limited

Phase-I

During the year Gautami Phase I was operated at a PAF and PLF of 88.64% and 83.39% respectively (PY 91.47% and 88.20%) and reported a profit after tax of Rs.76.58 Crores (PY Rs.28.14 Crores) showing a growth of 272.14%. The energy generated during the year was 3422.90 Million kWh (PY 2937.98 Million kWh) out of which 3346.76 Million kWh was exported and 76.14 MUs were for Auxiliary Consumption. The Station Heat Rate during the year was 1825.60 kcal/kWh as against 1798.98 kcal/kWh in the previous year.

ii) Airport

Under Airport asset, currently we operate Chhatrapati Shivaji International Airport (CSIA), Mumbai (a brown field project) and Bengaluru International Airport, Bengaluru (a green field project). Following is the gist of performance of these assets.

Mumbai International Airport Pvt. Ltd (MIAL)

During the year MIAL handled 29.07 Mio (PY 25.61 Mio) passenger traffic, handled 242,659 ATMs (PY 229,799 ATMs) and 340,260 MT (PY 250,237 MT) of Cargo reflecting a growth of 14%, 5.6% and 36% respectively. MIAL reported a profit after tax of Rs.197.04 Crores for the financial year 2010-2011 (PY Rs.132.80 Crores) showing a growth of 48%. MIAL had completed 31 of the 32 mandatory projects under OMDA as of December 2010. The only mandatory project remaining to be completed is the S.09 International Terminal Expansion - South West Pier which is pending due to the delay in handing over of Chhatrapati Shivaji Maharaj statue area. During the year Terminal 1C was inaugurated with a lot of retail offerings. CSIA has become the first Indian airport website, to offer mobile airport portal.

Bangalore International Airport Ltd. (BIAL)

During the year BIAL handled 11.63 Mio (PY 9.92 Mio) passenger traffic, handled 111,787 ATMs (PY 104,653 ATMs) and 222,783 MT (PY 174,648 MT) of Cargo reflecting a growth of 17%, 7% and 28% respectively. BIAL reported a profit after tax of Rs.132.10 Crores for the financial year 2010-2011 (PY Rs.77.70 Crores) showing a growth of 70%. A new and spacious VIP lounge at the Airport has been opened in January 2011. The expansion of the existing terminal 1 has been designed to enhance the operational performance in order to handle, inter-alia, the increase of passenger traffic from the current 11.2 million passengers to approximately 17.2 million passengers annually up to the year 2015. The Project is scheduled to be completed within a period of 18 months from the commencement of its construction.

During the year 2010-2011, Mumbai and Bengaluru airports together have handled passenger traffic of 40.7 million. With these two busy airports under our management, GVK would be India's biggest airport operator in the private sector.

iii) Transportation

A 90.4 Km Jaipur - Kishangarh Expressway on NH-8 connecting Mumbai and New Delhi is a BOT project and is a part the prestigious Golden Quadrilateral Project undertaken by the Central Government of India through National Highways Authority of India (NHAI) connecting all four major metro cities i.e. New Delhi, Mumbai, Chennai and Kolkata. Following is the gist of performance of this asset.

GVK Jaipur Expressway Pvt Ltd.

Toll collected by the Company during the year was Rs.189.16 Crores (PY Rs.170.75 Crores) registering a growth of 11%. The profit after tax is at Rs.80.02 Crores for the year (PY Rs.58.96 Crores) showing a growth of 35.73%. Multi Axis vehicles alone have contributed 73% of the toll revenue collections during the year. This is the first road project in India to have shared certain agreed percentage of excess toll revenue over the projected toll fee with NHAI.

Assets under construction

i) Energy

Alaknanda Hydro Power Company Limited

The 330MW Alaknanda Hydro Electric Power Project on the river Alaknanda, Srinagar, Uttarakhand is being implemented with an estimated project cost of Rs.3,675 Crores. The Excavation in the Power House, the Forebay work, penstock work are fully completed and the 335000 M³ (i.e. 61%) of concrete for dam is complete. All other major works at project are being completed as scheduled and the project is expected to be commissioned by 2012.

GVK Power (Goindwal Sahib) Limited

The 540MW the thermal (coal based) power project in Tarn Taran district, Punjab is being set up at an estimated cost of Rs.3,200 Crores. The Power House building piling work and bunker bay concrete piling and raw water reservoir excavation work completed to the extent of 85% and BTG works are in full swing and the project is expected to be commissioned by 2013.

ii) Transportation

GVK Deoli Kota Expressway Private Limited

The Company was incorporated as a SPV during April 2010, to implement and augment the existing Deoli-Kota Section of National Highway (NH) No. 12 from Km 165 to Junction of NH - 76 on Kota Bypass (approximately 83.04 Km) in the State of Rajasthan by four laning on design, build, finance, operate and transfer (DBFOT) basis and has signed the financing documents on January 5, 2011 with a consortium of lenders for an estimated project cost of Rs.823.45 Crores with debt equity of 80:20. The project would become operational within 30 months as per the Concession Agreement.

GVK Bagodara Vasad Expressway Private Limited

The Company was incorporated as a SPV during February 2011, to implement the Six Laning of existing three lanes of Bagodara - Wataman - Tarapur - Vasad Road Project (State Highway No.8, Km 0/0 to Km 101/9) in the State of Gujarat on BOT Basis. Requisite Concession Agreement has been executed with the Gujarat State Road Development Corporation. Cost of the project is estimated at Rs.1200 Crores. The project would become operational within 30 months as per the Concession Agreement.

Other Developments

i) Energy

During the year your Company has transferred its entire shareholding in the power assets viz GVK Industries Limited, GVK Gautami Power Limited, GVK Power (Goindwal Sahib) Limited, Alaknanda Hydro Power Company Limited, GVK Coal (Tokisud) Company Private Limited, to GVK Energy Limited, a wholly owned subsidiary of the Company for a consideration of Rs.1333.17 Crores. With this, the creation of energy vertical has been completed in all respects.

During November 2010, your Company through its subsidiary GVK Energy Limited has entered into an Investment Agreement with M/s. 3i India Infrastructure Fund, Actis Infrastructure India PCC Limited and an affiliate of the Government of Singapore Investment Corporation (GIC) for a total Private Equity investment of Rs.1498 Crores for an ultimate equity dilution of 24.97% in GVK Energy Limited.

ii) Airport

During the year your Company has signed an agreement to acquire 13.5% additional equity stake in Mumbai International Airport Limited (MIAL), from Bid Services Division (Mauritius) Limited, through a step down subsidiary, subject to regulatory approvals. On completion of this acquisition, equity shareholding of the GVK Group stands at 50.5% from the existing 37% of the total paid-up share capital in MIAL.

iii) Transportation

During the year, your Company has formed two SPVs as subsidiaries of GVK Transportation Private Limited, a wholly owned subsidiary of the Company. Further, your Company on April 6, 2011, as a concluding transaction, has transferred its entire shareholding held in the GVK Jaipur Expressway Private Limited to GVK Transportation Private Limited, a wholly owned subsidiary of the Company for a consideration of Rs.274.01 Crores. With this, the creation of transportation vertical has been completed in all respects.

New Opportunities

i) Energy

During June 2010, your Company through a step down subsidiary, GVK Ratle Hydro Electric Project Private Limited (SPV), has signed the Power Purchase Agreement, with Power Development Department, Govt. of Jammu & Kashmir for implementing the 810MW Ratle Hydro Electric Project on the river Chenab, Kishtwar District, in the State of Jammu & Kashmir. The cost of the project is estimated at Rs.5368 Crores and expected to be operational by March 2017.

During February 2011 your Company has executed a Memorandum of Understanding (MOU) with the Punjab State Power Corporation Limited for implementation of 1320 MW Power Project (Phase-II), in the State of Punjab. For this purpose GVK Power (Khadur Sahib) Private Limited, a SPV has been incorporated as a step down subsidiary through GVK Energy Limited to implement the Coal based thermal power project with super critical technology, proposed to be developed in the additional land at the existing Goindwal Sahib site in Tarn Taran District, Punjab.

ii) Airport

Your Company's capabilities, expertise and strong track record in the airports sector helped getting two international airports to its portfolio. Your Company has signed two MoUs with Indonesian Government during its President's State visit to India in January 2011 to develop green field international airports in North Bali and Yogyakarta (Java), Indonesia. Bali and Java are the prime destinations for tourist traffic from both Europe and Asia. The signing of these MoUs marks a very significant milestone for GVK and your Company is confident that these agreements will yield significant synergies.

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.

Awards and recognitions

Following are some of the awards and recognitions that the promoters and the associate companies received during the current year. Dr. G V Krishna Reddy, Chairman & Managing Director of your company has been conferred with the prestigious "Padma Bhushan Award" for the Year 2011. The award was presented by Smt. Prathibha Devi Singh Patil, Hon'ble President of India at a glittering function held on March 25, 2011. Our beloved Chairman has received this award towards his contribution to the society in the category of Trade and Industry.

Mr. G V Sanjay Reddy, Vice Chairman of your Company has been awarded as "Emerging Business Leader of the Year" by AIMA Managing India Awards 2011.

Chhatrapati Shivaji International Airport (CSIA) emerged as one of the top performing airports in the annual ACI Airport Service Quality Awards for 2010. It was rated the second best airport worldwide for airports in the 15-25 million passengers per annum (mppa) category as announced by ACI.

Bangalore International Airport Limited has bagged the prestigious "Best Airport India" award at the Skytrax World Airport Awards in Copenhagen, Denmark.

Liquidity

Your company's ability to raise finance for various projects of the Company has been its strength and is able to tie up the required financial assistance from the lending institutions even in the adverse market conditions. Surplus funds are deposited with banks, highly rated financial institutions and liquid mutual funds. These funds can be liquidated at a very short notice to meet the requirements of the company as and when needed.

Corporate Governance

Your Company continues to practice the best of the Corporate Governance policies. Your Company is in compliance with the recommendations of the Narayana Murthy Committee on Corporate Governance constituted by the Securities and Exchange Board of India (SEBI). A certificate, from a Company Secretary in whole time practice, on compliance with the mandatory recommendations of the committee is provided in the annexure to the Directors' Report. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on Corporate Governance is attached to this report.

Corporate Social Responsibility (CSR)

Corporate Social Responsibility initiatives are implemented through GVK Foundation, the CSR arm of the GVK Group. The Foundation is involved mainly in the areas of education, health and hygiene; community-based programmes; empowerment and entrepreneurship development, arts, music, sports and various social economical and cultural activities. It reaches out with the objective of improving the quality of life of the economically deprived people in the places where the Group has a presence.

To further the CSR objective, GVK has taken over the management of Emergency Management and Research Institute (EMRI), a non-profit organization during May, 2009 to provide integrated emergency response service across the Country under public private partnership mode. Since then, the Foundation has been funding GVK EMRI.

Highlights of GVK EMRI

Operates through 11 States in the country and serves nearly 500 million people. Currently, there are about 2802 ambulances to provide pre hospital care which has saved Lives of approximately 323,924 people. GVK EMRI has partnered with global organizations (Stanford, CMU, 9-1-1, STC, AAPI, AAEMI, Geomed etc.) to strengthen its competencies, skills and to share the best international practices.

Government of Andhra Pradesh has identified GVK EMRI as 'out sourcing agency' to run Fixed Day Health Services (FDHS) popularly known as "Hospital on wheels" in the districts of Srikulam, Vijayanagaram, Visakhapatnam, Medak, Adilabad & Chittoor. GVK EMRI has introduced 'boat ambulances' in the state of Assam to facilitate Inter Facility Transfer requests from rural embankment regions of Brahmaputra River. Launched its services in Himachal Pradesh in the month of December 2010 with 100 ambulances. GVK EMRI has signed PPP agreement with the Government of Chattisgarh on May 17, 2010 for rendering emergency response services by deploying 172 ambulances.

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

Appointment by rotation

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company Mr. K N Shenoy, Mr. Pradip Baijal, Dr. A Ramakrishna and Mr. P Abraham, Directors of the company will retire by rotation at this meeting and being eligible, your Company recommends their re-appointment.

The Board of Directors at their meeting held on May 7, 2011 re-appointed Mr. A Issac George as Director & Chief Financial Officer of the Company for a further period of 3 years with effect from April 1, 2011. Your Company recommends his re-appointment.

Cessation

During the year Mr. Sanjay Narayen, Director has expressed his inability to continue as a director due to his other commitments. The Board of directors at its meeting held on May 7, 2011 has accepted the same and placed on record its appreciation for the services rendered by Mr. Sanjay Narayen, 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 March 31, 2011, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
- ii. the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2011 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, for preventing and detecting fraud and other irregularities; and
- iv. the directors had prepared the annual accounts for the financial year ended March 31, 2011 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 re-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.

Audit Committee constitution

In compliance with the provisions of the Section 292A of the Companies Act, 1956 and the listing agreement entered into with the stock exchanges, the company had already constituted an Audit Committee during 2005 itself consisting of highly qualified and experienced members from various fields. The committee consists of four Independent Directors. The Chairman of the committee Mr. K N Shenoy, is an Independent Director and the committee meets periodically to review the quarterly financial statements and recommends its findings to the Board apart from taking action independently whenever required.

Other Information

The Audit Committee of the Company has reviewed the audited financial statements for the year under review at its meeting held on May 6, 2011 and recommended the same to the Board. The Board of Directors have taken the same on record at its meeting held on May 7, 2011.

Internal Control Systems and their adequacy

The Management continuously reviews the internal control systems and procedures for the efficient conduct of the Company's business. The Company adheres to the prescribed guidelines with respect to the transactions, financial reporting and ensures that all its assets are safeguarded and protected against losses. The Internal Auditor of the Company conducts the audit on regular basis and the Audit Committee actively reviews internal audit reports and effectiveness of internal control systems.

Internal Control Systems are implemented to safeguard the Company's assets from loss or damage, to keep constant check on the cost structure, to prevent revenue leakages, to provide adequate financial and accounting controls and implement accounting standards.

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.

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 the 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. I sincerely thank everyone for their support and reiterate humbly that I have accepted the Padma Bhushan award on your behalf.

For and on behalf of the Board of Directors

Place: Hyderabad
Date : May 7, 2011

Dr G V Krishna Reddy
Chairman & Managing Director

Annexure - A

Holding Company

GVK Power & Infrastructure Limited

Subsidiaries (As on March 31, 2011)

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

Stepdown Subsidiaries

1. GVK Industries Limited
2. GVK Gautami Power Limited
3. Alaknanda Hydro Power Company Limited
4. GVK Power(Goindwal Sahib) Limited
5. GVK Coal (Tokisud) Company Private Limited
6. GVK Ratle Hydro Electric Project Private Limited
7. GVK Power (Khadur Sahib) Private Limited
8. GVK Airport Holdings Private Limited
9. Bangalore Airport & Infrastructure Developers Private Limited
10. GVK Deoli Kota Expressway Private Limited
11. GVK Bagodara Vasad Expressway Private Limited
12. GVK Energy Ventures Private Limited

Associates (As on March 31, 2011)

1. Mumbai International Airport Private Limited
2. Bangalore International Airport Limited
3. 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

(Rs. Lakhs)

Name of the Subsidiary	GVK Energy Limited	GVK Oil & Gas Limited	GVK Airport Developers Pvt. Ltd.	GVK Perambalur SEZ Pvt. Ltd.	GVK Developmental Projects Pvt. Ltd.	Goriganga Hydro Power Pvt. Ltd.	GVK Transporation Pvt. Ltd.	GVK Jaipur Expressway Pvt. Ltd.
Issued and Subscribed Share Capital	37,392	5	25,000	1	1	1	1	9,681
Reserves	81,261	Nil	(9,235)	Nil	(4)	Nil	(111)	17,716
Total Assets	201,976	15,230	149,249	11,302	91	4,310	3,659	64,381
Total Liabilities	201,976	15,230	149,249	11,302	91	4,310	3,659	64,381
"Investments" (except investments in Subsidiaries"	162,875	Nil	26,502	Nil	3	Nil	1,728	4,395
Turnover	1,806	Nil	16	Nil	Nil	Nil	Nil	19,243
Profit/(Loss) before taxation	1,125	Nil	(7,023)	Nil	(3)	Nil	(111)	8,095
Provision for taxation	358	Nil	9	Nil	Nil	Nil	Nil	93
Profit/(Loss) after taxation	767	Nil	(7,032)	Nil	(3)	Nil	(111)	8,002
Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Number of shares held by GVKPIL along with its nominess	250,000,000	50,000	25,00,00,000	10,000	10,000	10,000	10,000	9,68,10,700
Extent of interest held by GVKPIL along with its nominess	81.95%	100%	100%	100%	100%	100%	100%	100%

Notes:

- The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011, dated: 08-02-2011 has granted a general exemption to all the Companies for not attaching the Balance sheets, Profit & Loss account etc. of subsidiaries with the Annual Report of the Holding Company, subject to compliance of the conditions specified therein.
- The Company will make available the annual accounts of the subsidiary companies and related detailed information 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, 2011.

(Rs. Lakhs)

Name of the employee	Age	Qualification	Designation	Experience (Years)	% of equity shares held in company	Date of commencement of employment	Remuneration received (Rupees)	Previous Employment
Dr. G V Krishna Reddy	74	BA	Chairman & Managing Director	47	0.49	14-10-2005	139.48	Executive Chairman GVK Industries Limited
A Issac George	57	B.Com, ACA	Director & Chief Financial Officer	32	0	01-10-2005	134.90	Director (Finance) GVK Industries Ltd

- Remuneration received includes salary and other allowances, perquisites etc.
- Mrs. G Indira Krishna Reddy, Director, Mr. G V Sanjay Reddy, Vice Chairman and Mr. Krishna Ram Bhupal, Directors of the Company are relatives of Dr. G V Krishna Reddy.

For and on behalf of the Board of Directors

Place : Hyderabad
Date : May 7, 2011

Dr 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 as on March 31, 2011 is thirteen Directors comprising of four Promoter Directors, seven Independent Directors and two Non-Independent Directors. Among the Directors, two are Executive Directors and eleven 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	11	-	-
G Indira Krishna Reddy	NEPD	00005230	All promoter directors are relatives	10	-	-
G V Sanjay Reddy	Vice Chairman NEPD	00005282	All promoter directors are relatives	9	-	-
Krishna Ram Bhupal	NEPD	00005442	All promoter directors are relatives	10	-	-
Abid Hussain	NEID	00612504	None	7	4	-
A Ramakrishna	NEID	00027520	None	11	8	2
K N Shenoy	NEID	00021373	None	4	-	-
P Abraham	NEID	00280426	None	13	3	-
Sanjay Narayen*	NID	00507608	None	-	-	-
Pradip Baijal	NEID	01417748	None	2	-	-
Ch G Krishna Murthy	NEID	01667614	None	-	-	-
S Balasubramanian	NEID	02849971	None	4	-	-
A Issac George	Director & CFO NIED	00005456	None	5	4	-

NEPD - Non-Executive Promoter Director

NEID - Non-Executive Independent Director

NID - Non-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.

*ceased to be a director w.e.f 07-05-2011

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

Board Meetings held during the Year

The Board of Directors met four times during the year on 30-04-2010, 31-07-2010, 30-10-2010 and 31-01-2011. The maximum gap between the two meetings was less than four months.

Directors Attendance and Sitting fee paid

Given in the table below is the attendance record of the directors during the year 2010-2011.

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
Krishna Ram Bhupal	4	3	60,000	Yes
G V Sanjay Reddy	4	4	80,000	Yes
A Ramakrishna	4	4	80,000	Yes
Abid Hussain	4	3	60,000	Yes
K N Shenoy	4	4	80,000	Yes
P Abraham	4	4	80,000	Yes
Sanjay Narayen*	4	4	80,000	Yes
Pradip Bajjal	4	4	80,000	Yes
Ch G Krishna Murthy	4	4	80,000	Yes
S Balasubramanian	4	4	80,000	Yes
A Issac George	4	4	-	Yes

*ceased to be a director w.e.f 07-05-2011

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 etc.,
- 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 is given as an Annexure to the Notice.

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 met four times during the year on 29-04-2010, 30-07-2010, 30-10-2010 and 31-01-2011. The attendance details for the Committee meetings are as follows:

Name of the Member	Category	No. of meetings	
		Held	Attended
K N Shenoy	Chairman	4	4
A Ramakrishna	Member	4	2
P Abraham	Member	4	4
Ch G Krishna Murthy	Member	4	4

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

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

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

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 the 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 2010-2011

Nature of Complaints	Received	Resolved	Pending
Complaints			
Non receipt of Refund Order	2	2	0
For Non receipt of			
- Dividend Warrant	18	18	0
- Annual Report	2	2	0
- Share Certificate	44	44	0
Total	66	66	0

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 Chairman of the Audit Committee in exceptional cases. We further affirm that during the financial year 2010-2011, no employee has been denied access to the audit committee.

Mr. P V Rama Seshu, General Manager & 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
2007-08	29.07.2008	11.30 A.M.	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad - 500 074
2008-09	28.07.2009	11.30 A.M.	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad - 500 074
2009-10	31.07.2010	11.30 A.M.	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad - 500 074

Extraordinary General Meeting / Postal ballot

Following are the details of the special resolutions passed at the Extraordinary General Meeting (EGM) and through Postal ballot during the financial year ended March 31, 2011.

Subject matter resolution and its type	Section/ Guideline under which passed	Date of passing
Postal ballot		
Transfer of all Energy assets for creation of Energy vertical	Under section 293(1) (a) of the Companies Act, 1956	30-04-2010
Transfer of all transportation assets for creation of transportation vertical	Under section 293(1) (a) of the Companies Act, 1956	30-10-2010
To enhance the limits of inter corporate loans and investments.	Under section 372A of the of the Companies Act, 1956	30-10-2010

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

Corp. filing

The Electronic Data Information and Retrieval System (EDIFAR) which is an automated system for filing, retrieval and dissemination of time - sensitive corporate information has been discontinued by SEBI. The company's quarterly reports / statements are being uploaded on the new portal viz corporate filing and Dissemination System (CFDS), put in place by NSE and BSE. The Company has been regularly filing information such as quarterly financial statements, shareholding pattern, etc., on the www.corpfiling.co.in apart from posting on the Company's website www.gvk.com for information of the stakeholders.

Managing Director and Chief Financial Officer Certification under Clause 49 of the Listing Agreement with the Stock Exchanges

To

The Board of Directors,

GVK Power & Infrastructure Limited

In relation to the Audited Financial Accounts of the Company as at March 31, 2011, 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.

Dr G V Krishna Reddy
Chairman & Managing Director

Place : Hyderabad
Date : May 7, 2011

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,

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, 2011, 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 : May 7, 2011

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

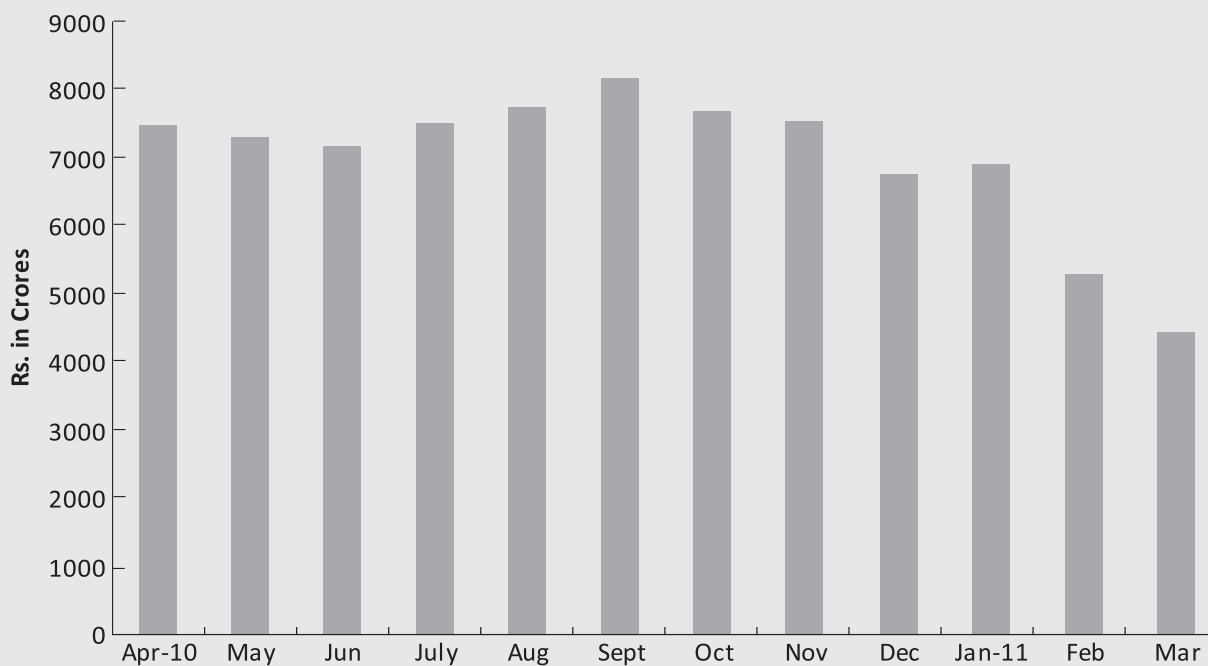
General Shareholder Information

1. Annual General Meeting : Saturday, the August 6, 2011 at 12.05 pm
Day, date and time
Venue : Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073
2. Book Closure Dates : 29-07-2011 to 06-08-2011 (both days inclusive)
3. Calendar of events
(tentative and subject to change)
for financial reporting for the
period ending
- Jun 30, 2011 : August, 2011
- Sep 30, 2011 : October, 2011*
- Dec 31, 2011 : January, 2012*
- Mar 31, 2012 : April, 2012*
- AGM for 2011-12 : July, 2012*
(* Expected)
4. Listing of equity shares is at : **The National Stock Exchange of India Limited**
Limited Exchange Plaza, Bandra Kurla Complex, Bandra East, Mumbai - 400 051
The Bombay Stock Exchange Limited
Floor 25, P J Towers, Dalal Street Fort, Mumbai - 400001
Annual Listing Fee has been paid for the year 2010-11 to both the Exchanges
5. Stock Code : BSE: 532708, NSE: GVKPIL
ISIN : INE251H01024
6. Corporate Identification Number : L74999AP2005PLC059013
(CIN) allotted by the Ministry of
Corporate Affairs
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. Reconciliation of Share : Reconciliation of Share Capital Audit Report is being carried out every quarter by a
Capital Audit Report practicing Company Secretary and his audit report is placed before the Board for
its perusal and filed regularly with the Stock Exchanges within the stipulated time.
9. Location : **Registered Office**
'Paigah House', 156-159, Sardar Patel Road, Secunderabad - 500 003
Phone No. 040-27902663 / 64, Fax: 040-27902665
Email: cs.gvkpil@gvk.com, Website: www.gvk.com
10. Registrar & : Karvy Computershare Private Limited
Share Transfer Agents Unit: GVK Power & Infrastructure Limited,
Plot No. 17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500 081
Phone: 040 - 44655168, Fax : 040 - 23420814
E-mail: mailmanager@karvy.com, website: www.karvy.com
11. Query on the Annual Report : P V Rama Seshu
(Shall reach 10 days before the AGM) General Manager, 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
09/07/2009	173,361,500	41.25	Cash	Qualified Institutional Placement (QIP)	1,579,210,400	22,756,210,755.34
Total	1,579,210,400					

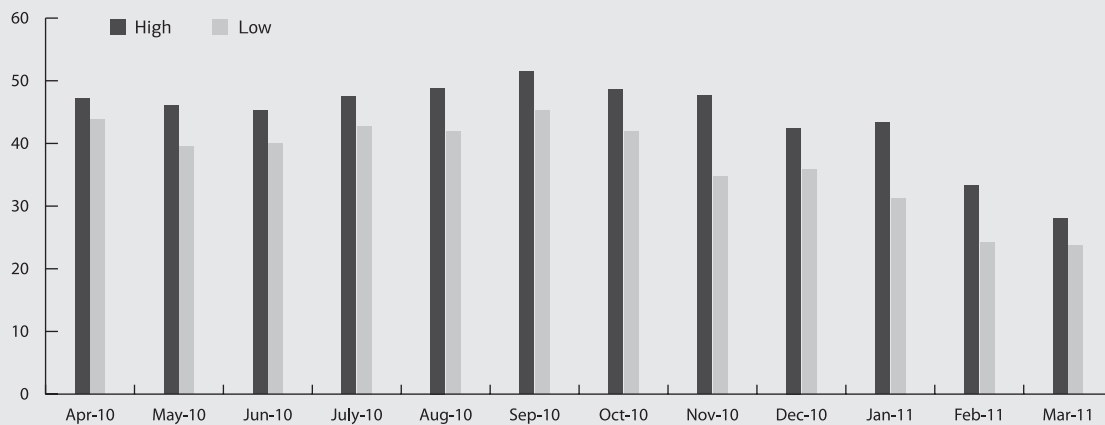
* Effective from 15.02.2008 the face value of the shares have been changed from Rs.10/- per share to Re.1/- per share.



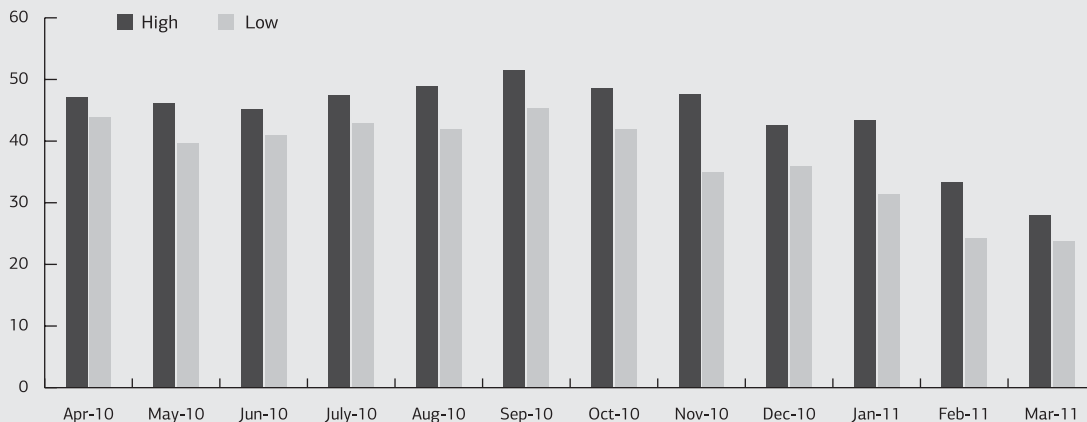
NSE Market Capitalisation Chart

Monthly high, low and trading volume of equity shares of the Company during the financial year 2010-2011

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, 2010	47.15	43.85	12,08,68,179	47.15	43.95	2,26,66,039	14,35,34,218
May	46.10	39.55	10,13,32,679	46.10	39.60	1,48,98,777	11,62,31,456
June	45.30	40.00	11,47,59,193	45.25	40.90	1,66,43,035	13,14,02,228
July	47.50	42.80	9,39,35,016	47.50	42.90	1,61,22,092	11,00,57,108
August	48.85	41.95	13,17,67,154	48.90	41.90	2,29,60,717	15,47,27,871
September	51.50	45.20	12,40,39,176	51.45	45.30	1,92,84,593	14,33,23,769
October	48.60	41.90	11,96,56,156	48.60	42.00	1,98,60,452	13,95,16,608
November	47.65	34.75	11,90,83,989	47.60	35.00	1,97,60,266	13,88,44,255
December	42.45	35.90	9,53,69,677	42.60	36.00	1,11,91,615	10,65,61,292
January, 2011	43.40	31.30	9,79,42,416	43.40	31.40	1,50,01,839	11,29,44,255
February	33.25	24.25	15,41,34,328	33.30	24.25	2,42,75,375	17,84,09,703
March	28.00	23.75	17,34,49,686	28.00	23.80	2,70,86,963	20,05,36,649



Price Movement in NSE



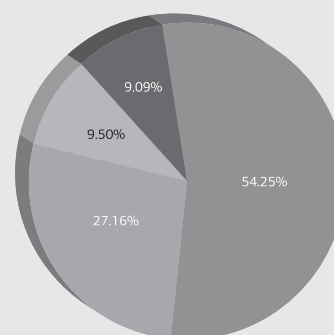
Price Movement in BSE

Details of Shareholding as on March 31, 2011

Category	Number of Shareholders	Total Shares	% of holding
Promoter Companies	3	9,96,82,430	6.31
Promoter Directors	4	55,99,54,410	35.45
Promoter Individuals	5	19,70,92,500	12.48
Directors & Relatives	7	85,360	0.01
Foreign Institutional Investors	116	42,88,59,748	27.16
Resident Individuals	2,35,309	11,34,32,660	7.18
Mutual Funds	63	6,98,36,449	4.42
Bodies Corporate	1,808	5,06,86,960	3.21
Banks	6	1,47,42,364	0.933
HUF	3,557	31,97,601	0.20
Insurance Companies	1	81,82,011	0.52
Non Resident Indians	3,049	74,98,656	0.47
Clearing Members	291	38,96,819	0.25
Trusts	16	1,30,04,581	0.82
Government	1	63,30,000	0.40
Overseas Corporate Bodies	1	3,75,000	0.02
Foreign nationals	1	2,000	0.00
Foreign Corporate Bodies	1	23,50,851	0.15
Total	2,44,239	1,57,92,10,400	100.00

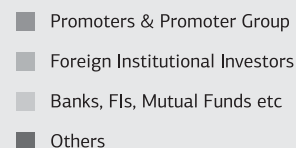
Distribution by category as on March 31, 2011

Category	Number of Shares	% of holding
Promoters & Promoter Group	85,68,14,700	54.25
Foreign Institutional Investors	42,88,59,748	27.16
Banks, Fls, Mutual Funds etc	15,00,08,137	9.5
Others	14,35,27,815	9.09
Total	157,92,10,400	100



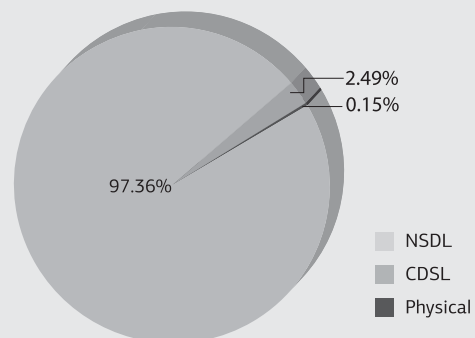
Distribution by size as on March 31, 2011

Range of equity shares held	No. of Shareholders	% of Shareholders	No. of equity shares	% of equity shares
1-5,000	2,41,619	98.93	8,83,28,613	5.60
5,001-10,000	1,424	0.58	1,07,87,088	0.68
10,001-20,000	543	0.22	78,11,524	0.49
20,001-30,000	164	0.07	40,65,151	0.26
30,001-40,000	73	0.03	25,97,963	0.16
40,001-50,000	63	0.03	29,46,549	0.19
50,001-1,00,000	107	0.04	78,32,435	0.50
1,00,001 & above	246	0.10	1,45,48,41,077	92.12
Total	2,44,239	100	1,57,92,10,400	100



Dematerialisation of Shares

Category	Shareholders	Number of Shares	%
NSDL	1,58,706	1,53,74,54,348	97.36
CDSL	79,438	3,93,70,563	2.49
Physical	6,095	23,85,489	0.15
Total	244239	1,57,92,10,400	100



As on March 31, 2011 over 99.85% of outstanding shares are held in demat form and the balance 0.15% 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, 2011.

For GVK Power & Infrastructure Limited

Place : Hyderabad
Date : May 7, 2011

Dr G V Krishna Reddy
Chairman & Managing Director

Management's Discussions and Analysis

About the Company

GVK Power & Infrastructure Limited (the Company) is a listed entity and an ultimate holding company of "GVK" which operates in diversified assets through different vertical businesses. The Company's assets are predominantly present in Energy, Airports, Transportation verticals among others like Oil & Gas, Industrial Park, Urban infrastructures etc. It conducts and operates its business through 8 subsidiaries, 12 step down subsidiaries and 3 associate companies (as on March 31, 2011). Revenue of the company are derived primarily from the O&M fee, incentives for operating the business of subsidiaries / associate and secondarily from the interest income earned out of managing the surplus funds through a better financial planning.

The Economy and the Sectoral growth

During 2010-2011, the Indian economy showed a growth of 8.6% compared to 8% in 2009-2010. The period under review has shown a remarkable resilience to both external and internal shocks. Raising inflation has caused a concern for the growth of economy. However, the Monetary Policy Stance in 2010-2011 has succeeded in keeping core inflation in check and control. As a result, the fiscal deficit for 2011-2012 is estimated to come down to 4.6% of GDP from 5.1% this year, which is largely attributable to the strong growth. The economy survey projected that the economic growth for the year 2011-2012 would be between 8.75 - 9%.

One of the major requirements for sustainable and inclusive economic growth is an extensive and efficient infrastructure network. The key to global competitiveness of the Indian economy lies in building a high class infrastructure. To accelerate the pace of infrastructure development and reduce the infrastructure deficit, the Government has initiated a host of projects and schemes to upgrade physical infrastructure in all crucial sectors. Despite several challenges, the positive results shown in some sectors are only because of the initiatives taken by the Government. However, required capacity addition in a time-bound manner needs focused attention in other sectors.

Efficient and reliable energy supplies are a precondition for accelerated growth of the Indian economy. While the energy needs of the country, especially oil and gas, are going to increase at a rapid rate in the coming decades, the indigenous energy resources are limited. Oil and gas constitute around 45% of total energy consumption. At the same time, the dependence on imports of petroleum and petroleum products continues to be around 80% of total oil consumption in the country.

During the financial year 2010-2011, production of crude oil is estimated at 37.96 million metric tonne (MMT), which is about 12.67% higher than the crude oil production of 33.69 MMT during 2009-2010. The projected production for natural gas, including coal bed methane (CBM), for 2010-2011 is 53.59 billion cubic metres (BCM) which is 12.80% higher than the production of 47.51 BCM in 2009-2010. The increase in natural gas production is primarily from the KG deepwater block.

The overall power generation in the country during the financial year 2010-2011 was 811.143 Billion Unit (BU) as compared to generation of 771.551 BU during the corresponding previous year, representing a growth rate of about 5.56%.

Thermal coal based power plants, which contribute 84% of the total generation, reported PLF of 76.1% (down 241bp YoY), given constrained demand. For the current FY 2010-2011, private sector reported generation growth at 26.1% YoY, while Central and state sector reported growth of 3.4% YoY and (2.6)% YoY respectively.

Coal is the most important and abundant fossil fuel in India. It accounts for 55% of the country's energy need. The Indian power sector is reeling under tremendous pressure in terms of domestic coal availability. Planning Commission estimates possible imports of 100 million tons in FY 2012 for the power sector. Global coal prices have started moving up (RB index up 31% since April 2009), M&A transactions are becoming expensive and coal availability is an issue worldwide. Coal India has indicated that production would be lower by 16 million tons in FY 2011 and by 39 million tons in FY 2012 due to the implementation of the Comprehensive Environment Pollution Index (CEPI) norms.

The Indian Civil Aviation Sector witnessed a strong recovery during 2010 from the adverse impact of the recent global financial crisis. The scheduled domestic passenger traffic at 52.5 million clocked a growth rate of 18% during the FY 2010-2011 as compared to 44.5 million during the corresponding period. Domestic cargo transported by air increased to 8,60,000 MT in FY 2010-2011 (PY6,88,000 MT) registering a growth rate of 25%.

Industry forecasts suggest that India will be the fastest growing civil aviation market in the world by 2020 with about 420 million passengers being handled by the Indian airport system as against 140 million in 2010, according to the Economic Survey 2010-2011. As per the Airport Council International report there was an increase of over 5 billion passengers using the world's airports in 2010, representing a growth of 6% and a 16% increase in tonnes of freight shipped through airports in 2010 in comparison with the previous year figures.

In 2010-2011, the achievement under various phases of the National Highways Development Project (NHDP) for the FY 2010-2011 has been about 1780.34 km and projects have been awarded for a total length of about 5083 km. A revised strategy has been adopted for implementation of NHDP by formulation of Work Plans - Work Plan I and II for awarding of about 12,000 km each during the years 2009-2010 and 2010-2011. These plans lay down a specific time frame for various activities and are being monitored very closely at various levels. Under Work Plan I so far 73 projects of 6,426 km length have been awarded and bids for a further nine are at various stages. Under Work Plan II, one project of 170 km length was awarded and bids for five more projects are under various stages of process.

Special Economic Zone (SEZ) as a concept are 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.

Assets under operation

i) Energy

GVK Industries Limited

Jegurupadu Phase I

During the year Jegurupadu Phase I was operated at a Plant Availability Factor (PAF) and Plant Load Factor (PLF) of 95.94 % and 76.62% (PY 98.58 % and 89.56%). The company reported a loss of Rs.29.03 Crores for the financial year 2010-2011 (PY Rs.0.15 Crores). The decline in PAF, PLF and profits are mainly due to non availability of gas.

The energy generated during the year was 1455.32 Million kWh (PY 1685.82 Million kWh) out of which 1422.74 Million kWh was exported and 32.58 MUs were for Auxiliary Consumption. The Station Heat Rate during the year was 2007 kcal/kWh as against 1968 kcal/kWh in the previous year.

Jegurupadu Phase II

During the year Jegurupadu Phase II was operated at a PAF and PLF of 89.17% and 81.75% (PY 95.29% and 90.35%). The Company reported a profit after tax of Rs.20.74 Crores for the financial year 2010-2011 (PY Rs.25.26 Crores). The decline in PAF, PLF and profits are mainly due to non availability of gas.

The energy generated during the year was 1638.85 Million kWh (PY 1742.47 Million kWh) out of which 1606.96 Million kWh was exported and 31.89 MUs were for Auxiliary Consumption. The Station Heat Rate during the year was 1824 kcal/kWh as against 1808 kcal/kWh in the previous year.

GVK Gautami Power Limited

During the year Gautami Phase I was operated at a Plant Availability Factor (PAF) and Plant Load Factor (PLF) of 88.64% and 83.39% (PY 91.47% and 88.20%). The company reported a profit after tax of Rs.76.58 Crores for the financial year 2010-2011 (PY Rs.28.14 Crores) showing a growth of 272.14%.

The energy generated during the year was 3422.90 Million kWh (PY 2937.98 Million kWh) out of which 3346.76 Million kWh was exported and 76.14 MUs were for Auxiliary Consumption. The Station Heat Rate during the year was 1825.60 kcal/kWh as against 1798.98 kcal/kWh in the previous year.

ii) Airport

During the year 2010-2011, Mumbai and Bengaluru airports together have handled passenger traffic of 40.7 million. With these two busy airports under our management, GVK would be India's biggest airport operator in the private sector.

Mumbai International Airport Private Limited (MIAL)

During the year MIAL handled 29.07 Mio (PY 25.61 mio) passenger traffic, handled 242,659 ATMs (PY 229,799 ATMs) and 340,260 MT (PY 250,237 MT) of Cargo reflecting a growth of 14%, 5.6% and 36% respectively. The company reported a profit after tax of Rs.197.04 Crores for the financial year 2010-2011 (PY Rs.132.80 Crores) showing a growth of 48%.

MIAL had completed 31 of the 32 mandatory projects under OMDA as of December 2010. The only mandatory project remaining to be completed is the S.09 International Terminal Expansion - South West Pier which is pending due to the delay in handing over of Chhatrapati Shivaji Maharaj statue area. During the year Terminal 1C was inaugurated with a lot of retail offerings. CSIA has become the first Indian airport website, to offer mobile airport portal.

In terms of benchmarking with other Indian airports, CSIA stood 1st with 28.5% share in total cargo tonnage and 2nd with share of 20.3% in passengers travelled and 17.4% in aircraft movements, across the country. MIAL achieved Airport Service Quality rating of 4.60 on a scale of 5. During the year under review MIAL has undertaken various development projects viz., Reconstruction work of the main runway 09/27 which has already started and likely to be completed in June 2011. Completion of S.09-International Terminal Expansion (South West Pier) project is synchronized with opening of Integrated Terminal (Phase 2-International Operations) by March 2012. Integrated Terminal completion forecast is impacted due to delay in handing over of Chhatrapati Shivaji Maharaj statue area. Construction of New ATC Tower, a 24 Mtrs wide channel for widening the Mithi river and construction of Sahar access road and Multi Level Car Parking facility are in full swing and are expected to be completed during mid 2012.

Bangalore International Airport Limited (BIAL)

During the year BIAL handled 11.63 Mio (PY 9.92 mio) passenger traffic, handled 111,787 ATMs (PY 104,653 ATMs) and 222,783 MT (PY 174,648 MT) of Cargo reflecting a growth of 17%, 7% and 28% respectively. The company reported a profit after tax of Rs.132.10 Crores for the financial year 2010-2011 (PY Rs.77.70 Crores) showing a growth of 70%.

BIAL achieved on time departure of 81.3% of the flights from the Airport and received Airport Service Quality rating of 4.12 on a scale of 1 to 5. BIAL has been recommended for QMS and OHSAS Certifications after successful completion of the audit by the Certification Body - Det Norske Veritas (DNV). BIAL has signed an agreement with KPMG for developing a Robust Business Continuity Management Plan for the airport followed by the certification by the BSI. In May 2010, the Company received ISO 27001 certification for Information Security Management System (ISMS) Standards.

During the year under review BIAL has undertaken various development projects viz., A new and spacious VIP lounge at the Airport has been opened in January 2011. The expansion of the existing terminal 1 has been designed to enhance the operational performance in order to handle, inter-alia, the increase of passenger traffic from the current 11.2 million passengers to approximately 17.2 million passengers annually up to the year 2015. The Project is scheduled to be completed within a period of 18 months from the commencement of its construction.

iii) Transportation

GVK Jaipur Expressway Private Limited

A 90.4 Km Jaipur - Kishangarh Expressway on NH-8 connecting Mumbai and New Delhi is a BOT project and is a part the prestigious Golden Quadrilateral Project undertaken by the Central Government of India through National Highways Authority of India (NHAI) connecting all four major metro cities i.e. New Delhi, Mumbai, Chennai and Kolkata. Following is the gist of performance of this asset.

Toll collected by the Company during the year was Rs.189.16 Crores (PY Rs.170.75 Crores) registering a growth of 11%. The profit after tax is at Rs.80.02 Crores for the year (PY Rs.58.96 Crores) showing a growth of 35.73%. Multi Axis vehicles alone have contributed 73% of the toll revenue collections during the year. This is the first road project in India to have shared certain agreed percentage of excess toll revenue over the projected toll fee with NHAI.

Assets under development

i) Energy

Alaknanda Hydro Power Company Limited

The 330MW Alaknanda Hydro Electric Power Project on the river Alaknanda, Srinagar, Uttarakhand is being implemented with an estimated project cost of Rs.3,675 Crores. The Excavation in the Power House, the Forebay work, penstock work are fully

completed and the 335000 M³ (i.e. 61%) of concrete for dam is complete. All other major works at project are being completed as scheduled and the project is expected to be commissioned by 2012.

GVK Power (Goindwal Sahib) Limited

The 540MW the thermal (coal based) power project in Tarn Taran district, Punjab is being set up at an estimated cost of Rs.3,200 Crores. The Power House building piling work and bunker bay concrete piling and raw water reservoir excavation work completed to the extent of 85% and BTG works are in full swing and the project is expected to be commissioned by 2013.

GVK Ratle Hydro Electric Project Private Limited

The SPV is formed to implement 810 MW Ratle Hydro Electric Project on the river Chenab, Kishtwar District, in the State of Jammu & Kashmir. Necessary Power Purchase Agreement is executed and CEA / PGCIL had approved the proposal for erection of 400kV double circuit line from Dulhasti HEP to Kishanpur. All requisite intimations have been sent to United Nations Framework Convention on Climate Change (UNFCCC) as well as the Host Country (MOEF). Cost of the project is estimated at Rs.5368 Crores and expected to be operational by March, 2017.

Goriganga Hydro Power Private Limited

The 370MW run of the river Hydel Project on the river Goriganga in Uttarakhand is being implemented through two projects 170 MW Bogudiyar Sirkari Bhyol Project and 200 MW Mapang - Bogudiyar. Topographical Survey, Geological and Geophysical investigations and Meteorological Data collection have been completed. The Hydrology and Interstate angle has been cleared. The company has taken up the 200 MW Mapang - Bogudiyar project first for which the Detailed Project Report (DPR), Excavation and Levelling for preparation of Ground for site, office, workshop and construction of access roads are in progress. Cost of these projects are estimated at Rs.2,600 Crores and are expected to be operational by 2015.

GVK Power (Khadur Sahib) Private Limited

Incorporated on April 12, 2011 as a subsidiary of GVK Energy Limited to execute 2 x 660 MW capacity coal based thermal power project with super critical technology, proposed to be developed in the additional land at the existing Goindwal Sahib site in Tarn Taran District, Punjab. Necessary MOU has been executed with PSPCL to this affect on February 3, 2011. M/s. Lahmeyer International has been appointed as consultants to prepare the DPR and M/s. VIMTA labs as consultants for obtaining Environmental Clearance from MoEF.

GVK Coal (Tokisud) Company Private Limited

This company is incorporated mainly to support the fuel requirements of GVK's Goindwal Sahib Project. The tokisud block has 52 million tones of mineral reserves. The Forest Advisory Committee, MoEF, New Delhi had accorded in-principle clearance for diversion of forest land of 926 acres in favour of the company. The Rehabilitation & Resettlement proposal has been approved and foundation for commencement of construction of bridge on Damodar River was laid, Excavation and PCC was completed for Pier 1, 2 & 3.

Seregarha Mines Limited

The company was incorporated as a SPV to support the fuel requirements of Goindwal Sahib project. Tokisud and saregarha coal mines together have estimated coal reserves of 119 million tones and will cater the fuel requirements of Goindwal Sahib for 25 years in the ratio of 55:45. The prospecting License and Exploration Contract have been executed and the work has commissioned.

ii) Airport

Your Company has signed two MoUs with Indonesian Government during its President's State visit to India in January 2011 to develop green field international airports in North Bali and Yogyakarta (Java), Indonesia. Bali and Java are the prime destinations for tourist traffic from both Europe and Asia. The signing of these MoUs marks a very significant milestone for GVK and your Company is confident that these agreements will yield significant synergies.

iii) Transportation

GVK Deoli Kota Expressway Private Limited

The company was incorporated as a Special Purpose Vehicle to implement and augment the existing Deoli-Kota Section of National Highway (NH) No. 12 from Km 165 to Junction of NH - 76 on Kota Bypass (approximately 83.04 Km) in the State of

GVK Power & Infrastructure Limited

Rajasthan by four laning on design, build, finance, operate and transfer (DBFOT) basis ("Project"). The financing documents are executed on January 5, 2011 with a consortium of lenders for an estimated project cost of Rs.823.45 Crores with debt equity of 80:20. The project would become operational within 30 months as per the Concession Agreement.

GVK Bagodara Vasad Expressway Private Limited

During February 2011 a Special Purpose Vehicle - GVK Bagodara Vasad Expressway Private Limited was incorporated to implement the Six Laning of existing three lanes of Bagodara - Wataman - Tarapur - Vasad Road Project (State Highway No.8, Km 0/0 to Km 101/9) (approximately 101 Km) in the State of Gujarat on BOT Basis. Requisite Concession Agreement has been executed with the Gujarat State Road Development Corporation. The cost of the project estimated Rs.1200 Crores. The project would become operational within 30 months as per the Concession Agreement.

iv) Other assets

GVK Perambalur SEZ Private Limited

GVK has signed a MOU with TIDCO to develop 3184 acre multi product SEZ in Perambalur district, Tamilnadu. The Tamilnadu Water Supply and Drainage Board (TWAD Board) has approved the water supply for 3 MLD from River Vellar and given technical approval for 44 MLD from River Kollidam. Total estimated cost of the project is Rs.750 Crores. The total expenditure incurred so far is Rs.113.01 Crores, expenditure incurred on land acquisition is Rs.101.37 Crores.

GVK Oil & Gas Limited

Your company in consortium with BHP Billiton, the largest diversified resource company, has been awarded 7 deepwater blocks under NELP VII. The consortium of GVK-BHPB acquired 6373 CMP Km of 2D Over/under seismic data in season-I and 6851.5 CMP Km of 2D data in Season-II. The pre-processed seismic data has been sent to CGG Veritas in Calgary in Canada, for final PSDM (Pre Stack Depth Migration) processing. The gravity and magnetic data of season I were sent to Edcon in Denver, USA for processing.

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 the 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

Energy

At present, the company has three operational gas based power plants, totalling to 919 MW. Gas is being sourced from ONGC through GAIL for Jegurupadu Phase - I and to the extent that GAIL is not able to supply, the requirement for Jegurupadu Phase I and for the entire requirement of Jegurupadu phase II and Gautami, it is sourced from Reliance Industries Limited (RIL) with whom we have a contract.

There has been a reduction in the natural gas supply from KG basin wells of Reliance Industries Ltd. The Plant Load Factor for all three power plants for the year ended March 31, 2011, was comparatively low against the previous year, mainly because RIL has been supplying only 90% of the firm allocation quantity on a daily basis.

Your company's initiatives for development and expansion of the Jegurupadu Phase III and Gautami Phase II Projects are affected by the acute shortage of availability of natural gas and your company is cautious and is exploring possible options before proceeding further.

For the hydel & coal projects any unforeseen adverse weather conditions and un controllable factors can delay construction and commissioning of the projects.

Airports

GVKPIL through its subsidiaries/ associates, is currently operating, managing and developing the airports, Mumbai International Airport and Bengaluru International Airport. Revenues at the airports are to some extent relatable to traffic - both passengers and aircraft. Further growth in revenues is also linked to aviation fuel prices, hike in aero charges which are within the ambit of

Government. Other factors such as economic growth, weather, and unforeseen events may affect growth and traffic. Likewise, aero revenues and income from real estate may also be impacted by market conditions and regulatory uncertainties.

Transportation

The company's one operational asset GVK Jaipur Expressway Private Limited is doing well and the company has realized growth in traffic and revenues. However, unforeseen events such as strikes and agitations, adverse weather conditions, economic down turns may impact growth and revenues.

SEZ

GVKPIL is developing a multi product SEZ in Perambalur, Tamil Nadu. SEZs across the country have not progressed much because of adverse global economic conditions coupled with the factors peculiar to India. Activity at our SEZ is expected to pick up with economic growth and supporting environmental factors. Developers of Special Economic Zones (SEZs) and units operating in these zones have been brought under the ambit of Minimum Alternate Tax (MAT) which could impact firms in these tax-free enclaves and hurt the development of SEZs.

Oil & Gas

Seven deep water blocks that were awarded under NELP VII are currently undergoing technical analysis which will continue for another year or two. Work in progress may get delayed due to factors such as exercise that may be undertaken by Indian Navy, weather conditions, availability of equipments etc.

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 increased by 108.01% to Rs.123.06 Crores as compared to Rs.59.16 Crores of the previous year.

Expenditure

The Company's total expenditure, comprising of staff costs, and other administrative expenses, increased by 31.70% to Rs.36.07 Crores for the year ended March 31, 2011 from Rs.27.39 Crores when compared to the previous year ended March 31, 2010.

Interest

Interest expenses stood at Rs.14.95 Crores (previous year figure was Rs.1.50 Crores)

Profit before tax (PBT)

PBT increased by 137.93% to Rs.72.03 Crores for the current year from Rs.30.28 Crores in the previous year.

Profit after tax

The Company's profit after tax increased by 214.85% to Rs.68.29 Crores for the year ended March 31, 2011 from Rs.21.69 Crores as compared to the previous year.

EPS

The earnings per share for the current year stood at Rs.0.43 as compared to Rs.0.15 per equity share of Re.1/- each in the previous year.

Consolidated Financials

The current year results include the results of the 23 companies including 8 subsidiaries and 12 step down subsidiaries and 3 associates. The Consolidated Financial Statements have been drawn as per the Accounting Standards 21 and 23 issued by the Institute of Chartered Accountants of India. These companies operate broadly in a) Power b) Road and C) Other sectors.

Revenue

The Company reported gross revenue of Rs.1943.19 Crores for 2010-2011 compared to Rs.1,815.82 Crores in the previous year.

Profit after tax

The Company reported profit after tax and minority interest of Rs.154.91 Crores for 2010-2011 as compared to Rs.155.87 Crores in the previous year.

Earning Per Share (EPS)

The earnings per share at consolidated level for the current year stands at Rs.0.98 as compared to Rs.1.02 per equity share of Re.1/- each in the previous year.

Net Worth

The net worth in the current year stands at Rs.3386.78 Crores as compared to Rs.3155.92 Crores in the previous year.

Clean Development Mechanism

GVKPIL has build inhouse capacity to develop Clean Development Mechanism (CDM) projects and obtain the registration and issuance of the same in the form of Certified Emission Reductions (CERs) from the United Nations Framework Convention Climate Change (UNFCCC).

Validation Report of Alaknanda Hydro Power Company Limited has been finalised and is expected to be filed with UNFCCC shortly. The company is in the process of filing its validation Reports with UNFCCC for two of its other power projects also.

Internal Control System and Adequacy

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

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

Human Resources

Your company's human capital remains one of 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 improve its policies tailored to enhance individual and organizational welfare. Participative style of management ensures excellent relations throughout the organization. Your company aims to become the "employer of choice" in the industry and is on course to achieve the stated objective. As on March 31, 2011, the total number of employees of the Company, its Subsidiaries and Associates at various locations stands at 2,768 approximately.

Future Outlook

We endeavour 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. As per the economic survey for the year 2011-2012 an allocation of over Rs.2,14,000 Crores is being made for this sector, which is 23.3% higher than the current year. This amounts to 48.5% of the gross budgetary support to plan expenditure. The Government has launched the National Capacity Building Program to enhance capacities of public functionaries in identifying, conceptualizing, structuring and managing Public Private Partnerships (PPPs).

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.

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 Group'), as at March 31, 2011, 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.113,908 Lakhs as at March 31, 2011, the total revenue of Rs.190,209 Lakhs and net cash flows amounting to Rs.8,620 Lakhs 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.11,093 Lakhs for the year ended March 31, 2011. 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 7(a) of Schedule 19, regarding pending confirmation for and approval by the Andhra Pradesh Electricity Regulatory Commission (APERC) of the increase in capital cost and consequential accruals of revenue to that extent being the fixed charge component of the tariff for the years 1997-1998 to 2000-2001 aggregating to Rs.4,512 Lakhs by GVK Industries Limited, a Subsidiary;
 - ii) Note 7(b) and 7(c) of Schedule 19, regarding outstanding minimum alternate tax amounts claimed for reimbursement and other amounts aggregating to Rs.3,500 Lakhs and Rs.76 Lakhs respectively considered recoverable from AP Transco and consequential impact on taxes in GVK Industries Limited and GVK Gautami Power Limited's books, Subsidiary Companies; and
 - iii) Note 16 of Schedule 19 to the financial statements, a subsidiary company has made certain transactions covered by the provisions of Section 297 of the Companies Act, 1956, where the prior approval of the Central Government is required, but has not been so obtained. The Company has applied to the appropriate regulatory authorities for regularisation of this non-compliance.

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.
5. 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 Group as at March 31, 2011;
 - (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**

Firm Registration No : 101049W

Chartered Accountants

per **Vikas Kumar Pansari**

Partner,

Membership No.: 93649

Place : Hyderabad

Date : May 7, 2011

Consolidated Balance Sheet as at March 31, 2011

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

	Schedules	March 31, 2011	March 31, 2010
Sources of Funds			
Shareholders' funds			
Share capital	1	15,792	15,792
Share application money pending allotment			
Reserves and surplus	2	322,886	299,800
		338,678	315,592
Deferred income		17,027	17,865
Minority interest		115,336	25,008
Loan funds			
Secured loans	3	533,337	443,048
Unsecured loans	4	21,500	1,500
		554,837	444,548
Deferred tax liability (net)	19(10)(B)	5,761	8,902
Total		1,031,639	811,915
Application of Funds			
Fixed assets			
Gross block	5	475,769	484,112
Less: Accumulated depreciation and amortisation		108,581	89,280
Net block		367,188	394,832
Expenditure incurred during construction period, pending allocation	6	63,324	32,194
Capital work-in-progress including capital advances		311,174	166,817
		741,686	593,843
Investments	7	250,171	193,820
Deferred tax asset (net)	19(10)(A)	62	52
Current assets, loans and advances			
Inventories	8	4,309	3,547
Sundry debtors	9	6,930	6,757
Cash and bank balances	10	33,264	5,078
Loans and advances	11	17,156	9,918
Other current assets	12	17,867	19,331
	(A)	79,526	44,631
Less: Current liabilities and provisions			
Current liabilities	13	37,370	18,055
Provisions	14	2,436	2,376
	(B)	39,806	20,431
Net current assets (A-B)		39,720	24,200
Total		1,031,639	811,915
Notes to Consolidated Accounts	19		

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

For **S. R. Batliboi & Associates**
Firm Registration No. 101049W
Chartered Accountants

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

Place : Hyderabad
Date : May 7, 2011

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

Dr G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
GM & Company Secretary

Consolidated Profit and Loss Account for the year ended March 31, 2011

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

	Schedules	March 31, 2011	March 31, 2010
Income			
Sale of electrical energy		171,293	160,328
Income from Toll Operations		18,916	17,075
Fees from manpower and consultancy services (Net of service tax Rs. 129 (March 31, 2010: Rs 130))		1,257	1,261
Other income	15	2,853	2,918
		194,319	181,582
Expenditure			
Cost of fuel		114,171	105,423
Personnel expenses	16	3,349	2,399
Operating, Maintenance & Administration expenses	17	22,547	24,012
Financial expenses	18	26,314	21,710
Depreciation and amortisation	5	18,364	13,712
		184,745	167,256
Profit before tax and share of profits of associate and minority interest			
		9,574	14,326
Provision for taxation			
Current tax		5,639	2,416
Less: MAT credit entitlement		(3,132)	(920)
Deferred tax [net of unbilled revenue Rs. 2,747 (March 31, 2010: Rs. 24)]		(404)	26
Income tax for earlier years		29	480
Fringe benefit tax		-	(1)
Profit after tax and before share of profits of associates and minority interest			
		7,442	12,325
Add: Share of profits of associates for the year		11,093	5,168
Less: Minority interest		3,044	1,906
Profit for the year			
		15,491	15,587
Balance brought forward from previous year		43,561	27,974
Surplus carried to Consolidated Balance Sheet			
		59,052	43,561
Earnings per share (in Rs.)			
- Basic		0.98	1.02
- Diluted		0.98	1.02
Nominal value per equity share (in Rs.)		1	1
Weighted average number of equity shares			
- Basic		1,579,210,400	1,532,189,062
- Diluted		1,579,210,400	1,532,189,062
Notes to Consolidated Accounts			
	19		

The Schedules referred to above and 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**
Firm Registration No. 101049W
Chartered Accountants

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

Place : Hyderabad
Date : May 7, 2011

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

Dr G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
GM & Company Secretary

Schedules to the Consolidated Accounts

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

	March 31, 2011	March 31, 2010
Schedule 1: Share Capital		
Authorised		
2,500,000,000 (March 31, 2010: 2,500,000,000) equity shares of Re.1/- each	25,000	25,000
Issued, subscribed and paid-up		
1,579,210,400 (March 31, 2010: 1,579,210,400) equity shares of Re.1/- each	15,792	15,792
Of the above shares:		
- 52,850,000 (March 31, 2010: 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 (March 31, 2010: 703,250,000) equity shares of Re. 1/- each are allotted as fully paid up as per the scheme of amalgamation.		
- 90,462,150 (March 31, 2010: 90,462,150) equity shares of Re.1/- each are allotted as fully paid up as per the scheme of arrangement.		
- 173,361,500 (March 31, 2010: 173,361,500) equity shares of Re.1/- each have been allotted as fully paid up pursuant to the Qualified Institutional Placement.		
	15,792	15,792
Schedule 2: Reserves and surplus (Refer note 12 of schedule 19)		
Capital reserve on acquisition		
As per last Balance Sheet	39,352	39,235
Add: Addition during the year	8,178	117
	47,530	39,352
General reserve	952	952
Securities premium account		
Balance as per last account	215,935	147,169
Add: Received during the year	-	69,951
Less: Utilised for share issue expenses	583	1,185
	215,352	215,935
Profit and loss account	59,052	43,561
	322,886	299,800
Schedule 3: Secured loans (Refer note 6 of schedule 19)		
Debentures	75,000	68,500
7,500 - 10% Secured Redeemable Non-Convertible Debentures of Rs.1,000,000 each redeemable on December 11, 2011. (March 31, 2010: 6,850 - 8.98% Secured Redeemable Non-convertible Debentures of Rs.1,000,000/- each redeemable on December 12, 2010)		
Term loans from banks		
Rupee loans	286,721	176,783
Foreign currency loans	42,912	45,458
Loans and advances from banks		
Buyers' credit	2,651	-
Working capital loans	5,698	2,223
Short term loans	-	32,534
Vehicle loan	159	-
Other loans and advances		
Rupee term loans	120,196	102,550
Rupee short term loans	-	15,000
	533,337	443,048
Schedule 4 : Unsecured loans		
Short term loans and advances from banks	21,500	1,500
	21,500	1,500

Schedules to the Consolidated Accounts

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

Particulars	Gross Block				Depreciation / Amortisation				Net Block	
	As at April 01 2010	Additions/ adjustments during year	Deletions/ adjustments during year	As at March 31 2011	As at April 1 2010	For the year	Deletions/ adjustments during the year	As at March 31 2011	As at March 31 2011	As at March 31 2010
Tangible Assets:										
Freehold Land	26,338	5,144	20	31,462	-	-	-	-	31,462	26,338
Leasehold Land	1,253	-	-	1,253	66	42	-	108	1,145	1,187
Buildings	-	-	-	-	-	-	-	-	-	-
i) Factory building	6,798	24	-	6,822	1,784	232	-	2,016	4,806	5,014
ii) Non-factory building	8,349	42	-	8,391	558	135	-	693	7,698	7,791
Plant and machinery	347,035	1,446	14,759	333,722	75,585	16,070	83	91,572	242,150	271,450
Computers and computer equipments	513	133	-	646	302	65	-	367	279	211
Office equipment	537	168	-	705	139	30	-	169	536	398
Electrical equipment	88	27	-	115	27	6	-	33	82	61
Furniture and fixtures	435	101	-	536	188	34	-	222	314	247
Vehicles	586	216	21	781	224	58	15	267	514	362
Intangible assets:										
Toll collection rights	67,796	-	-	67,796	10,393	2,695	-	13,088	54,708	57,403
Goodwill	24,271	0	960	23,311	-	-	-	-	23,311	24,271
Software	113	116	-	229	14	32	-	46	183	99
Total	484,112	7,417	15,760	475,769	89,280	19,399	98	108,581	367,188	394,832
As at March 31, 2010	212,692	271,432	12	484,112	76,796	12,492	8	89,280	394,832	

Notes:

1. Depreciation amounting to Rs.197 (March 31, 2010: Rs.234) for the year transferred to expenditure incurred during construction period pending allocation.
2. Depreciation for the year is net of amount withdrawn from deferred income Rs.858 (March 31, 2010: Rs. (1,454)).
3. Exchange gain adjusted to fixed assets during the year Rs. 255 (March 31, 2010: Rs. 3,701).
4. Deletions include refund of customs duty aggregating to Rs. 13,241 (March 31, 2010: Rs. Nil)

Schedules to the Consolidated Accounts

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

Schedule 6 : Expenditure incurred during construction period pending allocation

Particulars	As at April 01, 2010	Additions During the year	As at March 31, 2011
Personnel expenses:			
Salaries, allowances and bonus	932	959	1,891
Contribution to provident and other funds	8	22	30
Staff welfare	55	39	94
Power, fuel & water charges	84	46	130
Stores and consumables	245	63	308
Rent	185	197	382
Rates & Taxes	1,397	458	1,855
Communication costs	112	41	153
Travelling and Conveyance	1,819	1,242	3,061
Legal and professional charges	6,344	3,737	10,081
Survey charges	71	29	100
Repairs & Maintenance:			
Building	286	145	431
Plant & Machinery	21	-	21
Others	90	125	215
Insurance	959	535	1,494
Land lease charges	8	-	8
Printing & Stationery	68	38	106
Remuneration to directors	315	104	419
Office and Guest house maintenance	31	17	48
Loss on sale of assets(net)	10	-	10
Tender fees paid	10	-	10
Foreign exchange fluctuations (net)	1,339	(196)	1,143
Miscellaneous expenses	976	445	1,421
Depreciation	349	197	546
Project Premium	-	3,450	3,450
Financial expenses:			
Interest on fixed period loans	15,315	19,023	34,338
Interest on other loans	1,464	440	1,904
Corporate guarantee commission	-	48	48
Bank charges	970	611	1,581
Sub Total - (A)	33,463	31,815	65,278
Less:			
Interest income	85	35	120
Dividends from mutual funds	432	544	976
Profit on Sale of mutual funds	3	42	45
Provisions no longer required written back	688	6	694
Tender fee received	5	-	5
Sale of Scrap	56	-	56
Gain on forward contracts	-	58	58
Sub Total- (B)	1,269	685	1,954
Balance carried to Balance Sheet - (A-B)	32,194	31,130	63,324

Schedules to the Consolidated Accounts

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

Schedule 7: Investments

	March 31, 2011	March 31, 2010
Long term investments (at cost)		
Trade (unquoted), fully paid equity shares		
In associates		
Mumbai International Airport Private Limited (296,000,000 (March 31, 2010: 222,000,000) equity shares of Rs.10/- each)	29,600	22,200
Add: Opening balance of accumulated profit	15,496	10,586
Add: Profit for the current year	7,290	4,910
	52,386	37,696
Bangalore International Airport Limited (111,534,000 (March 31, 2010: 111,534,000) equity shares of Rs.10/- each) (includes Goodwill amounting to: Rs. 107,989)	117,311	117,311
Add: Opening balance of accumulated profit	259	-
Add: Profit for the current year	3,803	259
	121,373	117,570
Seregarha Mines Limied (22,225 (March 31, 2010: 22,225) equity shares of Rs.10/- each)	2	2
Other than trade, unquoted		
National savings certificates	1	1
Sub - Total (A)	173,762	155,269
Current Investments (at lower of cost and market value)		
Other than trade (quoted)		
Investments in units of Mutual Funds	73,964	38,551
Certificate of Deposit	2,445	-
(Aggregate market value of quoted investments Rs. 77,275 (March 31, 2010: Rs.38,665))		
Sub - Total (B)	76,409	38,551
Total (A+B)	250,171	193,820

Schedules to the Consolidated Accounts

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

	March 31, 2011	March 31, 2010
Schedule 8 : Inventories (at lower of cost and net realisable value)		
Stores, spares and consumables	4,309	3,547
	4,309	3,547
Schedule 9 : Sundry debtors		
(Refer note 7 of schedule 19)		
Unsecured, considered good		
Outstanding for a period exceeding six months	6,327	6,644
Other debts	603	113
	6,930	6,757
Schedule 10 : Cash and bank balances		
Cash on hand	75	185
Balances with scheduled banks on:		
- On current accounts	9,679	1,611
- On fixed deposits	22,757	2,025
- On margin money deposit accounts	733	1,232
- On unpaid dividend accounts	20	25
	33,264	5,078
Schedule 11 : Loans and advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	10,186	6,312
Share application money	209	490
Deposits	2,043	1,471
Other receivables	212	237
MAT credit entitlement	4,052	920
Advance tax (net of provision)	454	488
	17,156	9,918
Schedule 12 : Other current assets		
Unbilled revenues	17,326	19,170
(Refer note 7 and 9(B) of schedule 19)		
Interest accrued but not due on deposits	495	74
Other receivables	46	36
Guarantee Commission receivable	-	51
	17,867	19,331
Schedule 13 : Current liabilities		
Sundry creditors	20,695	10,615
Book overdraft	-	161
Retention money	12,898	3,588
Unpaid dividend	20	25
Due to directors	7	52
Interest accrued but not due on loans	2,849	2,885
Other liabilities	901	729
	37,370	18,055
Schedule 14 : Provisions		
Provision for income tax (net of advance tax payments)	783	149
Provision for wealth tax	-	1
Provision for resurfacing obligation (Refer note 15 of schedule 19)	1,133	1,912
Provision for gratuity	296	184
Provision for compensated absence	224	130
	2,436	2,376

Schedules to the Consolidated Accounts

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

	March 31, 2011	March 31, 2010
Schedule 15 : Other Income		
Interest		
on banks	665	647
on Others	319	30
Dividend income from non trade current investments	169	1,303
Profit on sale of investments from non trade current investments (net)	1,497	78
Excess provisions / credit balances written back	26	62
Guarantee commission	71	97
Foreign exchange fluctuations	-	473
Provision for diminution in value of investments no longer required written back	-	199
Miscellaneous income	106	29
	2,853	2,918
Schedule 16 : Personnel expenses		
Salaries, allowances and bonus	3,103	2,229
Contribution to provident and other funds	109	67
Retirement benefits	37	13
Staff welfare	100	90
	3,349	2,399
Schedule 17 : Operating, Maintenance & Administration expenses		
Operating and maintenance expenses	392	284
NHAI share of toll fee	1,716	1,450
Minimum off take price for naphtha	10	12
Rent	244	183
Rates and taxes	499	115
Insurance	790	788
Repairs and maintenance:		
- Buildings	53	44
- Roads	3,082	9,123
- Plant and machinery	4,801	2,361
- Others	574	352
Vehicle hire charges	58	41
Electricity and water	244	212
Travel and conveyance	624	429
Communication	139	97
Printing and stationery	125	53
Advertisement	78	138
Bid and tender document charges	235	158
Legal and professional charges	3,061	2,306
Prompt payment rebate	4,223	3,917
Auditor's remuneration	15	17
Directors' sitting fee	25	22
Donation	657	1,317
Foreign exchange fluctuations (net)	399	-
Loss on sale of fixed assets (net)	1	2
Insurance claims and assets written off	-	266
Miscellaneous expenses	502	325
	22,547	24,012
Schedule 18 : Financial expenses		
Interest on loans from banks		
- on fixed period loans and debentures	18,570	16,264
- on other loans	252	432
Interest on loans from others	6,625	4,152
Bank charges	867	862
	26,314	21,710

Consolidated Cash Flow Statement for the year ended March 31, 2011

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

	March 31, 2011	March 31, 2010
Cash flow from Operating Activities		
Profit before tax	9,574	14,326
Adjustments for		
Depreciation and amortisation	18,364	13,712
Dividend income from non trade current investments	(169)	(1,303)
Interest income	(984)	(677)
Interest expense	25,447	20,848
Insurance claims and assets written off	-	266
Profit on sale of investments from non trade current investments (net)	(1,497)	(78)
Loss on sale of fixed assets (net)	1	2
Unrealised foreign exchange loss	520	6
Excess provisions / credit balances written back	(26)	(62)
Provision for diminution in value of long term investments (other than trade)	-	(199)
Operating profit before working capital changes	51,230	46,841
Movements in working capital		
Increase in sundry debtors and other current assets	(967)	(12,104)
(Increase)/decrease in inventories	(762)	271
Increase in loans and advances	(4,512)	(3,582)
Increase in current liabilities and provisions	855	6,149
Cash generated from operations	45,844	37,575
Direct taxes paid	(4,983)	(2,200)
Net cash from Operating Activities (A)	40,861	35,375
Cash flows from Investing Activities		
Purchase of fixed assets	(146,123)	(81,334)
Proceeds from sale of fixed assets	14,446	1
Proceeds from deemed disposal of stake in subsidiaries	24,783	-
Payments for net assets acquired of subsidiaries, net of cash	(2)	(11,264)
Purchase of investments/investments in associates	(7,400)	(124,711)
Purchase of mutual funds investments	(382,934)	(244,694)
Proceeds from sale of mutual funds investments	349,773	214,703
Share application money (net of refund received)	233	13
Investments in certificate of deposit	(2,445)	-
(Increase)/Decrease in bank deposits	(19,307)	3,062
Interest received	615	904
Net cash used in Investing Activities (B)	(168,361)	(243,320)

Consolidated Cash Flow Statement for the year ended March 31, 2011

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

		March 31, 2011	March 31, 2010
Cash flows from Financing Activities			
Proceeds from share issue, net of share issue expenses		-	70,500
Money received from minority shareholders (net)		71,524	419
Proceeds from long term borrowings		151,110	109,432
Repayment of long term borrowings		(52,058)	(53,796)
Proceeds from/(repayment of) short term borrowings (net)		10,750	94,726
Interest paid		(44,947)	(20,817)
Net cash from Financing Activities	(C)	136,379	200,464
Net (decrease)/increase in cash and cash equivalents	A+B+C	8,879	(7,481)
Cash and cash equivalents at the beginning of the year		3,809	11,290
Cash and cash equivalents at the end of the year		12,688	3,809
Components of cash and cash equivalents			
Cheques and Cash on hand		75	185
Balances with scheduled banks on:			
(i) Current accounts		9,679	1,611
(ii) Deposit accounts		2,914	1,844
(iii) Unpaid dividend accounts *		20	25
(iv) Margin money deposit accounts *		-	144
		12,688	3,809
Reconciliation between cash and cash equivalents and amounts reported in consolidated balance sheet			
Cash and cash equivalents		12,688	3,809
Add: Fixed deposits classified in investing activities		20,576	1,269
Cash and bank balance as reported in consolidated balance sheet		33,264	5,078

*Not available for ready use by the company

For **S. R. Batliboi & Associates**
Firm Registration No. 101049W
Chartered Accountants

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

Place : Hyderabad
Date : May 7, 2011

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

Dr G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
GM & Company Secretary

Schedule 19

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

1. Nature of operations

GVK Power & Infrastructure Limited ("Parent Company" or "the Company") is primarily engaged in the business of providing operating & maintenance services, manpower & consultancy services and incidental services to owners of power plants and infrastructure companies. The Parent Company together with its subsidiaries (collectively termed as "the Group") and associates has acquired substantial ownership interest in power generating assets and are engaged in building and developing of highway project, providing infrastructure facilities, exploration of oil and 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 business of generation of power.
- b) GVK Jaipur Expressway Private Limited ("GJEPL" or "Subsidiary Company") is engaged in building and developing highway project.
- c) Alaknanda Hydro Power Company Limited ("AHPCL" or "Subsidiary Company") is engaged in business of generation of power.
- d) GVK Power (Goindwal Sahib) Limited ("GVKPGSL" or "Subsidiary Company") is engaged in business of generation of power.
- e) GVK Coal (Tokisud) Company Private Limited ("GVKCCPL" or "Subsidiary Company") is engaged in business of mining of coal meant.
- 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 business of generation of power.
- h) GVK Airport Holdings Private Limited ("GVKAHPL" or "Subsidiary Company") is engaged in business of investment as promoters and developers of the international and domestic airport projects.
- i) GVK Perambalur SEZ Private Limited ("GVKPSPL" or "Subsidiary Company") is engaged in business of development, operation and maintenance of infrastructure facility.
- j) GVK Oil & Gas Limited ("GVKOGI" or "Subsidiary Company") is engaged in business of exploration of Oil and Natural Gas.
- k) GVK Energy Limited ("GVKEL" or "Subsidiary Company") is engaged in business of generation of power.
- l) GVK Developmental Projects Private Limited ("GVKDPPL" or "Subsidiary Company") is engaged in the business of Infrastructure Projects.
- m) GVK Gautami Power Limited ("GVKGPL" or "Subsidiary Company") is engaged in business of generation of power.
- n) Bangalore Airport & Infrastructure Developers Private Limited ("BAIDPL" or "Subsidiary Company") is engaged in construction and development of domestic and international airports.
- o) GVK Energy Venture Private Limited ("GVKEVPL" or "Subsidiary Company") is engaged in business of investment in mega power projects.
- p) GVK Bagodara Vasad Expressway Private Limited ("GVKBVEPL" or "Subsidiary Company") is engaged in business of building and developing highway project.
- q) GVK Deoli Kota Expressway Private Ltd ("GVKDKEPL" or "Subsidiary Company") is engaged in business of building and developing highway project.
- r) GVK Ratle Hydro Electric Project Private Limited ("GVKRHEPPL" or "Subsidiary Company") is engaged in the business of generation of power
- s) GVK Transportation Private Limited ("GVKTPL" or "Subsidiary Company") is engaged in building and developing highway project

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) Bangalore International Airport Limited ("BIAL" or "Associate Company") is engaged in operations, maintenance and development of Bangalore International Airport, Bangalore.
- c) Seregarha Mines Limited ("SML" or "Associate Company") is engaged in exploration of coal mines.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

2. Statement 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 (as amended) and the relevant provisions of the Companies Act, 1956. The accounting policies have been consistently applied by the Company and 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 recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.
- iii) Minorities' interest in net profits of consolidated subsidiaries for the year is identified and adjusted against the income in order to arrive at the net income attributable to the shareholders of the Company. Their share of net assets is identified and presented in the Consolidated Balance Sheet separately. Where accumulated losses attributable to the minorities are in excess of their equity in the absence of the contractual obligation on the minorities, the same is accounted for by the 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, 2011.
- vii) As per Accounting Standard 21, only those notes which are material need to be disclosed. Materiality for this purpose is assessed in relation to the information contained in the Consolidated Financial Statements. Further, additional statutory information disclosed in separate financial statements of the subsidiary and/or a parent having no bearing on the true and fair view of the Consolidated Financial Statements are not disclosed in the Consolidated Financial Statements.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

The Consolidated Financial Statements as at and for the year ended on March 31, 2011 include the financial statements of the following entities:

Name of the consolidated entity	Country of Incorporation	Nature of Interest	% of interest	
			2011	2010
GVKIL	India	Subsidiary	81.95	100.00
GJEPL	India	Subsidiary	100.00	100.00
AHPCL	India	Subsidiary	81.95	100.00
GVKPGSL	India	Subsidiary	81.95	100.00
GVKCCPL	India	Subsidiary	81.95	100.00
GVKADPL	India	Subsidiary	100.00	100.00
GHPPL	India	Subsidiary	100.00	100.00
GVKAHPL	India	Subsidiary	100.00	100.00
GVKPSPL	India	Subsidiary	100.00	100.00
GVKEL	India	Subsidiary	81.95	100.00
GVKOGI	India	Subsidiary	100.00	100.00
GVKDPPPL	India	Subsidiary	100.00	100.00
GVKGPL	India	Subsidiary	52.12	63.60
BAIDPL	India	Subsidiary	100.00	100.00
GVKEVPL	India	Subsidiary	100.00	-
GVKDKEPL	India	Subsidiary	100.00	-
GVKBVEPL	India	Subsidiary	100.00	-
GVKRHEPPL	India	Subsidiary	100.00	-
GVKTPL	India	Subsidiary	100.00	-
MIAL	India	Associate	37.00	37.00
BIAL	India	Associate	29.00	29.00
SML	India	Associate	36.43	44.45

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 and depreciation

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

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

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

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

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

Leasehold land is amortised over the period of the lease.

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

Oil & Gas Assets

The Company follows 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 and expenditure incurred during construction period pending allocation.

e. Intangible Assets

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

Toll collection rights

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

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

Software

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

Goodwill

Goodwill represents the excess of purchase consideration over the net book value of assets acquired of the subsidiary companies as on the date of investment. Goodwill is not amortized but is tested for impairment on a periodic basis and impairment losses are recognized 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 using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

g. 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.

h. Government grants

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

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

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

i. 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 Agreements ("PPA") with Andhra Pradesh Transmission Corporation Limited ("AP Transco").

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

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 based on time spent.

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.

j. Borrowing Costs

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

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 the 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.

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.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- ii) Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.
- iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method.
- 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 and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961. Deferred income taxes reflect the impact of current period timing differences between taxable income and accounting income for the period and reversal of timing differences of earlier years.

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

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

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

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

p. Earnings per share

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

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.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs 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 for the purposes of cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

t. Derivative instruments

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

3. Difference in accounting estimates

i. Depreciation

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

Asset Description	Useful life	March 31, 2011	March 31, 2010
Buildings	3.33% - 5%	50,760	52,506
Engineering structures	3.33%-5%	47,440	49,648
Plant and machinery	4.75%-16.21%	46,745	53,179
Office equipment	10.34%25%	180	162
Computer and computer equipments	16.21%-25%	4,117	5,346
Furniture and fixtures	6.33%-10%	5,470	5,767
Vehicles	9.5%-20%	1,572	1,768
Software	20%-33.33%	582	493

ii. Inventory

Valuation of certain inventory of MIAL is done on first in first out basis. The closing stock of inventory in hand was Rs. 452 (March 31, 2010: Rs. 408)

4. Contingent liabilities

A) Parent Company

1. Direct and indirect taxes

- Income tax demand for assessment year 2008-2009 for Rs.73 (March 31, 2010 Rs. Nil).
- 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.

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

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

2. Security against loans taken by others

During the year ended March 31, 2011, the Parent Company has provided security amounting to Rs.10,048 (March 31, 2010: Rs.9,905) by way of corporate guarantee given on behalf of GVK Projects and Technical Services Limited ("GVKPTSL") and Rs.1,441 (March 31, 2010: Rs.1,441) for SML, an associate. Management is of the opinion that the GVKPTSL and SML will be able to meet its obligations as they arise and consequently no adjustment is required to be made in the books on account of the security provided.

B) Subsidiary companies

i) GVKIL

Particulars	March 31, 2011	March 31, 2010
On account of guarantees issued by banks	208	128
Service Tax demand on operator of the power plant	570	414
Claims not acknowledged as debts	8	4

- AP Transco during the year 2003-2004 made a claim of Rs. 2,048 against the subsidiary company stating that effective Return on Equity ("ROE") claimed by the subsidiary company works out to 17.17% as pointed out by Comptroller and Auditor General of India as against 16% to be claimed as per the Power Purchase Agreement ("PPA"). Aggrieved by the said claim, the subsidiary preferred a writ petition before the High Court of Andhra Pradesh and the High Court directed that the matter be referred to arbitration as envisaged in PPA. Pending arbitration, the High Court permitted the subsidiary company to collect ROE at 16% on a monthly basis which is accounted for as income and is being paid by AP Transco. If the decision is against GVKIL, the liability on this account up to March 31, 2011 would be Rs.4,716 (March 31, 2010: Rs.4,370). The subsidiary company is confident that its claim for ROE on a monthly basis is strictly in accordance with PPA.
- AP Transco has filed petition before APERC to consider interest on working capital charged by State Bank of India to its most credit worthy customers for the purpose of determining tariff for the year 2003-04. Based on these petitions, APERC has issued notices to the subsidiary company for hearing on these matters. The subsidiary company has filed a writ petition before the High Court of Andhra Pradesh questioning the jurisdiction of APERC for adjudication of matters under the PPA. The High Court of Andhra Pradesh has issued interim directions against APERC not to proceed with the subject notice until further orders.

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

- In the year 2007, AP Central Power Distribution Company Ltd has filed a petition without specifying any amount before APERC against the subsidiary company stating that insurance premium relating to Business Interruption Policy is not eligible for reimbursement right from date of commencement of commercial operations. The subsidiary company is confident that the matter will be decided in its favour.
- As per the terms of contract with Bharat Petroleum Corporation Limited (BPCL) for supply of Naphtha, the subsidiary company has to pay for 80,000 MT @ Rs.38.45 as 'Minimum off Take charges' in the year in which there is no procurement. The subsidiary company is negotiating with BPCL to reduce the Minimum off Take quantity from 80,000 MT to 40,000 MT, which is under consideration by BPCL. Pending receipt of acceptance from BPCL, no provision is made in the books for the requested reductions of 40,000 MT, which worked out to Rs. 15 (March 31, 2010 Rs.15) for the year and the liability on this account up to March 31, 2011 is Rs.92 (March 31, 2010 Rs. 77). The subsidiary company is confident of receiving acceptance from BPCL.
- AP State Load Despatch Centre (APSLDC) has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) for appointment of adjudicating officer for assessment of charges to be levied on the Company for non adherence to backing down instructions by GVK Power and Infrastructure Limited, operator of the power plant of the subsidiary company. APSLDC has claimed an amount of Rs. 1,320 for the aforesaid non- compliance. Management based on its internal assessment/ legal advice is confident that the matter will be decided in the Company's favour.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

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

ii) GJEPL

Particulars	March 31, 2011	March 31, 2010
On account of guarantees issued by banks	1,250	1,250
Disputed income tax demands	1,749	202

iii) AHPCL

Particulars	March 31, 2011	March 31, 2010
On account of guarantees issued by banks	7,075	7,860
Claims not acknowledged as debts	5	167
Income Tax demands pending appeals	126	-

iv) GVKPGSL

Particulars	March 31, 2011	March 31, 2010
On account of guarantees issued by banks	4,050	4,050

v) GVKGPL

Particulars	March 31, 2011	March 31, 2010
Service Tax demand on operator of the power plant	156	71
Claims not acknowledged as debts	97	99
On account of disputed entry tax demand	-	512

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

vi) GVKAHPL

Particulars	March 31, 2011	March 31, 2010
On account of guarantees issued by banks	-	10,200

vii) GVKDPPL

Particulars	March 31, 2011	March 31, 2010
On account of guarantees issued by banks	18,251	1,553

viii) GVKOGL

- During the year ended March 31, 2011, the subsidiary company has given seven multiple performance bank guarantee's amounting to Rs.1,178 (March 31, 2010: Rs.3,144) 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.
- During the year ended March 31, 2010, the subsidiary company has received a demand notice from service tax authorities demanding service tax of Rs. 82 (March 31, 2010: Rs.82) under the category "Survey and Exploration of Mineral Service" on

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

the Seismic data purchased by the subsidiary company from M/s GX Technology Corporation and M/s GGS Spectrum Limited. The subsidiary company has disputed the claim and has filed a reply to notice demanding service tax.

- During the year 2008-09, GVKOGL had purchased seismic data, which is acquired in the process of bidding, from M/s GX Technology Corporation and M/s GGS Spectrum Limited. The subsidiary company remitted Rs.617 and Rs.45 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 aggregating to Rs.84 (March 31, 2010: Rs.84) stating that the payments made were in the nature of royalty and were subject to TDS. The subsidiary company has filed an appeal against the said notice and the case is pending before the Commissioner of Income tax (Appeals). Management of the subsidiary company is of the opinion that in the light of recent judgements, there is a high likelihood that the case will be decided in its favour.

ix) GVKDKEPL

Particulars	March 31, 2011	March 31, 2010
On account of guarantee issued by banks	2,967	-

- During the current year, the subsidiary company has received a letter from NHAI stating that the subsidiary company is liable to pay penalty amounting to Rs.157 for delay in achieving the finance closure within the stipulated time as per the concession agreement entered into with NHAI. According to the subsidiary company, the contention of NHAI is not in accordance to provisions of the concession agreement. The subsidiary company has objected to levy said penalty and is confident that the matter will be decided in its favour.

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

i) MIAL

- Claims against the associate company not acknowledged as debts:
 - a) Non agricultural tax amounting to Rs.2,851 (March 31, 2010: Rs. 2,851) levied by the appropriate authorities on the airport land, of which Rs. 431(March 31, 2010: Rs. 431) is paid under protest.
 - b) Income tax amounting to Rs.2,743 (March 31, 2010: Rs.1,690) demanded by the concerned authorities, of which Rs.2,407 (March 31, 2010: Rs.1,323) was adjusted / paid under protest.
 - c) Service Tax amounting to Rs. 12 (March 31, 2010: Rs. Nil) demanded by the concerned authorities under Section 76, 77 and 78 of the Finance Act, 1994.
- Applicability of service tax on the rent / license fee / lease being charged by the associate company has been disputed by certain airlines and concessionaries who have not paid the service tax on such services and most of them have obtained stay order from various Courts. The matter is currently subjudice and necessary actions will be taken by the associate company once the matter is decided by the Courts. However, in the opinion of the associate company, this would not have any implication on the financial results of the associate company as the same is recoverable from the said parties if payable by the associate company.

ii) SML

Particulars	March 31, 2011	March 31, 2010
On account of guarantees issued by banks	1,180	1,440

iii) BIAL

Particulars	March 31, 2011	March 31, 2010
Claims against the associate company not acknowledged as debts	28	304

- The associate company has issued undertaking to Customs authorities aggregating to Rs. 23 (March 31, 2010: Rs.23) with respect to concessional rate of duty adopted for import of certain eligible equipment for use in BIAL.
- The associate company has filed an application to get itself impleaded as one of the aggrieved party against an appeal filed by the State of Karnataka, challenging the order of the Karnataka High Court, issued in April, 2007, quashing the levy of Special Entry Tax of Rs. 62 (March 31, 2010: Rs.62).

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- The Income Tax Department has filed an appeal in the Karnataka High Court against the Income Tax Appellate Tribunal (ITAT) order regarding the Tax Deducted at Source (TDS) on the reimbursement of Development costs to overseas promoters in 2005-2006. The associate company had earlier paid the TDS amount of Rs.172 (March 31,2010: Rs Nil) under protest before getting the relief from ITAT. This was refunded to the associate company along with the interest of Rs.26 (March 31, 2010: Rs. Nil) as a result of favorable ITAT order. The Management of the associate company is confident of defending the Tribunal order in the High Court and made appropriate legal representation in this regard.
- The associate company has received show cause notices from the service tax department for payment of service tax for an amount of Rs.68 (March 31, 2010: Rs.Nil) as service recipient in respect of reimbursement of salary cost to Zurich Airport during the period 2006-2010 towards expatriates who were seconded to the project company. The notices are not confirmed by formal demand as on the balance sheet date. The associate company had replied with judicial precedence on the matter and is confident of non-applicability of service tax since the payment relates to salary costs of expatriate employees of the associate company and hence cannot be treated as services received by the associate company. Zurich Airport is only a remitter of the foreign currency remuneration as evidenced by Expatriate Remuneration Reimbursement Agreement between the associate company and Zurich Airport. The Company has discharged appropriate TDS on salaries on these payments as the economic employer.
- Experts/personnel from GVK group have been involved on the expansion of Terminal 1. Since the contract is yet to be formalised (including rates and efforts) for reimbursement of cost for the project related services, the capital expenditure as at March 31, 2011 cannot be reliably ascertained. However, in the opinion of the Management of associate company, the amount is not likely to be material.

5. Capital commitments

A) Subsidiary companies

Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 410,597 (March 31, 2010: Rs.241,462).

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

Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 99,742 (March 31, 2010: Rs.57,676).

6. Secured Loans

Secured loans from banks and others include the following:

Name of the entities	March 31, 2011	March 31, 2010
Parent Company	10,094	10,034
GVKIL	65,864	70,928
GJEPL	19,958	22,511
AHPCL	174,324	120,178
GVKGPL	111,882	128,397
GVKADPL	75,000	68,500
GVKPGSL	70,815	22,500
GVKCCPL	5,400	-

The details of the security are as follows:

a) Parent Company

- Secured by first charge on all current assets, present and future, of the Parent Company.
- Secured by charge over fixed asset i.e. vehicle for which the finance is provided.

b) GVKIL

- Exclusive first charge on all unused spares and inventory.
- Secured by corporate guarantee of Parent Company.
- Pari passu first mortgage and charge on all the immovable and movable properties (both tangible and intangible), present and future, of the expansion project and assets common for both Phase I and Phase II.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- Pari passu second mortgage and second charge on all the immovable and movable properties (both tangible and intangible), present and future, pertaining to Phase I (including all receivables).
- Pari passu first charge/assignment/security interest on all the revenues / receivables of pertaining to Phase II.
- Pari passu first charge/assignment/security interest on GVKIL's rights under Phase II agreement, 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 28% of shares of GVKIL held by GVKEL.
- Secured by first charge on six weeks book debts by way of hypothecation.
- Secured by hypothecation of vehicle for which loan is obtained.

c) GJEPL

- First charge against immovable properties 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.

d) AHPCL

- First mortgage and charge against immovable properties 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 and 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 51% of shares of AHPCL held by GVKEL.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

e) GVKGPL

- Pari passu first charge by deposit of title deeds of immovable properties of GVKGPL 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 GVKGPL held by the promoters.
- First charge on the entire current assets, including receivables, second charge on the entire fixed assets of GVKGPL, on pari passu basis.
- Secured by hypothecation of vehicle for which loan is obtained;
- Secured by pledge of units of mutual funds.

f) GVKADPL

- Pledge of shares to the extent of 72% of the subsidiary company held by the Parent Company.
- Pledge of shares to the extent of 100% of BAIDPL held by the subsidiary company.
- Secured by corporate guarantee of the parent company.

g) GVKPGSL

- Pari passu first charge on all movable, immovable properties and receivables present and future.
- Pari passu assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever in the project documents.
- Pledge of 51% of shares of GVKPGSL held by GVKEL.

h) GVKCCPL

- Pari passu first charge on all movable, immovable properties and receivables present and future.
- Pari passu assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever in the project documents.
- Pledge of 51% of shares of GVKCCPL held by GVKEL.

7. 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.4,512 by GVKIL. The increased capital cost is subject to the approval of APERC. Pending approval of increased capital cost by APERC, the claim for reimbursement of fixed charges has not been made on AP Transco. The subsidiary company contends that it is entitled to reimbursement of fixed charges on increased capital cost under the terms of PPA and accordingly considers these amounts as good and recoverable. The subsidiary company has filed a writ petition before the High Court of New Delhi against APERC, seeking a direction to APERC to take a decision on approval of completed capital cost in a time bound manner. The matter is pending hearing. The management of the subsidiary company based on its internal assessment and legal advice is confident of receiving approval of completed capital cost.
- b) Sundry debtors and unbilled revenues also include amounts receivable from AP Transco towards reimbursement of minimum alternate tax under the provisions of Income Tax Act, 1961, for the period commencing from the financial year 2000-2001 up to the financial year 2010-2011, aggregating to Rs.3,500 of which Rs.2,222 are refuted by AP Transco and the balance are yet to be billed as at Balance Sheet date. While the subsidiary company contends that the it is entitled to claim payments on account of minimum alternate taxes also under the provisions of PPA, AP Transco contends only taxes on the net taxable income under the regular provisions of the Income Tax Act, 1961 are reimbursable and not taxes levied on book profits under the deemed provisions of Section 115 JB of the Income Tax Act, 1961. Further, provision for current taxes is being made after considering reimbursable amount of Rs.1,278 from AP Transco.

Based on its internal assessment and legal advice, the subsidiary company's contention is that these amounts are recoverable.

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

- c) Sundry Debtors further include an amount of Rs.76 being the differential interest recovered by AP Transco considering the actual working capital limits as against the working capital limits computed as per the terms of the PPA and interest rate charged as per rates available with AP Transco and not with the subsidiary Company. The subsidiary company has filed a petition under Section 9 of Arbitration & Conciliation Act 1996, and the City Civil Court of Hyderabad has restrained AP Transco from considering the lower level of working capital limits by granting a stay in the matter. The appeal filed by AP Transco before the High Court of Andhra Pradesh against the aforesaid stay, is pending disposal. The management of the subsidiary company based on its internal assessment is confident that the matter will be decided in its favour.

8. 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 financial statements under the head retirement benefits and amounts recognized in the balance sheet for the gratuity plan:

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

Particulars	March 31, 2011	March 31, 2010
Current service cost	68	40
Interest cost on benefit obligation	15	13
Net actuarial gain	(85)	(40)
Past service cost	79	-
Net benefit expenses	77	13

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

Particulars	March 31, 2011	March 31, 2010
Opening defined benefit obligation	184	219
Obligation on transfer of employees	37	-
Interest cost	15	13
Current service cost	68	40
Past service cost	79	-
Benefits paid	(2)	(48)
Net actuarial gain	(85)	(40)
Closing defined benefit obligation	296	184

- iii) Details of provision for gratuity

Particulars	March 31, 2011	March 31, 2010
Defined benefit obligations	296	184
Fair value of plan assets	-	-
Net liability	296	184

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

Particulars	March 31, 2011	March 31, 2010
Discount rate	8%	7.5%
Employee turnover	5%	5%
Further salary rise	7%	7%

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

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

9. Deferred Taxes**A) Deferred tax asset**

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

Particulars	March 31, 2011	March 31, 2010
Provision for retirement benefits	68	45
Amalgamation expenditure	-	8
Depreciation	(6)	(3)
Others	-	2
Total	62	52

B) Deferred tax liability

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

Particulars	March 31, 2011	March 31, 2010
Depreciation	5,334	8,135
Others	427	797
Provision for retirement benefits	-	(30)
Total	5,761	8,902

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

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

10. Related Party Transactions

During the year ended March 31, 2011, the Company has entered into certain related party transactions. Details of the related party and transactions are as follows:

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

* Through subsidiary companies

Notes annexed to and forming part of consolidated accounts for the year ended March 31, 2011

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

Schedule 19: Notes to Consolidated Accounts

10. Details of related party transactions during the year

Particulars	GVK Projects & Technical Services Limited	GVK Technical & Consultancy Services Pvt Ltd	Pinakani Share & Stock Broker Limited	TAJ GVK Hotels & Resorts Limited	Orbit Travels & Tours Private Limited	GVK Novopan Industries Limited	GVK Foundation	GVK EMRI
Rent	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Services received (Including EPC services)	44,250	3,581	8	35	473	1	-	-
	(6,151)	(2,145)	(14)	(56)	(1,021)	(1)	-	-
Services rendered	-	-	-	-	-	-	-	-
	(4)	-	-	-	-	-	-	-
Commission received	-	-	-	-	-	-	-	-
	(95)	-	-	-	-	(10)	-	-
Donation	-	-	-	-	-	-	291	400
	-	-	-	-	-	-	(1,120)	-
Investment in equity	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Advances given	918	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Loans given	-	-	-	-	-	-	-	1,570
	(31,897)	-	-	-	-	-	-	(3,207)
Loans recovered	298	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Loans taken	2,961	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Share application money given	-	-	-	-	-	-	-	-
	(100)	-	-	-	-	-	-	-
Share application money refunded	-	-	-	-	-	-	-	-
	(100)	-	-	-	-	-	-	-
Purchase of assets	-	-	-	-	-	-	-	-
	-	-	-	-	-	(3)	-	-
Corporate guarantee given	143	-	-	-	-	-	-	-
	(9,905)	-	-	-	-	-	-	-
Corporate guarantee released	-	-	-	-	-	900	-	-
	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-
Balances outstanding								
Receivables/(Payables)								
- March 31, 2011	2,215	(1)	-	6	(19)	81	(39)	4,777
Receivables/(Payables)								
- March 31, 2010	31,632	11	(12)	(2)	(750)	81	-	3,207
Corporate Guarantee	10,048	-	-	-	-	-	-	-
	(9,905)	-	-	-	-	(900)	-	-

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

Notes annexed to and forming part of consolidated accounts for the year ended March 31, 2011

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

Schedule 19: Notes to Consolidated Accounts

10. Details of related party transactions during the year

Particulars	GVK Power (Samalkot) Private Limited	Paigah House Hotel Private Limited	Krishna Enterprises	Seregraha Mines Limited	Mumbai International Airport Pvt. Ltd.	Bangalore International Airport Limited	GVK Hydrel Private limited	GVK Employee welfare trust	Dr. G V Krishna Reddy	Mr. Krishna Ram Bhupal	Mr. A Issac George
Rent-	-	103	24	-	-	-	-	-	-	31	-
	-	(82)	(21)	-	-	-	-	-	-	(27)	(5)
Services received (Including EPC services)	-	-	-	8	-	-	-	-	-	-	-
Services rendered	-	-	-	-	1,387	-	-	-	-	-	-
	-	-	-	-	(1,390)	-	-	-	-	-	-
Commission received	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(12)	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	7,400	-	-	-	-	-	-
	-	-	-	-	(7,400)	-	-	-	-	-	-
Advances given	-	-	-	-	-	-	-	-	-	-	-
Loans given	-	-	-	-	6	9	-	2,000	-	-	-
	(43)	-	-	-	-	-	-	-	-	-	-
Loans recovered	-	-	-	-	3	-	2	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Share application money given	-	-	-	-	-	-	-	-	-	-	-
	(49)	-	-	-	-	-	-	-	-	-	-
Share application money refunded	-	-	-	-	-	-	-	-	-	-	-
	(61)	-	-	-	-	-	-	-	-	-	-
Purchase of assets	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantee given	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(1,441)	-	-	-	-	-	-	-
Corporate guarantee released	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	139	149	171
	-	-	-	-	-	-	-	-	(127)	(149)	(104)
Balances outstanding Receivables/(Payables) - March 31, 2011	-	-	-	4	120	9	-	3,000	-	-	(7)
Receivables/(Payables) - March 31, 2010	43	-	-	11	90	-	-	1,000	-	-	(13)
Corporate Guarantee	-	-	-	1,441	-	-	-	-	-	-	-
	-	-	-	(1,441)	-	-	-	-	-	-	-

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

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Particulars	Power		Roads		Others		Total	
	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010	March 31, 2011	March 31, 2010
Revenue								
External Revenue	171,293	160,328	18,916	17,075	1,257	1,261	191,466	178,664
Inter Segment Revenue	-	-	-	-	-	-	-	-
Total Revenue	171,293	160,328	18,916	17,075	1,257	1,261	191,466	178,664
Result								
Segment result	24,232	25,030	9,681	7,732	(1,745)	(507)	32,168	32,256
Interest expense							(25,447)	(20,848)
Interest income							984	677
Other income (net)							1,869	2,241
Profit Before Tax (PBT)							9,574	14,326
Income taxes							(2,132)	(2,001)
Profit before minority interest & share of profit from associates							7,442	12,325
Share of profit from associates							11,093	5,168
Minority interest							(3,044)	(1,906)
Profit for the year							15,491	15,587
Other information								
Segment assets	679,413	533,490	62,305	60,555	27,462	14,605	769,180	608,650
Unallocable corporate assets							302,265	223,696
Total assets							1,071,445	832,346
Segment liabilities	32,034	12,035	21,102	22,984	63	242	53,199	35,261
Unallocable corporate liabilities							679,568	481,493
Total liabilities							732,767	516,754
Capital expenditure including capital work in progress	151,684	79,864	3,996	11	11,887	1,353	167,567	81,228
Depreciation (included in segment expense)	16,451	16,867	1,904	(3,159)	9	4	18,364	13,712

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

11. 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, Airport and Exploration of Oil & Gas.

Geographical Segments:

The Company operates in a single geographical segment.

12. Dilution of investment

During the current year, the Company, GVK Energy Limited (subsidiary Company) and certain private equity investors ('investors') have entered into an investment agreement pursuant to which the Company has transferred its investments in the below mentioned subsidiaries to GVK Energy Limited and then diluted its stake by 18.05% in favour of the investors:

- GVK Industries Limited
- GVK Gautami Power Limited
- GVK Coal (Tokisud) Company Private Limited
- GVK Power (Goindwal Sahib) Limited
- Alaknanda Hydro Power Company Limited

As per the investment agreement, the Company and GVK Energy Limited has undertaken to conduct an initial public offering of the GVK Energy Limited's equity shares ('Qualified IPO' or 'QIPO') within 60 months from the date of investment agreement (preferred listing period).

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

Provided the Put IRR shall be reduced to 15% IRR, if at least 3 private sector initial public offerings with an issue size of Rs.1,00,000 or more each have not taken place in India between the 36th month to the 60th month from date of investment agreement.

The aforesaid transaction has been accounted for as deemed disposal of subsidiary without loss in control and gain from the transaction has directly been adjusted in reserves.

13. Operating Leases

The Group 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, 2011	March 31, 2010
Not later than one year	9	7
Later than one year and not later than five years	7	Nil
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.

14. Derivative Instruments and Un hedged foreign currency exposure

Particulars of derivatives as at March 31, 2011:

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

Particulars of unhedged foreign currency:

Particulars	March 31, 2011	March 31, 2010
Loans	42,912	45,458
Creditors	1,968	23

Notes to Consolidated Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

15. Provision for resurfacing obligation

The Group has a contractual obligation to periodically maintain, replace or restore infrastructure at the end of each five years or earlier as per the terms of the concession agreement. The Company has recognized the provision in accordance with Accounting Standard-29 "Provision, Contingent Liabilities and Contingent Assets" i.e., at the best estimate of the expenditure required to settle the present obligation at the balance sheet date.

Particulars	As on April 1, 2010	Additions during the year	Amount used during the year	Amounts reversed during the year	As on March 31, 2011
Provision for resurfacing obligation	1,912	1,133	(1,912)	-	1,133
	1912	1133	(1,912)	-	1,133

16. During the current year ended March 31, 2011, a subsidiary has made purchase of services from two companies aggregating to Rs.69 in respect of which prior approval of central government is required under the provisions of section 297 of the Companies Act 1956. The above transactions are part of normal business transactions at prevailing market prices. The Company has since then applied to regulatory authorities for condonation.

17. Previous year comparatives

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

SIGNATURES TO SCHEDULES 1 TO 19

As per our report of even date

For **S. R. Batliboi & Associates**
Firm Registration No. 101049W
Chartered Accountants

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

Place : Hyderabad
Date : May 7, 2011

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

Dr G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
GM & Company Secretary

Auditor's 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, 2011 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. 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, 2011, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on March 31, 2011 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, 2011;
 - 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**
Firm Registration No : 101049W
Chartered Accountants

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

Place : Hyderabad
Date : May 7, 2011

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 substantial disposal of fixed assets during the year.
- ii) In view of the nature of operations carried out by the Company, it has no inventory. Accordingly, the provisions of clause (ii) of the paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) in respect of the inventories are not applicable.
- iii)
 - a) The Company has granted loan to one Company covered in the register maintained under section 301 of the Companies Act, 1956. The maximum amount involved during the year was Rs.275 thousands and the year end balance of loans granted to such party 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) The loans granted are re-payable on demand. As informed, the company has not demanded repayment of any such loan during the year, thus, there has been no default on the part of the parties to whom the money has been lent. The loan given is interest free.
 - 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) (f) to (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable.
- iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of services. Due to the nature of its business, the Company does not purchase any inventory or sell goods. During the course of our audit no major weakness has been noticed in the internal control system in respect of these areas. During the course of our audit, we have not observed any continuing failure to correct major weakness in internal control system of the company.
- v)
 - a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered.
 - b) In our opinion and according to the information and explanations given to us, transactions made in pursuance of such contract or arrangement exceeding value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time, except for services provided to one party aggregating to Rs.138,663 thousand and services availed from one party aggregating to Rs. 8,935 thousand 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, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess as applicable except for income tax where there is slight delay in few cases.

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

- b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other undisputed statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- c) According to the records of the Company, 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. thousand)	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service Tax	53,910	July 1, 2003 to September 30, 2010	Commissioner of Central Excise and Customs - Visakhapatnam -II
Indian Stamp Act, 1899	Stamp duty	282,960	February 4, 2008	High Court of Andhra Pradesh
Income Tax Act, 1961	Income tax liability	7,298	Assessment year 2008-09	Commissioner of Income Tax (Appeals)-Rajahmundry

- 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, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution, bank or debenture holders.
- xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of snares, debentures and other securities.
- xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of clause 4(xiii) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditor's Report) Order, 2003 (as amended) are not applicable to the Company.
- xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from bank or financial institutions, the terms and conditions whereof in our opinion are not prima-facie prejudicial to the interest of the Company.
- xvi) Based on information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- 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 investments.
- xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956.
- xix) The Company did not have any outstanding debentures during the year.
- xx) The Company did not raise any money through a public issue the during the year.
- xxi) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud on or by the Company has been noticed or reported during the course of our audit.

For **S R Batliboi & Associates**
 Firm Registration No : 101049W
 Chartered Accountants

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

Place : Hyderabad
 Date : May 7, 2011

Balance Sheet as at March 31, 2011

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

	Schedules	March 31, 2011	March 31, 2010
Sources of Funds			
Shareholders' funds			
Share capital	1	1,579,210	1,579,210
Reserves and surplus	2	23,762,784	23,079,891
		25,341,994	24,659,101
Loan Funds			
Secured loan	3	1,009,438	1,003,356
		26,351,432	25,662,457
Application of Funds			
Fixed Assets			
Gross block	4	17,825	5,113
Less : Accumulated depreciation		1,912	1,249
Net block		15,913	3,864
Investments			
	5	16,162,119	15,146,273
Deferred tax assets (net)	6	3,863	5,176
Current Assets, Loans and Advances			
Sundry debtors	7	14,938	39,487
Cash and bank balances	8	30,927	37,925
Other current assets	9	28,216	54,219
Loans and advances	10	10,136,840	10,414,809
		10,210,921	10,546,440
Less: Current Liabilities and Provisions			
Current liabilities	11	27,687	26,225
Provisions	12	13,697	13,071
		41,384	39,296
Net Current Assets		10,169,537	10,507,144
		26,351,432	25,662,457
Notes to Accounts	18		

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**
Firm Registration No. 101049W
Chartered Accountants

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

Place : Hyderabad
Date : May 7, 2011

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

Dr G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
GM & Company Secretary

Profit and Loss Account for the year ended March 31, 2011

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

Particulars	Schedules	March 31, 2011	March 31, 2010
Income			
Fees and billable expenses		427,736	466,719
Less: Service tax		12,949	12,983
Fees and billable expenses (Net)	13	414,787	453,736
Other income	14	815,774	137,876
		1,230,561	591,612
Expenditure			
Personnel expenses	15	127,765	111,917
Operating and other expenses	16	232,108	161,563
Depreciation	4	833	429
Financial expenses	17	149,521	14,950
		510,227	288,859
Profit before tax		720,334	302,753
Provision for taxation			
- Current tax		171,843	71,504
- MAT credit		(138,185)	-
- Deferred tax credit		1,313	(1)
- Fringe benefit tax		-	(142)
- Income tax of earlier year, net		2,470	14,513
Total Tax Expense		37,441	85,874
Profit after tax		682,893	216,879
Balance brought forward from previous year		1,473,665	1,256,786
Surplus carried to Balance Sheet		2,156,558	1,473,665
Earnings per share (in Rs.)			
- Basic		0.43	0.14
- Diluted		0.43	0.14
Nominal value per share (in Rs.)		1	1
Weighted average number of shares			
- Basic		1,579,210,400	1,532,189,062
- Diluted		1,579,210,400	1,532,189,062
Notes to Accounts	18		

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

As per our report of even date

For **S. R. Batliboi & Associates**
Firm Registration No. 101049W
Chartered Accountants

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

Place : Hyderabad
Date : May 7, 2011

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

Dr G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
GM & Company Secretary

Schedules to the Balance Sheet

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

	March 31, 2011	March 31, 2010
Schedule 1: Share Capital		
Authorised		
2,500,000,000 (March 31, 2010: 2,500,000,000) equity shares of Re.1/- each	2,500,000	2,500,000
Issued, subscribed and paid-up		
1,579,210,400 (March 31, 2010: 1,579,210,400) equity shares of Re.1/- each	1,579,210	1,579,210
1. Of the above shares 52,850,000 (March 31, 2010: 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 (March 31, 2010: 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 (March 31, 2010: 90,462,150) equity shares of Re.1/- each are allotted as fully paid up as per the scheme of arrangement.		
4. Of the above shares 173,361,500 (March 31, 2010: 173,361,500) equity shares of Rs.1/- each have been allotted as fully paid up pursuant to the Qualified Institutional Placement.		
Schedule 2: Reserves and surplus		
General reserve		
Balance as per last account	12,698	12,698
	12,698	12,698
Securities premium account		
Balance as per last account	21,593,528	14,716,876
Add: Received on Qualified Institutional Placement	-	6,995,137
Less: Utilised for share issue expenses	-	118,485
	21,593,528	21,593,528
Profit and loss account		
	2,156,558	1,473,665
	23,762,784	23,079,891
Schedule 3: Secured loans		
Term loan from bank	999,997	1,003,356
(Secured by first charge on all current assets, present and future of the Company)		
Loans and advances from bank - asset loan	9,441	-
(Secured by charge over fixed asset i.e. vehicle, for which finance is provided)		
	1,009,438	1,003,356

Schedules to the Accounts

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

Assets	Gross Block				Depreciation				Net Block	
	As at April 01 2010	Additions during the year	Deletions during the year	As at March 31 2011	Up to April 1 2010	For the year	On Deletions	Up to March 31 2011	As at March 31 2011	As at March 31 2010
Tangible Assets										
Furniture and fittings	720	235	-	955	381	57	-	438	517	339
Office equipments	478	344	-	822	120	35	-	155	667	358
Vehicles	2,803	11,419	522	13,700	609	450	170	889	12,811	2,194
Data processing equipments	1,112	1,236	-	2,348	139	291	-	430	1,918	973
As at March 31, 2011	5,113	13,234	522	17,825	1,249	833	170	1,912	15,913	3,864
As at March 31, 2010	4,077	1,036	-	5,113	820	429	-	1,249	3,864	-

Schedules to the Balance Sheet

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

Schedule 5 : Investments (Refer note 11 and 16 of Schedule 18)

Particulars	Face Value (Amount in Rs.)	March 31, 2011		March 31, 2010	
		Number of shares/ Units	Amount	Number of shares/ Units	Amount
Schedule 5 : Investments					
I. Long Term Investments (At cost)					
A. In Subsidiaries, fully paid equity shares*					
Trade (unquoted)					
GVK Industries Limited	10	-	-	262,000,000	1,861,770
GVK Jaipur Expressway Private Limited	10	96,810,700	2,740,127	104,503,000	2,957,849
Alakananda Hydro Power Company Limited	10	-	-	275,000,000	2,750,000
GVK Airport Developers Private Limited	10	250,000,000	2,500,000	2,000,000	20,000
GVK Coal (Tokisud) Company Private Limited	10	-	-	22,510,000	225,100
Goriganga Hydro Power Private Limited	10	10,000	100	10,000	100
GVK Power (Goindwal Sahib) Limited	10	-	-	240,050,000	2,400,500
GVK Perambalur SEZ Private Limited	10	10,000	100	10,000	100
GVK Oil & Gas Limited	10	50,000	500	50,000	500
GVK Developmental Projects Private Limited	10	10,000	100	10,000	100
GVK Energy Limited	10	250,000,000	2,500,000	50,000	500
GVK Gautami Power Limited	10	-	-	418,938,901	4,689,989
GVK Transportation Private Limited	10	10,000	100	-	-
Subtotal (A)			7,741,027		14,906,508
* These companies are under the same management					
B. Debentures, fully paid					
Trade (unquoted)					
0.001% Compulsory Convertible Debentures in GVK Energy Limited	100	83,322,610	8,332,261	-	-
Subtotal (B)			8,332,261		
Subtotal (I) - A + B			16,073,288		14,906,508
[Aggregate value of unquoted investments: Rs. 16,073,288 (March 31, 2010: Rs. 14,906,508)]					
II. Current Investment					
(At lower of cost and market value)					
Other than trade (Quoted)					
LICMF Savings Plus Fund - Daily Dividend Plan	10	-	-	900,000	9,000
LICMF Floating Rate Fund - Short Term Plan - Daily Dividend	10	-	-	15,531,379	155,314
Religare Ultra Short Term Fund - Institutional Growth	1,000	7,656	10,000	-	-
Religare Credit Opportunities Fund - Institutional Monthly Dividend	10	-	-	6,806,091	68,451
LICMF Income Plus Fund - Daily dividend reinvestment	10	-	-	700,000	7,000
Templeton India Treasury Management Institutional Plan	1,000	9,338	13,931	-	-
Taurus Ultra Short Term Bond Fund - Retail Growth	1,000	13,005	14,900	-	-
Taurus Fixed Maturity Plan 120 Days Growth Series	10	5,000,000	50,000	-	-
Subtotal (II)			88,831		239,765
[Aggregate market value of quoted investments: Rs. 90,443 (March 31, 2010: Rs. 239,765)]					
Total - I + II			16,162,119		15,146,273

Schedules to the Balance Sheet

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

	March 31, 2011	March 31, 2010
Schedule 6 : Deferred tax assets (net)		
Deferred tax assets represents the aggregate tax effect of the timing differences arising on account of:		
Provision for gratuity	2,574	2,899
Provision for compensated absence	1,870	1,543
Amalgamation expenses	-	762
Depreciation	(581)	(270)
Others	-	242
	3,863	5,176
Schedule 7: Sundry debtors (Unsecured, considered good)		
Debts outstanding for a period exceeding six months	-	-
Other debts*	14,938	39,487
	14,938	39,487
*Represents Rs. 2,949 (Previous year: Rs. 1,785) receivable from GVK Gautami Power Limited, a subsidiary, Rs. Nil (Previous year: Rs.28,728) from GVK Industries Limited, a wholly owned subsidiary and Rs. 11,989 (Previous year: Rs. 8,974) from Mumbai International Airport Private Limited, an associate enterprise, representing companies under the same management.		
Schedule 8: Cash and bank balances		
Cheques and Cash on hand	3	11,357
Balances with scheduled banks:		
On current accounts	30,557	26,201
On unpaid dividend account	367	367
	30,927	37,925
Schedule 9: Other current assets		
Unbilled revenues	18,837	49,141
Interest accrued on debentures	26	-
Other receivables	9,353	5,078
	28,216	54,219
Schedule 10: Loans and advances (Unsecured, considered good) (Refer note 5 of Schedule 18)		
Share application money:		
- to subsidiaries	876,924	5,265,782
Advances to subsidiaries	8,817,916	5,016,585
Advances recoverable in cash or kind or for value to be received	46,767	15,173
Loan to GVK employee welfare trust	200,000	100,000
Deposits - others	51,898	2,247
Advance tax, net of provisions	5,150	15,022
MAT credit entitlement	138,185	-
	10,136,840	10,414,809
Schedule 11: Current liabilities		
Sundry creditors		
- total outstanding dues to micro, small and medium enterprises	-	-
- total outstanding dues of other creditors	17,177	17,249
Subsidiary company	1,697	-
Unpaid dividend	367	367
Due to directors	700	1,300
Retention money	168	605
Other liabilities	7,578	6,704
	27,687	26,225
Schedule 12: Provisions		
Provision for gratuity	7,932	8,530
Provision for compensated absences	5,765	4,541
	13,697	13,071

Schedules to the Profit and Loss Account

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

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010
Schedule 13 : Fees and billable expenses		
Operating fees	124,197	146,783
Incentive fees	31,358	56,646
Manpower and consultancy services	125,715	126,050
Billable expenses	133,517	124,257
	414,787	453,736
Schedule 14 : Other income		
Interest on		
Bank deposits [TDS Rs. Nil (Previous year: Rs. 464)]	-	2,219
"Other long term investments (trade)" "[TDS Rs.Nil (Previous year: Rs.Nil)]"	26	-
Dividend income		
Current, Non-trade investments	4,371	111,424
Profit on sale of investments		
Current, Non-trade	32,820	-
In subsidiary, Long term	768,454	-
Provisions no longer required written back	180	2,262
Miscellaneous income	2,149	-
Guarantee commission	7,774	21,971
	815,774	137,876
Schedule 15 : Personnel expenses		
Salaries, wages and bonus	109,856	95,846
Contribution to provident fund	7,053	6,762
Retirement and other employee benefits	7,446	3,577
Staff welfare expenses	3,410	5,732
	127,765	111,917
Schedule 16 : Operating and other expenses		
Rent	5,304	3,042
Communication	8,699	6,066
Travelling and conveyance	22,310	17,563
Operating and maintenance expenses	30,493	28,445
Repairs and maintenance - others	3,540	1,572
Legal and professional fees	94,461	53,037
Rates and taxes	7,515	8,060
Printing and stationery	5,821	2,134
Insurance	470	480
Auditors' remuneration (Refer note 9 of Schedule 18)	1,539	1,732
Donation	13,000	4,425
Directors sitting fee	1,120	1,380
Expenses for manpower services	16,376	11,834
Bid and tender document charges	12,260	15,776
Loss on sale of Vehicle	211	-
Advances written off	-	1,175
Miscellaneous expenses	8,989	4,842
	232,108	161,563
Schedule 17 : Financial expenses		
Interest		
- on loans from bank	142,111	5,226
- on others	716	3,416
Bank charges	6,694	6,308
	149,521	14,950

Cash Flow Statement for the year ended March 31, 2011

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

Particulars	March 31, 2011	March 31, 2010
A. Cash flow from operating activities		
Profit before taxation	720,334	302,753
Adjustments for:		
Depreciation	833	429
Dividend income	(4,371)	(111,424)
Profit on sale of investments	(801,274)	-
Interest income	(26)	(2,219)
Loss on sale of assets	211	-
Provisions no longer required written back	(180)	(2,262)
Interest expense	142,827	8,643
Operating profit before working capital changes	58,354	195,920
Changes in working capital :		
Decrease in sundry debtors	24,549	22,160
Increase in loans and advances	(181,245)	(108,585)
Decrease/(increase) in other current assets	30,732	(28,306)
Increase in current liabilities and provisions	2,268	6,378
Cash generated from operations	(65,342)	87,567
Direct taxes paid	(164,440)	(74,907)
Net cash from/(used in) operating activities	(229,782)	12,660
B. Cash used in investing activities		
Purchase of fixed assets	(13,232)	(1,036)
Sale of fixed assets	140	-
Investments in subsidiaries	(2,499,600)	(1,126,351)
Advance to subsidiaries	(4,086,050)	(8,748,680)
Refund of advance from subsidiaries	2,188,869	1,288,721
Advance for investments to others	-	(4,893)
Refund of advance for investments to others	-	6,143
Proceeds from sale of investments in subsidiaries	4,581,274	-
Purchase of mutual funds investments	(3,950,851)	(9,871,464)
Proceeds from sale of mutual funds investments	4,138,976	10,395,390
Proceeds from fixed deposits	-	17,340
Interest received	-	2,560
Net cash from/(used in) investing activities	359,526	(8,042,270)
C. Cash flows from financing activities		
Proceeds from share issue, net of share issue expenses	-	7,050,013
Proceeds from short term borrowings	1,500,000	1,250,000
Repayment of short term borrowings	(1,500,000)	(250,000)
Proceeds from long term borrowings	9,964	-
Repayment of long term borrowings	(523)	-
Interest paid	(146,183)	(5,286)
Net cash from/(used in) financing activities	(136,742)	8,044,728

Cash Flow Statement for the year ended March 31, 2011

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

Particulars	March 31, 2011	March 31, 2010
Net (decrease)/increase in cash and cash equivalents	(6,998)	15,118
Cash and cash equivalents at the beginning of the year	37,925	22,807
Cash and cash equivalents at the end of the year	30,927	37,925
Components of cash and cash equivalents as at		
Cash on hand	3	11,357
With banks		
On current account	30,557	26,201
On unpaid dividend account*	367	367
Cash and bank balance as reported in balance sheet	30,927	37,925

*These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities.

In current year, the Company has transferred its investment in certain subsidiaries (refer note 16 of schedule 18) for consideration of Rs. 11,805,137 out of which Rs. 3,472,876 was collected in cash.

As per our report of even date

For **S. R. Batliboi & Associates**
Firm Registration No. 101049W
Chartered Accountants

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

Place : Hyderabad
Date : May 7, 2011

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

Dr G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
GM & Company Secretary

Notes to Accounts

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

Schedule 18

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 accounting standard notified by Companies Accounting Standards Rules, 2006 (as amended) 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 estimated by the Management which coincides with the rates prescribed under Schedule XIV of the Companies Act, 1956.

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

d. Impairment

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 using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset.

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 agreements, 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 or Plant load factor ("PLF"). The Company is also eligible to receive incentive fees, if the AAA and/or if the actual generation of power are higher than the defined levels.

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. Unbilled revenue represents services performed, but not billed.

Notes to Accounts

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

ii) **Manpower and consultancy services**

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

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.

v) **Guarantee commission**

Revenue is recognized on a time proportion basis taking into account the guarantee amount and the commission 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 and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured 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.

MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal

Notes to Accounts

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

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

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).

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. Borrowing costs

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

n. 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 scheme. 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 gratuity scheme.

a) Net employee benefit expenses/(income) (recognised in personnel expenses)*

Particulars	March 31, 2011	March 31, 2010
Current service cost	1,772	1,948
Interest cost on benefit obligation	682	466
Net actuarial (gain) / loss recognized in the year	(5,492)	26
Past service cost	2,440	-
Net benefit expenses/(income)	(598)	2,440

* During the current year, the Company has transferred certain employees to its subsidiary GVK Energy Limited pursuant to which liability of Rs.3,013 was transferred to aforesaid subsidiary.

Notes to Accounts

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

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

Particulars	March 31, 2011	March 31, 2010
Opening defined benefit obligation	8,530	6,358
Interest cost	682	466
Current service cost	1,772	1,948
Benefits paid	-	(268)
Actuarial (gains)/losses on obligation	(5,492)	26
Past service cost	2,440	-
closing defined benefit obligation	7,932	8,530

c) Details of provision for gratuity

Particulars	March 31, 2011	March 31, 2010
Defined benefit obligations	7,932	8,530
Fair value of plan assets	-	-
Net benefit expenses	7,932	8,530

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

Particulars	March 31, 2011	March 31, 2010
Discount rate	8%	7.5%
Employee turnover	5%	5%
Further salary rise	7%	7%

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

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
	GVK Airport Developers Private Limited
	GVK Coal (Tokisud) Company Private Limited
	Goriganga Hydro Power Private Limited
	GVK Power (Goindwal Sahib) Limited
	GVK Perambalur SEZ Private Limited
	GVK Oil & Gas Limited
	GVK Developmental Projects Private Limited
	GVK Energy Limited
	GVK Gautami Power Limited
	GVK Airport Holdings Private Limited
	GVK Transportation Private Limited (effective May 5, 2010)
	GVK Ratle Hydro Electrical Project Private Limited (effective June 3, 2010)
	GVK Energy Venture Private Limited (effective July 7, 2010)
	GVK Bagodara Vasad Expressway Private Limited (effective February 4, 2011)
	GVK Deoli Kota Expressway Private Limited (effective December 1, 2010)
	Bangalore Airport & Infrastructure Developers Private Limited

Notes to Accounts

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

- | | |
|----------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| b) Associates | Mumbai International Airport Private Limited **
Bangalore International Airport Limited**
Seregraha Mines Limited**
** through subsidiary Company |
| c) Key management personnel | Dr G V Krishna Reddy - Chairman & Managing Director
Mr G V Sanjay Reddy - Vice Chairman
Mr A Issac George - Director & CFO
Mr Krishna Ram Bhupal - Director |
| d) Enterprises over which the key management personnel exercise significant influence | TAJ GVK Hotels & Resorts Limited
Orbit Travel & Tours Private Limited
GVK Novopan Industries Limited
GVK Technical & Consultancy Services Private Limited
Gautami Power (Samalkot) Private Limited (merged with GVK Gautami Power Limited)
Pinakini Share & Stock Broker Limited
GVK Projects & Technical Services Limited
GVK Foundation
GVK Employees Welfare Trust |

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Related party transactions

Particulars	GVK Industries Limited	GVK Gautami Power Limited	Mumbai International Airport Pvt. Ltd.	GVK Jaipur Expressway Pvt. Ltd.	Alakananda Hydro Power Co. Ltd.	Goriganga Hydro Power Private Limited	GVK Power (Goindwal Sahib) Limited	GVK Airport Developers Pvt Ltd	GVK Ratle Hydro Electric Project Pvt. Ltd.	GVK Transporation Pvt. Ltd.	GVK Airport Holdings Pvt. Ltd.	GVK Coal (Tokisud) Company Pvt.Ltd
Transactions during the year												
Fees for services rendered	73,416	82,787	138,664	-	-	-	-	-	-	-	-	-
	(134,530)	(81,200)	(139,033)	-	-	-	-	-	-	-	-	-
Reimbursement of expenses	61,163	72,448	-	-	-	-	-	-	-	-	-	-
(Billable expenses)	(85,721)	(38,536)	-	-	-	-	-	-	-	-	-	-
Services received	16,376	-	-	-	-	-	-	-	-	-	-	-
	(11,834)	-	-	-	-	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-	-	2,480,000	-	100	-	-
	-	(761,514)	-	-	(1,508,000)	-	(2,400,000)	(19,900)	-	-	-	(225,000)
Loans taken	343	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Loan repaid	343	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Loans Given	-	-	403	-	2,758	433,349	-	1,024,909	357,424	19,143	-	-
	(81,166)	(155,500)	-	(60,000)	-	(543)	(366,938)	(5,211,660)	-	-	-	(102,267)
Loan recovered	-	-	331	-	2,758	385,114	50,000	48,222	-	-	-	102,267
	(131,166)	(155,500)	-	(60,000)	-	-	(316,938)	(347,900)	-	-	-	-
Share application money given	-	-	-	-	-	-	-	-	-	376,901	-	44,159
	-	(459,798)	-	-	(700,000)	(220,560)	(104,999)	(747,600)	-	-	-	(175,610)
Share application money refunded	-	-	-	-	236,976	-	680,021	-	-	-	-	44,159
	-	-	-	-	-	-	(42,762)	(51,405)	-	-	(4,150)	-
Shares Buyback (in no.)	17,200,000	-	-	7,692,300	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Allotment of Debentures	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees given	1,398,363	-	-	-	-	-	-	876,466	-	-	-	-
	-	(1,500,000)	-	-	-	-	(2,250,000)	(6,850,000)	-	-	(880,000)	-
Guarantees released	-	1,353,914	-	-	-	-	1,845,000	-	-	-	880,000	-
	-	-	-	-	-	-	-	-	-	-	-	-
Investments pledged	-	-	-	-	-	-	-	1,785,600	-	-	-	-
	-	(1,061,103)	-	(118,168)	(769,080)	-	(1,224,255)	(14,400)	-	-	-	-
Investments unpledged	681,200	2,192,598	-	532,965	1,402,500	-	1,224,255	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investments	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Donations	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-
Balances outstanding												
Receivables/(Payables)- March 31, 2011	(1,697)	2,949	11,989	-	-	430,886	-	5,848,477	357,424	396,044	-	-
Receivables/(Payables)- March 31, 2010	28,728	1,785	8,974	-	236,976	382,651	730,021	7,351,791	-	-	-	102,267
Corporate Guarantee	1,398,363	146,086	-	-	-	-	405,000	7,726,466	-	-	-	-
	-	(1,500,000)	-	-	-	-	(2,250,000)	(6,850,000)	-	-	(880,000)	-
Pledge of Investment	-	-	-	-	-	-	-	1,800,000	-	-	-	-
	(681,200)	(2,192,598)	-	(532,965)	(1,402,500)	-	(1,224,255)	(14,400)	-	-	-	-

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

Schedule 18: Notes to Accounts

(Amounts expressed in Indian Rupees Thousands unless otherwise stated)

Related party transactions

Particulars	GVK Projects & Technical Services Limited	Gautami Power (Samalkot) Pvt. Ltd.	GVK Perambalur SEZ Pvt. Ltd.	GVK Developmental Projects Pvt Ltd	GVK Energy Limited	GVK Oil & Gas Limited	Bangalore International Airport Limited	GVK Novopan Pvt. Ltd.	GVK Technical & Consultancy Services Pvt. Ltd.	Pinakani Share & Stock Broker Limited	TAJ GVK Hotels & Resorts Limited	Orbit Travel & Tours Private Limited	Seregraha Mines limited	GVK Employees Welfare Trust	GVK Foundation	Dr. G V Krishna Reddy	Mr. A. Issac George
Transactions during the year																	
Fees for services rendered	7,067 (8,589)	-	-	-	-	-	-	-	-	-	-	-	795 (1,081)	-	-	-	-
Reimbursement of expenses (Billable expenses)	-	-	-	-	7,793	-	-	-	-	-	-	-	-	-	-	-	-
Services received	-	-	-	-	-	-	-	-	8,935 (6,083)	500 (1,365)	1,059 (1,385)	12,803 (4,754)	-	-	-	-	-
Investment in equity	-	-	-	-	2,499,500	-	-	-	-	-	-	-	-	-	-	-	-
Loans taken	(250,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loan repaid	(250,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans Given	-	-	-	9,626 (102,006)	320,101	1,387,845 (9)	872	-	-	-	-	-	-	100,000 (100,000)	-	-	-
Loan recovered	-	-	-	400 (102,000)	338,952	300,000	-	-	-	-	-	-	-	-	-	-	-
Share application money given	-	(4,894)	102,037 (42,002)	(101)	(22)	(217,899)	-	-	-	-	-	-	-	-	-	-	-
Share application money refunded	-	(6,143)	(76,900)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Shares Buyback (in no.)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Allotment of Debentures -	-	-	-	-	8,332,261	-	-	-	-	-	-	-	-	-	-	-	-
Interest paid	(3,416)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees given	14,259 (990,533)	-	-	-	-	117,806	-	-	-	-	-	-	-	-	-	-	-
Guarantees released	-	-	(3,500,000) 1,674,900	-	-	-	-	-	-	-	-	-	(144,100)	-	-	-	-
Investments pledged	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments unpledged	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of Investments	-	-	-	-	11,805,137	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	-	-	-	-	-	-	-	(127)	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,948 (12,676)	13,490 (7,665)
Donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	13,000 4,425	-	-
Balances outstanding																	
Receivables/(Payables)- March 31, 2011	3,421	-	1,130,124	9,350	4,703	1,522,535	872	-	(101)	-	-	(1,001)	357	200,000	-	-	(700)
Receivables/(Payables) - March 31, 2010	4,005	-	1,028,087	124	15,761	434,690	-	(20)	(510)	(1,228)	-	(194)	1,073	100,000	(1,425)	-	(1,300)
Corporate Guarantee	1,004,792 (990,533)	-	-	1,825,100 (3,500,000)	-	117,806	-	-	-	-	-	-	144,100 (144,100)	-	-	-	-
Pledge of Investment	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

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

Notes to Accounts

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

5. Details of Loan given to subsidiaries, associates, parties in which directors are interested and companies under same management

Subsidiaries:

- i) GVK Gautami Power Limited
Balance as at March 31, 2011 Rs. Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. Nil (Previous Year Rs. 155,500)
The aforesaid loan was repayable on demand
- ii) GVK Industries Limited
Balance as at March 31, 2011 Rs. Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. Nil (Previous Year Rs. 83,401)
The aforesaid loan was repayable on demand
- iii) GVK Power (Goindwal Sahib) Limited
Balance as at March 31, 2011 Rs. Nil (Previous Year Rs. 50,000)
Maximum amount outstanding during the year was Rs. 50,000 (Previous Year Rs. 196,938)
The aforesaid loan is repayable on demand
- iv) GVK Oil & Gas Limited
Balance as at March 31, 2011 Rs. 1,522,535 (Previous Year Rs. 9)
Maximum amount outstanding during the year was Rs. 1,522,535 (Previous Year Rs. 9)
The aforesaid loan was repayable on demand
- v) GVK Perambalur SEZ Private Limited
Balance as at March 31, 2011 Rs. 630,224 (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 630,224 (Previous Year Rs. Nil)
The aforesaid loan was repayable on demand
- vi) Goriganga Hydro Power Private Limited
Balance as at March 31, 2011 Rs. 430,886 (Previous Year Rs. 543)
Maximum amount outstanding during the year was Rs. 430,886 (Previous Year Rs. 543)
The aforesaid loan was repayable on demand
- vii) GVK Airport Developers Private Limited
Balance as at March 31, 2011 Rs. 5,848,477 (Previous Year Rs. 4,863,760)
Maximum amount outstanding during the year was Rs. 8,328,477 (Previous Year Rs. 4,911,160)
The aforesaid loan is repayable on demand
- viii) GVK Coal (Tokisud) Company Private Limited
Balance as at March 31, 2011 Rs. Nil (Previous Year Rs. 102,267)
Maximum amount outstanding during the year was Rs. 102,267 (Previous Year Rs. 140,302)
The aforesaid loan is repayable on demand
- ix) GVK Developmental Projects Private Limited
Balance as at March 31, 2011 Rs. 9,226 (Previous Year Rs. 6)
Maximum amount outstanding during the year was Rs. 9,513 (Previous Year Rs. 102,002)
The aforesaid loan is repayable on demand
- x) GVK Jaipur Expressway Private Limited
Balance as at March 31, 2011 Rs. Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. Nil (Previous Year Rs. 60,000)
The aforesaid loan was repayable on demand
- xi) GVK Transportation Private Limited
Balance as at March 31, 2011 Rs. 19,143 (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 19,143 (Previous Year Rs. Nil)
The aforesaid loan was repayable on demand

Notes to Accounts

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

- xii) GVK Energy Limited
Balance as at March 31, 2011 Rs. Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 327,894 (Previous Year Rs. Nil)
The aforesaid loan is repayable on demand
- xiii) Alaknanda Hydro Power Company Limited
Balance as at March 31, 2011 Rs. Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 2,758 (Previous Year Rs. Nil)
The aforesaid loan is repayable on demand
- xiv) Mumbai International Airport Limited
Balance as at March 31, 2011 Rs. Nil (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 275 (Previous Year Rs. Nil)
The aforesaid loan is repayable on demand
- xv) Bangalore International Airport Limited
Balance as at March 31, 2011 Rs. 872 (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 872 (Previous Year Rs. Nil)
The aforesaid loan is repayable on demand
- xvi) GVK Rattle Hydro Electrical Project Private Limited
Balance as at March 31, 2011 Rs. 357,424 (Previous Year Rs. Nil)
Maximum amount outstanding during the year was Rs. 357,424 (Previous Year Rs. Nil)
The aforesaid loan was repayable on demand

6. Contingent liability

a. Direct and indirect taxes

- i) Income tax demand for assessment year 2008-09 for Rs. 7,298 (March 31, 2010 Rs. Nil).
- ii) 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.

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

b. Security against loans taken by others

- i) During the year ended March 31, 2011 the Company has provided security amounting to Rs. 1,800,000 (Previous Year Rs. 6,047,918) by way of pledge of its investments in subsidiaries in respect of amounts borrowed by its subsidiaries.
- ii) During the year ended March 31, 2011 the Company has provided security by way of corporate guarantees amounting to Rs. 11,618,821 (Previous Year 14,980,000) to subsidiaries and Rs. 144,100 to an associate (Previous Year Rs. 144,100).
- iii) During the year ended March 31, 2011 the Company has provided security by way of corporate guarantees amounting to Rs. 1,004,792 (Previous Year 990,533) to GVK Projects and Technical Services Limited.

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

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.

Notes to Accounts

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

8. Directors' remuneration

Particulars	March 31, 2011	March 31, 2010
Salaries and perquisites	25,900	19,048
Contribution to provident fund	1,538	1,293
	27,438	20,341

Note: As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the directors are not included above.

9. Payments to auditors (including service tax)

a) Auditor's remuneration in Schedule 16:

Particulars	March 31, 2011	March 31, 2010
As auditor:		
Audit Fee	1,053	1,053
Limited review	436	397
As adviser or in any other capacity in respect of:		
Taxation matters	-	282
In other matters:		
Certification	50	-
	1,539	1,732

b) Amount paid towards advisory services in connection with Qualified Institutional Placement has been adjusted against securities premium account Rs. Nil (Previous Year - Rs. 2,062)

10. Expenditure in foreign currency (cash basis)

Particulars	March 31, 2011	March 31, 2010
Travel	4,888	2,098
Legal and professional fees	55,013	11,384
	59,901	13,482

Included in travel and Legal and professional fees amount of Rs. Nil (Previous year - Rs. 1,270) and Rs. Nil (Previous year - Rs. 7,209) incurred for share issue expenses adjusted against securities premium account

11. Investments

Details of mutual funds purchased and sold/switched during the year

Name of the plan	Number of units purchased	Amount	Number of units sold	Amount
Religare Credit Opportunities Fund	1,912,960	20,000	1,912,960	20,091
Religare Ultra Short Term Fund	3,866,348	50,000	3,866,348	50,332
Religare Ultra Short Term Fund - Institutional Growth	765,562	10,132	765,562	10,264
ICICI Prudential Monthly Interval Plan	1,000,000	10,000	1,000,000	10,464
ICICI Prudential Flexible Income Premium	343,594	60,464	343,594	60,902
Fortis Overnight Fund	3,144,587	45,165	3,144,587	45,625
Fortis Short Term Income Fund - Regular - Growth	344,514	5,000	344,514	5,010
Baroda Pioneer Liquid Fund	3,748,983	40,169	3,748,983	40,337
SBI Premier Liquid Fund	4,013,336	40,157	4,013,336	40,249
SBI- SHF-Ultra Short Term Fund	6,407,638	80,000	6,407,638	80,295
SBI Debt Fund Series - 90 Days -37-Growth	8,029,475	80,295	8,029,475	82,066
JP Morgan India Liquid Fund	2,073,054	25,122	2,073,054	25,397
JP Morgan India Treasury Fund	4,077,040	50,000	4,077,040	50,845

Notes to Accounts

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

Name of the plan	Number of units purchased	Amount	Number of units sold	Amount
Templeton India Treasury Management Account	64,394	96,069	64,394	98,300
Templeton Floating Rate Income Fund Long Term Plan	5,290,216	70,000	5,290,216	70,466
Fidelity Cash Fund	10,496,851	134,014	10,496,851	135,294
Pramerica Liquid Fund - Growth Option	2,746,405	27,510	2,746,405	27,660
Birla Sun Life Ultra Short Term Fund	7,651,232	100,000	7,651,232	101,306
DWS Treasury Fund Cash	4,785,238	50,000	4,785,238	50,344
Kotak Flexi Debt Scheme	4,320,438	50,000	4,320,438	50,333
Kotak Floater Short Term	1,285,859	20,000	1,285,859	20,078
Taurus Liquid Fund	195,515	200,000	195,515	202,027
IDFC Money Manager Fund	1,995,862	30,000	1,995,862	30,201
IDBI Liquid Fund - Growth	8,857,525	90,000	8,857,525	90,354
UTI Treasury Advantage Fund	39,581	50,000	39,581	50,340
TATA Floater Fund - Growth	3,564,427	50,000	3,564,427	50,345
HDFC Floating Rate Income Fund-Short-term-WS-Growth	15,373,478	250,000	15,373,478	255,098
DSP Black Rock Liquidity Fund	37,187	50,072	37,187	50,280
DSP Black Rock Money Manager Fund -Regular Plan - Growth	3,834	5,000	3,834	5,048
DSP Blackrock Liquidity Fund	58,403	80,000	58,403	81,212
Peerless Liquid Fund Collection Account	3,859,551	40,000	3,859,551	40,264
BNPP Paribas Overnight Fund	12,267,531	180,000	12,267,531	183,610
JM High Liquidity Fund	9,348,415	140,000	9,348,415	141,642
Canara Robeco Liquid Super Institutional Growth Fund	6,875,628	80,000	6,875,628	81,901
Axis Liquid Fund - Institutional Growth	75,466	80,000	75,466	81,941
Principal Cash Management Fund-Growth	5,373,960	80,000	5,373,960	80,777
Principal PNB Fixed Maturity Plan	8,362,831	101,112	8,362,831	102,369
LIC Mutual Fund Income Plus Fund - Daily dividend reinvestment	80,000,000	800,000	80,000,000	801,476
LIC Mutual Fund Savings Plus Plan	2,500,000	25,000	2,500,000	25,131
Fortis Short Term Income Fund	4,998,450	50,000	4,998,450	50,387
Fortis Money Plus Fund	3,998,760	40,000	3,998,760	40,155
UTI Treasury Advantage Fund	49,989	50,000	49,989	50,325
ICICI Prudential Floating Rate Plan C	99,960	10,000	99,960	10,001
ICICI Prudential Long Term Floating Rate B	99,971	10,001	99,971	10,239
SBNPP Ultra Short Term Fund	2,988,941	30,000	2,988,941	30,065
Baroda Pioneer Treasury Advantage Fund - Institutional Daily Dividend plan	3,996,363	40,000	3,996,363	40,169
SBI SHF Ultra Short Term Fund	3,997,601	40,000	3,997,601	40,157
Jp Morgan India Treasury Fund	4,495,999	45,000	4,495,999	45,122
JP Morgan India Liquid Fund	999,211	10,000	999,211	10,025
DWS Ultra Short Term Fund	3,992,853	40,000	3,992,853	40,161
Reliance Interval Fund	749,865	7,500	749,865	7,531
Fidelity Ultra Short Term Debt Fund	399,900	4,000	399,900	4,014
DSP BlackRock Liquidity Fund - Institutional Plan - Daily dividend reinvestment	49,984	50,000	49,984	50,072
Pramerica Mutual Fund - Liquid Fund Daily dividend reinvestment	2,000,000	20,000	2,000,000	20,010

12. Additional information pursuant to the provisions of Paragraph 3, 4C and 4D of Part II of Schedule VI to the Companies Act, 1956 to the extent Nil or not applicable have not been disclosed.

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, 2011.

14. Unhedged foreign currency exposure

Purpose	March 31, 2011	March 31, 2010
Sundry creditors	Rs. Nil	Rs. 226 (US \$ 5,000 @ closing rate of 1 USD = Rs. 45.14)

Notes to Accounts

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

15. 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	March 31, 2011	March 31, 2010
Not later than one year	578	695
Later than one year but not later than five years	-	-
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.

16. Dilution of investment

During the current year, the Company, GVK Energy Limited (subsidiary Company) and certain private equity investors ('investors') have entered into an investment agreement pursuant to which the Company has transferred its investments in the below mentioned subsidiaries to GVK Energy Limited and then diluted its stake by 18.05% in favour of the investors:

- GVK Industries Limited
- GVK Gautami Power Limited
- GVK Coal (Tokisud) Company Private Limited
- GVK Power (Goindwal Sahib) Limited
- Alaknanda Hydro Power Company Limited

As per the investment agreement, the Company and GVK Energy Limited has undertaken to conduct an initial public offering of the GVK Energy Limited's equity shares ('Qualified IPO' or 'QIPO') within 60 months from the date of investment agreement (preferred listing period).

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

Provided the Put IRR shall be reduced to 15% IRR, if at least 3 private sector initial public offerings with an issue size of Rs.10,000,000 or more each have not taken place in India between the 36th month to the 60th month from date of investment agreement.

17. Previous year comparatives

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

SIGNATORIES TO SCHEDULES 1 TO 18

As per our report of even date

For **S. R. Batliboi & Associates**
Firm Registration No. 101049W
Chartered Accountants

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

Place : Hyderabad
Date : May 7, 2011

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

Dr G V Krishna Reddy
Chairman and Managing Director

A Issac George
Director & CFO

G V Sanjay Reddy
Director

P V Rama Seshu
GM & 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 1 1

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

7 1 6 8 4 9 8

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

Total Liabilities

2 6 3 9 2 8 1 6

Total Assets

2 6 3 9 2 8 1 6

Sources of Funds

Paid-up Capital

1 5 7 9 2 1 0

Reserves & Surplus

2 3 7 6 2 7 8 4

Secured Loans

1 0 0 9 4 3 8

Unsecured Loans

N I L

Deferred Tax liability

N I L

Application of Funds

Net Fixed Assets

1 5 9 1 3

Investments

1 6 1 6 2 1 1 9

Net Current Assets

1 0 1 6 9 5 3 7

Misc. Expenditure

N I L

Deferred Tax Assets

3 8 6 3

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

Turnover

1 2 3 0 5 6 1

Total Expenditure

5 1 0 2 2 7

Profit before tax

7 2 0 3 3 4

Profit after tax

6 8 2 8 9 3

Earnings per Share Rs.

0 . 4 3

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.



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 17th Annual General Meeting held on Saturday, the August 6, 2011 at 12.05 p.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 17th
Annual General Meeting of the Company to be held on Saturday, the August 6, 2011 at 12.05 p.m. and at any
adjournment thereof.

Signed this _____ day of _____ 2011

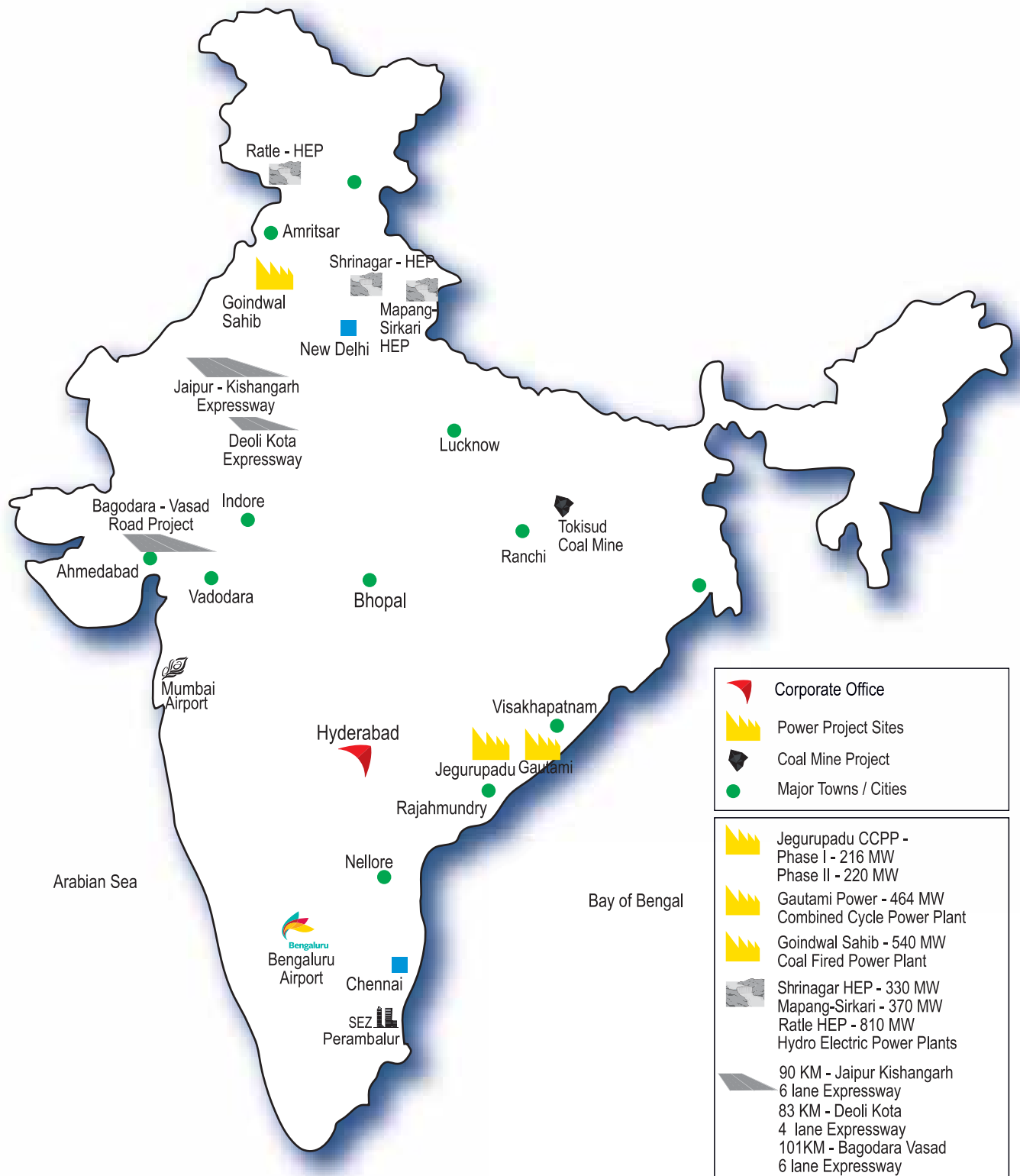
FOLIO NO.	CLIENT ID:	DP ID:
------------------	-------------------	---------------

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 Re.1/- Revenue Stamp



-  Corporate Office
-  Power Project Sites
-  Coal Mine Project
-  Major Towns / Cities

-  Jegurupadu CCPP - Phase I - 216 MW Phase II - 220 MW
-  Gautami Power - 464 MW Combined Cycle Power Plant
-  Goindwal Sahib - 540 MW Coal Fired Power Plant
-  Shrinagar HEP - 330 MW Mapang-Sirkari - 370 MW Ratle HEP - 810 MW Hydro Electric Power Plants
-  90 KM - Jaipur Kishangarh 6 lane Expressway
83 KM - Deoli Kota 4 lane Expressway
101KM - Bagodara Vasad 6 lane Expressway

-  Chhatrapati Shivaji International Airport, Mumbai Public-Private Partnership
-  Bengaluru International Airport, Bengaluru
-  GVK Perambalur (SEZ)

If undelivered, please return to:



GVK Power & Infrastructure Limited

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

Secunderabad - 500 003, India.

Phone: 040 - 2790 2663 / 64

Fax: 040 - 2790 2665

Saving lives every day!

GVK EMRI, a CSR initiative of GVK...

