
Artist impression of ATC Tower, CSIA, Mumbai

GVK Power & Infrastructure Limited

19th Annual Report 2012 - 2013

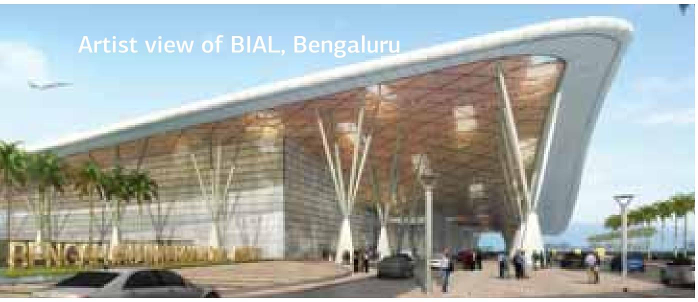

GVK Gautami Power Project


VIP Terminal, BIAL, Bengaluru


Alaknanda Hydro Electric Power Project


GVK Jegurupadu CCPP


GVK Jaipur-Kishangarh Expressway


Artist view of BIAL, Bengaluru


GVK Goindwal Sahib Power Project


Multilevel car parking, CSIA, Mumbai

Contents

Corporate Information

Board of Directors

Dr. G V K 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
P Abraham	Director
Ranjana Kumar	Director
Ch G Krishna Murthy	Director
S Balasubramanian	Director
A Issac George	Director
P V Rama Seshu	General Manager & Company Secretary

Committees of the Board

Audit Committee

Ch G Krishna Murthy	Chairman
A Ramakrishna	
P Abraham	
S Balasubramanian	

Remuneration Committee

A Ramakrishna	Chairman
K N Shenoy	
P Abraham	

Investors' Grievance Committee

A Ramakrishna	Chairman
Ch G Krishna Murthy	
A Issac George	

Statutory Auditors
S R Batliboi& Associates LLP
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

CIN
L74999AP2005PLC059013

Standalone Financials at a glance (Rs in Lakhs)

(Rs.Lakhs)

	2012-13	2011-12
Financial Performance		
Operational Income	**3021**	2760
EBIDTA	**1418**	1172
Other Income	**2780**	1285
Interest & Financial Charges	**5212**	2493
Depreciation	**18**	18
Profit After tax	**(2404)**	(827)
EPS (Rupees)		
Basic and Diluted	**(0.15)**	(0.05)
Financial Position:		
Fixed Assets (Net of depreciation)	**126**	144
Cash and Bank balance	**2339**	1748
Net current assets	**70817**	42602
Total Assets	**293532**	294682
Equity	**15792**	15792
Reserves	**234396**	236800
Networth	**250188**	252592
Market Capitalisation	**147655**	274783

Notice

Notice is hereby given that the 19th Annual General Meeting of the members of GVK Power & Infrastructure Limited will be held on **Monday, the August 12, 2013** at 11.30 a.m. at Sri Satya Sai Nigamagamam, 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, 2013 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. Krishna Ram Bhupal, who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint a Director in place of Mr. S Balasubramanian, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint S R Batliboi& Associates LLP (Registration No:101049W), 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 fixed by the Board.

By order of the Board

Place : Hyderabad
Date : May 15, 2013

P V Rama Seshu
General Manager & 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 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 / or our RTA at **einward.ris@karvy.com** along with your Folio No. and No. of shares / Client Id and DP Id.

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 **05-08-2013 to 12-08-2013** (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 the Folio / Client ID & DP ID Nos. in all their correspondences.
   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 the 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, GM & 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 i.e. 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 while transacting in the securities market including transfer, transmission or any other corporate action.

Annexure

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

Name of the Director	Mr. Krishna Ram Bhupal	Mr. S Balasubramanian
Date of Appointment	14.10.2009	30.04.2010
Date of Birth	16.03.1983	03.11.1942
Qualifications	MBA, Villanova University, USA	ACA, ACS, AICWA & LLB
Expertise in specific functional areas	He holds a Bachelors Degree in Finance and Accounting from Villanova University, USA. He has interned with various financial institutions, banks and private equity firms within and outside India. He is currently the Managing Director of GVK Power (Goindwal Sahib) Ltd and GVK Jaipur Expressway Pvt Ltd and also a Director in various companies forming part of GVK Group.	Mr. S Balasubramanian, is a Former Chairman of the Company Law Board, a quasi judicial body. He served the Company Law Board for about 19 years in various capacities and has dealt with over 3000 cases. He is an Associate Member of all the three premier Professional Bodies in India viz., The Institute of Chartered Accountants of India (ICAI), The Institute of Company Secretaries of India (ICSI) and The Institute of Cost & Works Accountants of India (ICWAI). He holds a Bachelor's Degree in Law from the Delhi University and is a Member of The Delhi High Court, Bar Council. He also holds a PG Diploma in Project Management from the University of Bradford, UK. Before acting as the Chairman of the Company Law Board, he has been a Director in the Ministry of Programme Implementation.
List of Companies in which Directorship is held as on 31.03.2013	GVK Energy Ltd GVK Industries Ltd GVK Gautami Power Ltd Alaknanda Hydro Power Company Ltd GVK Power (Goindwal Sahib) Ltd GVK Oil & Gas Ltd Seregarha Mines Ltd Pinakini Share & Stock Brokers Ltd Vertex Projects Ltd GVK Projects & Technical Services Ltd Bangalore International Airport Ltd Taj GVK Hotels & Resorts Ltd GVK Jaipur Expressway Pvt Ltd GVK Permabalur SEZ Pvt Ltd GVK Developmental Projects Pvt Ltd Mumbai International Airport Pvt Ltd GVK Transportation Pvt Ltd GVK Coal (Tokisud) Company Pvt Ltd	Jaypee Infratech Ltd Emani Paper Mills Ltd Crest Animation Studios Ltd Machino Plastics Ltd
Chairman / Member of the *Committees of other Companies on which he is a Director as on 31.03.2013	Nil	Emani Paper Mills Ltd

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

Directors Report

Dear Stakeholders,

Your Directors submit the 19th Annual Report of the Company along with the audited financial statements for the financial year ended March 31, 2013.

Consolidated Financial results

Being a Holding Company of different vertical business operations, your company doesn't 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 financial results of the company, its subsidiaries and associates.

(Rs.Lakhs)

Particulars	**2012-13**	2011-12
Financial Performance		
Operational Income	**260,765**	249,183
EBIDTA	**68,325**	69,408
Other Income	**13,613**	8,887
Interest & Financial Charges	**74,609**	46,727
Depreciation	**35,118**	24,893
Provision for taxes	**12,870**	6,782
Profit before tax and share of profits for associate and minority interest	**(40,659)**	(107)
Add: Share of income from Associates	**5,092**	10,639
Less: Minority Interest	**(1,970)**	4,386
Total Profit for the year	**(33,597)**	6,146
EPS (Rupees)		
Weighted Average no. of Equity Shares	**1,579,210,400**	1,579,210,400
Basic and Diluted	**(2.13)**	0.39
Financial Position		
Fixed Assets (Net of Depreciation)	**2,103,888**	1,670,814
Cash and Bank balance	**208,016**	172,626
Net Current Assets	**(230,509)**	(158,707)
Total Assets	**2,788,652**	2,287,448
Equity	**15,792**	15,792
Reserves	**298,739**	332,345
Net worth	**314,351**	348,137

Our total income from operations increased by 4.4 % to Rs. 260,765 lakhs from Rs. 249,183 lakhs in the previous year. The Power segment contributed an income of Rs. 89,545 lakhs compared to Rs.166,631 lakhs (34.34 % of total income) in the previous year. The Transportation segment contributed an income of Rs.24,933 lakhs (9.56 % of total income) compared to Rs.22,384 lakhs in the previous year. Airport Segment contributed an income of Rs.146,212 lakhs (56.07% of total income). The other segment contributed Rs.75 lakhs compared to Rs.616 lakhs in the previous year. The Airport assets (Bangalore Airport) have contributed to net profit of Rs.5,092 lakhs compared to Rs.10,639 lakhs in the previous year. The net loss is Rs.33,597 lakhs as against a net profit of Rs.6,164 lakhs in the previous year.

The net loss after tax share of profit from associate and minority interest was Rs.(33,597) lakhs as against a net profit of Rs.6,146 lakhs in the previous year. The net loss is mainly attributable to drop in generation of power due to acute shortage of fuel (gas), which has resulted in either closure of the power plants or operational for a very few days in a month and also an increase in interest cost.

Dividend

The Board of Directors of your company has not recommended any dividend for the financial year 2012-13.

Subsidiaries and Consolidated Financial Statements

Subsidiaries of your Company are predominantly spread across 3 main vertical business segments i.e., Energy, Airport and Transportation. In addition, your Company has other subsidiaries, which are engaged in Oil & Gas and Industrial Park among others. As on March 31, 2013 your Company has 7 direct subsidiaries, 16 step down subsidiaries and 2 associate companies. A list of these companies is provided separately as Annexure “A” to this report. There has been no material change in the nature of the business of the subsidiaries.

As required under the Listing Agreement entered into with the Stock Exchanges, a consolidated financial statement of the Company and all its subsidiaries is attached. The consolidated financial statements have been prepared in accordance with the relevant accounting standards as prescribed under section 211(3C) of the Companies Act, 1956. These financial statements disclose the assets, liabilities, income, expenses and other details of the company, its subsidiaries and associate companies.

Pursuant to the provisions of section 212(8) of the Companies Act, 1956, the Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011 dated: 08-02-2011 has granted general exemption from attaching the balance sheet, statement of profit and loss and other documents of the subsidiary companies with the balance sheet of the Company. As required under the said Circular, the Board of directors of your Company at its meeting held on February 14, 2013 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.

A statement containing the brief financials of the Company’s subsidiaries for the financial year ended March 31, 2013 is provided as Annexure “B” to this report. Accordingly, this annual report does not contain the reports and other statements of the subsidiary companies. Any member intends to have a certified copy of the Balance Sheet and other financial statements of these subsidiaries may write to the Company Secretary. These documents are available for inspection during business hours at the registered office of the company and also at the registered offices of the respective subsidiary companies.

Developments in the existing assets

(i) Energy

The supply of natural gas to the gas based power projects of your company deteriorated further during the year 2012-13 with no major respite seen for another year or two. Due to an acute shortage of supply of natural gas, supply of gas to all power stations in Andhra Pradesh has been stopped since March 1, 2013. This has resulted in virtual closure of the power plants. However, Jegurupadu Phase I plant is operating with a partial load for a few days in a month. The Company however is positive that this situation would improve in the coming years.

(ii) Airports

The expansion works at Chhatrapathi Shivaji International Airport (CSIA), Mumbai is progressing very well and the new Terminal 2 (International Operation) is expected to be completed by end 2013. The first of its kind in India, a multi level car parking facility with a capacity to park around 5,100 cars is nearing completion. A unique 83.8 mtr height iconic structure is getting ready for the Air Traffic Control operations (ATC towers) at Chhatrapati Shivaji International Airport (CSIA) and the same will be operational by end 2013.

The ongoing expansion works at Terminal 1 at Bangalore International airport is taking a very good shape as planned and will be completed by last quarter of 2013. Upon completion, this will enhance the operational performance to handle the projected increase in passenger traffic from the current 11.2 million to around 20 million passengers per annum.

(iii) Transportation

During the year, GVK Shivpuri Dewas Expressway Private Limited, a subsidiary of the Company, had terminated the Concession Agreement dated:12-01-2013, executed by it with the National Highways Authority of India for four laning of Shivpuri Dewas section of NH-3 from Km 236.000 to Km 566.450, in the State of Madhya Pradesh, in terms of Clause 34.8 of the Concession Agreement.

Emerging Opportunities

Resources

During the year, GVK Hancock, has received the Queensland Coordinator General's Report (State approval) followed by the Federal Government approval on the environmental clearance for the Alpha Coal and Rail Project in Queensland, Australia. The milestone is a major achievement for GVK as Alpha Project is the only Galilee Basin proponent with an approved Environmental Impact Statement (EIS).

During the year, GVK Coal Infrastructure (Singapore) Pte Ltd one of the Group companies of GVK and Aurizon (Australia's largest rail freight company) have signed a non-binding term sheet to jointly progress the development of rail and port infrastructure to unlock Galilee Basin coal reserves including GVK Hancock's Alpha, Kevin's Corner and Alpha West coal mines and a process to support the next phase of coal growth in the Bowen Basin. Under the proposed framework, Aurizon would acquire a majority (51%) interest in Hancock Coal Infrastructure Pty Ltd (HCI), which owns GVK Hancock's rail and port projects and would invest through upfront consideration at completion of the transaction and deferred consideration at financial close of each phase of the projects.

GVK has signed a contract with Samsung C and T of Korea and Smithbridge of Australia for the construction of 80 mtpa T3 Port in North Queensland, Australia, taking a step closer to its target of bringing out the first coal in 2015-16.

Airports

GVK has signed an operations and management contract with The Airports Authority of Indonesia, (Angkasa Pura Airports API), the Indonesian government airport operator to manage the non-aeronautical commercial operations at Indonesia's second busiest Bali (Denpasar) International Airport. The scope includes both, the existing terminals and the new international terminal which is currently under construction and is expected to open in the third quarter of 2013 with a major make-over.

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 your Company / its Subsidiaries / Associates received during the current year.

Certifications, Recognitions and Awards for your Company (GVKPIL)

- CDP India 200 Climate Change Report 2012 was released at Bombay Stock Exchange in the presence of dignitaries including Ms. Susan Howells, COO – CDP UK, wherein, GVK Power & Infrastructure Ltd. has been ranked 2nd in the Country across all sectors (compared to 8th position in 2011) for its Carbon Disclosure Leadership Index (CDLI).
- GVK was honoured with the EPC World Award for 'Outstanding Contribution in Power Generation – Infrastructure Category at the third EPC World Awards held in New Delhi

Certifications, Recognitions and Awards for Bangalore International Airport Limited (BIAL) :

- Distinction of being the first company in India to be certified as a Green Company as per the CII Green Co rating system.
- Airport carbon accreditation Level 2 by Airport Council International (ACI) and is the first Airport in Asia Pacific to cross this milestone.
- Recognized by the State of Karnataka on the International World Environment Day (5th June) for adopting environmental friendly

best practices and setting benchmarks across all functions.

- Golden Peacock Award - Environmental Management 2012 for excellent environmental management initiatives taken in and around the airport.
- Excellent Energy Efficient Unit Award by CII.
- ISO 50001 : 2011 Energy Management System Certificate
- INDIA 3.0 - IT Innovation Awards -2013 - NASSCOM - Jury Commendation Certificate - Best IT driven Innovation.

Certifications, Recognitions and Awards for Mumbai International Airport Private Limited (MIAL) :

- GVK CSIA has been awarded ISO 14064-1- 2006 certification for its Green House Gas emission accounting for the 2nd consecutive year. With this achievement, GVK CSIA is, now in the process of upgrading CSIA's ACI Airport Carbon Accreditation Rating from Mapping (Level 1) to Reduction (Level 2).
- GVK CSIA has been rated 3rd best Airport worldwide in the 25-40 mppa category by Airports Council International (ACI). The survey was conducted at 275 airports across the Globe.

Following are some of the achievements, awards and recognitions that your Promoter Directors received during the year;

- Dr. G V K Reddy, Chairman & Managing Director of your company has been recognized as 'Power Brands Hall of Fame Corporate Luminary of the year' for his exemplary contribution to the industry and society.

Corporate Governance Report and Management Discussion and Analysis

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 as an annexure to the Directors' Report. As required under Clause 49 of the Listing Agreement with the Stock Exchanges, a Corporate Governance Report and management Discussion and Analysis are attached to this annual report.

Corporate Social Responsibility (CSR)

- The GVK Group's Corporate Social Responsibility (CSR) 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 programs; 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.
- The Foundation has been funding GVK EMRI which was taken over the management of Emergency Management and Research Institute (EMRI), a non-profit organization and is providing integrated emergency response service across the country in 11 States and 2 Union Territories in India under public private partnership mode.

Directors

Appointments by rotation

In accordance with the provisions of the Companies Act, 1956 read with the Articles of Association of the Company Mr. Krishna Ram Bhupal and Mr. S Balasubramanian, Directors of the company will retire by rotation at this meeting and being eligible, your Board recommends their re-appointment.

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, 2013, 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, 2013 and of the profit or loss of the Company for the said period;

iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and

iv) the directors had prepared the annual accounts for the financial year ended March 31, 2013 on a "going concern" basis.

Auditors

SR Batliboi & Associates, Statutory Auditors of your Company have informed your Company that with effect from 01-04-2013 the legal status of their firm has been changed to SR Batliboi & Associates LLP consequent to their conversion into a Limited Liability Partnership (LLP) while their registration number (101049W) remains the same. The Board of Directors of your Company has taken note of the same.

S R Batliboi & Associates LLP, 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.

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 14, 2013 and recommended the same for the approval of the Board of Directors.

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 to 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

The Directors of your Company thank the Government of India, various State Governments and their concerned Department / Agencies / Regulatory Authorities for their continued support and cooperation. The Directors also wish to place on record the support extended by various Banks, Financial Institutions and every stakeholder of the Company.

The Directors further wish to appreciate and value the contributions made by every employee of the GVK Family.

For and on behalf of the Board of Directors

Place : Hyderabad

Dr. G V K Reddy

Date : May 15, 2013

Chairman & Managing Director

Annexure – A

Holding Company

1. GVK Power & Infrastructure Limited

Subsidiaries (As on March 31, 2013)

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

Step Down Subsidiaries (As on March 31, 2013)

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 Airports International Pte Ltd, Singapore
11. Mumbai International Airport Private Limited
12. GVK Jaipur Expressway Private Limited
13. GVK Deoli Kota Expressway Private Limited
14. GVK Bagodara Vasad Expressway Private Limited
15. GVK Shivpuri Dewas Expressway Private Limited
16. GVK Energy Ventures Private Limited

Associates (As on March 31, 2013)

1. Bangalore International Airport Limited
2. Seregarha Mines Limited

Annexure – B

Statement pursuant to general exemption of the Companies Act, 1956 and the financial information of the Subsidiary Companies.

(Rs.Lakhs)

Name of the Subsidiary	GVK Energy Ltd	GVK Airport Developers Pvt Ltd	GVK Transportation Pvt Ltd	Goriganga Hydro Power Pvt Ltd	GVK Oil & Gas Ltd	GVK Perambalur SEZ Pvt Ltd	GVK Developmental Projects Pvt Ltd
Issued and Subscribed Share Capital	44,827	28,000	3,750	1	5	1	1
Reserves	136,651	(50,105)	(9,241)	-	(12)	-	(6)
Total Assets	265,012	401,716	96,246	4,990	18,358	11,711	40,690
Total Liabilities	265,012	401,716	96,246	4,990	18,358	11,711	40,690
Investments (except investments in Subsidiaries)	10,425	-	83	-	-	-	-
Turnover	5,936	4,560	950	-	-	-	4
Profit/(Loss) before taxation	4,614	(22,893)	(8,324)	-	(7)	-	(2)
Provision for taxation	1,502	1,478	136	-	-	-	-
Profit/(Loss) after taxation	3,112	(243,71)	(8,460)	-	(7)	-	(2)
Proposed dividend	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Number of shares held by GVKPIL with its nominees in the subsidiaries at the end of the financial year.	250,000,000	280,000,000	37,500,000	10,000	50,000	10,000	10,000
Extent of interest in the holding company	73.94%	100%	100%	100%	100%	100%	100%

Notes:

1. The Ministry of Corporate Affairs (MCA), Government of India, New Delhi vide its Circular No.2/2011, dated: 8-2-2011 has granted general exemption to all the Companies for not attaching the Balance sheet, Profit & Loss account etc. of subsidiaries with the Annual Report to the Holding Company, subject to compliance of the conditions specified therein.

2. 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, 2013

Name of the employee	Age	Qualification	Designation	Experience (Years)	% of equity shares held in company	Date of commencement of employment	Remuneration received	Previous Employment
Dr. G V K Reddy	76	BA and Owner / President Management program from Harvard University, Doctorate in Philosophy, JNTU, Hyderabad	Chairman & Managing Director	49	0.50%	14-10-2005	1,64,91,548	Executive Chairman GVK Industries Limited
Mr. A Issac George	59	B.Com, ACA	Director & Chief Financial Officer	34	Nil	01-10-2005	* 28,55,650	Director (Finance) GVK Industries Ltd

*Mr. A Issac George, had attained superannuation on 09-05-2012 hence, partly employed during the year. Accordingly, the remuneration paid to him is for part of the year.

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

(b) Mrs. G Indira Krishna Reddy, Director, Mr. G V Sanjay Reddy, Vice Chairman and Mr. Krishna Ram Bhupal, Director of the Company are relatives of Dr. G V K Reddy.

For and on behalf of the Board of Directors
Dr. G V K Reddy
Chairman & Managing Director

Place : Hyderabad
Date : May 15, 2013

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.

1. 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.

2. Board of Directors

a) 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, 2013 is 11 (Eleven) Directors comprising of four Promoter Directors, six Independent Directors and one Non-Independent Director. Among the Directors, one is an Executive Director and ten are Non-executive Directors as on March 31, 2013. 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 as on March 31, 2013.

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
Dr. G V K Reddy	Chairman & Managing Director	00005212	All promoter directors are relatives	10	-	-
G Indira Krishna Reddy	NEPD	00005230	All promoter directors are relatives	11	-	-
G V Sanjay Reddy	Vice Chairman NEPD	00005282	All promoter directors are relatives	9	-	-
Krishna Ram Bhupal	NEPD	00005442	All promoter directors are relatives	11	-	-
A Ramakrishna	NEID	00027520	None	11	6	-
K N Shenoy	NEID	00021373	None	4	-	-
P Abraham	NEID	00280426	None	11	3	-
Ranjana Kumar	NEID	02930881	None	5	3	-
Ch G Krishna Murthy	NEID	01667614	None	1	-	-
S Balasubramanian	NEID	02849971	None	5	1	-
A Issac George	NID	00005456	None	5	3	-

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

+ Committee memberships considered are of other companies only and those as required under the Code of Corporate Governance None of the directors is (i) a 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.

b) Board Meetings held during the Year

The Board of Directors met four times during the year on May 9, 2012, August 8, 2012, November 10, 2012 and February 14, 2013. The maximum gap between the two meetings was less than four months.

c) Directors Attendance and Sitting fee paid

Given in the table below is the Board Meeting attendance record of the directors during the year 2012-2013.

Name of the Director	No. of	No. of meetings attended	Sitting Fees Paid (Rs.)	Presence at last AGM
Dr. G V K Reddy	4	4	-	Yes
G Indira Krishna Reddy	4	4	80,000	Yes
G V Sanjay Reddy	4	3	60,000	Yes
Krishna Ram Bhupal	4	4	80,000	Yes
A Ramakrishna	4	4	80,000	Yes
K N Shenoy	4	2	40,000	No
P Abraham	4	1	20,000	No
Ch G Krishna Murthy	4	4	80,000	Yes
S Balasubramanian	4	3	60,000	Yes
A Issac George*	4	4	60,000	Yes
Ranjana Kumar	4	3	60,000	Yes

*sitting fees is being paid since 08-08-2012

d) Availability of information to the members of the Board

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

The information regularly supplied to the Board includes:

- Annual operating plans and budgets, capital budgets and updates
- Periodic Financial Statements
- Minutes of meetings of audit, compensation and investor grievance committee of the Company along with board minutes of the subsidiary companies, General notices of interest
- Information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and Company Secretary
- Materially important litigations, show cause, demand, prosecution and penalty
- Fatal or serious accidents or dangerous occurrences, any material effluent or pollution problems, if any
- Any materially relevant default in financial obligations to and by us
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Transactions that involve substantial payments 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.

3. Committees of the Board

a) 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 K Reddy, Chairman & Managing Director is annexed to this report.

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

b) Audit Committee

In terms of Clause 49 of the Listing Agreement, the Audit Committee constituted by the Board consists of only Non-Executive and Independent Directors. The committee had met four times on May 8, 2012, August 7, 2012, November 9, 2012 and February 13, 2013. The attendance details for the Committee meetings are as follows:

Name of the Member	Category	No. of meetings	
		Held	Attended
Ch G Krishna Murthy	Chairman	4	4
A Ramakrishna	Member	4	3
P Abraham	Member	4	1
S Balasubramanian	Member	4	3

c) 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.

d) 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.

e) 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 2012-13

Nature of Complaint	Received	Resolved	Pending
Non receipt of Refund Order	-	-	-
For Non receipt of			
- Dividend Warrant	27	27	-
- Annual Report	27	27	-
- Share Certificate	19	19	-
Total	**73**	**73**	**-**

f) 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.

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.

4. 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 2012-13, no employee has been denied access to the audit committee.

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

5. Annual General Meetings

a) Annual General Meetings

Year	Date	Time	Venue
2009-10	31.07.2010	11.30 A.M.	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad – 500 073
2010-11	06.08.2011	12.05 P.M.	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad – 500 073
2011-12	08.08.2012	11.30 A.M	Sri Satya Sai Nigamagamam, Sri Nagar Colony, Hyderabad – 500 073

b) Extraordinary General Meeting / Postal ballot

During the F.Y. 2012-2013 the company has not held any Extra ordinary General Meeting / Postal Ballot.

c) E-voting

The e-voting platform aims to improve transparency and corporate standards and also helps in reducing the cost associated with Postal Ballot while facilitating the declaration of results immediately after voting.

Your company has executed the requisite agreements with both the Depositories (i.e. NSDL and CDSL) to facilitate electronic voting of the resolutions in a fair and transparent manner for all classes of stakeholders which enhances the shareholder participation in general meetings.

6. Disclosures

The Board of Directors receives the requisite 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.

7. Means of Communication

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

8. SEBI Complaints Redressal System (SCORES)

SEBI has initiated SCORES for processing the investor complaints in a centralized web based redress system and online redressal of all the shareholders complaints. The company is in compliance with the SCORES and redressed the shareholders complaints well within the stipulated time.

9. NSE Electronic Application Processing System (NEAPS)

To provide diverse range of services to corporates listed on NSE, with effect from January 23, 2013, NSE has launched NSE Electronic Application Processing System (NEAPS) which is a web based application for filing corporate announcements under the portal https://www.connect2nse.com/LISTING. Your company is registered with NEAPS and all the filings are being done through this module developed by NSE.

10.BSE Corporate Compliance & Listing Centre

BSE has announced the launch of its online portal-BSE Corporate Compliance & Listing centre for submission of various filings by listed companies with BSE, with effect from February 8, 2013.

The portal http://listing.bseindia.com is designed to make corporate filings easy, convenient and environment friendly for listed companies. Your company is registered with the portal and all the necessary filings are being done through this module developed by BSE

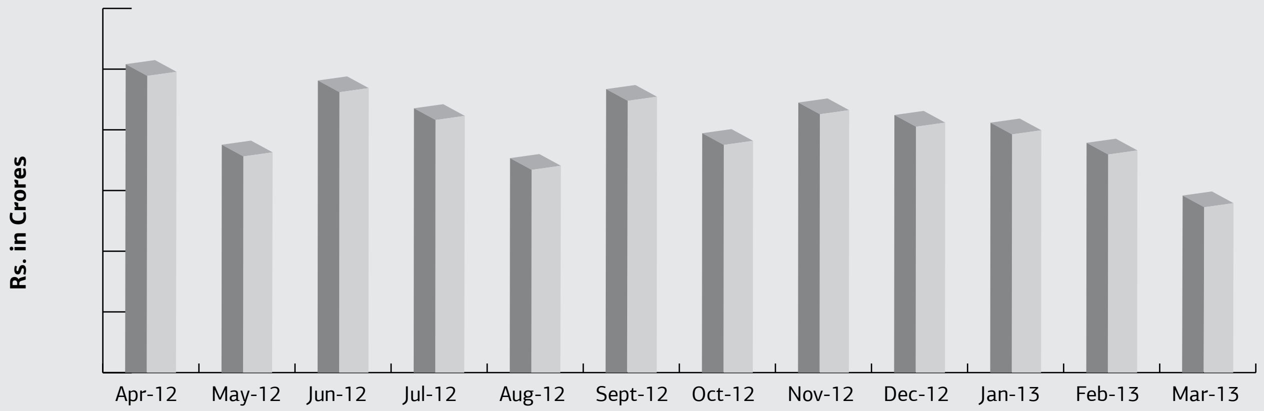
11. General Shareholder Information

1.	Annual General Meeting Day, date and time Venue	: : :	Monday, the August 12, 2013 at 11.30 am Sri Satya Sai Nigamagamam, 8-3-987/2, Srinagar Colony, Hyderabad - 500 073
2.	Book Closure Dates	:	05-08-2013 to 12-08-2013 (both days inclusive)
3.	Calendar of events (tentative and subject to change) for financial reporting for the period ending		
	- Jun 30, 2013	:	Aug 2013
	- Sep 30, 2013	:	Nov 2013*
	- Dec 31, 2013	:	Feb 2014*
	- Mar 31, 2013	:	May 2014*
	- AGM for 2013-14	:	Aug 2014* (*tentative)
4.	Listing of equity shares is at	:	The National Stock Exchange of India Limited Exchange Plaza, BandraKurla 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 2013-14 to both the Exchanges
5.	Stock Code	:	BSE: 532708, NSE: GVKPIL ISIN : INE251H01024
6.	Corporate Identification Number (CIN) allotted by the Ministry of Corporate Affairs	:	L74999AP2005PLC059013
7.	Share Transfer System	:	Share transfer requests, which are received in physical form are processed and the share certificates returned within a period o f 15 days in most cases, and in any case within 30 days, from the date of receipt, subject to the documents being in order and complete in all respects.
8.	Secretarial Audit	:	Secretarial Audit is being carried out every quarter by a Practicing Company Secretary and his audit report is placed before the Board for its perusal and filed regularly with the Stock Exchanges within the stipulated time.
9.	Location	:	Registered Office : ‘Paigah House’, 156-159, Sardar Patel Road, Secunderabad – 500 003 Phone No. 040-27902663 / 64, Fax: 040-27902665 Email: cs.gvkpil@gvk.com, Website: www.gvk.com
10.	Registrar & Share Transfer Agents	:	Karvy Computershare Private Limited Unit: GVK Power & Infrastructure Limited Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081 Phone: 040 - 44655133, Fax : 040 - 23420814 E-mail: mailmanager@karvy.com, website: www.karvy.com
11.	Query on the Annual Report (Shall reach 10 days before the AGM)	:	P V Rama Seshu, GM & Company Secretary-Compliance Officer GVK Power & Infrastructure Limited, ‘Paigah House’, 156-159, Sardar Patel Road, Secunderabad - 500 003 Ph: 040-27902663/64, Fax: 040-27902665

Historical Data of 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**					

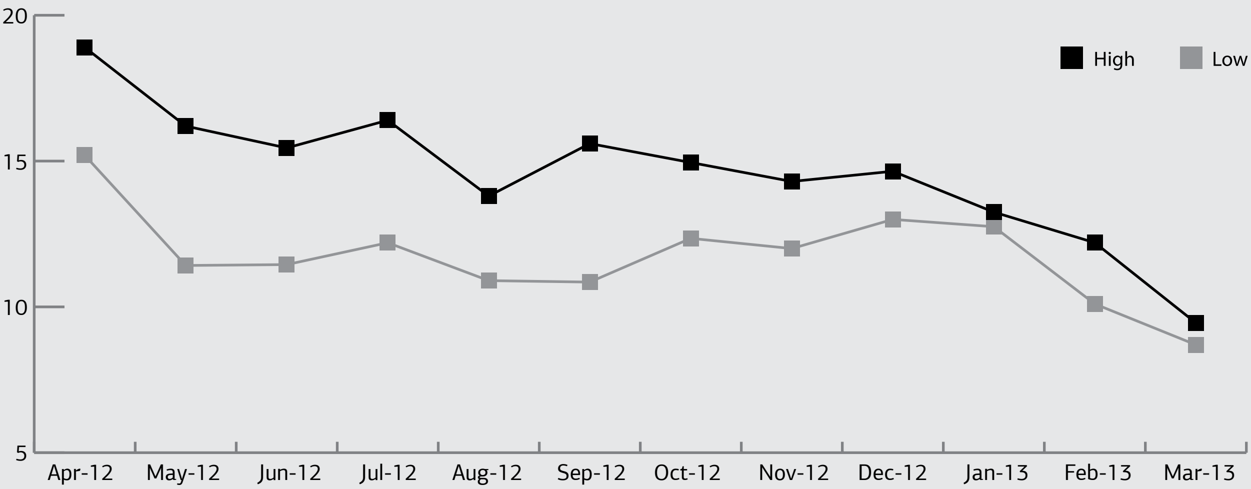
* Effective from 15.02.2008 the face value of the share has been changed from Rs.10/- per share to Re.1/- per share.



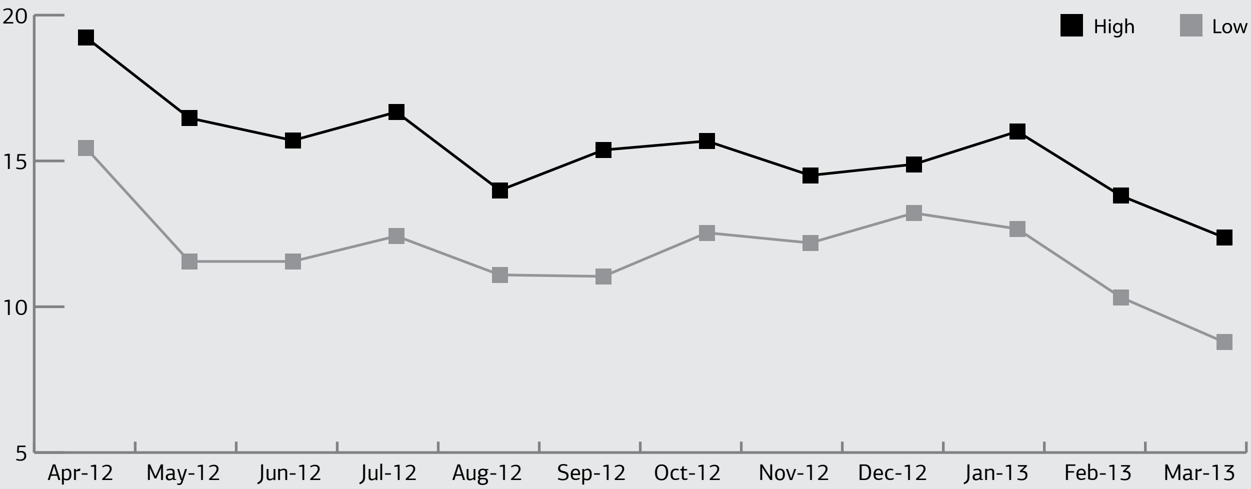
NSE Market Capitalisation Chart

Monthly high, low and trading volume of equity shares of the Company during the financial year 2012-13

Month, Year	National Stock Exchange (NSE)			Bombay Stock Exchange (BSE)			Total Volume(Nos)
	High (Rs)	Low (Rs)	Volume (No)	High (Rs)	Low (Rs)	Volume (No.)	BSE & NSE
April, 2012	18.90	15.20	204,271,638	18.90	15.20	4,23,96,521	24,66,68,159
May	16.20	11.42	263,713,889	16.20	11.40	5,34,52,003	31,71,65,892
June	15.45	11.45	343,808,684	15.45	11.40	6,92,95,526	41,31,04,210
July	16.40	12.20	239,570,282	16.40	12.25	4,10,11,789	28,05,82,071
August	13.80	10.90	183,205,422	13.78	10.95	3,33,96,986	21,66,02,408
September	15.60	10.85	261,241,050	15.13	10.90	5,21,64,600	31,34,05,650
October	14.95	12.35	277,612,793	15.43	12.36	4,03,57,710	31,79,70,503
November	14.30	12.00	162,399,471	14.28	12.02	2,49,65,108	18,73,64,579
December	14.65	13.00	172,876,928	14.65	13.02	2,87,75,541	20,16,52,469
January, 2013	13.25	12.75	260,012,335	15.75	12.49	4,21,17,810	30,21,30,145
February	12.20	10.10	154,152,456	13.60	10.20	2,17,29,671	17,58,82,127
March	9.45	8.70	186,863,708	12.20	8.70	4,12,99,381	22,81,63,089



Price Movement in NSE



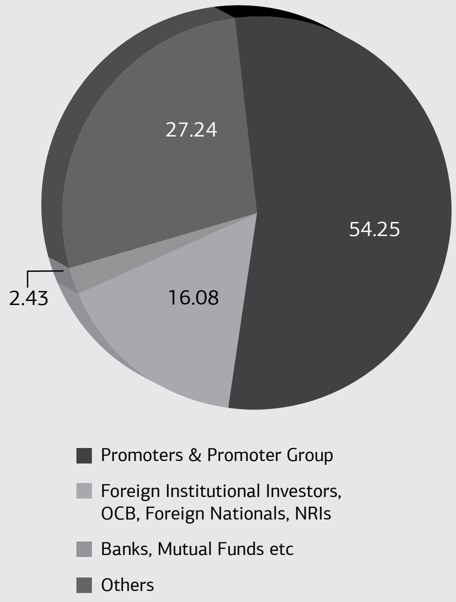
Price Movement in BSE

Category of Shareholding as on March 31, 2013

Category	No. of shareholders	Total shares	% Holding
BANKS	7	65,03,256	0.41
CLEARING MEMBERS	205	1,30,25,195	0.82
DIRECTORS & RELATIVES	8	1,27,710	0.01
FOREIGN INSTITUTIONAL INVESTOR	65	23,68,19,938	15.00
FOREIGN NATIONALS	1	2,000	0.00
STATE GOVERNMENTS	1	63,30,000	0.40
H U F	4,616	76,97,758	0.49
INSURANCE COMPANIES	1	81,82,011	0.52
BODIES CORPORATES	2,092	7,53,84,582	4.77
MUTUAL FUNDS	11	3,18,82,654	2.02
NON RESIDENT INDIANS	3,771	1,68,02,024	1.06
OVERSEAS CORPORATE BODIES	1	3,75,000	0.02
PROMOTER DIRECTOR	4	51,59,63,420	32.67
PROMOTER INDIVIDUALS	5	19,81,08,490	12.54
PROMOTER COMPANIES	4	14,26,57,430	9.03
RESIDENT INDIVIDUALS	3,13,607	30,11,93,510	19.07
TRUSTS	14	1,81,55,422	1.15
Total:	**3,24,413**	**1,57,92,10,400**	**100.00**

Distribution by category as on March 31, 2013

Category	Number of Shares	% of holding
Promoters & Promoter Group	85,67,29,340	54.25
Foreign Institutional Investors, OCB, Foreign Nationals, NRIs	25,39,98,962	16.08
Banks, Mutual Funds etc	3,83,85,910	2.43
Others	43,00,96,188	27.24
Total	**157,92,10,400**	**100.00**



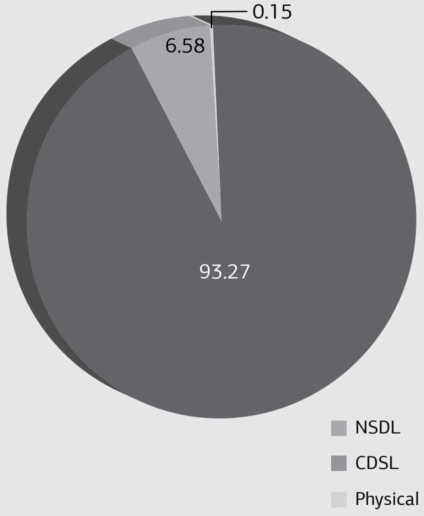
Distribution by size as on March 31, 2013

Range of equity shares held	No. of shareholders	% of shareholders	No. of equity shares	% of equity shares
upto1 - 5000	315,120	97.14	171,620,026	10.87
5001 - 10000	5,321	1.64	39,896,616	2.53
10001 - 20000	2,175	0.67	31,515,220	2.00
20001 - 30000	648	0.20	16,162,884	1.02
30001 - 40000	256	0.08	9,044,859	0.57
40001 - 50000	198	0.06	9,146,917	0.58
50001 - 100000	335	0.10	24,257,830	1.54
100001 & ABOVE	360	0.11	1,277,566,048	80.90
Total:	**324,413**	**100.00**	**1,579,210,400**	**100.00**

De-materialization of shares as on March 31, 2013

Category	Shareholders	Number of Shares	%
NSDL	208,862	1,472,889,658	93.27
CDSL	109,698	103,978,557	6.58
Physical	5,853	2,342,185	0.15
	324,413	**1,579,210,400**	**100.00**

As on March 31, 2013 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, 2013.

For GVK Power & Infrastructure Limited

Place : Hyderabad
Date : May 15, 2013

Dr. G V K Reddy
Chairman & Managing Director

Managing Director and Person in-charge of Finance Certification under clause 49 of the Listing Agreement with the Stock Exchanges

To
The Board of Directors of
GVK Power & Infrastructure Limited

In relation to the Audited Financial Accounts of the Company as at March 31, 2013, 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 K Reddy
Chairman & Managing Director

A Issac George
Director

Place : Hyderabad
Date : May 15, 2013

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

To
The Members of
GVK Power & Infrastructure Limited

We have reviewed the compliance of conditions of Corporate Governance by GVK Power & Infrastructure Limited, for the year ended on March 31, 2013, 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.

G Narender
Company secretary
In Whole-time Practice
FCS-4898
CP:5024

Place : Hyderabad
Date : May 15, 2013

Management Discussion and Analysis

1. About the Company

GVK Power & Infrastructure Limited (the Company) is a listed entity and an ultimate holding company of “GVK” which operates in diversified assets through different vertical businesses. The Company operates predominantly present in Energy, Airports, Transportation has presence in others like Oil & Gas, Industrial Park, Urban infrastructures etc. It conducts and operates its business through 7 subsidiaries, 16 step down subsidiaries and 2 associate companies (as on March 31, 2013). Revenues 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.

2. The Economy and the Sectoral growth

The Indian economy, Asia’s third-largest, has slowed sharply from the scorching growth notched a few years ago due to a string of factors, including high inflation, high interest rates, slowing global economy, delay in implementation of projects, policy logjam, slowing industrial growth and declining business sentiment. As a result of these factors the Indian economy grew by only 5% in 2012-13 fiscal (lowest in last 10 years) as compared to 6.2% growth in previous year.

The most disappointing factor is the industrial output growth in 2012-13 which is a mere 1%, which could result significant threat to job creation and overall growth of the economy. There has been a considerable decline in India’s GDP growth from 9.2% in year 2010-11 to 5% in 2012-13

During the year 2012-13, slowdown persisted as mining and manufacturing activity stalled, agriculture output was affected by temporal and spatial deficiency in rains and services sector witnessed moderation. Economic growth is hobbled by structural bottlenecks. Shortages of power, coal, natural gas and stoppage of mining activity in some states following legal enforcements on indiscriminate mining have emerged as a major constraining factor for industrial growth. Core industries have underperformed in this backdrop.

The Indian economy on the eve of the Twelfth five year Plan (2012-17) is characterised by strong macro fundamentals and good performance over the Eleventh Plan period, though clouded by some slowdown in growth in the current year with continuing concern about inflation and a sudden increase in uncertainty about the global economy. The objective of the Eleventh Plan was faster and inclusive growth and the initiatives taken in the Eleventh Plan period have resulted in substantial progress towards both objectives. Inevitably, there are some weaknesses that need to be addressed and new challenges that need to be faced. Some of the challenges themselves emanate from the economy’s transition to a higher and more inclusive growth path, the structural changes that come with it and the expectations it generates.

There are external challenges also arising from the fact that the global economic environment is much less favorable than it was at the start of the Eleventh Plan. These challenges call for renewed efforts on multiple fronts, learning from the experience gained, and keeping in mind global developments

Vigorous efforts and plans have been worked upon for setting up additional power generating capacity of 1,00,000 MW for the current 12th five-year plan (2012-2017), which along with development of Transmission and Distribution infrastructure will require an investment of over Rs. 6 lakh crores.

We need to wait and watch how the Government takes effective steps to make this possible.

A) POWER

The capacity addition on an all India basis during FY 2012-13 stood at 20,620 MW (excluding renewable energy based), of which 91% was coal based. About 55% of the aforesaid capacity addition was contributed by the private sector, as against its share of 42% of the gross capacity addition during XI Plan Period (2007-2012). However, the overall power deficits remained significant across the country as evident from peak deficit of 9% in FY 2012-13 with some states especially in North and South having significantly higher level of peak deficits at between 10% to 25%.

A significant amount of capacity is stranded owing to fuel concerns. Rising demand and falling domestic production has pushed the share of imported gas to 40 per cent of the current consumption in India. Within thermal segment, overall gas based capacity (20,100 MW as on March 31, 2013) remains adversely affected due to sharp drop in domestic gas availability, also as evident from decline in gas based PLF from 66% in FY 2011-12 to 40% in FY 2012-13. The PLF of Coal based power plants has also declined from 73% in FY 2011-12 to 60% in FY 2012-13

During the 12th Five Year Plan period, the demand for coal is projected to reach 980 Million Tonnes (MT), whereas domestic production is expected to reach 795 Million Tonnes (MT) in the terminal year (2016-17). Even as public sector companies, particularly Coal India Ltd (CIL), will continue to play a major role in achieving the domestic coal production targets, investment by the private sector including investment in new coal blocks for captive end users will be necessary. Problems like delays in obtaining Environmental and Forest clearances, land acquisitions and rehabilitation need to be suitably addressed in fast track mode to achieve the 12th Five Year Plan targets for coal production while maintaining the balance between growth needs and environmental concerns.

The demand for power is expected to grow at a CAGR of approximately 7.5 per cent during the 12th Five Year plan from 9,68,658 Gwh in FY12 to 13,95,065 Gwh in FY17, whereas peak load requirement is expected to grow at a CAGR of 7.4 per cent. In view of projected increase in demand, the government has already initiated various power projects and the sector is expected to offer opportunities to players as the demand for power is expected to increase exponentially to 9,50,000 MW by 2030. It is projected that 76 per cent of the total expected investments of US$ 1,250 billion in the energy sector will go to power generation, distribution and transmission by the end of this period.

About $ 250 Billion investments would be needed in the power sector over the next 8-9 years, according to a CII A.T. Kearney Study on 'Sustaining Growth: Future of Indian Power Sector'. The study highlights the emerging opportunities and challenges in the future power markets.

The Indian power market is evolving rapidly from a "nascent/ opening" market phase to a "developing" phase. The power demand in the base case is expected to grow at a steady 7.5%-8% CAGR till 2017. Further, the low "power penetration" levels indicate large latent/unmet demand. The power markets will have to achieve consistent high growth rates to bring our per capita consumption to comparable levels of some of the other developing countries like China and Brazil.

The country need to address the following issues on urgent basis for sustaining growth in Power sector – (i) Changes in Standard bidding documents for Case-I/Case-II to incorporate fuel pass through arrangements, (ii) Faster clearances through single window, (iii) Concrete measures to increase coal production like Timely clearances (Forest/Environment) and Clear policy on R&R (Rehabilitation and re-settlement) and (iv) Incentivizing of DISCOMS to reduce Aggregate Technical & Commercial (AT&C losses and privatization of distribution.

B) AIRPORTS

The Eleventh Plan saw extensive modernisation of the airport infrastructure through a combination of public and private investment. Chennai and Kolkata airports are being modernised by the public sector along with 35 non-metro airports. The two major metro airports – Delhi and Mumbai – have been successfully modernized in the PPP mode. In addition, Hyderabad, Bangalore and Cochin airports offer good examples of the success of the PPP model. There is a scope for utilizing this model to further upgrade the other airports.

The expansion of the airport network has increased the basis for air connectivity enormously. Air connectivity is vitally important for bringing mid-sized towns into the business network, thereby enabling wider distribution of manufacturing and commercial service provisioning across the country. There are large requirements of this connectivity in North-East and Left Wing Extremism affected Districts. In addition to the mid-sized airports modernized by AAI, further expansion of the airport network should be pursued in the Twelfth Plan to meet these needs

The Twelfth Five Year Plan (2012-17) envisages an investment of INR 0.65 trillion at Indian airports, of which a contribution of about INR 0.50 trillion is expected from the private sector. There is need to rationalize the tax regime particularly value added tax on Aviation Turbine Fuel (ATF) which is in the range of 20-30 percent in most of the states. A high tax regime for aviation in general and ATF in particular will reduce the wider economic benefits available from aviation, resulting in a negative impact on economic growth and overall government revenue bases.

C) TRANSPORTATION

India's transportation sector is large and diverse; it caters to the needs of 1.2 billion people. The Indian transportation & logistics sector is increasingly attractive to foreign and domestic operators as well as strategic and financial investors. There is an urgent need for capital investment in India's infrastructure and improve the country's roads, ports, airports, power plants, transportation systems, warehousing, cold chains, etc. The sector has registered a growth of 5% during the year 2012-13. The awarding for National Highway projects dipped significantly in 2012-13. However execution has remained steady owing to healthy awards in the past. Main reasons for the dips are limited financial flexibility of the existing players, Bank financing concerns and delay in clearances. Road transport has gained an importance over the years despite significant barriers to inter-State freight and passenger movement compared to inland waterways, railways and air which do not face rigorous en route checks/barriers.

Taking a longer term view, the scope for expanding the National Highway beyond the present 2.0 per cent of the total network needs to be carefully considered. The Twelfth Plan should set a reasonable target for what the National Highway component of the total network should be over the next twenty years and then workout a phased programme of expanding the National Highways to achieve the objective. The expansion should be on the basis of well-defined criteria giving due weight to network capacity needs and also the need to reach underserved areas. Although the overall investments in roads and highways is expected to grow at a healthy pace over the next five years led by Govt. focus, but this will depend largely on public funds.

3. Assets under Operation

i) Energy

GVK Gautami Power Ltd

During the year Gautami was operated at a Plant Availability Factor (PAF) and Plant Load Factor (PLF) of 86.50% and 24.30% (PY 73.13% and 70.55%). The company reported a profit/loss after tax of Rs.(153.32 Cr) for the financial year 2012-13 (PY Rs 7.89 Crores)

GVK Industries Limited

During the year Jegurupadu Phase I was operated at a Plant Availability Factor (PAF) and Plant Load Factor (PLF) of 99.45 % and 59.63% (PY 98.53% and 78.40%). The unit reported a profit after tax of Rs.14.23 Cr for the financial year 2012-13 (PY Rs 11.64 Crores)

During the year Jegurupadu Phase II was operated at a Plant Availability Factor (PAF) and Plant Load Factor (PLF) of 29.49% and 27.81 % (PY 71.53% and 70.59%). The unit reported a loss after tax of Rs. (71.91 Cr) for the financial year 2012-13 (PY loss of Rs 10.48 Crores).The decline in PAF, PLF and profits are mainly due to acute shortage in supply of natural gas.

ii) Airports

Mumbai International Airport Pvt Ltd (MIAL)

During the year MIAL handled 30.21 Mio (PY 30.75 mio) passenger traffic, handled 244,499 ATMs (PY 251,512 ATMs) and 342,626 MT (PY 349,363 MT) of Cargo reflecting a decrease of 2.79%, 1.76% and 1.93% respectively. The company reported a profit after tax of Rs.155.12 crores for the financial year 2012-13 (PY Rs.183.76 crores).

Bangalore International Airport Ltd (BIAL)

During the year, BIAL handled 11.99 Mio (PY 12.71 mio) passenger traffic, handled 105,188 ATMs (PY 119,033 ATMs) and 226,667 MT (PY 224,994 MT) of Cargo. There was a decline in the growth compared to PY in case of passenger traffic and ATM's by 5.7% and 11.6% respectively. However, there was a marginal growth of 0.7% in case of cargo. The company reported a profit after tax of Rs.104.32 crores for the financial year 2012-13 (PY Rs.160.76 crores).

iii) Transportation

GVK Jaipur Expressway Pvt Ltd

During the year toll collections recorded were Rs.249.33 crores (PY Rs.223.84 crores) with an increase of 11.39%. The company reported a profit after tax of Rs.34.01 crores for the financial year 2011-12 (PY Rs.78.64 crores).

4. Assets under Development

i) Energy

Alaknanda Hydro Power Company Limited

The 330MW Alaknanda Hydro Electric Power Project on the river of Alaknanda, Srinagar, Uttarakhand is being implemented with an estimated project cost of Rs.4,200 Crores. The concreting works at Dam is almost completed. All the 8 Radial Gates are fabricated and erected. Earth work at Desilting basin is completed. Turbines and generators are installed for all the four units. All other major works are nearing completion and the project is likely to be completed shortly and become operation thereafter.

GVK Power (Goindwal Sahib) Limited

The 540MW thermal (coal based) power project in Taran Taran District, Punjab is being implemented at an estimated cost of Rs.3,200 Crores. The plant has achieved a progress of 88% as per the Financial closure (FC) and also as per PPA and major systems erection is in progress. The project is expected to be commissioned by end of 2013.

GVK Ratle Hydro Electric Project Private Limited

The SPV is formed to implement 850MW Ratle Hydro Electric Project on the river Chenab, Kishtwar District, in the State of Jammu & Kashmir is being implemented at an estimated cost of Rs.6,300 Crores. The Company has received Environmental clearance from MOEF, CEA and TEC. The company has uploaded the Project Design Document (PDD) with UNFCCC website for registering the company under Clean Development Mechanism for carbon credits and also awarded both civil, hydro mechanical and electrical works and the project is expected to be operational by 2017.

GVK Power (Khadur Sahib) Pvt Ltd

The 1320MW (2 X 660 MW) Thermal Power Project with super critical technology is being implemented by GVK Power (Kadhur Sahib) Private Limited at an estimated cost of Rs.7,493 Crores. The company has signed MOU with Punjab State Power Corporation Limited (PSPCL). The DPR is prepared by M/s. Lahmeyer International and submitted to Punjab State Power Corporation Limited (PSPCL).

GVK Coal (Tokisud) Company Private Limited

This company will meet the coal requirement of Goindwal Sahib project @ 2.32 Mtpa. During the year, the company has obtained Environmental Clearance for the revised capacity of 2.32 Mtpa. The company has already obtained Stage-II Forest Clearance and in pursuance of the compliance of the same has so far transferred 763 acres of Compensatory Afforestation land in favour of Forest Department, Jharkhand, out of 926 acres. The company has concluded Lease for 40 acres of Government land with the Government of Jharkhand on 23.05.2013. The construction of railway siding to enable the company to dispatch coal to Goindwal Sahib TPP is progressing briskly with most of the approvals in place from East Central Railway. The company has obtained required permissions under Coal Mines Regulations, 1957 from Director General of Mines Safety for operating the mine, construction of embankment etc. The Phase-I construction of R & R colony is nearing completion. The coal mine is expected to be operational in the later part of 2013-14.

Seregarha Mines Limited

The company has obtained Terms of Reference (ToR) from MoEF on May 24, 2013 for preparation of Environmental Impact Assessment report. The consultant M/s EMTRC is working on the preparation of Environment Impact Assessment (EIA) and Environment Management Plan (EMP). The Feasibility report on the location of railway siding submitted by M/s RITES has been approved by East Central Railway.

ii) Airports

Your company has entered into an Operations and Management contract with the Airports Authority of Indonesia, (Angkasa Pura Airports AP1). The Indonesian Government Airport operator to manage the non-aeronautical commercial operations at Indonesia's second busiest Bali (Denpasar) International Airport.

iii) Transportation

GVK Deoli Kota Expressway Private Limited

The company is a Special Purpose Vehicle (SPV) for the augmentation of the existing 2 (two) lanes to 4(four) lanes, starting from Km 165.00 to Junction of National Highway No.76 (NH-76) on Kota Bypass (approximate length of 83.04 Km) on the Deoli - Kota Section of National Highway No. 12 (NH-12) in the State of Rajasthan, India on design, build, finance, operate and transfer (DBFOT) pattern under the National Highways Development Program (Phase III).

Total cost of the project is estimated to be at Rs. 823.45 crores with a debt / equity ratio of 80:20. The company has entered into financing agreement for availing term loan amounting to Rs.658.76 Crores with consortium of banks with Yes Bank Limited as Lead Bank .Currently, the construction works for the project are in progress.

GVK Bagodara Vasad Expressway Private Limited

The company is a Special Purpose Vehicle (SPV) to undertake Six laning of existing three lanes for Bagodara – Wataman – Tarapur – Vasad Road SH-8, Km. 0/0 to Km 101/9 in the State of Gujarat on Build, Operate and Transfer (BOT - Toll) Basis.

The total cost of the project is estimated at Rs. 1189.03 Crores. The company has tied up funds for the project in a Debt/ Equity ratio of 75:25. The estimated equity contribution is Rs. 297.26 Crores and the loan component is Rs. 891.77 Crores. Your company has entered into financing agreements for availing the term loan with a consortium of banks and financial institutions; Axis Bank Limited is the Lead Bank of the consortium. Construction works are in progress.

GVK Shivpuri Dewas Expressway Private Limited

The Company has signed a Concession Agreement on 12-01-2012 with National Highways Authority of India (NHAI) for Four Laning of Shivpuri Dewas section of National Highway No 3 (from Km 236.000 to Km 566.450) for a length of 332.46 kms. in the State of Madhya Pradesh to be executed as BOT (Toll) project on DBFOT Pattern under National Highways Development Programme (NHDP) phase IV. The Concession Period for the Project is for 30 years including construction period of 30 months. The main Project Office at Guna established.

iv) Others :

GVK Oil & Gas Limited:

You are aware that your company in consortium with BHP Billiton, the largest diversified resources company, has been awarded 7 deep water blocks under NELP VII. While 2D over / under sysmic data acquisition and processing are completed the further exploration has hit a road block has some of these are falling within the Jurisdiction of Ministry of Defense informed by DGH that the Ministry of Defense is in the process of granting additional clearances for some of the blocks for proceeding further for exploration. The management of your company after careful consideration of the ongoing process and time being taken by the authorities for clearances as of the firm view to wait and watch before infusing any further funds into this project.

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 2D Over/under seismic data acquisition and processing in NELP VII blocks was completed in Calgary by WesternGeco and Edcon. Complete set of final processed PSDM seismic data of MB & KK blocks was received by the Company.

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.

5. Risks and Concerns

Energy

All Gas based power projects in Andhra Pradesh are severely affected due to shortage of gas. The projects that were dependent only on RIL gas supplies from KG D6 have been totally shut down. Power projects under your group are no exception to this. The newer projects under construction are stranded due to want of gas for commissioning and operation. The expansion of projects earlier envisaged and kept on hold may not take off soon due to uncertainity of gas supplies in the near future.

The completion of existing and upcoming hydel projects are primarily dependent on the un-predictable weather conditions and other factors beyond the control of the management. These would cause delays in completion / commissioning of the projects.

The supply of Coal from GVK Coal (Tokisud) Company Private Limited to GVK Power (Goindwal Sahib) Limited is likely to be delayed further due to the inordinate delays in receipt of final approvals from the regulatory authorities, while most of these are in the final lap of clearances. The mining is expected to start during the financial year 2013-14.

Airport

The passenger, cargo and air craft movements in both the Mumbai International Airport Private Limited and Bangalore International Airport Limited varies based on the growth / slow down in the respective areas. The revenues are mainly dependent on increase in these traffics. The cut throat competition between the different airlines is making its impact on the potential growth of air travellers and the economic slowdown and the regulatory un-certainties. However, your management is hopeful that the situation would improve in the years to come.

Transportation :

While the first expressway project in the group i.e. GVK Jaipur Expressway Private Limited, had made its indelible mark in the revenue collections among road projects in India, the same is not the case with other road projects being developed by your company or others across India. Concession Agreements for most of the road projects are being returned back to the NHAI for various factors like right of way, removal of trees / places of worship, environmental clearances coupled with restrictions by the Hon'ble Supreme Court on mining minerals and these are causing severe setbacks for implementing the existing / new projects. Increase in fuel prices and the incremental cost of commodities and other factors are expected to contribute for the reduction in the road traffic. Nevertheless, your company is hopeful that the situation would improve in the years to come.

6. 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 to Rs.5,801 lakhs as compared to Rs.4,045 lakhs of the previous year.

Expenditure

The Company's total expenditure, comprising of staff costs and other administrative expenses, increased by 0.93 % to Rs.1,621 lakhs for the year ended March 31, 2013 from Rs.1,606 lakhs when compared to the previous year ended March 31, 2012.

Interest

Interest expenses stood at Rs.5,212 lakhs (previous year figure was Rs.2,493 lakhs)

Profit before tax (PBT)

PBT is Rs.(1,032) lakhs for the current year from Rs.(54) lakhs in the previous year.

Profit after tax

The Company's profit after tax is Rs.(2,404) lakhs for the year ended March 31, 2013 from Rs.(827) lakhs as compared to the previous year.

EPS

The earnings per share for the current year stood at Rs.(0.15) as compared to Rs.(0.05) per equity share of Re.1/- each in the previous year.

Consolidated Financials

The current year results include the results of the companies including subsidiaries, step down subsidiaries and 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 c) Airports and d) Other sectors.

Revenue

The Company reported gross revenue of Rs.274,378 lakhs for 2012-13 compared to Rs.258,078 lakhs in the previous year.

Profit after tax

The Company reported profit after tax and minority interest of Rs.(33,597) lakhs for 2012-13 as compared to Rs.6,164 lakhs in the previous year.

Earning Per Share (EPS)

The earnings per share at consolidated level for the current year stands at Rs.(2.13) as compared to Rs.0.39 per equity share of Re.1/- each in the previous year.

Net Worth

The net worth in the current year stands at Rs.314,531 lakhs as compared to Rs.348,137 lakhs in the previous year.

7. Clean Development Mechanism

The Clean Development Mechanism (CDM) allows emission-reduction projects in developing countries to earn certified emission reduction (CER) credits, each equivalent to one tonne of Carbon-di-oxide (CO2). These CERs can be traded and sold, and used by industrialized countries to a meet a part of their emission reduction targets under the Kyoto Protocol.

The mechanism stimulates sustainable development and emission reductions, while giving industrialized countries some flexibility in how they meet their emission reduction limitation targets.

The CDM is the main source of income for the UNFCCC Adaptation Fund, which was established to finance adaptation projects and programmes in developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change. The Adaptation Fund is financed by a 2% levy on CERs issued by the CDM.

During the year, validation reports of GVK Gautami Power Ltd and GVK Industries Ltd have been approved by United Nations Framework Convention Climate Change (UNFCCC).

8. Internal Control System and Adequacy

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

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

9. Human Resources

The total number of employees of GVK at the corporate office and projects sites as on March 31, 2013 stands 2,700 approximately. Your company periodically reviews the requirement of these employees across various projects based on the need and necessity. The optimal utilization of the human resources with multi tasking is what is being emphasized across the group.

10. Future Outlook

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. The Planning Commission, in its approach paper has projected an investment of over Rs.45 lakh crores during the Twelfth Plan (2012-17). It is projected that atleast 50% of this investment will come from the private sector as against the 36% anticipated in the Eleventh Plan. Financing infrastructure project will therefore, be a big challenge in the coming years and will require some innovative ideas and continued support from the Government.

The ever changing equations in the economic and the free fall of rupee and the rate of inflation are posing a big challenge across the business and to the Government. Managing these appropriately, with more stringent and firm actions will help the country to make further progress in the infrastructure development. Your company aims to contribute whatever it could do from its side for the better development of infrastructure facilities. Raising finances in this tough time is posing a tough challenge to everyone and your company is positive to meet all its financial obligations in time by following best options available before it. Keeping this in mind, your company carefully examines every opportunity that comes before it while leaving the others which are not viable.

11. Cautionary Statement

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

Independent Auditor's Report

To the Board of Directors of GVK Power & Infrastructure Limited

We have audited the accompanying consolidated financial statements of GVK Power & Infrastructure Limited ('the Company'), its subsidiaries and associates (collectively, 'the Group'), which comprise the consolidated Balance Sheet as at March 31, 2013, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion:

The Auditor's report on an associate company, whose audited financial statements we have relied on as stated in other matters paragraph below, includes a matter, in respect of which the Auditor's Report is qualified:

Attention is drawn to Note 31 of the Consolidated financial Statements, wherein an associate company has opted to claim deduction under Section 80-IA of the Income Tax Act, 1961 ("IT Act") on the entire income earned by the Associate during the year ended March 31, 2013 and has also claimed Minimum Alternate Tax ("MAT") credit under Section 115JAA of the IT Act aggregating to Rs. 1,959 lakhs for the year ended March 31, 2013 based on the projected future profits. As at the balance sheet date, the associate company carries in its books MAT credit entitlement aggregating Rs. 9,066 lakhs, which the Management is of the opinion will be utilised within the stipulated time period prescribed as per the provisions of the IT Act, notwithstanding deduction being claimed under Section 80-IA of the IT Act, as aforesaid. Also, the associate company has not accounted for deferred taxes arising on timing differences as the Management is of the opinion that the same will be reversed in the tax holiday period.

Considering the uncertainties around the assumptions used for the computation of current tax, deferred tax and MAT credit entitlement, we are unable to comment on the deferred tax and current tax balance as at March 31, 2013, the recoverability of the MAT credit entitlement aggregating to Rs. 9,066 lakhs as at March 31, 2013 and the consequential impact on the statement of profit and loss for the year ended March 31, 2013.

Qualified opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the 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 Company as at March 31, 2013;

(b) in the case of the consolidated Statement of Profit and Loss, of the loss 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.

Emphasis of Matter

We draw attention to:

a. Note 17(i) (a) of notes to the consolidated financial statements, regarding pending confirmation and approval by the Andhra Pradesh Electricity Regulatory Commission (APERC) for the increase in capital cost and consequential accruals of revenue to that extent being the fixed charge component of the tariff for the years 1997-98 to 2000-01 aggregating to Rs. 4,512 lakhs by GVK Industries Limited, a subsidiary;

b. Note 17(i) (b) and 17(i) (c) of notes to the consolidated financial statements, regarding outstanding minimum alternate tax amounts claimed for reimbursement and other amounts aggregating to Rs. 3,530 lakhs and Rs. 76 lakhs respectively considered recoverable from AP Transco and consequential impact on taxes in GVK Industries Limited and GVK Gautami Power Limited's books, subsidiary companies;

c. Note 38 of notes to the consolidated financial statements, regarding security provided by GVK Energy Limited and GVK Industries Limited, subsidiary companies for loan taken by the Company amounting to Rs. 20,000 lakhs, covered by the provisions of Section 295 of the Companies Act, 1956, where the subsidiary companies made application for prior approval to Central Government, however the Company obtained the loan pending approval of the application;

d. Note 39 of notes to the consolidated financial statements, GVK Energy Limited, subsidiary company, had made certain transactions during the year ended March 31, 2011 aggregating to Rs. 69 lakhs 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;

e. Note 40 of notes to the consolidated financial statements, regarding uncertainty towards supplies/availability of natural gas to power generating plants and power projects under construction of the Group. The Management of the subsidiary companies is confident of obtaining the requisite gas allocation/recover fixed charges and accordingly believes that fixed assets with carrying value of Rs. 236,150 lakhs are recoverable in normal course of business. Further, Management is confident of receiving approval of the lenders for re-schedulement of project loans aggregating to Rs. 143,330 lakhs to ensure continuance of its normal business operations; and

f. Note 41 of notes to the consolidated financial statements, regarding application made by the Company for waiver of excess managerial remuneration amounting to Rs. 137 lakhs and Rs. 207 lakhs for the years ended March 31, 2013 and March 31, 2012 respectively, paid to two directors in excess of limits prescribed under Schedule XIII of the Companies Act, 1956.

The auditor's reports on an associate company, whose audited financial statements we have relied on as stated in below, included certain matters as follows, in respect of which those auditor's reports were not qualified:

a. Note 42 of notes to the consolidated financial statements, in relation to accounting treatment of demolished fixed assets. In accordance with the Expert Advisory Committee of the Institute of Chartered Accountants of India ("EAC") opinion received, the associate company has carried out the necessary adjustments and charged the value of the demolished fixed assets aggregating to Rs. 638 lakhs; which was being accounted as a part of capital–work–in progress as at March 31, 2012; to the statement of profit and loss during the year ended March 31, 2013.

The ultimate outcome of the above matters cannot presently be determined, pending approvals, acceptances, legal interpretations and resolution of uncertainty around availability of gas as referred to in the relevant notes to the consolidated financial statements, accordingly no provision for any liability and/or adjustments that may result has been made in the consolidated financial statements. Our opinion is not qualified in respect of the aforesaid matters.

Other Matter

We did not audit total assets of Rs. 2,760,747 lakhs as at March 31, 2013, total revenues of Rs. 260,690 lakhs and net cash inflows amounting to Rs. 66,271 for the year then ended, included in the accompanying consolidated financial statements in respect of certain subsidiaries and associates, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries, and associate is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Vikas Kumar Pansari
Partner
Membership No.: 93649

Place: Hyderabad
Date : May 15, 2013

Consolidated Balance sheet as at March 31, 2013

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2013	March 31, 2012
Equity and liabilities			
Shareholders' funds			
Share capital	4	**15,792**	15,792
Reserves and surplus	5	**298,739**	332,345
		314,531	348,137
Deferred income	2(h) & 25	**15,729**	16,431
Minority interest		**331,884**	311,678
Share application money pending allotment		**-**	-
Non-current liabilities			
Long-term borrowings	6	**1,502,360**	1,111,552
Deferred tax liabilities (net)	7	**33,107**	30,139
Trade payables	8	**-**	-
Other long-term liabilities	8	**27,040**	28,451
Long-term provisions	9	**4,273**	2,984
		1,566,780	1,173,126
Current liabilities			
Short-term borrowings	10	**206,160**	279,010
Trade payables	11	**52,596**	28,395
Other current liabilities	11	**295,754**	127,856
Short-term provisions	9	**5,218**	2,815
		559,728	438,076
		2,788,652	2,287,448
Assets			
Non-current assets			
Fixed assets			
Tangible assets	12	**522,805**	494,281
Intangible assets	13	**208,698**	213,193
Capital work-in-progress		**1,004,708**	751,613
Expenditure incurred during construction period	14	**314,389**	194,096
Intangible assets under development		**53,288**	17,631
Non-current investments	15	**194,884**	189,791
Deferred tax assets (net)	7	**42**	64
Long-term loans and advances	16	**136,174**	135,289
Trade receivables	17 (i)	**8,118**	8,118
Other non-current assets	17 (ii)	**16,327**	4,003
		2,459,433	2,008,079
Current assets			
Current investments	18	**30,563**	23,406
Inventories	19	**9,761**	7,540
Trade receivables	17 (i)	**34,215**	37,275
Cash and bank balances	20	**208,016**	172,626
Short-term loans and advances	16	**30,403**	19,577
Other current assets	17 (ii)	**16,261**	18,945
		329,219	279,369
		2,788,652	2,287,448
Summary of significant accounting policies	2		

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

As per our report of even date

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

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

Place: Hyderabad
Date: May 15, 2013

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

Dr. G V K Reddy
Chairman & Managing Director

A Issac George
Director

G V Sanjay Reddy
Director

P V Rama seshu
GM & Company Secretary

Statement of consolidated profit and loss for the year ended March 31, 2013

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	**March 31, 2013**	March 31, 2012
Income			
Revenue from operations	21	260,765	249,183
Other income	22	13,613	8,887
Total revenue		**274,378**	258,070
Expenses			
Cost of fuel		71,980	118,483
Annual fee to Airport Authority of India		56,694	23,150
Employee benefit expense	23	13,562	8,068
Other expenses	24	50,204	30,074
Depreciation and amortization expense	25	35,118	24,893
Finance costs	26	74,609	46,727
		302,167	251,395
Profit/ (Loss) before tax and share of profits of associate and minority interest		(27,789)	6,675
Tax expenses			
Current tax		12,678	7,659
MAT credit		(3,594)	(2,570)
Deferred tax		3,776	1,683
Income tax for earlier years		10	10
Total tax expenses		**12,870**	**6,782**
Profit/(Loss) after tax and before share of profits of associate and minority interest		**(40,659)**	**(107)**
Add: Share of profits of associates for the year		5,092	10,639
Less: Minority interest		(1,970)	4,386
Profit/(Loss) for the year		**(33,597)**	**6,146**
Earnings per equity share (in Rs.)			
-Basic		(2.13)	0.39
-Diluted		(2.13)	0.39
Nominal value per equity share (in Rs.)		1.00	1.00
Weighted average number of equity shares			
-Basic		1,579,210,400	1,579,210,400
-Diluted		1,579,210,400	1,579,210,400
Summary of significant accounting policies	2		

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

As per our report of even date

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

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

Place: Hyderabad
Date: May 15, 2013

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

Dr. G V K Reddy
Chairman & Managing Director

A Issac George
Director

G V Sanjay Reddy
Director

P V Rama seshu
GM & Company Secretary

Consolidated Cash Flow Statement for the year ended March 31, 2013

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2013	March 31, 2012
Cash flow from Operating Activities			
Profit/ (Loss) before tax and share of profits of associate and minority interest		**(27,789)**	6,675
Adjustments for			
Depreciation and amortisation expense		**35,118**	24,893
Bad debts		**1,516**	-
Advances written off		**1,372**	-
Provision for Doubtful trade receivable		**131**	136
Loss/ (profit) on sale of fixed assets (net)		**12**	(12)
Insurance claims and assets written off		**-**	17
Unrealised foreign exchange loss		**61**	222
Profit on sale of non trade current investments		**(1,730)**	(3,964)
Dividend income from non trade current investments		**(9)**	(97)
Interest expense		**70,793**	45,722
Interest income		**(9,190)**	(3,462)
Liabilities written back		**(48)**	(76)
Operating profit before working capital changes		**70,237**	70,054
Movements in working capital			
Increase in inventories		**(12,781)**	(3,866)
Increase in current and non current liabilities and provisions		**44,042**	17,710
Decrease/(increase) in current and non current trade receivables and other assets		**8,794**	(2,747)
Decrease/(Increase) in loans and advances		**1,020**	(4,055)
Cash generated from operations		**111,312**	77,096
Direct taxes paid		**(14,968)**	(5,442)
Net cash from operating activities	**(A)**	**96,344**	71,654
Cash flows from investing activities			
Purchase of fixed assets including capital work in progress and capital advances		**(335,586)**	(346,621)
Proceeds from sale of fixed assets		**385**	385
Refund of capital advances		**3,580**	7,266
Purchase of current investments		**(304,738)**	(335,048)
Proceeds from sale/maturity of current investments		**293,168**	399,424
Purchase of non current investments including associates		**(67)**	(62,054)
Investments in bank deposits (having original maturity of more than three months)		**27,766**	(93,067)
Proceeds from deemed disposal of stake in subsidiaries		**-**	10,995
Payments for net assets acquired of subsidiaries, net of cash		**-**	(101,157)
Interest received		**9,798**	3,819
Net cash used in investing activities	**(B)**	**(305,694)**	(516,058)

Consolidated Cash Flow Statement for the year ended March 31, 2013

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2013	March 31, 2012
Cash flows from financing activities			
Money received from minority shareholders		**22,176**	111,213
Money refunded to minority shareholders		**-**	(2,802)
Proceeds from short-term borrowings (net)		**(72,850)**	163,942
Proceeds from long-term borrowings		**532,455**	342,793
Repayment of long-term borrowings		**(32,049)**	(21,880)
Interest paid		**(177,164)**	(101,212)
Net cash flow from financing activities	**(C)**	**272,568**	492,054
Effect of foreign exchange differences	**(D)**	**(9)**	8
Net increase in cash and cash equivalents	**A+B+C+D**	**63,209**	47,658
Cash and cash equivalents at the beginning of the year		**79,452**	31,794
Cash and cash equivalents at the end of the year		**142,661**	79,452
Components of Cash and cash equivalent			
Cash on hand		**171**	214
Cheques/drafts on hand		**1,120**	5,956
Balances with banks on:			
Current accounts		**123,216**	53,885
deposit account		**18,136**	19,382
unpaid dividend accounts*		**18**	15
Total cash and cash equivalents	**Note 20**	**142,661**	79,452
Add: Fixed deposits classified in investing activities		**65,355**	93,174
Cash and bank balances as reported in consolidated balance sheet		**208,016**	172,626
Summary of significant accounting policies	**2**		

*Not available for ready use by the Group

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

As per our report of even date

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

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

Place: Hyderabad
Date: May 15, 2013

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

Dr. G V K Reddy
Chairman & Managing Director

A Issac George
Director

G V Sanjay Reddy
Director

P V Rama seshu
GM & Company Secretary

Notes to Consolidated Accounts

(All 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 operation and maintenance services, manpower & consultancy services and incidental services to owners of power plants, airports and infrastructure companies. The Parent Company together with its subsidiaries and associates (collectively termed as "the Group") is engaged in constructing and operating power plants, highway projects, airports, exploration of oil, natural gas and coal mines.

The following is the brief description of the subsidiaries:

a) GVK Industries Limited
("GVKIL" or "Subsidiary Company") is engaged in the 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 the business of generation of power.

d) GVK Power (Goindwal Sahib) Limited
("GVKPGSL" or "Subsidiary Company") is engaged in the business of generation of power.

e) GVK Coal (Tokisud) Company Private Limited
("GVKCCPL" or "Subsidiary Company") is engaged in the business of mining of coal meant.

f) GVK Airport Developers Private Limited
("GVKADPL" or "Subsidiary Company") is engaged in the business of construction and development of airports.

g) Goriganga Hydro Power Private Limited
("GHPPL" or "Subsidiary Company") is engaged in the business of generation of power.

h) GVK Airport Holdings Private Limited
("GVKAHPL" or "Subsidiary Company") is engaged in the 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 the business of development, operation and maintenance of infrastructure facility.

j) GVK Oil & Gas Limited
("GVKOGL" or "Subsidiary Company") is engaged in the business of exploration of Oil and Natural Gas.

k) GVK Energy Limited
("GVKEL" or "Subsidiary Company") is engaged in the business of providing operation and maintenance services to owners of power plants.

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 the 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 the business of investment in mega power projects.

p) GVK Bagodara Vasad Expressway Private Limited (''GVKBVEPL'' or ''Subsidiary Company'') is engaged in the business of building and developing highway project.

q) GVK Deoli Kota Expressway Private Limited (''GVKDKEPL'' or ''Subsidiary Company'') is engaged in the 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

Notes to Consolidated Accounts

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

t) Mumbai International Airport Private Limited ("MIAL" or "Subsidiary Company") is engaged in operations, maintenance and development of Chhatrapati Shivaji International Airport, Mumbai.

u) GVK Power (Khadur Sahib) Private Limited ("GVKPKSPL" or "Subsidiary Company") is engaged in the business of generation of power.

v) GVK Airports International Pte Limited ("GVKAIPL" or "Subsidiary Company") is engaged in construction and development of airports.

w) GVK Shivpuri Dewas Expressway Private Limited ("GVKSDEPL" or "Subsidiary Company") is engaged in building and developing highway project.

x) PT. GVK Services ("PGVKS" or "Subsidiary Company") is engaged in management and operations of commercial facilities at Bali International Airport.

The following is the brief description of the associates:

a) Bangalore International Airport Limited ("BIAL" or "Associate Company") is engaged in operations, maintenance and development of Bangalore International Airport, Bangalore.

b) Seregarha Mines Limited ("SML" or "Associate Company") is engaged in exploration of coal mines.

2. Statement of significant accounting policies

a. Basis of preparation

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

Change in accounting policy

The Group has during the current year with effect from April 1, 2011 applied clarification issued by Ministry of Corporate Affairs vide circular no. 25/2012 pursuant to which exchange differences which were considered as adjustment to interest cost under para 4(e) of AS 16 are now considered as exchange loss and capitalized with the asset. Had the Group continued with the earlier policy, interest expense would have been higher by Rs. 3,247 and loss for the year would have been higher Rs 2,800.

b. Principles of consolidation

Investments in subsidiaries and associates 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 (as amended) respectively. The consolidated financial statements are prepared on the following basis:

i) Subsidiary companies are consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expenses after eliminating all significant intra-group balances and intra-group transactions and also unrealized profits or losses, except where cost cannot be recovered.

ii) The difference between the cost to the Group of investments in subsidiaries and the proportionate share in the equity of the subsidiary company as at the date of acquisition of stake is recognized in the consolidated financial statements as Goodwill or Capital Reserve, as the case may be. Any gain/loss arising upon acquiring additional stake in subsidiary from parties outside the group is accounted for as goodwill/capital reserve. Similarly, any gain/loss arising upon dilution of stake in subsidiary in favour of parties outside the group is recorded in capital reserve.

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.

Notes to Consolidated Accounts

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

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 as part of investment in associate 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, 2013.

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.

The consolidated financial statements as at and for the year ended on March 31, 2013 include the financial statements of the following entities:

Name of the consolidated entity	Country of Incorporation	Nature of Interest	% of interest	
			2013	2012
GVKIL	India	Subsidiary	73.94	73.94
GJEPL	India	Subsidiary	100.00	100.00
AHPCL	India	Subsidiary	73.94	73.94
GVKPGSL	India	Subsidiary	73.94	73.94
GVKCCPL	India	Subsidiary	73.94	73.94
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	73.94	73.94
GVKOGL	India	Subsidiary	100.00	100.00
GVKDPPL	India	Subsidiary	100.00	100.00
GVKGPL	India	Subsidiary	47.02*	47.02*
BAIDPL	India	Subsidiary	100.00	100.00
GVKEVPL	India	Subsidiary	100.00	100.00
GVKDKEPL	India	Subsidiary	100.00	100.00
GVKBVEPL	India	Subsidiary	100.00	100.00
GVKRHEPPL	India	Subsidiary	100.00	100.00
GVKTPL	India	Subsidiary	100.00	100.00
GVKPKSPL	India	Subsidiary	73.94	73.94
GVKSDEPL	India	Subsidiary	100.00	100.00
GVKAIPL	Singapore	Subsidiary	100.00	100.00
MIAL**	India	Subsidiary	50.50	50.50
PGVKS	Indonesia	Subsidiary	100.00	-
BIAL	India	Associate	43.00	43.00
SML	India	Associate	32.87	32.87

* GVKEL, subsidiary company holds 63.6% equity stake in GVKGPL and the Parent Company holds 73.94% in GVKEL.

**MIAL has become subsidiary with effect from October 18, 2011 and prior to that it was an associate company. Accordingly, previous year numbers in statement of profit and loss are not comparable to that extent.

Notes to Consolidated Accounts

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

c. Use of estimates

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

d. Tangible fixed assets and depreciation

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

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

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

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

Leasehold land is amortised over the period of the lease that is 30 years.

The expenditure on improvement to runways and existing infrastructure of airport are amortised over their estimated useful life of 20 years and 10 years respectively.

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

Oil & gas assets

The Group follows full cost method of accounting for Oil & Gas Assets. All costs incurred in prospecting, acquiring, mineral interest are accumulated in a large cost centers and are carried as capital work-in-progress.

Aeronautical assets

Development fee levied under the authority of Ministry of Civil Aviation, Government of India/AERA for exclusive utilization for development of aeronautical assets, is disclosed as reduction from the cost of such aeronautical assets.

e. Intangible assets and amortization

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

Toll collection rights are amortized over the concession period (i.e. 18 years) proportionately in each year based on the actual traffic revenue for the year and projected traffic revenue for the balance concession period.

Software

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

Notes to Consolidated Accounts

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

Airport grant for upfront fees and other compensations

The non-refundable upfront fee, other compensations paid/payable to the AAI for the airport grant is classified under "Intangible Assets" and is amortized over the primary period of the grant available under Operation, Maintenance and Development Agreement ('OMDA').

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, where indicator of impairment exists and losses are recognized where applicable.

f. Impairment

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

g. Investments

Investments that are readily realizable and intended to be held for not more than a year from the date on which such investment are made 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 the statement of profit and loss over the periods and in the proportions in which depreciation on related asset is charged.

i. Revenue recognition

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

i) Generation of power

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

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

ii) Aeronautical services, Non-Aeronautical services and Cargo services

Revenue from aeronautical services (net of credit notes) includes landing and parking charges and passenger service fees at the rates prescribed under State Support Agreement, as amended from time to time by Ministry of Civil Aviation, Government of India ("MoCA") / Airports Economic Regulatory Authority ("AERA"). Landing and parking charges are recognized, when such services are provided. Passenger service fees – facilitation component is recognized in respect of each embarking passenger at a specified rate. Passenger service fees – security component (PSF-SC) collected as per the terms of State Support Agreement and MoCA orders is not recognized as revenue of the Company since the same is collected in a fiduciary capacity.

Notes to Consolidated Accounts

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

Revenue from non-aeronautical services (net of credit notes) consisting of concessions, rentals, public admission fees, hangar charges, car parking rentals, demurrage on cargo etc., is recognized as per terms of contracts.

Revenue from cargo services (net of credit notes) is recognized as and when the related services are rendered.

iii) Income from toll operations

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

iv) Manpower and consultancy services

Revenue for manpower services are recognised as and when services are rendered based on time spent.

v) Interest

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

vi) Dividends

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

vii) Guarantee commission

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

j. Borrowing Costs

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

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.

k. Foreign currency translation

Foreign currency transaction and balances

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

iii) Exchange differences

From accounting periods commencing on or after December 7, 2006, the group accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

- Exchange differences arising on a monetary item that, in substance, forms part of the group's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset. For this purpose, the group treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination.
- Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- All other exchange differences are recognized as income or as expenses in the period in which they arise.

Notes to Consolidated Accounts

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

Translation of integral and non-integral foreign operation

The assets and liabilities of a non-integral foreign operation are translated into the reporting currency at the exchange rate prevailing at the reporting date. Their statement of profit and loss are translated at exchange rates prevailing at the dates of transactions or weighted average rates, where such rates approximate the exchange rate at the date of transaction. The exchange differences arising on translation are accumulated in the foreign currency translation reserve. On disposal of a non-integral foreign operation, the accumulated foreign currency translation reserve relating to that foreign operation is recognized in the statement of profit and loss.

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 statement of profit and loss on a straight-line basis over the lease term.

m. Retirement and other employee benefits

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

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

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

iv) Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

v) The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

n. Inventories

Raw material, 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.

Notes to Consolidated Accounts

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

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 by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events of bonus issue; bonus element in a rights issue, share split; and reverse share split (consolidation of shares).

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

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.

Provision for resurfacing obligations

Contractual obligations to periodically maintain, replace or restore infrastructure at the end of each five years or earlier as per the terms of the concession agreement are provided for in accordance with Accounting Standard (AS) - 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.

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 foreign currency forward contracts covered under AS 11, are marked to market on a portfolio basis, and the loss is charged to the income statement. Gains are ignored.

Notes to Consolidated Accounts

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

u. Contingent liabilities

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

3. Difference in accounting estimates/policy

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	Depreciation rates	March 31, 2013	March 31, 2012
Buildings	3.33% - 5%	47,760	49,333
Engineering structures	3.33%-5%	43,845	46,058
Plant and machinery	4.75%-16.21%	33,431	39,923
Office equipment	10.34%25%	201	180
Computer and computer equipments	16.21%-25%	2,335	3,142
Furniture and fixtures	6.33%-10%	4,769	4,960
Vehicles	9.5%-20%	1,130	1,363
Software	20%-33.33%	861	460

ii. Inventory

Valuation of certain inventory of MIAL is done on first in first out basis as against weighted average method followed by the Group. The closing stock of inventory in hand was Rs. 397 (March 31, 2012: Rs. 364).

4. Share capital

	March 31, 2013	March 31, 2012
Authorized shares		
2,500,000,000 (March 31, 2012: 2,500,000,000) equity shares of Rs. 1/ each	**25,000**	25,000
Issued, subscribed and fully paid-up shares		
1,579,210,400 (March 31,2012: 1,579,210,400) equity shares of Rs. 1/ each	**15,792**	15,792
	15,792	15,792

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

Equity shares	March 31, 2013		March 31, 2012	
	No.	Rs.	No.	Rs.
At the beginning of the year	**1,579,210,400**	**15,792**	1,579,210,400	15,792
Issued during the year	**-**	**-**	-	-
Total equity shares	**1,579,210,400**	**15,792**	1,579,210,400	15,792

Notes to Consolidated Accounts

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

(b) Terms/rights attached to equity shares

The Company has only one class of equity share having par value of Rs.1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of shareholders holding more than 5% shares in the company

Name of the shareholder	March 31, 2013		March 31, 2012	
	No	% holding	No	% holding
G Indira Krishna Reddy	**235,590,230**	**14.92**	394,994,190	25.01
G V Sanjay Reddy	**154,334,480**	**9.77**	-	-
Krishnaram Bhupal	**118,155,990**	**7.48**	-	-
HSBC Global Investment Funds	**115,250,000**	**7.30**	115,250,000	7.30
Vertex Infratech Private Limited	**116,896,770**	**7.40**	116,896,770	7.40

(d) Aggregate number of bonus shares issued, shares issued for consideration other than cash:

	March 31, 2013	March 31, 2012
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalization of general reserve *	**-**	52,850,000
Equity shares allotted as fully paid-up pursuant to scheme of amalgamation	**703,250,000**	703,250,000
Equity shares allotted as fully paid-up pursuant to scheme of arrangement	**90,462,150**	90,462,150

*Five years completed as at March 31, 2013

5. Reserves and surplus

	March 31, 2013	March 31, 2012
Capital reserve on acquisition		
Balance as per the last financial statements	**50,835**	47,530
Add: additions during the year	**-**	3,305
	50,835	50,835
General reserve	**952**	**952**
Securities premium account	**215,352**	**215,352**
Surplus in the statement of profit and loss		
Balance as per the last financial statements	**65,198**	59,052
Add/ Less: (Loss)/ Profit for the year	**(33,597)**	6,146
Net surplus in the statement of profit and loss	**31,601**	65,198
Foreign currency translation reserve		
Balance as per the last financial statements	**8**	-
Movement during the year	**(9)**	8
	(1)	8
Total reserves and surplus	**298,739**	**332,345**

Notes to Consolidated Accounts

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

6. Long term borrowings

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**1,122,648**	817,607	**128,995**	21,503
Foreign currency loan from banks (secured)	**40,742**	42,624	**4,670**	3,216
Indian rupee loan from financial institutions (secured)	**329,403**	243,697	**14,109**	10,352
Indian rupee loan from financial institutions (unsecured)	**-**	7,500	**-**	-
Other loans and advances				
Buyers credit (secured)	**9,552**	-	**-**	-
Vehicle loan (secured)	**15**	124	**109**	110
	1,502,360	1,111,552	**147,883**	35,181
The above amount includes				
Secured borrowings	**1,502,360**	1,104,052	**147,883**	35,181
Unsecured borrowings	**-**	7,500	**-**	-
Amount disclosed under the head "other current liabilities" (note 11)	**-**	-	**(147,883)**	(35,181)
Net amount	**1,502,360**	1,111,552	**-**	-

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

Name of the entities	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Parent Company	**35,000**	30	**30**	34
GVKIL	**44,667**	52,757	**8,849**	6,503
AHPCL	**301,978**	211,284	**8,841**	10,748
GVKPGSL	**197,297**	151,503	**7,306**	6
GJEPL	**103,606**	107,464	**3,851**	2,992
MIAL	**623,028**	375,516	**2,757**	3,030
GVKCCPL	**13,610**	9,850	**-**	-
GVKBVEPL	**22,035**	6,500	**-**	-
GVKADPL	**34,525**	90,000	**104,078**	-
GVKDKEPL	**37,400**	15,550	**-**	-
GVKGPL	**89,214**	91,098	**12,171**	11,868
	1,502,360	1,111,552	**147,883**	35,181

Notes to Consolidated Accounts

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

The details of the security, repayment and other terms are as follows:

a) Parent Company

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**35,000**	30	**30**	34
Amount disclosed under the head "other current liabilities"	**-**	-	**(30)**	(34)
Net amount	**35,000**	30	**-**	-

A. Term loan aggregating to Rs. 20,000 is secured by first pari-passu charge on the current assets, present and future of the Company, second pari-passu charge on the current assets and fixed assets of GVK Industries Limited and pledge of 10% shares of GVK Industries Limited and presently carries interest of 13% per annum. The loan is repayable in six equal quarterly installments after a moratorium of eighteen months from the date of first drawdown viz. March 8, 2013.

B. Term loan aggregating to Rs. 15,000 is secured by mortgage of property, admeasuring 2683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited and presently carries interest of 13.25% per annum. The loan is repayable after a period of 35 months from the date of first drawdown viz. September 27, 2012.

C. Term loan aggregating to Rs. 30 carries interest at 8.5% p.a. The loan is repayable in 36 monthly installments of Rs.3.15 from the date of loan, viz., January 29, 2011. The loan is secured by charge over vehicle for which finance is provided by the lender.

b) GVKIL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**29,068**	34,891	**5,823**	4,496
Foreign currency loan from banks (secured)	**10,762**	11,926	**1,922**	904
Indian Rupee loan from financial institutions (secured)	**4,837**	5,936	**1,100**	1,100
Other loans and advances				
Vehicle loan (secured)	**-**	4	**4**	3
	44,667	52,757	**8,849**	6,503
The above amount includes				
Secured borrowings	**44,667**	52,757	**8,849**	6,503
Unsecured borrowings				
Amount disclosed under the head "other current liabilities"	**-**	-	**(8,849)**	(6,503)
Net amount	**44,667**	**52,757**	**-**	**-**

A. Rupee term loans from banks other than one loan from State Bank of India of Rs. 2,000, financial institutions and foreign currency loan from a bank are secured by:

i. 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;

ii. Pari passu first charge on all the immovable and movable properties (both tangible and intangible), present and future, pertaining to Phase I;

Notes to Consolidated Accounts

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

iii. Pari passu first charge/assignment/security interest on all the revenues/receivables of Phase II;

iv. Pari passu first charge/assignment/security interest on subsidiary company's rights under Phase II agreements, in respect of all clearances, licenses, permits, approvals and consents in respect of the expansion project and letters of credit, guarantee or performance bond that may be provided in favour of subsidiary company; and

v. Pledge of 28% of shares of the subsidiary company held by its holding company, GVKEL.

B. Loan from State Bank of India is secured by hypothecation of first charge on spares and pari-passu first charge on fixed assets of Phase I.

C. Repayment and other terms of loans as follows:

i. Rupee loan from State Bank of India amounting to Rs. 2,000 is repayable in 12 quarterly installments from June 2012 and currently carries interest of 12.70% per annum.

ii. Other Indian Rupee loans from banks are repayable in 42 quarterly installments from 2008-09, and currently carry interest of 11.35% per annum.

iii. Term loans from financial institution are repayable in 39 quarterly installments from 2008-09, and carry interest of 10.70% and 11.35% for the two tranches.

iv. Foreign currency loan is repayable in 13 half yearly foreign currency installments from 2008-2009 and 13 quarterly INR installments from 2015-2016. Interest is payable half yearly at 6 Month Libor plus 2.50% margin and interest on INR installments would be agreed at the time of conversion.

D. The vehicle loan is secured by charge over fixed asset i.e. vehicle, for which finance is provided by the lender. It is repayable in 31 installments and carries interest at 9.6% per annum.

c) AHPCL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**182,599**	154,801	**4,338**	8,390
Foreign currency loan from banks (secured)	**19,268**	19,077	**1,101**	763
Indian rupee loan from financial institutions (secured)	**100,111**	29,906	**3,402**	1,595
Indian rupee loan from financial institution (unsecured)	**-**	7,500	**-**	-
	301,978	211,284	**8,841**	10,748
The above amount includes				
Secured borrowings	**301,978**	203,784	**8,841**	10,748
Unsecured borrowings	**-**	7,500	**-**	-
Amount disclosed under the head "other current liabilities"	**-**	-	**(8,841)**	(10,748)
Net amount	**301,978**	211,284	**-**	-

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

i. Mortgage on the subsidiary company's immovable properties present and future.

ii. Hypothecation of all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future.

iii. All cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising and all intangibles including but not limited to goodwill, uncalled capital, present and future and

Notes to Consolidated Accounts

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

iv. Assignment or creation of security interest in:

- All rights, titles, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time;
- All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances;
- All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, performance bond provided by any party to the project document;
- All insurance contracts / insurance proceeds;
- Pledge of 60% of equity shares issued or to be issued by the subsidiary company during the currency of the term loans; and
- The aforesaid mortgages, hypothecation, assignment charges and pledge of shares, shall in all respects, rank pari pasu interest.

v. Corporate guarantee of GVKEL.

B. Repayment and other terms of loans are as follows:

i. All the secured rupee term loans are repayable in 53 quarterly installments commencing from December 1, 2013.

ii. The secured foreign currency loans are repayable in 60 quarterly installments commencing from January 1, 2012.

iii. The secured rupee term loans currently carry interest in range of 12.35% to 14% per annum subject to reset. Foreign currency loan carries floating rate of interest at 3 month LIBOR + 248 bps (i.e.2.48%).

C. Unsecured loan from financial institution outstanding during the previous year was repayable within 24 months from the date of disbursement i.e. July 25, 2011. It carried interest of 13.5% per annum.

d) GVKPGSL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**164,414**	126,500	**6,087**	-
Indian rupee loan from financial institution (secured)	**32,883**	25,000	**1,217**	-
Other loans and advances				
Vehicle loan (secured)	**-**	3	**2**	6
	197,297	151,503	**7,306**	6
The above amount includes				
Secured borrowings	**197,297**	151,503	**7,306**	6
Unsecured borrowings	**-**	-	**-**	-
Amount disclosed under the head “other current liabilities”	**-**	-	**(7,306)**	(6)
Net amount	**197,297**	151,503	**-**	-

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

i. The subsidiary company’s all movable, immovable properties and receivables present and future;

ii. Assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever in the project documents; and

iii. Pledge of 51% of equity shares held by GVKEL.

B. Repayment and other terms of loans are as follows:

70% of rupee loans are repayable in 46 quarterly installments commencing from November 1, 2013 and balance of 30% are repayable in a single/bullet repayment installment along with 46th quarter installment. The loans are scheduled to be repaid fully by February 1, 2025. The Rupee Term loans currently carry interest at 13.75% per annum.

Notes to Consolidated Accounts

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

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

e) GJEPL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**36,961**	9,117	**2,149**	1,843
Indian rupee loan from financial institutions (secured)	**66,630**	98,274	**1,644**	1,095
Other loans and advances				
Vehicle loan (secured)	**15**	73	**58**	54
	103,606	107,464	**3,851**	2,992
The above amount includes				
Secured borrowings	**103,606**	107,464	**3,851**	2,992
Unsecured borrowings				
Amount disclosed under the head "other current liabilities"	**-**	-	**(3,851)**	(2,992)
Net amount	**103,606**	107,464	**-**	-

A. Rupee term loans from banks and financial institutions to the extent of Rs. 14,260 are secured by:

i. The subsidiary company's immovable properties present and future;

ii. Hypothecation of all the movables, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, present and future;

iii. First charge on all cash flows, book debts and receivables and any other revenues of whatsoever nature and wherever arising, present and future;

iv. First charge on all intangibles including but not limited to Goodwill, uncalled capital, present and future;

v. Assignment or creation of security interest in:

- All rights, titles, interest, benefits, claims and demands whatsoever of the subsidiary company in the project documents, duly acknowledged and consented to by the relevant counter parties to such project documents, all as amended, varied or supplemented from time to time;
- All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in the clearances; and
- All rights, title, interest, benefits, claims and demands whatsoever of the subsidiary company in any letter of credit, guarantee, and performance bond provided by any party to the project document and all insurance contracts/ insurance proceeds.

vi. Charge on the escrow account and other reserves, and any other bank accounts of the subsidiary company wherever maintained;

vii. Pledge of shares to the extent of 51% of the equity shares of the subsidiary company held by the holding Company i.e. GVK Transportation Private Limited with effect from 1.4.2011.

viii. Further the debt servicing is secured by way of a bank guarantee for Rs. 1,250 from Indian Overseas Bank, Secunderabad.

B. Repayment and other terms of loans are as follows:

The aforesaid loans carry interest of 11.50% and the rate of interest is due for reset during August 2013. The loans have to be fully repaid by November 2017.

Notes to Consolidated Accounts

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

C. Rupee term loans from banks and financial institutions to the extent of Rs. 93,124 are secured by:

i. Mortgage by way of second exclusive charge of entire immovable properties of the subsidiary company, except project assets, both present and future, if any;

ii. Second charge by way of hypothecation of entire movable properties of the subsidiary company, except project assets, both present and future, including movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable properties of whatsoever nature;

iii. Second charge on entire cash flows, receivables, book debts and revenues of the subsidiary company of whatsoever nature and wherever arising, subject to the terms of the Concession Agreement and the Escrow Agreement, both present and future;

iv. Second charge on entire intangible assets of the subsidiary company, including but not limited to, goodwill and uncalled capital, both present and future;

v. Pledge of shares held by Sponsor in dematerialized form in the equity share capital of the subsidiary company representing 51% of the total paid up equity share capital of the subsidiary company. The shares to be pledged shall be free from any restrictive covenants/lien or other encumbrance under any contract/arrangement, including shareholder agreement/joint venture agreement/ financing arrangement, with regard to pledge/transfer of the shares including transfer upon enforcement of the pledge except for the encumbrance created in favor of the existing senior lenders to the Project; and

vi. First charge on the surplus cash flows, surplus account and the surplus debt service reserve of the subsidiary company;

D. Repayment and other terms of loans are as follows:
The loans currently carry interest at 12.5% p.a and were raised in October 2011 and scheduled to be repaid fully by September 15, 2021.

E. The vehicle loan is secured by charge over fixed asset i.e. vehicle, for which finance is provided by the lender and is scheduled for repayment by June 15, 2014 in 36 equal monthly installments. The loan carries interest of 9.75%.

f) MIAL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**588,474**	343,933	2,757	-
Indian rupee loan from financial institutions (secured)	**34,554**	30,825	-	-
Additional term loans from banks (secured)	**-**	758	-	3,030
	623,028	375,516	2,757	3,030
The above amount includes				
Secured borrowings	**623,028**	375,516	2,757	3,030
Unsecured borrowings	**-**	-	-	-
Amount disclosed under the head “other current liabilities”		-	(2,757)	(3,030)
Net amount	**623,028**	375,516	-	-

A. Term loans from consortium of bank and financial institution other than IDBI and Axis bank aggregating to Rs. 202,930 are secured by way of:

i. Pari passu charge on all the amounts lying in certain designated bank accounts, present and future, of the subsidiary company; and first charge on all assets of the subsidiary company present and future;

ii. Pledge of equity shares of the subsidiary company held by the prime members (i.e. GVK Airport Holdings Private Limited., Bid Services Division (Mauritius) Limited and ACSA Global Limited) constituting not less than 74% of the total voting paid-up equity share capital of the subsidiary company.

Notes to Consolidated Accounts

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

B. Term loans from IDBI and Axis Bank aggregating to Rs. 202,930 are secured by pari passu charge on all the amounts lying in certain designated bank accounts of the subsidiary company and second charge on surplus accounts and debt service reserve account.

C. Additional term loan from a bank outstanding in the previous year was secured by way of second charge on all the amounts lying in certain designated bank accounts of the subsidiary company.

D. Repayment and other term of the loan are as follows:

Term loans:

i. Term loans from consortium of banks and financial institution other than IDBI and Axis bank aggregating to Rs. 202,930 is repayable in 120 monthly installments commencing from the 85th month after first disbursement i.e. July 2014. 18% of total loan amount outstanding will be repaid in 36 equal installments commencing July 2014, 30% of total loan amount will be repaid in 36 equal installments commencing July 2017 and balance 52% of total loan amount outstanding will be repaid in subsequent 48 equal installments commencing July 2020.

ii. As per the common loan agreement dated April 27, 2007 with consortium of banks and financial institutions, the applicable rate of interest shall be 3 years G-Sec ("the Benchmark Rate") plus spread of 215 bps ("the spread") per annum payable monthly for the disbursements received till the amendment to common loan agreement dated April 9, 2011 and 265 bps spread for further disbursements received thereafter. The interest rate would be reset facility wise on December 31 once in every three years starting from December 31, 2009.

iii. Term loans from consortium of banks and financial institution other than IDBI and Axis bank aggregating to Rs. 202,390 is repayable in 49 unequal quarterly installments starting from April 2013, carries rate of interest link to base rate of these banks plus spread in range of 2% to 2.25%.

iv. Additional term loan from the bank in the previous year was repayable in equal quarterly installments till June 2013 carried interest of 9.896% per annum.

g) GVKCCPL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**13,610**	9,850	-	-

A. Rupee term loans from banks are secured by:

i. First charge on all movable, immovable properties and receivables present and future;

ii. Assignment or creation of charge of all the right, title, interest, benefits, claims and demands whatsoever in the project documents; and

iii. Pledge of 51% of equity shares held by the holding company, GVK Energy Limited.

B. Repayment and other terms of loans are as follows:

Rupee term loans are repayable in 45 equal quarterly installments commencing from April 1, 2013 and are scheduled to be repaid fully by April 1, 2024. The loans currently carry interest at 13.50% per annum subject to reset.

h) GVKBVEPL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**17,094**	6,500	-	-
Indian rupee loan from financial institutions (secured)	**4,941**	-	-	-
Net amount	**22,035**	**6,500**		

A. Indian rupee loan from banks and financial institution is secured to the extent permitted under the concession agreement by:

i. First charge on all the present and future moveable assets both present and future, save and except the project assets as defined under the Rupee Loan agreement;

Notes to Consolidated Accounts

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

ii. First charge on all the bank accounts of the subsidiary company including debt service reserve account/escrow accounts/its sub accounts. Charge on the escrow account shall be in a manner as permitted under the Escrow agreement and supplementary escrow agreement;

iii. First charge on all intangibles of the subsidiary company including goodwill, rights, undertakings and uncalled capital both present and future save and except the project assets as defined under the rupee loan agreement;

iv. Assignment by way of security of all the project documents and guarantees to the extent provided under the substitution agreement entered into by the subsidiary company with the rupee lender and authority; and

v. Pledge of 51% equity shares of the subsidiary company held by the sponsor's until the commercial operation date. Pledge of shares will be gradually reduced to 26% over a period of 3 years from the date of COD if there is no outstanding event of default.

B. Repayment and other terms of loans are as follows:

Indian rupee loan carries interest at 11.75% p.a. up to scheduled commercial operation date and thereafter it is reset on the date falling on expiry of every 24 months from the previous interest reset date until the final settlement of loan. The loan is repayable over a period of 17.25 years (including the construction period) in 54 quarterly installments starting from December 31, 2015.

i) GVKADPL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**-**	90,000	**104,078**	-
Indian rupee loan from financial institutions (secured)	**34,525**	-	**-**	-
	34,525	90,000	**104,078**	-
Amount disclosed under the head "other current liabilities"	**-**	-	**(104,078)**	-
Net amount	**34,525**	90,000	**-**	-

A. Rupee term loans from banks and financial institution is secured by:

Pledge of 61% of shares held by the Parent Company in the subsidiary company and shares held by the subsidiary company in GVK Airport Holdings Private Limited and Bangalore Airport & Infrastructure Developers Private Limited. Share pledge is ranking pari passu with loan extended by other lenders. The loan is further secured by mortgage of land located at Himayat sagar, Rajender Nagar Mandal, Ranga Reddy district, Andhra Pradesh and office building including land located at 156-159, Paigah House, Sardar Patel Road, Secunderabad belonging to the promoter of Parent Company.

B. Repayment and other terms of loans are as follows:

i. Loan amounting to Rs. 104,078 from banks currently carries interest of 14% per annum. The loan is repayable on September 16, 2013.

ii. Loan amounting to Rs. 34,525 from financial institution currently carries interest of 14% per annum. The loan is repayable in 31 quarterly installments commencing from October 2014.

j) GVKDKEPL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	**30,702**	12,766	-	-
Indian rupee loan from financial institutions (secured)	**6,698**	2,784	-	-
	37,400	15,550	-	-
The above amount includes				
Secured borrowings	**37,400**	15,550	-	-
Unsecured borrowings	**-**	-	-	-
Net amount	**37,400**	15,550	-	-

Notes to Consolidated Accounts

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

A. Indian rupee loans are secured to the extent permitted under the concession agreement by:

i. First charge on all the present and future moveable assets and intangible assets except the project assets as defined under the rupee loan agreement;

ii. First charge on all revenues and receivables of the borrower from the project or otherwise;

iii. Pledge of 51% equity shares of the subsidiary company held by the Sponsor's until the commercial operation date and pledge of 26% equity shares of the subsidiary company held by the Sponsor's for a period of 2 years from commercial operation date;

iv. Assignment by way of security of all the project documents to the extent provided under the substitution agreement entered into by the subsidiary company with the rupee lender and the NHAI;

v. First charge on all rights, title, interests, benefits, demands, and claims under the contractor guarantees, liquidated damages, any guarantees, letter of credit, or performance bonds provided by any counter party under any contract of the borrower, insurance contracts, and insurance proceeds; and

vi. First charge on all the bank accounts of the subsidiary company.

B. Repayment and other terms of loans are as follows:

i. Loan currently carries interest at 10.50% p.a. up to the first interest reset date viz. scheduled project completion date or commercial operation date whichever is earlier and thereafter each such date falling every two years from the previous interest reset date, until the final settlement of the loan. The rupee lenders may change the interest rate before the interest reset date if base rate of any of the rupee lender is revised before the next interest reset date, to a rate higher than the determined interest rate. Any such change in interest rate, if made, is subject to the Reserve Bank of India's policy with regard to the base rate, as may be applicable from time to time.

ii. The loan is repayable over a period of 18 years (including the construction period) in 58 quarterly installments starting from September 30, 2014.

k) GVKGPL

	Non-current portion		Current maturities	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	24,724	28,491	3,763	3,744
Foreign currency loan from banks (secured)	10,712	11,621	1,647	1,549
Indian rupee loan from financial institutions (secured)	44,226	50,972	6,747	6,562
Other loans and advances				
Buyers credit (Secured)	9,552			
Vehicle loan (secured)	-	14	14	13
	89,214	91,098	12,171	11,868
The above amount includes				
Secured borrowings	89,214	91,098	12,171	11,868
Unsecured borrowings				
Amount disclosed under the head "other current liabilities"	-	-	(12,171)	(11,868)
Net amount	89,214	91,098	-	-

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

i. Pari passu first charge by deposit of title deeds of immovable properties in respect of project land;

ii. Pari passu first charge in the form of hypothecation of all movable assets of the project both present and future except specified receivables on which first charge was given to working capital lender;

Notes to Consolidated Accounts

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

iii. Pari passu first charge/assignment/security interest on/of all the rights, titles, interest and benefits and all licenses, permits, approvals and consents in respect of the project; and

iv. Pledge of 51% shares of paid-up capital of the subsidiary company held by GVKEL.

B. Buyers credit is secured by:

i. First mortgage/charge on the entire assets of the subsidiary company including mortgage of the land and first charge on buildings & all other fixed assets and movables of the subsidiary company both present and future on pari passu basis with other term lenders; and

ii. First charge on all bank accounts of the subsidiary company and mutual fund investments on pari passu basis.

C. Repayment and other terms of loans are as follows:

i. Indian rupee term loans from banks currently carry interest of 11.35% per annum. The loans are repayable in 42 to 44 quarterly installments along with monthly interest. The first installment was paid in year 2008-2009 and the final installments will fall due on March 15, 2020.

ii. Foreign Currency Loan carries interest at 3 M Libor plus 2.50% margin. The loan is repayable in 43 quarterly installments along with interest. The first installment was paid in year 2008-2009 and the final installments will fall on March 15, 2020.

iii. Term Loans from financial institution currently carries interest at 11.35%. These loans are repayable in 40 quarterly installments along with monthly interest. The first installment was paid in year 2010-2011 and the final installment will fall on April 15, 2020.

iv. Buyers credit is repayable by March 2015 and carries interest at the rate of 1.67% per annum.

D. Vehicle loans are secured by charge over fixed asset i.e. vehicle, for which finance is provided by the lender and carry interest of 9.36% and 9.61% for the two loans. These loans are scheduled for complete repayment by March 2014.

7. Deferred tax liabilities and assets

	March 31, 2013	March 31, 2012
Deferred tax liabilities (net)		
Depreciation	**33,297**	30,246
Provision for doubtful trade receivables	**(220)**	(182)
Provision for retirement benefits	**(396)**	(338)
Others	**426**	413
	33,107	30,139
Deferred tax assets (net)		
Provision for retirement benefits	**53**	72
Depreciation	**(11)**	(8)
Gross deferred tax asset	**42**	64

Note:

In accordance with the terms and conditions of the Power Purchase Agreement ('PPA') with AP Transco, GVKIL is entitled for reimbursement of tax on income. Since deferred tax liability is created based on tax laws, timing difference reversing after tax holiday period but within the period of power purchase agreement amounting to Rs. 1,837 (March 31, 2012: Rs. 2,623) has been accrued as unbilled revenues. Further, the subsidiary company has created deferred tax liability on such unbilled revenue to the extent not expected to be reimbursed by AP Transco.

8. Other long-term liabilities

	March 31, 2013	March 31, 2012
Retention money	**1,554**	10,391
Retirement compensation payable to AAI under OMDA	**9,761**	11,839
Security deposits	**14,046**	5,197
Capital creditors	**1,679**	-
Others	**-**	1,024
	27,040	28,451

Notes to Consolidated Accounts
(All amounts expressed in Indian Rupees Lakhs unless otherwise stated)

9. Provisions

	Long-term		Short-term	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Provision for employee benefits				
Provision for gratuity (note 27)	**874**	718	**80**	99
Provision for leave benefits	**-**	-	**1,886**	1,614
	874	718	**1,966**	1,713
Other provisions				
Provision for income tax (net)	**-**	-	**3,252**	1,102
Provision for resurfacing obligation	**3,399**	2,266	**-**	-
	3,399	2,266	**3,252**	1,102
	4,273	2,984	**5,218**	2,815

10. Short term borrowings

	March 31, 2013	March 31, 2012
Cash credit (secured)	**8,335**	1,083
Overdraft from banks (secured)	**46,131**	45,251
Overdraft from banks (unsecured)	**24,707**	13,371
Buyers credit from banks (secured)	**-**	2,935
Other loans and advances		
- Loan from banks (secured)	**78,125**	110,770
- Loan from banks (unsecured)	**38,401**	97,000
- Loan from others (secured)	**10,037**	8,600
- Loan from others (unsecured)	**424**	-
	206,160	279,010
The above amount includes		
Secured borrowings	**142,628**	168,639
Unsecured borrowings	**63,532**	110,371

Entity wise details of the borrowings are as follows:

Name of the entities	**March 31, 2013**	March 31, 2012
Parent Company	**7,350**	41,595
GVKIL	**2,080**	9,973
MIAL	**56,255**	81,045
GVKADPL	**62,399**	83,847
GVKRHEPPL	**12,036**	8,600
GVKTPL	**62,607**	53,900
GVKGPL	**8**	50
GVKDPPL	**3,401**	-
PGVKS	**24**	-
Total	**206,160**	279,010

Notes to Consolidated Accounts

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

The details of the loan entity wise are as follows:

a) Parent Company

	March 31, 2013	March 31, 2012
Overdraft from banks (unsecured)	-	4,725
Other loans and advances		
- Loan from banks (secured)	**7,350**	21,870
- Loan from banks (unsecured)	-	15,000
	7,350	41,595

A. Term loan aggregating to Rs. 7,350 (March 31, 2012: Rs, 1,870) presently carries interest of 12% per annum and secured by (i) charge on loans and advances of the company to GVK Airport Developers Private Limited (“GVKADPL”) and also loans and advances provided by GVKADPL to GVK Airport Holdings Private Limited (“GVKAHPL”) and Bangalore Airport & Infrastructure Developer Private Limited (“BAIDPL”) (ii) exclusive charge on shares of GVKADPL to the extent of two times of facility amount. (iii) exclusive charge on shares of GVKAHPL and BAIDPL not exceeding 30% of the shares of the companies and the no of shares to be pledged to be in proportion to the lenders at GVKADPL.

B. Over draft outstanding during the previous year carried interest of 10.85% per annum.

C. Term loan aggregating to Rs. 20,000 outstanding in the previous year was secured by first charge on the current assets, present and future and carried interest at base + 150 bps i.e. currently 11.50% per annum.

D. Loan from banks outstanding during the previous year aggregating to Rs. 15,000 was unsecured and carried interest rate of 11.75% per annum.

b) GVKIL

	March 31, 2013	March 31, 2012
Cash credit from banks (secured)	**2,080**	38
Buyers credit from banks (secured)	-	2,935
Other loans and advances		
- Loan from banks (secured)	-	5,000
- Loan from banks (unsecured)	-	2,000
	2,080	9,973

A. Cash credit from banks are secured by:
   i. In respect of Phase I working capital lenders, first charge on receivables of Phase-I and second charge on fixed assets of Phase I; and
   ii. In respect of Phase-II working capital lenders, first charge on fixed assets and on current assets of Phase II on pari passu with Phase II term lenders.

B. Cash credit carries interest at PLR+ margin which ranged from 11% to 14% per annum.

C. Buyer’s credit outstanding during the previous year was secured by corporate guarantee of Parent Company and carried interest at Libor plus 2.50 margin.

D. Loan from Syndicate Bank outstanding during the previous year Rs.5,000 was secured by pari passu second charge on fixed assets of the subsidiary company and carried interest of 12.25% per annum.

E. Unsecured loan from bank outstanding during the previous year carried interest of 11.75% per annum.

c) MIAL

	March 31, 2013	March 31, 2012
Cash credit from banks (secured)	**6,255**	1,045
Other loans and advances		
- Loan from banks (secured)	**15,000**	-
- Loan from banks (unsecured)	**35,000**	80,000
	56,255	81,045

A. Cash credit facilities amounting to Rs. 366 and Rs. 5,889 carries interest of 12.75% and 12.25% respectively.

Notes to Consolidated Accounts

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

B. Unsecured and secured loans from banks caries interest of 11.5% and 12.5% respectively.

C. Cash credit facilities and loans from banks are secured by pari passu charge on all the amounts lying in certain designated bank accounts present and future.

d) GVKADPL

	March 31, 2013	March 31, 2012
Overdraft from banks (secured)	**46,123**	45,200
Overdraft from banks (unsecured)	**16,276**	8,647
Other loans and advances		
- Loan from banks (secured)	**-**	30,000
	62,399	83,847

A. Secured overdraft facility currently carries interest in range of 11.25% to 11.52% p.a. The loans are 100% secured in the form of lien on fixed deposit of the subsidiary company.

B. Overdraft from banks carries interest in range of 8.00% to 9.75%.

C. Loan aggregating to Rs.30,000 outstanding during the previous year carried interest of 14.25% p.a. The loan was secured by pledge of shares held by parent company in the subsidiary company and shares held by the subsidiary company in GVKAHPL and BAIDPL. Share pledge is ranking pari passu with loan extended by other lenders. The loan is further secured by mortgage of land located at Himayat sagar, Rajender Nagar Mandal, Ranga Reddy district, Andhra Pradesh and office building including land located at 156-159, Paigah House, Sardar Patel Road, Secunderabad belonging to the promoter of parent Company.

e) GVKRHEPPL

	March 31, 2013	March 31, 2012
Overdraft from banks (unsecured)	**1,999**	-
Other loans and advances		
- Loan from others (secured)	**10,037**	8,600
	12,036	8,600

A. Loan is secured by
   i. Fixed assets, rights titles, approvals, clearances, contracts, insurance policies of the subsidiary company;
   ii. First charge on the currents assets of the subsidiary company;
   iii. Corporate guarantee of the parent company; and
   iv. This loan currently carries interest rate of 13% p.a. i.e. SREI Benchmark Rate (SBR) minus 4.50%.

B. Unsecured loan currently carries interest at the rate of 9% per annum.

f) GVKTPL

	March 31, 2013	March 31, 2012
Overdraft from banks (unsecured)	**6,432**	-
Other loans and advances		
- Loan from banks (secured)	**55,775**	53,900
- Loan from others (unsecured)	**400**	-
	62,607	53,990

A. Secured loan carries interest presently set at 12% per annum for a period of 1 year from the date of first disbursement and thereafter interest shall be 13.75% per annum. The loan is secured by:
   i. Charge on loans and advances given by the Parent company to GVKADPL and also loans and advances provided by GVKADPL to GVKAHPL and BAIDPL;
   ii. Exclusive charge on shares of GVKADPL, however the lendor has option to create pari-passu basis of pledge of shares;
   iii. Exclusive charge on shares of GVKAHPL and BAIDPL however the lendor has option to create pari-passu basis of pledge of shares; and
   iv. Corporate guarantee by the parent company.

Notes to Consolidated Accounts

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

B. Unsecured loan from others is interest free and repayable on demand.

C. Overdraft from bank carries interest rate in range of 9% to 10.5% per annum.

g) GVKGPL

	March 31, 2013	March 31, 2012
Overdraft from banks (secured)	**8**	50

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

h) GVKDPPL

	March 31, 2013	March 31, 2012
Loans from banks (unsecured)	**3,401**	-

Unsecured loan carries interest at the rate of 9.5% per annum.

i) PGVKS

	March 31, 2013	March 31, 2012
Other loans and advances		
Loan from others (unsecured)	**24**	-

Unsecured loan is interest free.

11. Trade payable and other current liabilities

	March 31, 2013	March 31, 2012
Trade payables	**52,596**	28,395
Other current liabilities		
Current maturities of long-term borrowings (note 6)	**147,883**	35,181
Interest accrued but not due on borrowings	**4,313**	3,501
Retirement compensation payable to Airports Authority of India under OMDA	**2,078**	2,078
Payable on passenger service fee (security component) account, net	**399**	-
Unpaid dividends	**18**	15
Retention money	**36,339**	22,357
Security deposits	**12,704**	12,390
Advances from customers	**6,104**	1,780
Payable for capital goods	**75,900**	42,857
Book overdraft	**2,884**	-
Other liabilities	**7,132**	7,697
	295,754	127,856

Notes to Consolidated Accounts

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

12 Tangible assets

	Freehold Land	Leasehold Land	Factory building	Non-factory building	Plant and machinery	Computers and computer equipments	Office equipment	Electrical equipment	Furniture and fixtures	Vehicles	Runways, Taxiways and Aprons	Total
Cost												
As at April 1, 2011	31,462	1,253	6,822	8,391	333,722	646	705	115	536	781	-	384,433
Additions on account of acquisition	-	-	-	76,301	35,795	4,476	4,687	-	4,005	31	104,175	229,470
Additions	2,910	-	11	6,207	2,815	508	306	69	673	276	12,177	25,952
Disposals	596	-	-	119	265	1	14	-	1	10	-	1,006
Other adjustments												
- Funded through Development Fee	-	-	-	-	-	-	-	-	-	-	(119)	(119)
- Exchange differences	-	-	-	-	1,761	-	-	-	-	-	-	1,761
As at March 31, 2012	**33,776**	**1,253**	**6,833**	**90,780**	**373,828**	**5,629**	**5,684**	**184**	**5,213**	**1,078**	**116,233**	**640,491**
Additions	9,200	-	49	21,844	14,328	138	136	-	610	19	15,717	62,041
Disposals	368	-	2	21	11	2	2	-	3	-	-	409
Other adjustments												
- Funded through Development Fee			-	(2,401)	(1,062)	-	-	-	-	-	(1,469)	(4,932)
- Exchange differences			-	-	3,247	-	-	-	-	-	-	3,247
As at March 31, 2013	**42,608**	**1,253**	**6,880**	**110,202**	**390,330**	**5,765**	**5,818**	**184**	**5,820**	**1,097**	**130,481**	**700,438**
Depreciation												
As at April 1, 2011	-	108	2,016	693	91,572	367	169	33	222	267	-	95,447
On acquisitions	-	-	-	6,911	9,577	2,286	1,218	-	1,201	4	7,033	28,230
Charge for the year	-	42	140	1,487	17,829	420	259	10	230	79	2,059	22,555
Disposals	-	-	-	8	3	-	4	-	-	7	-	22
As at March 31, 2012	**-**	**150**	**2,156**	**9,083**	**118,975**	**3,073**	**1,642**	**43**	**1,653**	**343**	**9,092**	**146,210**
Charge for the year	-	42	336	3,348	20,881	860	556	6	461	102	4,843	31,435
Disposals	-	-	3	4	1	3	1	-	-	-	-	12
As at March 31, 2013	**-**	**192**	**2,489**	**12,427**	**139,855**	**3,930**	**2,197**	**49**	**2,114**	**445**	**13,935**	**177,633**
Net Block												
As at March 31, 2012	**33,776**	**1,103**	**4,677**	**81,697**	**254,853**	**2,556**	**4,042**	**141**	**3,560**	**735**	**107,141**	**494,281**
As at March 31, 2013	**42,608**	**1,061**	**4,391**	**97,775**	**250,475**	**1,835**	**3,621**	**135**	**3,706**	**652**	**116,546**	**522,805**

Notes: (i) In terms of Airports Economic Regulatory Authority (AERA) order dated 21st December 2012, the Company is allowed to collect Development Fee (DF) of Rs.340,000 (excluding Rs.133,050 towards interest on loan taken against securitisation of DF (DF Loan) which is to be utilised exclusively for development of aeronautical assets and to meet the funding gap of the project. While the amount of DF to the extent billed of Rs 26,860, other income earned of Rs. 338 and Rs 6,586 paid towards DF Loan interest and processing charges during the year, has been disclosed as a reduction from the cost of related aeronautical assets/capital work in progres, the balance has not been accrued pending completion of construction/modernisation project which is under progress.

(ii) (ii) Funded through development fee' represents funding made available as per the directions of MoCA, Government of India/ AERA by levy of development fee from passengers to be exclusively utilised for development of aeronautical assets including amount yet to be spent.

Notes to Consolidated Accounts

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

13. Intangible assets

	Toll collection rights	Goodwill	Software	Airport Grant	Total
Cost					
As at April 1, 2011	67,796	23,311	229	-	91,336
Additions on account of acquisition	-	93,276	1,507	41,471	136,254
Additions	-	-	2,688	5,610	8,298
Disposals	-	426	13	-	439
As at March 31, 2012	**67,796**	**116,161**	**4,411**	**47,081**	**235,449**
Additions	-	-	225	-	225
Disposals	-		-	-	-
As at March 31, 2013	**67,796**	**116,161**	**4,636**	**47,081**	**235,674**
Depreciation					
As at April 1, 2011	13,088	-	46	-	13,134
On acquisitions	-	-	652	5,269	5,921
Charge for the year	1,914	-	563	728	3,205
Disposals	-	-	4	-	4
As at March 31, 2012	**15,002**	**-**	**1,257**	**5,997**	**22,256**
Charge for the year	2,256	-	762	1,702	4,720
Disposals	-	-	-	-	-
As at March 31, 2013	**17,258**	**-**	**2,019**	**7,699**	**26,976**
Net Block					
As at March 31, 2012	**52,794**	**116,161**	**3,154**	**41,084**	**213,193**
As at March 31, 2013	**50,538**	**116,161**	**2,617**	**39,382**	**208,698**

Note: Other compensation under Airport Grant represents obligation towards retirement compensation as per terms of OMDA.

Notes to Consolidated Accounts

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

14. Expenditure incurred during construction period

Particulars	As at April 1, 2012	Additions during the year	As at March 31, 2013
Personnel expenses:			
Salaries, allowances and bonus	18,583	8,640	27,223
Contribution to Provident and other funds	127	106	233
Staff welfare	331	128	459
Power, fuel and water charges	822	752	1,574
Stores and consumables	669	61	730
Rent	7,530	930	8,460
Rates and taxes	1,966	46	2,012
Communication costs	377	100	477
Travelling and conveyance	6,689	1,474	8,163
Legal and professional charges	24,322	6,903	31,225
Survey charges	148	25	173
Repairs and maintenance:			-
Building	543	94	637
Plant and machinery	26	1	27
Others	301	91	392
Insurance	2,592	992	3,584
Land lease charges	8	-	8
Printing and stationery	144	38	182
Remuneration to directors	530	122	652
Office and guest house maintenance	204	219	423
Loss on sale of assets (net)	10	-	10
Tender fees paid	10	-	10
Exchange fluctuations	2,187	3,009	5,196
Miscellaneous expenses	2,715	935	3,650
Depreciation	816	335	1,151
Project Premium	8,475	-	8,475
Financial expenses:			
Interest expenses	151,652	107,183	258,835
Exchange difference considered as adjustment to borrowing cost	1,385	(1,385)	-
Bank charges	4,624	971	5,595
Sub Total - (A)	**237,786**	**131,770**	**369,556**
Less:			
Interest income	2,059	1,202	3,261
Dividend income from mutual funds	4,154	447	4,601
Profit on sale of mutual funds	100	1	101
Provisions no longer required written back	724	5	729
Miscellaneous income	210	242	452
Insurance claim	-	506	506
Gain on forward contracts	141	-	141
Sub Total- (B)	**7,388**	**2,403**	**9,791**
Amount capitalised (C)	36,302	9,074	45,376
Balance carried to balance sheet - (A-B-C)	**194,096**	**120,293**	**314,389**

Notes to Consolidated Accounts

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

15. Non-current investments

	March 31, 2013	March 31, 2012
Trade investments (unquoted, at cost)		
Investment in associates		
A] Seregraha Mines Limited		
22,225 (March 31, 2012: 22,225) equity shares of Rs. 10 each fully paid up	**2**	2
B] Bangalore International Airport Limited		
165,378,000 (March 31, 2012: 165,378,000) equity shares of Rs. 10 each fully paid up (includes Goodwill amounting to Rs. 160,730 (March 31, 2012: Rs. 160,730)	**179,340**	179,340
Add: Opening balance of accumulated profit	**10,419**	4,062
Add: Profit for the year	**5,092**	6,357
	194,851	189,759
	194,853	189,761
Investment in equity instruments		
50,000 (March 31, 2012: 50,000) equity shares of USD 1 each fully paid-up in GVK Coal Developers (Singapore) Pte Limited	**25**	25
Non-trade investments (unquoted, at cost)		
Investment in Government or trust securities		
National Savings Certificates	**6**	5
	31	30
	194,884	189,791
Aggregate amount of unquoted investments	**194,884**	189,791

Notes to Consolidated Accounts

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

16. Loans and advances

	Non-current		Current	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Loan and advances to related parties				
Unsecured, considered good				
Loan to GVK employee welfare trust (note 43)	**-**	4,500	**4,500**	-
Loan to EMRI (note 32)	**3,116**	5,473	**1,264**	-
Share application money to associate	**404**	337	**-**	-
Others	**-**	115	**336**	-
(A)	**3,520**	10,425	**6,100**	-
Capital advances				
Unsecured, considered good	**121,334**	116,694	**-**	-
(B)	**121,334**	116,694	**-**	-
Deposits				
Unsecured, considered good	**2,071**	861	**1,389**	2,815
(C)	**2,071**	861	**1,389**	2,815
Advances recoverable in cash or kind				
Unsecured considered good	**570**	582	**5,221**	3,665
(D)	**570**	582	**5,221**	3,665
Other loans and advances				
(Unsecured, considered good)				
Advance income-tax (net of provision for taxation)	**-**	-	**15,105**	10,675
Prepaid expenses	**395**	448	**764**	447
MAT credit entitlement	**8,284**	6,163	**1,467**	1,783
Others	**-**	116	**357**	192
(E)	**8,679**	6,727	**17,693**	13,097
(A+B+C+D+E)	**136,174**	135,289	**30,403**	19,577

Notes to Consolidated Accounts

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

17. Trade receivables and other assets

(i) Trade receivables

	Non-current		Current	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Unsecured, considered good unless stated otherwise				
Outstanding for a period exceeding six months from the date they are due for payment				
Unsecured, considered good	**8,118**	6,810	**8,451**	20,745
Doubtful	**-**	-	**692**	561
(A)	**8,118**	6,810	**9,143**	21,306
Provision for doubtful receivables	**-**	-	**(692)**	(561)
(B)	**8,118**	6,810	**8,451**	20,745
Other receivables				
Unsecured, considered good	**-**	1,308	**25,764**	16,530
(C)	**-**	1,308	**25,764**	16,530
(A+B+C)	**8,118**	8,118	**34,215**	37,275

a) Trade receivables include accruals towards reimbursement of fixed charges for the financial years 1997-1998 to 2000-2001, on increased capital cost worked out as per ratios set out in the PPA aggregating to Rs.4,512 (March 31, 2012: Rs. 4,512) by GVKIL. The increased capital cost is subject to the approval of APERC. Pending approval of increased capital cost by APERC, the claim for reimbursement of fixed charges has not been made on AP Transco. The subsidiary company contends that it is entitled to reimbursement of fixed charges on increased capital cost under the terms of PPA and accordingly considers these amounts as good and recoverable. The subsidiary company has filed a writ petition before the High Court of New Delhi against APERC, seeking a direction to APERC to take a decision on approval of completed capital cost in a time bound manner. The matter is pending hearing. The management of the subsidiary company based on its internal assessment and legal advice is confident of receiving approval of completed capital cost.

b) Trade receivables include amounts receivable from AP Transco towards reimbursement of minimum alternate tax under the provisions of Income Tax Act, 1961, for the period commencing from the financial year 2000-2001 up to the financial year 2010-2011, aggregating to Rs.3,530 (March 31, 2012: Rs. 3,530) are refuted by AP Transco. While the subsidiary company contends that it is entitled to claim payments on account of minimum alternate taxes also under the provisions of PPA, AP Transco contends only taxes on the net taxable income under the regular provisions of the Income Tax Act, 1961 are reimbursable and not taxes levied on book profits under the deemed provisions of Section 115 JB of the Income Tax Act, 1961. Further, provision for current taxes is being made after considering reimbursable amount from AP Transco. Based on its internal assessment and legal advice, the subsidiary company's contention is that these amounts are recoverable.

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

Notes to Consolidated Accounts

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

d) The trade receivables include Rs. 13,988 from Air India Limited (Air India) a company wholly owned by the Government of India (GOI) and its subsidiaries. Air India has been facing financial difficulties and has not been settling its dues to MIAL in time. Air India had received budgetary support from Central Government during 2012-13 and further support has been proposed in the Union budget 2013-14 which is awaiting Parliament's approval. During 2012-13, the subsidiary company has also recovered amounts aggregating to Rs. 20,721 from Air India and accordingly considers its dues from Air India as good and recoverable.

(ii) Other assets

	Non-current		Current	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Unsecured, considered good				
Non-current bank balances (note 20)	**1,421**	1,368	**-**	-
Non-current inventory (note 19)	**11,586**	1,026	**-**	-
Unamortised expenditure				
Unamortised portion of ancillary cost of arranging the borrowings	**3,318**	1,561	**625**	2,601
Others				
Unbilled revenues	**-**	-	**3,144**	12,517
Interest accrued on fixed deposits	**2**	48	**1,641**	1,001
Advance for investments	**-**	-	**8,000**	1,400
Other receivables	**-**	-	**2,851**	1,426
	16,327	4,003	**16,261**	18,945

18. Current investments

	March 31, 2013	March 31, 2012
Current investments (valued at lower of cost and fair value)		
Other than trade (unquoted)		
Investments in units of Mutual Funds	**30,563**	21,946
Certificate of Deposit	**-**	1,460
	30,563	23,406

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

	Non-current		Current	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Stores, spares and consumables	**11,586**	1,026	**8,005**	7,540
Raw materials (fuel)	**-**	-	**1,756**	-
	11,586	1,026	**9,761**	7,540
Amount disclosed under non-current assets (note 17)	**(11,586)**	(1,026)	**-**	-
	-	-	**9,761**	7,540

Notes to Consolidated Accounts

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

20. Cash and bank balances

	Non-current		Current	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Cash and cash equivalents				
Balances with banks:				
– On current accounts	**-**	-	**123,216**	53,885
– Deposits with originally maturity of less than three months	**-**	-	**18,136**	19,382
– On unpaid dividend account	**-**	-	**18**	15
Cheques/drafts on hand	**-**	-	**1,120**	5,956
Cash on hand	**-**	-	**171**	214
	-	-	**142,661**	79,452
Other bank balances				
– Deposits with original maturity for more than 3 months but less than 12 months	**5**	-	**14,789**	40,686
– Margin money deposit/security against borrowings	**1,416**	1,368	**50,566**	52,488
	1,421	1,368	**65,355**	93,174
Amount disclosed under non-current assets (note 17)	**(1,421)**	(1,368)	**-**	-
	-	-	**208,016**	172,626

21. Revenue from Operations

	March 31, 2013	March 31, 2012
Revenue from operations		
Sale of electrical energy	**89,545**	166,631
Sale of services		
Income from toll operations	**24,933**	22,384
Aeronautical	**52,039**	19,879
Non-aeronautical	**77,239**	31,984
Cargo operations	**16,789**	7,689
Operating fee	**145**	-
Manpower and consultancy services	**75**	616
	260,765	249,183

Notes to Consolidated Accounts

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

22. Other income

	March 31, 2013	March 31, 2012
Interest income on		
Bank deposits	**7,803**	3,436
Others	**1,387**	26
Dividend income on		
Non trade current investments	**9**	97
Profit on sale of investments		
Non trade current investments	**1,730**	3,964
Profit on sale of fixed assets (net)	**-**	12
Guarantee commission	**2,588**	1,062
Liabilities written back	**48**	76
Miscellaneous income	**48**	214
	13,613	8,887

23. Employee benefit expense

	March 31, 2013	March 31, 2012
Salaries, wages and bonus	**12,671**	7,375
Contribution to provident and other funds	**457**	333
Retirement and other employee benefits	**202**	158
Staff welfare expenses	**232**	202
	13,562	8,068

24. Other expenses

	March 31, 2013	March 31, 2012
Operating and maintenance expenses	**10,283**	3,820
NHAI share of toll fee	**3,281**	2,728
Minimum off take price for naphtha	**-**	13
Rent	**715**	354
Rates and taxes	**5,340**	542
Insurance	**939**	991
Repairs and maintenance:		
- Buildings	**2,180**	938
- Roads	**1,506**	2,318
- Plant and machinery	**2,332**	3,024
- Others	**1,198**	1,572
Vehicle hire charges	**95**	167
Electricity and water	**4,481**	1,602
Travel and conveyance	**1,151**	917
Communication	**352**	216
Printing and stationery	**80**	203
Advertisement	**459**	210
Bid and tender document charges	**41**	270
Legal and professional charges	**7,194**	3,075

Notes to Consolidated Accounts

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

Prompt payment rebate	**2,545**	3,998
Auditor's remuneration (refer note below)	**18**	17
Directors' sitting fee	**29**	29
Preliminary expenses written off	**-**	2
Donation	**354**	886
Foreign exchange fluctuations (net)	**44**	315
Loss on sale of fixed assets (net)	**12**	-
Provision for Doubtful trade receivable	**131**	136
Bad debts	**1,516**	-
Insurance claims and assets written off	**-**	17
Miscellaneous expenses	**3,928**	1,714
	50,204	30,074

	March 31, 2013	March 31, 2012
As auditor:		
Audit fee	**12**	12
Limited Review	**5**	4
In other Capacity:		
Other services (certification fees)	**-**	-
Reimbursement of expenses	**1**	1
	18	17

25. Depreciation and amortization expense

	March 31, 2013	March 31, 2012
Depreciation of tangible assets	**31,435**	22,555
Amortization of intangible assets	**4,720**	3,205
	36,155	25,760
Less: Transfer to Expenditure incurred during construction period	**335**	271
Less: Amount withdrawn from deferred income	**702**	596
	35,118	24,893

26. Finance costs

	March 31, 2013	March 31, 2012
Interest	**72,438**	44,077
Bank charges	**702**	480
Amortization of ancillary borrowing costs	**3,114**	525
Exchange difference to the extent considered as an adjustment to borrowing costs	**(1,645)**	1,645
	74,609	46,727

27. Gratuity and other post-employment benefit plans

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

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

Notes to Consolidated Accounts

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

(A) Statement of profit and loss

Net employee benefit expense recognized in the employee cost

	March 31, 2013	March 31, 2012
Current service cost	**194**	81
Interest cost on benefit obligation	**79**	54
Expected return on plan assets	**(1)**	-
Past service costs	**11**	11
Net actuarial(gain) / loss recognized in the year	**14**	61
Net benefit expense	**297**	207

(B) Balance sheet

	March 31, 2013	March 31, 2012
Present value of defined benefit obligation	**1,029**	817
Fair value of plan assets	**75**	-
Net liability	**954**	817

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

	March 31, 2013	March 31, 2012
Opening defined benefit obligation	**817**	296
Opening defined benefit obligation on acquisition of subsidiary	**-**	357
Current service cost	**194**	81
Interest cost	**79**	54
Benefits paid	**(85)**	(43)
Past service costs	**11**	11
Actuarial (gains) / losses on obligation	**13**	61
Closing defined benefit obligation	**1,029**	817

(D) Changes in the fair value of plan assets are as follows:

	March 31, 2013	March 31, 2012
Opening fair value of plan assets	**-**	-
Expected return	**3**	-
Contributions by employer	**73**	-
Benefits paid	**-**	-
Actuarial gains / (losses)	**(1)**	-
Closing fair value of plan assets	**75**	-

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

	March 31, 2013	March 31, 2012
Discount rate	**8% to 8.10% p.a.**	8.5% to 8.6% p.a.
Expected rate of return on assets	**7% p.a.**	Not applicable
Employee turnover	**5%**	5%

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

Notes to Consolidated Accounts

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

28. Contingent liabilities

A) Parent Company

i. Direct and indirect taxes

- Income tax demand for assessment year 2008-09 for Rs. 73 (March 31, 2012:Rs.73) and for assessment year 2010-11 for Rs. 871 (March 31, 2012: Nil).
- The Company had received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs. 2,829 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.

ii. Security against loans taken by others

- The Company has provided security by way of corporate guarantees amounting to Rs.1,441 for securing facilities obtained by an associate (March 31, 2012: Rs. 1,441) for various fund and non-fund based facilities availed by them.
- The Company has provided security by way of corporate guarantees amounting to Rs. 6,879 (March 31, 2012: 9,074) for securing loans obtained by GVK Projects and Technical Services Limited.
- The Company has provided security by way of guarantee amounting to Rs. 281,432 (March 31, 2012: Rs. 220,587) for securing loans obtained by GVK Coal Developers (Singapore) Pte 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.

B) Subsidiary companies

i) GVKIL

Particulars	March 31, 2013	March 31, 2012
On account of guarantees issued by banks	**128**	128
Service Tax demand on operator of the power plant*	**986**	759
Claims not acknowledged as debts*	**1,883**	2014
Income tax demands pending in appeals*	**477**	-

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

- 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. The subsidiary company is contesting the contention of AP Transco and 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. Nil (March 31, 2012 Rs. 13) and the liability on this account up to March 31, 2013 is Rs. 105 (March 31, 2012 Rs. 105). The subsidiary company is confident of receiving acceptance from BPCL. The contract with BPCL expired on Jan 29, 2012.
- AP State Load Despatch Centre (APSLDC) has filed petitions before the Andhra Pradesh Electricity Regulatory Commission (APERC) for appointment of adjudicating officer for assessment of charges to be levied for non adherence to backing down instructions by GVK Power & Infrastructure Limited, operator of the power plant of the subsidiary. APSLDC has claimed an amount of Rs. 1320 (March 31 2012 Rs.1320) for the aforesaid non- compliance. During the current year, APERC has appointed adjudicating officer to conduct an enquiry into the matter. Management based on its internal assessment is confident that the matter will be decided in the subsidiary company's favour.

Notes to Consolidated Accounts

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

- The subsidiary company approached AP Transco for new connection while constructing its new power plant upon which AP Transco raised demand of Rs.399 towards minimum monthly charges regarding electricity connection taken earlier which was surrendered on October 7, 1996. The subsidiary company filed petition before the 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 subsidiary Company's favour.

ii) GJEPL

Particulars	March 31, 2013	March 31, 2012
On account of guarantees issued by banks	**1,250**	1,250
Disputed income tax demands*	**189**	220
Claims not acknowledged as debts*	**6**	8

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

iii) AHPCL

Particulars	March 31, 2013	March 31, 2012
On account of guarantees issued by banks	**1,600**	6,085
Claims not acknowledged as debts*	**7,650**	7,650
Disputed income tax demands*	**120**	32

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

- A Public Interest Litigation (PIL) was filed that public hearing as required under Environment Assessment Notification dated January 27, 1994 was not conducted for the project being undertaken by the subsidiary company. The subsidiary company contended that the notification does not apply retrospectively and the clearance given to the project in 1987 cannot be questioned. The Honourable High Court of Uttarakhand held that notification applies retrospectively. The subsidiary company has filed an appeal in Honourable Supreme Court against the judgement. While the Honourable Supreme Court is hearing the matter, it has decided not to stay the ongoing construction. The subsidiary company based on legal advice/internal assessment is confident of winning the case.

iv) GVKPGSL

Particulars	March 31, 2013	March 31, 2012
On account of guarantees issued by banks	**4,050**	4,050

v) GVKGPL

Particulars	March 31, 2013	March 31, 2012
Service Tax demand on operator of the power plant*	**482**	312
Claims not acknowledged as debts*	**3,515**	4,272

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

- 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 (March 31 2012 Rs.290) for the aforesaid non- compliance. During the current year, APERC has appointed adjudicating officer to conduct an enquiry into the matter. Management based on its internal assessment is confident that the matter will be decided in favour of subsidiary company.

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

vi) GVKDPPL

Particulars	**March 31, 2013**	March 31, 2012
On account of guarantees issued by banks	-	2,967

vii) GVKBVPL

Particulars	**March 31, 2013**	March 31, 2012
On account of guarantees issued by banks	-	4,420

viii) GVKRHEPPL

Particulars	**March 31, 2013**	March 31, 2012
On account of guarantees issued by banks	**69**	69

ix) GVKSDEPL

Particulars	**March 31, 2013**	March 31, 2012
On account of guarantees issued by banks*	**14,075**	2,815

*The subsidiary company has given notice of termination of the concession agreement to the regulator to whom guarantees were issued on occurrence of force majeure event due to amendment in environment laws. The regulator has withheld guarantees and subsidiary company has obtained stay from Honourable Delhi High Court for relief from possible invocation. Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

x) GVKOGL

- The subsidiary company has given seven multiple performance bank guarantee's amounting to Rs.813 (March 31, 2012: Rs.1,178) 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.
- The subsidiary company has received a demand notice from service tax authorities demanding service tax of Rs. 82 (March 31, 2012: Rs.82) under the category "Survey and Exploration of Mineral Service" on the seismic data purchased by the subsidiary company. 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 and remitted Rs.662 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, 2012: 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 judgments, there is a high likelihood that the case will be decided in its favour.

xi) GVKDKEPL

Particulars	**March 31, 2013**	March 31, 2012
On account of guarantee issued by banks	-	2,967

Notes to Consolidated Accounts

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

- During the year 2010-11, the subsidiary company had received a letter from NHAI stating that the subsidiary company is liable to pay penalty amounting to Rs.157 (March 31 2012 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.

xii) GHPPL

The subsidiary company had filed an appeal before Honorable High Court of Uttarakhand challenging a common judgment and order dated 8th November, 2010 passed by Single Judge on a writ petition filed by Reliance Infrastructure Limited in awarding Hydro Electric Power Project, Mapang Bogudiyar, in favor of the consortium of GVK and L & T. The Honorable High Court has dismissed the petition filed by the GVK vide its order dated April 27, 2012. The Court has however allowed recovery of the sum paid by GVK to the State of Uttarakhand and directed Reliance Infrastructure Limited to pay a sum of Rs.1,683 to the subsidiary company after deducting Rs.1,334.

The subsidiary company has preferred an appeal before the Honorable Supreme Court of India and the subsidiary company is of the view that the matter will be decided in its favour.

xiii) MIAL

- Claims against MIAL not acknowledged as debts:
  a) Non-Agricultural tax amounting to Nil (March 31, 2012: Rs. 6,138) to the extent levied by the appropriate authorities on the Airport Land, of which Nil (March 31, 2012: Rs. 1,166) was paid under protest. In the current year the matter has been settled for Rs. 4,074 and same is disclosed under rates and taxes in notes 26.
  b) Income tax amounting to Rs. 23,274 (March 31, 2012: Rs. 4,682) demanded by the concerned authorities, of which Rs.300 (March 31, 2012: Rs.200) was adjusted / paid under protest.
  c) Service Tax amounting to Rs.9,974 (March 31, 2012: Rs. 10,174) demanded by the concerned authorities under Section 73, 76, 77 and 78 of the Finance Act, 1994 on development fee considered not payable based as per the advise received by the subsidiary company.
  d) Other claims amounting to Rs. 2,101 (March 31, 2012: Rs. 3,349) not acknowledged as debts.
- Applicability of service tax on the rent/license fee/ lease being charged by the subsidiary 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. However some of these concessionaires who are members of Retailers Association of India ("RAI") have deposited the arrears of Service tax due for the period prior to September 30, 2011 with the court as per the order given by the Honorable Supreme Court. The matter is currently subjudice and necessary actions will be taken by the subsidiary company once the matter is decided by the courts. However, in the opinion of the subsidiary company, this would not have any impact on the financial results of the subsidiary company as the same is recoverable from the said parties if it becomes payable by the subsidiary company.

C) Associate companies (to the extent of shareholding therein)

i) SML

Particulars	**March 31, 2013**	March 31, 2012
On account of guarantees issued by banks	**1,441**	1,180

ii) BIAL

Particulars	**March 31, 2013**	March 31, 2012
Claims against the associate company not acknowledged as debts*	**71**	42

* Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

Notes to Consolidated Accounts

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

- The associate company has issued bank guarantee to Customs authorities aggregating to Rs. 117 (March 31, 2012: Rs. Nil) with respect to grant of project import license to extend concessional rate of duty for import of certain eligible equipments.
- 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. 92 (March 31, 2012: Rs.92).
- 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 2005-06. The associate company had earlier paid the TDS amount of Rs.255 (March 31,2012: Rs.255) under protest before getting the relief from ITAT. This was refunded to the associate company along with the interest of Rs.39 (March 31, 2012: Rs.39) 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 two demand orders from Commissioner of service tax for the periods 2005-2009 and 2009-10 for payment of service tax of Rs. 101(March 31, 2012: Rs. 101) as a recipient of service towards reimbursement of salary costs to Zurich Airport. The interest and penalty as per the above demand orders amounts to Rs. 71 (March 31, 2012: Rs. 53) and Rs. 129 (March 31, 2012: Rs. 126) respectively. Further, a show cause notice has been issued for period 2010-2011 for a sum of Rs. 24 (March 31, 2012: Rs. 12) on the same account. These payments relate to salaries of expatriates who were seconded to associate company. The associate company has preferred an appeal against demand orders before the Tribunal (CESTAT) and challenged the show cause notice which is not confirmed by formal demand as on the balance sheet date. The associate company has challenged the demand based on the judicial precedence on the matter and is confident of non-applicability of service tax since the payment relates to salary costs to expatriate employees of the associate company which cannot be treated as services received by the associate company. Zurich Airport is only a remitter of the foreign currency remuneration as is evidenced by expatriate remuneration reimbursement agreement between the associate company and Zurich Airport. The associate company has accounted these payments as salaries and discharged appropriate TDS as the economic employer of the said expatriates. The service tax department had issued recovery notices for these demands appealed before CESTAT in January 2013 based on a recent departmental circular though the matters are before the CESTAT. The associate company has successfully protected itself by favorable Karnataka High Court writs in respect of both the demands which have restrained the recovery proceedings till the disposal of stay petitions before the CESTAT.
- The associate company has received an Income-tax assessment order in March 2013 from Deputy Commissioner of Income tax, Bangalore for the assessment year 2010-11 with a demand of Rs. 670 (March 31,2012 Nil). The associate company is in the process of filing a rectification petition and appeal before the concerned tax authorities. The associate company is of the opinion that there is a strong case to defend.

29. Capital and other commitments

A) Parent and subsidiary companies

- The Company has given undertaking to infuse equity aggregating to Rs. 292,919 (March 31, 2012: Rs. 229,590) in GVK Coal Developers (Singapore) Pte. Limited, towards shortfall, if any, of its loan repayment obligations. Further, the Company has pledged 73,217,647 (March 31, 2012: 73,217,647), 22,495,000 (March 31, 2012: 22,495,000) and 44,800,000 (March 31, 2012: Nil) shares of GVK Energy Limited, GVK Transportation Private Limited and GVK Airport Developers Private Limited respectively for securing loan obtained by GVK Coal (Singapore) Pte. Limited, an entity in which Company has 10% stake. Management believes that GVK Coal Developers (Singapore) Pte. Limited will be able to meet it's obligations.
- During the year ended March 31, 2011, the Company, GVK Energy Limited (subsidiary Company) and certain private equity investors ('investors') had entered into an investment agreement pursuant to which the Company has undertaken

Notes to Consolidated Accounts

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

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

The Company believes that the subsidiary company would be able to successfully conduct QIPO in the preferred listing period.

- Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 320,270 (March 31, 2012: Rs.470,823).
- GVKOGL under the Production Sharing Contract entered into with Ministry of Petroleum and Natural Gas has given commitment towards minimum work programme in seven blocks allotted during NELP VII for exploration of oil and gas being conducted by the jointly controlled entity of the company.

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

- Estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 12,287 (March 31, 2012: Rs.24,280).
- On account of open forward exchange contracts and lease commitments aggregating Rs. 873 (March 31, 2012: Rs. 264).
- Pursuant to the Framework Agreement (FWA) dated 16 November 2006 and by way of a Sublease Deed dated 24 January 2007, associate company (BIAL) had granted certain portion of its leased land to L&T Bangalore Airport Hotel Limited ("L&T BAHL") on a sublease basis, for the purpose of constructing and commissioning an airport hotel (the "Project or Facility").

  L&T BAHL was expected to undertake the Project and construct the hotel in accordance with the terms and conditions stipulated in the FWA and the Sublease Deed. However, L&T BAHL was not able to complete the construction and make the hotel facility ready for operation as certain approvals and clearances were not forthcoming. After number of discussions and communications and on account of disagreements, L&T BAHL had invoked the dispute resolution clause in the FWA and both parties have referred the matter to arbitration tribunal. L&T BAHL prayed for declaring the FWA as terminated and claimed compensation for the partial construction of the Airport Hotel. The Tribunal has passed its award on 20 April 2013, wherein the Honourable Tribunal has held that the FWA is not enforceable because of frustration and has directed L&T BAHL to handover the possession of partially constructed facility to the associate company on 'as is where is' basis and directed the associate company to pay a lump sum of Rs 12,943 and refund the security deposit amounting to Rs. 3,289 with interest at 18 percent p.a. from the date of award. The associate company has sought a legal opinion from the counsel on the way forward on the matter.

30. The subsidiary company ("MIAL") had awarded a contract to Housing Development and Infrastructure Limited ("HDIL") to undertake activities relating to rehabilitation of slum dwellers and restoration of the Airport Land, which is currently under encroachment and as consideration, the subsidiary company has granted rights to HDIL to develop and use part of the land vacated by encroachers in a phased manner without any cost to the subsidiary company and balance land will be made available to the subsidiary company for its use. Due to non-performance of contract by HDIL, the subsidiary has terminated the contract and encashed the bank guarantee for Rs. 2,500 provided by the HDIL to the subsidiary Company under the contract.

31. Associate company ("BIAL") has opted to claim deduction under Section 80-IA of the Income Tax Act, 1961("IT Act") on the entire income earned during the year ended March 2013 and has also claimed Minimum alternate tax ("MAT") credit under Section 115JAA of the IT Act aggregating to Rs 1,959 for the year ended March 31, 2013. Associate company has recognised and carried forward MAT credit entitlement aggregating to Rs 9,066 (Previous year: Rs 7,352) as at March 31, 2013. This is based on the projected future profits of the associate company from the real estate and other businesses which may not be

Notes to Consolidated Accounts

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

eligible for a deduction under Section 80-IA of the IT Act; which are supported by the Land lease agreement, which gives the associate Company the right to use the land parcel for various non airport activities for a period of 30 years from the Airport opening date (i.e. May 23, 2008), which the associate company is committed to undertake. Accordingly, the Management believes that there will be sufficient future taxable profits to utilise the aforementioned MAT credit entitlement within the stipulated period prescribed as per the provisions of the IT Act.

The deferred tax asset/ liability as at the balance sheet date pertains to timing differences between book profit and tax profit, mainly due to depreciation differences. In the opinion of the management, such timing differences are subject to pending regulatory changes by Airport Economic Regulatory Authority, impact of likely change in depreciation policy and associated book depreciation in future periods. Further, these timing differences are expected to get reversed within the tax holiday period. Under the circumstances, the timing differences cannot be ascertained with greater accuracy and accordingly, no deferred tax has been created for such differences. The amount reported in this paragraph is full amounts as appearing in the financial statements of associate company.

32. Related Party Transactions

During the year ended March 31, 2013, 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 * (till October 18, 2011)	Associates
BIAL*	
SML *	
Dr. G V K 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 Airport Foundation	
GVK Hydel Private Limited	
GVK Employee Welfare Trust	
GVK Coal Developers (Singapore) Pte Ltd	
GVK Projects & Technical Services Limited	

* Through subsidiary companies

33. Segment Information

Business Segments:

The Company organized its operations into three major businesses:

a) Power: Generation, Operation and Maintenance services to the power plants

Notes to Consolidated Accounts

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

Details of related party transactions during the year:

Particulars	GVK Projects & Technical Services Ltd	GVK Technical & Consultancy Services Pvt Ltd	Pinakani Share and Stock Broker Ltd	GVK Coal Developers (Singapore) Pte Ltd	TAJ GVK Hotels & Resorts Ltd	Orbit Travels & Tours Pvt Ltd	GVK Novopan Industries Ltd	GVK Foundation	GVK Airport Foundation	GVK EMRI	Paigah House Hotel Pvt Ltd
Rent	-	-	-	-	-	-	-	-	-	-	151
	-	-	-	-	-	-	-	-	-	-	(129)
Services received (including EPC services)	62,015	5,189	21	-	55	1,206	-	-	-	-	-
	(58,680)	(4,310)	(27)	-	(80)	(1,436)	-	-	-	-	-
Services rendered	-	-	-	2,526	-	-	-	-	-	-	-
	-	-	-	(1,014)	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	124	230	-	-
	-	-	-	-	-	-	-	(252)	(272)	(466)	-
Investment in equity	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(25)	-	-	-	-	-	-	-
Advances given	26,313	22	-	-	-	-	-	-	-	-	-
	(57,328)	(154)	-	-	-	-	-	-	-	-	-
Loans given	-	300	-	652	-	-	-	-	-	1	-
	-	(88)	(8)	(830)	(4)	-	-	-	-	(696)	-
Loans recovered	-	-	-	605	-	-	-	-	-	1,095	-
	-	-	(8)	(1,071)	-	-	-	-	-	-	-
Loans taken	400	-	-	24	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	-	-	-	-	-	-
	(46,700)	-	-	-	-	-	-	-	-	-	-
Share application money given	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Corporate guarantee given	-	-	-	60,845	-	-	-	-	-	-	-
	-	-	-	(220,587)	-	-	-	-	-	-	-
Corporate guarantee released	2,195	-	-	-	-	-	-	-	-	-	-
	(974)	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Director sitting fee	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-
Shares pledged (no. of shares)	-	-	-	44,800,000	-	-	-	-	-	-	-
	-	-	-	(178,082,500)	-	-	-	-	-	-	-
Shares unpledged (no. of shares)	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(82,369,853)	-	-	-	-	-	-	-
Balances outstanding											
Receivables/ (Payables) - March 31, 2013	14,354	486	(19)	733	(2)	(18)	81	(39)	(83)	4,380	-
Receivables/ (Payables) - March 31, 2012	(4,285)	108	(6)	517	1	(11)	81	-	(48)	5,473	-
Corporate Guarantee	6,879	-	-	281,432	-	-	-	-	-	-	-
	(9,074)	-	-	(220,587)	-	-	-	-	-	-	-
Shares pledged (no. of shares)	-	-	-	140,512,647*	-	-	-	-	-	-	-
	-	-	-	(95,712,647)*	-	-	-	-	-	-	-

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

*Pledge of 73,217,647 (March 31, 2012: 73,217,647) shares of GVK Energy Limited, 22,495,000 (March 31, 2012: 22,495,000) shares of GVK Transportation Private Limited and 44,800,000 (March 31, 2012: Nil) shares of GVK Airport Developers Private Limited.

Notes to Consolidated Accounts

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

Details of related party transactions during the year:

Particulars	Krishna Enterprises	Seregraha Mines Ltd	Mumbai International Airport Pvt Ltd	Bengaluru International Airport Ltd	GVK Hydel Pvt Ltd	GVK Employee welfare trust	Dr. G V K Reddy	Mr. G V Sanjay Reddy	Mr. Krishna Ram Bhupal	Mr. A Issac George
Rent	28	-	-	-	-	-	-	-	37	-
	(24)	-	-	-	-	-	-	-	(31)	-
Services received (including EPC services)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Services rendered	-	8	-	-	-	-	-	-	-	-
	-	(8)	(641)	-	-	-	-	-	-	-
Donation	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Advances given	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Loans given	-	-	-	-	-	-	-	-	-	-
	-	-	-	(44)	-	(1,500)	-	-	-	-
Loans recovered	-	-	-	-	-	-	-	-	-	-
	-	-	-	(53)	(2)	-	-	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Share application money received	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Share application money given	-	67	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Corporate guarantee given	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Corporate guarantee released	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	944	743	237	70
	-	-	-	-	-	-	(487)	(436)	(257)	(208)
Director sitting fee	-	-	-	-	-	-	2	1	2	1
	-	-	-	-	-	-	(1)	(1)	(1)	(1)
Shares pledged (no. of shares)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Shares unpledged (no. of shares)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-
Balances outstanding										
Receivables/(Payables) - March 31, 2013	-	404	-	-	-	4,500	(222)	(190)	(39)	-
Receivables/(Payables) - March 31, 2012	-	337	-	-	-	4,500	(32)	(190)	(84)	-
Corporate Guarantee	-	1,441	-	-	-	-	-	-	-	-
	-	(1,441)	-	-	-	-	-	-	-	-
Shares pledged (no. of shares)	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-

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

*Pledge of 73,217,647 (March 31, 2012: 73,217,647) shares of GVK Energy Limited, 22,495,000 (March 31, 2012: 22,495,000) shares of GVK Transportation Private Limited and 44,800,000 (March 31, 2012: Nil) shares of GVK Airport Developers Private Limited.

Notes to Consolidated Accounts

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

b) Roads: Building, development and maintenance of roads

c) Airport: Operation and maintenance of airport

d) Others: SEZ, Manpower and Exploration of Oil & Gas.

Geographical Segments:

The Company operates in a single geographical segment.

34. Derivative Instruments and Un hedged foreign currency exposure

Particulars of derivative	Purpose	March 31, 2013	March 31, 2012
Forward cover contracts outstanding at Balance Sheet date	Hedge of foreign currency payable	-	Buy EURO 47
		-	Buy CHF 9

Particulars of unhedged foreign currency:

Particulars	March 31, 2013	March 31, 2012
Payables		
Loans	45,412	45,840
Creditors	3,749	3,425
Buyers credit	9,552	2,935
Other payables	459	527
Receivables		
Guarantee commission	644	477

35. 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. Movement in provision for resurfacing obligation is as follows:

Particulars	March 31, 2013	March 31, 2012
Opening balance	**2,266**	1,133
Additions during the year	**1,133**	1,133
	3,399	2,266

36. The Reserve Bank of India ('RBI') had issued guidelines for Core Investment Companies (CIC) on January 5, 2011 pursuant to which Systematically Important Core Investment Companies (SI-CIC) are required to apply for registration with RBI within six months from the date of issue of the guidelines. The Company had applied to RBI for granting Certificate of Registration and was awaiting approval. During the current year, the Company based on legal advice and internal assessment concluded that since its income from financial assets in the year ended March 31, 2012 are less than 50% of the gross income, the Company is not a Non- Banking Financial Company and accordingly not required to register with RBI. The Company vide its letter dated September 20, 2012 to RBI indicated that it is not a Non-Banking Financial Company and is withdrawing its application for registration.

37. On January 17, 2013 and May13, 2013, Securities and Exchange Board of India (SEBI) made amendment to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Equity Listing Agreement, pursuant to which listed entities have been prohibited from framing any employee benefit schemes involving acquisition of own securities from secondary market. The Company had from GVK Employee Welfare Trust on July 15, 2009 which currently holds 18,083,890 own equity shares which were acquired from secondary market. SEBI circular requires such Trust to dispose shares by December 31, 2013 or to align the Trust with SEBI (ESOS and ESPS) Guidelines. Management of the Company has decided to align the Trust in accordance with SEBI (ESOS and ESPS) Guidelines.

Notes to Consolidated Accounts

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

38. During the current year, GVKEL and GVKIL has provided security by way of pledge of its shares in GVKIL and by creating second pari passu charge on the current and fixed assets respectively with respect to a loan of Rs. 20,000 taken by GVKPIL, in respect of which prior approval of Central Government is required under the provisions of Section 295 of the Companies Act, 1956. GVKEL and GVKIL have applied to the Central Government prior to sanction of such loan, however, the loan has been drawn pending approval from Central Government.

39. During the previous ended March 31, 2011 GVKEL had 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.

40. The subsidiary companies of GVK Energy Limited viz. GVK Industries Limited (GVKIL) and GVK Gautami Power Limited (GVKGPL) (collectively 'subsidiary companies') had commenced construction of phase III and phase II power plants respectively on which they have incurred aggregated cost of Rs. 15,659 as at March 31, 2013. Due to lower supply/availability of gas, the subsidiary companies have temporarily suspended the construction activities and intend to resume construction once natural gas is available which Management expects to happen in foreseeable future. Further, phase II of GVKIL and Phase I of GVKGPL having fixed assets with Written Down Value of Rs. 220,491 as at March 31, 2013 has during the current financial year achieved Plant Load Factor (PLF) of 29.49% and 24.52% respectively and have provided for refund of capacity charge and disincentives aggregating to Rs. 10,608 (March 31, 2012: Rs. 2,510) and Rs. 24,114 (March 31, 2012: Rs. 7,009) respectively. The Company and Association of Power Producers are closely monitoring the situation and evaluating various approaches such as installing alternate fuel equipment (already done by GVKGPL and GVKIL is in the process of installing) etc. to deal with the situation and Management is confident that Government of India will take necessary steps/initiatives to improve the situation of natural gas. The Company accordingly believes that it is appropriate to recognise fixed assets at carrying value and no provision for impairment is necessary. Further, in view of the uncertainties discussed above, the subsidiary companies have approached lenders for reschedulement of debt aggregating to Rs. 143,330 and are confident of obtaining the approvals from them.

41. The Company has applied to Central government on May 13, 2013 and April 24, 2012 for waiver of excess managerial remuneration for the year's ended March 31, 2013 and March 31, 2012 amounting to Rs. 137 and Rs. 207 respectively paid to two directors in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956. The Company believes that approval will be obtained in due course and would not have any material impact upon the financial statements.

42. During the previous year, the associate Company (BIAL) had demolished a portion of its fixed assets, comprising of carrying values of building aggregating Rs. 152, furniture and fixtures aggregating Rs. 332 and plant and equipment aggregating Rs 154 as a part of its airport expansion plan. Also during the previous year, the Management did not derecognize the carrying values of these assets on demolition and instead transferred the carrying values of such assets to Capital work-in-progress as it believed that these costs are an integral part of the new asset being constructed and were eligible for capitalisation. The associate company had as a matter of abundant caution, also sought an opinion from the Expert Advisory Committee of the Institute of Chartered Accountants of India ("EAC") soliciting their opinion on the appropriateness of the stated accounting treatment during the previous year. During the current year, the associate company based on the opinion received from the EAC has carried out the necessary adjustments and charged the value of the demolished fixed assets aggregating Rs 638; which were being accounted as a part of capital-work-in progress as at March 31, 2012; to the Statement of Profit and Loss during the year ended March 31, 2013. The amount reported in this paragraph is full amounts as appearing in the financial statements of associate company.

Notes to Consolidated Accounts

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

43. Due to lower supply/availability of gas, GVKGPL has installed alternate fuel equipment in the months of June 2012 and has started declaring plant availability at full capacity to AP Transco as fuel for running alternate fuel equipment is available with the subsidiary. GVKGPL is accordingly claiming full capacity charges i.e. at 80% PLF as envisaged in Power Purchase Agreement (PPA), however AP Transco is refuting the same stating that GVKGPL is entitled to capacity charges only to the extent of PLF achieved in a tariff year based on actual/deemed generation by using gas plant and not deemed generation by declaring availability based on alternate fuel equipment. GVKGPL has filed a petition with APERC for advising AP Transco to pay full capacity charge. Pending approval from APERC, GVKGPL has deferred recognition of revenue and recognised disincentives aggregating to Rs. 23,690.

44. Previous year figures have been regrouped/re-arranged wherever necessary to conform to current year classification.

As per our report of even date

For **S. R. Batliboi & Associates LLP** ICAI Firm Registration No : 101049W Chartered Accountants	For and on behalf of the Board of Directors of **GVK Power & Infrastructure Limited**	
per **Vikas Kumar Pansari** Partner Membership No. 93649	**Dr. G V K Reddy** Chairman & Managing Director	**A Issac George** Director
Place: Hyderabad Date: May 15, 2013	**G V Sanjay Reddy** Director	**P V Rama seshu** GM & Company Secretary

Independent Auditor's Report

To

The Members of GVK Power & Infrastructure Limited

Report on the Financial Statements

We have audited the accompanying financial statements of GVK Power and Infrastructure Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2013, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2013;

(b) in the case of the Statement of Profit and Loss, of the loss for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to

a. Note 34 to the financial statements, regarding applications made by the Company for the waiver of excess of managerial remuneration for the year's ended March 31, 2013 and March 31, 2012 amounting to Rs. 137 lakhs and 207 lakhs respectively paid to two directors in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956.

b. Note 35 to the financial statements, regarding uncertainty towards supplies/ availability of natural gas to gas based power generating plants and power projects under construction of subsidiary companies of subsidiary company, GVK Energy Limited. The Management is confident of obtaining the requisite gas allocation/recover fixed charges and accordingly believes that investments in subsidiary company with carrying value of Rs. 108,323 lakhs (includes gas and non-gas based projects) are recoverable in normal course of business.

Pending the final outcome of the Company's applications in the above referred matter and resolution of uncertainty around availability of gas, no adjustment has been made in the accompanying financial statements. Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by section 227(3) of the Act, we report that:

   (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

   (b) 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;

   (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956; and

   (e) On the basis of written representations received from the directors as on March 31, 2013, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2013, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

per Vikas Kumar Pansari
Partner
Membership No.: 93649

Place: Hyderabad
Date : May 15, 2013

Annexure referred to in our report of even date

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) There was no disposal of a substantial part of fixed assets during the year.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 4(ii) of the Order are not applicable to the Company.

(iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 Accordingly, the provisions of clause 4(iii) (a) to (d) of the Order are not applicable to the Company and hence not commented upon.

(b) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) (e) to (g) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for rendering of services. The activities of the Company do not involve purchase of inventory and the sale of goods. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.

(v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Companies Act, 1956 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.1,416 lakhs and services availed from one party aggregating to Rs.60 lakhs because of the unique and specialized nature of the items involved and absence of any comparable prices, we are unable to comment whether the transactions were made at prevailing market prices at the relevant time.

(vi) The Company has not accepted any deposits from the public.

(vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.

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

(ix) (a) Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, sales-tax, wealth-tax, service tax, customs duty, excise duty, cess and other material statutory dues as applicable have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty cess and other material 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 acconnt of any dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service Tax	548	July 1, 2003 to March 31, 2011	Commissioner of Central Excise and Customs - Visakhapatnam - II
Indian Stamp Act, 1899	Stamp duty	2,829	February 4, 2008	High Court of Andhra Pradesh
Income Tax Act, 1961	Income tax liability	73*	Assessment year 2008-09	Commissioner of Income Tax (Appeals)- Rajahmundry
Income Tax Act, 1961	Income tax liability	871	Assessment year 2010-11	Commissioner of Income Tax (Appeals)- Visakhapatnam

*Paid under protest/refund adjusted

(x) The Company has no accumulated losses at the end of the financial year. The Company has incurred cash loss during the current and preceding financial year.

(xi) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to a financial institution and banks. However, during the year, the Company was given additional time by the banks for repayment of loans amounting to Rs.35,000 lakhs and the same was paid within the agreed additional time. There are no dues to debenture holders.

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

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

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

(xv) According to the information and explanations given to us, the Company has given guarantee for loans taken by others from banks and financial institutions, the terms and conditions whereof, in our opinion, are not prima-facie prejudicial to the interest of the Company.

(xvi) Based on the 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 investment.

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

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

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

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

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W

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

Place: Hyderabad
Date : May 15, 2013

Balance Sheet as at March 31, 2013

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2013	March 31, 2012
Equity and liabilities			
Shareholders' Funds			
Share capital	3	**15,792**	15,792
Reserves and surplus	4	**234,396**	236,800
		250,188	252,592
Non-current liabilities			
Long-term borrowings	5	**35,000**	30
Long-term provisions	6	**23**	24
		35,023	54
Current liabilities			
Short-term borrowings	7	**7,350**	41,595
Trade payables	8	**208**	143
Other current liabilities	8	**478**	68
Short-term provisions	6	**105**	230
		8,141	42,036
TOTAL		**293,352**	294,682
ASSETS			
Non-current assets			
Fixed Assets			
Tangible assets	9	**126**	144
Non-current investments	10	**140,106**	137,106
Deferred tax assets (net)	11	**14**	27
Long-term loans and advances	12	**41,712**	40,323
Other non-current assets	14.2	**32,436**	32,444
		214,394	210,044
Current assets			
Current investments	13	**385**	-
Trade receivables	14.1	**299**	117
Cash and bank balance	15	**2,339**	1,748
Short-term loans and advances	12	**75,184**	81,961
Other current assets	14.2	**751**	812
		78,958	84,638
TOTAL		**293,352**	294,682
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

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

Place of Signature: Hyderabad
Date: May 15, 2013

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

Dr. G V K Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director

P V Rama Seshu
GM & Company Secretary

Statement of profit and loss for the year ended March 31, 2013

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

	Notes	March 31, 2013	March 31, 2012
Income			
Revenue from operations	16	**3,021**	2,760
Other income	17	**2,780**	1,285
Total revenue		**5,801**	4,045
Expenses			
Employee benefits expense	18	**608**	655
Operating and other expenses	19	**995**	933
Depreciation expense	20	**18**	18
Financial costs	21	**5,212**	2,493
Total expense		**6,833**	4,099
(Loss) before tax		**(1,032)**	**(54)**
Tax expenses			
Current tax		**1,354**	761
Tax of earlier year		**5**	-
Deferred tax		**13**	12
Total tax expense		**1,372**	773
(Loss) for the year		**(2,404)**	(827)
Earnings per share (in Rs.)			
-Basic		**(0.15)**	(0.05)
-Diluted		**(0.15)**	(0.05)
Nominal value per share (in Rs.)		**1**	1
Weighted average number of shares			
-Basic		**1,579,210,400**	1,579,210,400
-Diluted		**1,579,210,400**	1,579,210,400
Summary of significant accounting policies	2.1		

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

As per our report of even date

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

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

Place of Signature: Hyderabad
Date: May 15, 2013

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

Dr. G V K Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director

P V Rama Seshu
GM & Company Secretary

Cash flow statement for the year ended March 31, 2013

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Particulars		March 31, 2013	March 31, 2012
A.Cash flow from operating activities			
Loss before tax		**(1,032)**	(54)
Adjustment to reconcile loss before tax to net cash flows			
Depreciation expense		**18**	18
Profit on sale of investments		**(60)**	(114)
Interest income		**(103)**	(39)
Provisions no longer required written back		**(17)**	(70)
Interest expense		**4,935**	2,389
Operating profit before working capital changes		**3,741**	2,130
Movements in working capital:			
Increase/(decrease) in trade payables, current liabilities and provisions		**48**	(74)
Decrease/(increase) in trade receivables		**(182)**	32
Decrease in loans and advances		**204**	712
Decrease/(increase) in other current and non-current assets		**77**	(539)
Cash generated from operations		**3,888**	2,261
Direct taxes paid (net of refunds)		**(928)**	(360)
Net cash generated from operating activities	**A**	**2,960**	1,901
B.Cash flows from investing activities			
Purchase of fixed assets		**0**	(3)
Investments in subsidiaries		**(3,000)**	(25)
Advances to subsidiaries/related party		**(60,044)**	(36,428)
Refund of advance from subsidiaries/related party		**64,708**	5,776
Investment in bank deposits		**-**	(1,101)
Redemption of bank deposits		**426**	-
Purchase of current investments		**(17,702)**	(4,406)
Proceeds from sale of current investments		**17,377**	5,408
Interest received		**95**	26
Net cash from/ (used in) investing activities	**B**	**1,860**	(30,753)
		March 31, 2012	March 31, 2011
C. Cash flows from financing activities			
Proceeds from short term borrowings		**5,480**	46,645
Repayment of short term borrowings		**(39,725)**	(15,050)
Proceeds from long term borrowings		**35,000**	-
Repayment of long term borrowings		**(34)**	(31)
Interest paid		**(4,524)**	(2,375)
Net cash from/ (used in) financing activities	**C**	**(3,803)**	29,189
Net increase in cash and cash equivalents	**(A+B+C)**	**1,017**	337
Cash and cash equivalents at the beginning of the year		**647**	310
Cash and cash equivalents at the end of the year		**1,664**	647

Cash Flow statement for the year ended March 31, 2013

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

Components of cash and cash equivalents as at			
Balance with scheduled banks on current accounts		**1,660**	643
Balance with unpaid dividend accounts*		**4**	4
	Note 15	**1,664**	647
Add: Deposits-encumbered		**675**	1,101
Cash and bank balance as per balance sheet	**Note 15**	**2,339**	1,748
Summary of significant accounting policies	**2.1**		

*Not available for use by the Company

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

As per our report of even date

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

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

Place of Signature: Hyderabad
Date: May 15, 2013

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

Dr. G V K Reddy
Chairman & Managing Director

G V Sanjay Reddy
Director

A Issac George
Director

P V Rama Seshu
GM & Company Secretary

Notes to Accounts

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

1. Corporate information

GVK Power & Infrastructure Limited ('the Company' or 'GVKPIL') provides operation and maintenance services, manpower and consultancy services and incidental services to owners of power plants, airports etc. The Company has also acquired substantial ownership interest into power companies, airports, roads and companies providing infrastructure facilities.

2. Basis of preparation

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

2.1 Summary of significant accounting policies

(a) Use of estimates

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

(b) Tangible fixed assets

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

(c) Depreciation on tangible fixed assets

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

(d) Impairment

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

(e) Borrowing costs

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

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

(f) Investments

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

Notes to Accounts

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

(g) Revenue recognition

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

Rendering of operation and maintenance services

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

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 fixed per annum subject to escalations. The Company is also eligible to receive incentive fees, if the Actual Annual Availability and/or if the actual generation of power are higher than the defined levels.

Manpower and consultancy services

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

Interest

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

Dividends

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

Guarantee commission

Revenue is recognised on a time proportion basis taking into account the guarantee amount and the commission rate applicable.

(h) Foreign currency transaction and balances

Initial recognition

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

Conversion

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

Exchange differences

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

(i) Retirement and other employee benefits

(i) Retirement benefit in the form of Provident Fund is a defined contribution scheme. The company has no obligation, other than the contribution payable to the provident fund. The company recognizes contribution payable to the provident fund scheme as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre payment will lead to, for example, a reduction in future payment or a cash refund.

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

(iii) Short term compensated absences are provided for based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method at the end of each financial year.

Notes to Accounts

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

(iv) Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

(v) The company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

(j) Income tax

Tax expense comprises current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961. 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 using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred tax assets are recognised 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 realised.

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

The company recognises MAT credit available as an asset only 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 company recognises Minimum Alternative tax (MAT) credit as an asset in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each reporting date and writes down the carrying amount of MAT Credit Entitlement to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

(k) Earnings Per Share

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

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

(l) 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 recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

(m) Provisions

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

(n) 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.

(o) Contingent liability

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the

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

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

3. Share capital

	March 31, 2013	March 31, 2012
Authorized shares		
2,500,000,000 (March 31, 2012: 2,500,000,000) equity shares of Rs. 1 each	**25,000**	25,000
Issued, subscribed and fully paid-up shares		
1,579,210,400 (March 31, 2012: 1,579,210,400) equity shares of Rs. 1 each	**15,792**	15,792
	15,792	15,792

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

Equity shares

	March 31, 2013		**March 31, 2012**	
	No.	Rs.	**No.**	Rs.
At the beginning of the year	1,579,210,400	15,792	1,579,210,400	15,792
Issued during the year	-	-	-	-
	1,579,210,400	15,792	1,579,210,400	15,792

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

The Company has only one class of equity share having par value of Rs.1 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) **Details of shareholders holding more than 5% equity shares in the company**

Name of the shareholder	**March 31, 2013**		**March 31, 2012**	
	No	**% holding**	No	% holding
G. Indira Krishna Reddy	**235,590,230**	**14.92**	394,994,190	25.01
G. V. Sanjay Reddy	**154,334,480**	**9.77**	-	-
Krishnaram Bhupal	**118,155,990**	**7.48**	-	-
HSBC Global Investment Funds	**115,250,000**	**7.30**	115,250,000	7.30
Vertex Infratech Private Limited	**116,896,770**	**7.40**	116,896,770	7.40

Notes to Accounts

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

d) Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

	March 31, 2013	March 31, 2012
	No.	No.
Equity shares allotted as fully paid bonus shares by capitalization of general reserve*	**-**	52,850,000
Equity shares allotted as fully paid-up pursuant to scheme of amalgamation	**703,250,000**	703,250,000
Equity shares allotted as fully paid-up pursuant to scheme of arrangement	**90,462,150**	90,462,150

*Five years completed as at March 31, 2013

4. Reserves and surplus

	March 31, 2013	March 31, 2012
General reserve	**127**	127
Securities premium account	**215,935**	215,935
Surplus in the statement of profit and loss		
Balance as per the last financial statements	**20,738**	21,565
(Loss) for the year	**(2,404)**	(827)
Net surplus in the statement of profit and loss	**18,334**	20,738
Total reserves and surplus	**234,396**	236,800

5. Long-term borrowings

	Non-current portion		**Current maturities**	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Term loans				
Indian rupee loan from banks (secured)	35,000	30	30	34
	35,000	30	30	34
The above amount includes				
Secured borrowings	35,000	30	30	34
Amount disclosed under the head “other current liabilities” (note 8)	-	-	(30)	(34)
Net amount	35,000	30	-	-

a. Term loan aggregating to Rs. 20,000 is secured by first pari-passu charge on the current assets, present and future of the Company, second pari-passu charge on the current assets and fixed assets of GVK Industries Limited and pledge of 10% shares of GVK Industries Limited and presently carries interest of 13% per annum. The loan is repayable in six equal quarterly installments after a moratorium of eighteen months from the date of first drawdown viz. March 8, 2013.

b. Term loan aggregating to Rs. 15,000 is secured by mortgage of property, admeasuring 2683.90 acres of land adjoining the NH 46 connecting to Chennai to Perambalur belonging to GVK Perambalur SEZ Private Limited and presently carries interest of 13.25% per annum. The loan is repayable after a period of 35 months from the date of first drawdown viz. September 27, 2012.

c. Term loan aggregating to Rs. 30 carries interest at 8.5% p.a. The loan is repayable in 36 monthly installments of Rs.3.15 from the date of loan, viz., January 29, 2011. The loan is secured by charge over vehicle for which finance is provided by the lender.

Notes to Accounts

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

6. Provisions

	Long-term		Short-term	
	March 31, 2013	**March 31, 2012**	March 31, 2013	March 31, 2012
Provision for employee benefits				
Provision for gratuity	23	24	14	42
Provision for leave benefits	-	-	34	43
	23	24	48	85
Other provisions				
Provision for income tax (net)	-	-	57	145
	-	-	57	145
	23	24	105	230

7. Short-term borrowings

	March 31, 2013	March 31, 2012
Overdraft facility from bank (unsecured)	-	4,725
Other loans and advances- term loans from banks (secured)	**7,350**	21,870
Other loans and advances- term loans from banks (unsecured)	-	15,000
	7,350	41,595
The above amount includes		
Secured borrowings	**7,350**	21,870
Unsecured borrowings	-	19,725

a. Term loan aggregating to Rs. 7,350 [March 31, 2012: Rs. 1,870] currently carries interest of 13.75% per annum and secured by (i) charge on loans and advances of the Company to GVK Airport Developers Private Limited (“GVKADPL”) and also loans and advances provided by GVKADPL to GVK Airport Holdings Private Limited (“GVKAHPL”) and Bangalore Airport & Infrastructure Developer Private Limited (“BAIDPL”), (ii) exclusive charge on shares of GVKADPL to the extent of two times of facility amount and (iii) exclusive charge on shares of GVKAHPL and BAIDPL not exceeding 30% of the shares of the Companies and the no. of shares to be pledged would be in proportion to the lenders at GVKADPL.

b. Term loan aggregating to Rs. Nil (March 31, 2012: Rs. 20,000) was secured by first charge on the current assets, present and future of the Company and carried interest at base + 150 bps i.e. 11.50% per annum.

c. Overdraft facility was unsecured and carried interest rate of 10.85%.

d. Term loan aggregating to Rs. Nil (March 31, 2012: Rs. 15,000) was unsecured and carried interest rate of 11.75%.

8. Trade payable and other current liabilities

	March 31, 2013	March 31, 2012
Trade payables (note 27)	**208**	143
Other current liabilities		
Current maturities of long-term borrowings (note 5)	**30**	34
Interest accrued but not due on borrowings	**425**	14
Investor Education and Protection Fund will be credited by Unpaid dividends (as and when due)	**4**	4
Others	**19**	16
	478	68

Notes to Accounts

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

9. Tangible assets (at cost)

	Furniture & fittings	Office equipment	Vehicles	Data processing equipment	Total
As at April 1, 2011	10	8	137	23	178
Additions	-	-	-	3	3
Disposals	-	-	-	-	-
As at March 31, 2012	10	8	137	26	181
Additions	-	-	-	0	-
As at March 31, 2013	10	8	137	26	181
Depreciation					
Upto April 1, 2011	5	1	9	4	19
Charge for the year	1	-	13	4	18
Upto March 31, 2012	6	1	22	8	37
Charge for the year	1	-	13	4	18
Upto March 31, 2013	7	1	35	12	55
Net Block					
As at March 31, 2012	4	7	115	18	144
As at March 31, 2013	3	7	102	14	126

10. Non-current investments

	March 31, 2013	March 31, 2012
Trade investments (at cost)		
Unquoted equity instruments		
Investment in subsidiaries		
280,000,000 (March 31, 2012: 250,000,000) equity shares of Rs.10 each fully paid-up in GVK Airport Developers Private Limited	**28,000**	25,000
250,000,000 (March 31, 2012: 250,000,000) equity shares of Rs.10 each fully paid-up in GVK Energy Limited (note 35)	**25,000**	25,000
37,500,000 (March 31, 2012: 37,500,000) equity shares of Rs.10 each fully paid-up in GVK Transportation Private Limited	**3,750**	3,750
10,000 (March 31, 2012: 10,000) equity shares of Rs.10 each fully paid-up in Goriganga Hydro Power Private Limited	**1**	1
10,000 (March 31, 2012: 10,000) Equity shares of Rs.10 each fully paid-up in GVK Perambalur SEZ Private Limited	**1**	1
50,000 (March 31, 2012: 50,000) equity shares of Rs.10 each fully paid-up in GVK Oil & Gas Limited	**5**	5
10,000 (March 31, 2012: 10,000) equity shares of Rs.10 each fully paid-up in GVK Developmental Projects Private Limited	**1**	1
	56,758	53,758

Notes to Accounts

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

	March 31, 2013	March 31, 2012
Investment in equity instruments		
50,000 (March 31, 2012: 50,000) equity shares of USD 1 each fully paid-up in GVK Coal Developers Singapore PTE Limited	**25**	25
	25	25
	56,783	53,783
Debentures (unquoted)		
83,322,610 (March 31, 2012: 83,322,610) 0.001% Compulsory Convertible Debentures of Rs.100 each fully paid up in GVK Energy Limited (note 35)	**83,323**	83,323
	83,323	83,323
Aggregate amount of unquoted investments	**140,106**	137,106

11. Deferred tax assets (net)

	March 31, 2013	March 31, 2012
Deferred tax liability		
Fixed assets: Impact of difference between tax depreciation and depreciation charged for the financial reporting	**9**	8
Gross deferred tax liability	**9**	8
Deferred tax asset		
Provision for Gratuity	**12**	21
Provision for compensated absences	**11**	14
Gross deferred tax asset	**23**	35
Net deferred tax asset	**14**	27

12. Loans and advances

	Non-current		**Current**	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Loan and advances to related parties (note 23 and 24)				
Unsecured, considered good	**41,706**	37,394	**72,501**	81,477
Deposits				
Unsecured, considered good	**6**	6	**-**	-
Advances recoverable in cash or kind				
Unsecured, considered good	**-**	-	**2**	213
Other loans and advances				
Unsecured, considered good				
Advance income-tax (net of provision for taxation)	**-**	-	**79**	80
Prepaid expenses	**-**	-	**23**	16
MAT credit entitlement	**-**	923	**579**	175
GVK employee welfare trust (note 36)	**-**	2,000	**2,000**	-
	41,712	40,323	**75,184**	81,961

Notes to Accounts

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

13. Current investments

	March 31, 2013	March 31, 2012
Current investments (valued at lower of cost and fair value)		
Quoted mutual funds- other than trade		
209,686 (March 31, 2012: Nil) units of Rs. 10 each fully paid-up of LIC Nomura MF Interval Fund – Growth plan	30	-
79,425 (March 31, 2012: Nil) units of Rs. 10 each fully paid-up of Templeton India Ultra Short Bond Fund – Growth plan	12	-
1,419,636 (March 31, 2012: Nil) units of Rs. 10 each fully paid-up of Reliance Medium Term Fund - Retail Growth	343	-
	385	-
Aggregate market value of quoted investments	388	-

14. Trade receivables and other assets

14.1. Trade receivables

	Non-current		Current	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Outstanding for a period not exceeding six months from the date they are due for payment				
Unsecured, considered good	-	-	**299**	117
	-	-	**299**	117

Trade receivables include dues from related party:

	Non-current		Current	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
GVK Gautami Power Limited	-	-	**93**	-
Mumbai International Airport Private Limited	-	-	**206**	106
GVK Industries Limited	-	-	**-**	11

14.2. Other assets

	Non-current		Current	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Unsecured, considered good				
Unbilled revenues	**15**	23	**16**	21
Share application money to subsidiaries	**5,020**	5,020	**-**	-
Receivable for sale of investment	**27,401**	27,401	**-**	-
Interest accrued on fixed deposits	**-**	-	**21**	13
Other receivables	**-**	-	**690**	507
Unamortised portion of ancillary cost of arranging the borrowings	**-**	-	**24**	271
	32,436	32,444	**751**	812

Notes to Accounts

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

15. Cash and bank balances

	Non-current		Current	
	March 31, 2013	March 31, 2012	**March 31, 2013**	March 31, 2012
Cash and cash equivalents				
Balances with banks:				
– On current accounts	-	-	**1,660**	643
– On unpaid dividend account	-	-	**4**	4
	-	-	**1,664**	647
Other bank balances				
Deposit -encumbered	-	-	**675**	1,101
	-	-	**675**	1,101
	-	-	**2,339**	1,748

16. Revenue from operations

	March 31, 2013	March 31, 2012
Revenue from operations		
Sale of services		
- Operation and maintenance services	**1,379**	1,516
- Manpower and consultancy services	**1,642**	1,244
	3,021	2,760

17. Other income

	March 31, 2013	March 31, 2012
Profit on sale of investments		
Current investments	**60**	114
Liabilities written back	**17**	70
Guarantee commission	**2,588**	1,062
Foreign exchange gain (net)	**12**	-
Interest on		
- Bank Deposits	**102**	13
- Others	**1**	26
	2,780	1,285

18. Employee benefit expense

	March 31, 2013	March 31, 2012
Salaries, wages and bonus	**552**	590
Contribution to provident fund	**33**	44
Staff welfare expenses	**23**	21
	608	655

Notes to Accounts

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

19. Operating and other expenses

	March 31, 2013	March 31, 2012
Rent	11	17
Communication costs	35	34
Travelling and conveyance	62	102
Operating and maintenance expenses	179	157
Repairs and maintenance – others	18	29
Legal and professional fees	335	247
Rates and taxes	66	64
Printing and stationery	39	33
Insurance	16	11
Payment to auditor (note below)	18	17
Directors' sitting fees	9	11
Expenses for manpower services	158	145
Bid and tender document charges	-	2
Miscellaneous Expenses	49	64
	995	933

Payment to auditor (including service tax)

	March 31, 2013	March 31, 2012
As auditor:		
Audit fee	12	12
Limited Review	5	4
In other Capacity:		
Other services(certification fees)	0	0
Reimbursement of expenses	1	1
	18	17

20. Depreciation expense

	March 31, 2013	March 31, 2012
Depreciation of tangible assets	18	18

21. Finance costs

	March 31, 2013	March 31, 2012
Interest	4,935	2,389
Amortization of ancillary borrowing costs	276	54
Bank charges	1	50
	5,212	2,493

Notes to Accounts

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

22. Gratuity benefit

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

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

(A) Statement of profit and loss

Net employee benefit expense recognised in the employee cost

	March 31, 2013	March 31, 2012
Current service cost	**4**	13
Interest cost on benefit obligation	**5**	6
Expected return on plan assets	**0**	-
Net actuarial(gain) / loss recognised in the year	**(19)**	(32)
Net benefit expense/(credit)	**(10)**	(13)
Actual return on plan assets	**0**	-

(B) Balance sheet

	March 31, 2013	March 31, 2012
Present value of defined benefit obligation	**51**	66
Fair value of plan assets	**14**	-
Net liability	**37**	66

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

	March 31, 2013	March 31, 2012
Opening defined benefit obligation	**66**	79
Current service cost	**4**	13
Interest cost	**5**	6
Benefits paid	**(5)**	-
Actuarial (gains)/losses on obligation	**(19)**	(32)
Closing defined benefit obligation	**51**	66

(D) Changes in the fair value of plan assets are as follows:

	March 31, 2013	March 31, 2012
Opening fair value of plan assets	**-**	-
Expected return	**0**	-
Contributions by employer	**14**	-
Actuarial gains / (losses)	**-**	-
	14	-

The company expects to contribute Rs. 28 to gratuity in the next year (March 31, 2012: Rs. Nil).

Notes to Accounts

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

(E) The principal assumptions used in determining gratuity benefit obligations for the Company's plan are shown below:

	March 31, 2013	March 31, 2012
Discount rate	**8% p.a.**	**8.6% p.a.**
Expected rate of return on assets	7% p.a.	Not applicable
Employee turnover	5%	5%

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

(F) Amounts for the current and previous four periods are as follows:

	March 31, 2013	March 31, 2012	March 31, 2011	March 31, 2010	March 31, 2009
Gratuity					
Defined benefit obligation	51	66	79	85	64
Plan assets	(14)	-	-	-	-
Surplus/(deficit)	37	66	79	85	64
Experience adjustments on plan liabilities	(4)	(30)	-	-	-
Experience adjustments on plan assets	0	-	-	-	-
Actuarial Gain/(Loss) due to change of assumptions	1	(1)	-	-	-

23. Related party disclosures

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
	Alaknanda 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
	PT.GVK Services, Indonesia.

Notes to Accounts

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

GVK Transportation Private Limited

GVK Ratle Hydro Electrical Projects Private Limited

GVK Energy Venture Private Limited

GVK Bagodara Vasad Expressway Private Limited

GVK Deoli Kota Expressway Private Ltd

Bangalore Airport & Infrastructure Developers Private Limited

Mumbai International Airport Private Limited (was associate till October 17, 2011)

GVK Power (Khadur Sahib) Private Limited

GVK Airports International Pte Ltd

GVK Shivpuri Dewas Expressway Private Limited

b) Associates

Bangalore International Airport Limited

Seregraha Mines Limited

(c) Key management personnel

Dr. G V K Reddy, Chairman and Managing director

Mr. G V Sanjay Reddy, Director

Mr A Issac George, Director

Mr Krishna Ram Bhupal, Director

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

TAJ GVK Hotels & Resorts Limited

Orbit Travels & Tours Private Limited

GVK Technical & Consultancy Services Private Limited

Pinakini Share and Stock Broker Limited

GVK Foundation

GVK Projects and Technical Services Limited

GVK Employee Welfare Trust

GVK Coal Developers (Singapore) Pte Ltd

Notes to Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Details of related party transactions during the year

Particulars	GVK Industries Limited	GVK Gautami Power Limited	Mumbai International Airport Private Limited	Alakananda Hydro Power Company Limited	Goriganga Hydro Power Private Limited	GVK Power (Goindwal Sahib) Limited	GVK Airport Developers Private Limited	GVK Ratle Hydro Electric Project Private Limited	GVK Transportation Private Limited	GVK Coal (Tokisud) Company Private Limited	GVK Projects and Technical Services Limited	GVK Perambalur SEZ Private Limited	GVK Developmental Projects Private Limited	GVK Energy Limited
Transactions during the year														
Fees for services rendered (including service tax)	167	994	1,416	-	-	-	-	-	-	-	62	-	-	-
	-	(810)	(1,372)	-	-	-	-	-	-	-	(73)	-	-	-
Reimbursement of expenses (Billable expenses)	-	562	-	-	-	-	-	-	-	-	-	-	-	-
	-	(706)	-	-	-	-	-	-	-	-	-	-	-	-
Services received	168	-	-	-	-	-	-	-	-	-	-	-	-	-
	(157)	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-	3,000	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(3,749)	-	-	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(5,054)	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(5,053)	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advances given	-	-	10	1,299	76	972	28,015	827	4,370	0	-	54	15,540	7,514
	(175)	-	(2)	(4)	(365)	(3)	(27,947)	(77)	(5,419)	(0)	-	(336)	(0)	-
Loans/advances recovered	-	-	10	1,299	-	973	52,150	217	1,421	0	-	-	521	7,510
	(177)	-	-	(4)	-	(2)	(4,995)	(2)	(178)	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	1
	-	-	-	-	-	-	-	-	-	-	-	-	-	1
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	(32)	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees given	-	-	-	-	-	-	34,525	1,437	2,875	-	-	-	-	-
	-	-	-	(8,585)	-	-	-	(8,600)	(52,900)	-	-	-	-	-
Guarantees released	2,893	-	-	6,985	-	-	-	-	-	-	2,195	-	2,967	-
	(10,550)	(156)	-	-	-	-	(77,265)	-	-	-	(974)	-	(10,084)	-
Investments pledged (no. of shares)	-	-	-	-	-	-	191,860,000	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments unpledged (no. of shares)	-	-	-	-	-	-	201,060,000	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(27,401)	-	-	-	-	-
Advance written off	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Director sitting fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		-	-	-	-	-	-	-	-	-	-	-	-	-
Balances outstanding														
Receivables/(Payables) - March 31, 2013	(31)	125	206	-	4,751	-	57,302	4,258	35,802	0	46	11,691	15,112	5
Receivables/(Payables) - March 31, 2012	10	28	106	-	4,674	1	81,437	3,649	32,854	0	30	11,637	94	2
Corporate Guarantee	541	1,305	-	1,600	-	4,050	34,525	10,037	55,775	-	6,879	-	5,200	-
	(3,434)	(1,305)	-	(8,585)	-	(4,050)	-	(8,600)	(52,900)	-	(9,074)	-	(8,167)	-
Pledge of Investment (no. of shares)	-	-	-	-	-	-	170,800,000	-	-	-	-	-	-	-
	-	-	-	-	-	-	(180,000,000)	-	-	-	-	-	-	-

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

b) Refer note 26 for equity commitments.

c) * Pledge of 73,217,647 (March 31, 2012: 73,217,647) shares of GVK Energy Limited, 22,495,000 (March 31, 2012: 22,495,000) shares of GVK Transportation Private Limited and 44,800,000 (March 31, 2012: Nil) shares of GVK Airport Developers Private Limited

d) Refer note 5 (a) (b) for security provided by subsidiaries for loans availed by the Company.

Notes to Accounts

(Amounts expressed in Indian Rupees Lakhs unless otherwise stated)

Details of related party transactions during the year

Particulars	GVK Oil & Gas Limited	Bangalore International Airport Limited	GVK Technical & Consultancy Services Private Limited	Pinakani Share and Stock Broker Limited	TAJ GVK Hotels & Resorts Limited	Orbit Travels & Tours Private Limited	Seregraha Mines Limited	GVK Employee Welfare Trust	GVK Coal Developers (Singapore) Pte Limited	Dr. GVK Reddy	Mr. A. Issac George	Mr. GV Sanjay Reddy	Mr. Krishna Ram Bhupal	Mrs. Indira Krishna Reddy
Transactions during the year														
Fees for services rendered (including service tax)	-	-	-	-	-	-	8	-	2,526	-	-	-	-	-
	-	-	-	-	-	-	(8)	-	(1,014)	-	-	-	-	-
Reimbursement of expenses (Billable expenses)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Services received	-	-	60	10	9	326	-	-	-	-	-	-	-	-
	-	-	(61)	(14)	(17)	(219)	-	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(25)	-	-	-	-	-
Loans taken	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans repaid	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Loans/advances given	714	-	-	-	-	-	-	-	652	-	-	-	-	-
	(2,275)	(44)	-	(8)	-	-	-	-	(830)	-	-	-	-	-
Loans/advances recovered	-	-	-	-	-	-	-	-	605	-	-	-	-	-
	(594)	(53)	-	(8)	-	-	-	-	(1,071)	-	-	-	-	-
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Guarantees given	111	-	-	-	-	-	-	-	60,845	-	-	-	-	-
	-	-	-	-	-	-	-	-	(220,587)	-	-	-	-	-
Guarantees released	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investments pledged (no. of shares)	-	-	-	-	-	-	-	-	44,800,000	-	-	-	-	-
	-	-	-	-	-	-	-	-	(178,082,500)	-	-	-	-	-
Investments unpledged (no. of shares)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	(82,369,853)	-	-	-	-	-
Sale of investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advance written off	-	-	-	-	-	-	-	1,050	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Remuneration to key managerial personnel	-	-	-	-	-	-	-	-	-	165	29	-	-	-
	-	-	-	-	-	-	-	-	-	(152)	(168)	-	-	-
Director sitting fees	-	-	-	-	-	-	-	-	-	-	1	1	1	1
	-	-	-	-	-	-	-	-	-	-	1	1	1	1
Balances outstanding														
Receivables/(Payables) - March 31, 2013	17,620	-	(11)	(9)	(1)	(17)	-	950	733	-	-	0	-	-
Receivables/(Payables) - March 31, 2012	16,906	-	(1)	-	-	(2)	-	2,000	517	-	-	-	-	-
Corporate Guarantee	1,289	-	-	-	-	-	1,441	-	281,432	-	-	-	-	-
	(1,178)	-	-	-	-	-	(1,441)	-	(220,587)	-	-	-	-	-
Pledge of Investment (no. of shares)	-	-	-	-	-	-	-	-	140,512,647 *	-	-	-	-	-
	-	-	-	-	-	-	-	-	(95,712,647) *	-	-	-	-	-

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

b) Refer note 26 for equity commitments.

c) * Pledge of 73,217,647 (March 31, 2012: 73,217,647) shares of GVK Energy Limited, 22,495,000 (March 31, 2012: 22,495,000) shares of GVK Transportation Private Limited and 44,800,000 (March 31, 2012: Nil) shares of GVK Airport Developers Private Limited

d) Refer note 5 (a) (b) for security provided by subsidiaries for loans availed by the Company.

Notes to Accounts

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

24. Details of loan given to subsidiaries, associates, parties in which directors are interested

Subsidiaries

i) GVK Oil & Gas Limited

Balance as at March 31, 2013 Rs. 17,620 (March 31, 2012: Rs. 16,906)

Maximum amount outstanding during the year was Rs. 17,620 (March 31, 2012: Rs. 16,906)

The aforesaid loan is repayable on demand.

ii) GVK Perambalur SEZ Private Limited

Balance as at March 31, 2013 Rs. 6,692 (March 31, 2012: Rs. 6,638)

Maximum amount outstanding during the year was Rs. 6,692 (March 31, 2012:Rs. 6,638)

The aforesaid loan is repayable on demand.

iii) Goriganga Hydro Power Private Limited

Balance as at March 31, 2013 Rs. 4,751 (March 31, 2012: Rs. 4,674)

Maximum amount outstanding during the year was Rs. 4,751 (March 31, 2012: Rs. 4,674)

The aforesaid loan is repayable on demand.

iv) GVK Airport Developers Private Limited

Balance as at March 31, 2013 Rs. 57,302 (March 31, 2012: Rs. 81,437)

Maximum amount outstanding during the year was Rs. 81,590 (March 31, 2012: Rs. 83,894)

The aforesaid loan is repayable on demand.

v) GVK Developmental Projects Private Limited

Balance as at March 31, 2013 Rs. 15,112 (March 31, 2012: Rs. 92)

Maximum amount outstanding during the year was Rs. 15,112 (March 31, 2012: Rs. 92)

The aforesaid loan is repayable on demand.

vi) GVK Transportation Private Limited

Balance as at March 31, 2013 Rs. 35,782 (March 31, 2012: Rs. 32,854)

Maximum amount outstanding during the year was Rs. 37,191 (March 31, 2012: Rs. 38,147)

The aforesaid loan is repayable on demand.

vii) GVK Ratle Hydro Electrical Projects Private Limited

Balance as at March 31, 2013 Rs. 4,258 (March 31, 2012: Rs. 3,649)

Maximum amount outstanding during the year was Rs. 4,258 (March 31, 2012: Rs. 3,650)

The aforesaid loan is repayable on demand.

viii) Alaknanda Hydro Power Company Limited

Balance as at March 31, 2013 Rs. Nil (March 31, 2012: Rs. Nil)

Maximum amount outstanding during the year was Rs. Nil (March 31, 2012: Rs. 3)

The aforesaid loan was repayable on demand.

ix) GVK Power (Goindwal Sahib) Limited

Balance as at March 31, 2013 Rs. Nil (March 31, 2012: Rs. Nil)

Maximum amount outstanding during the year was Rs. 971 (March 31, 2012: Rs. Nil)

The aforesaid loan was repayable on demand.

x) GVK Coal (Tokisud) Company Private Limited

Balance as at March 31, 2013 Rs. 0 (March 31, 2012: Rs. Nil)

Maximum amount outstanding during the year was Rs. 0 (March 31, 2012: Rs. Nil)

The aforesaid loan is repayable on demand.

xi) GVK Energy Limited

Balance as at March 31, 2013 Rs. 4 (March 31, 2012: Rs. Nil)

Maximum amount outstanding during the year was Rs. 7,502 (March 31, 2012: Rs. Nil)

The aforesaid loan is repayable on demand.

xii) GVK Coal Developers (Singapore) Pte Limited Limited

Balance as at March 31, 2013 Rs. 88 (March 31, 2012: Rs. 40)

Maximum amount outstanding during the year was Rs. 119 (March 31, 2012: Rs. 718)

The aforesaid loan is repayable on demand.

Notes to Accounts

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

25. Contingent liabilities

a. Direct and indirect taxes:

i) Income tax demand for assessment year 2008-09 for Rs. 73 (March 31, 2012: Rs. 73) and for assessment year 2010-11 for Rs. 871 (March 31, 2012: Nil)

ii) The Company had received a notice dated February 4, 2008 from the Office of the District Registrar of Assurances, Hyderabad demanding payment of stamp duties of Rs. 2,829 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) The Company has provided security by way of pledge of 170,800,000 (March 31, 2012: 180,000,000) shares of GVK Airport Developers Private Limited for loans taken by the aforesaid subsidiary.

ii) The Company has provided security by way of corporate guarantees amounting to Rs. 114,322 (March 31, 2012: Rs. 88,220) to subsidiaries and Rs. 1,441 to an associate (March 31, 2012: Rs. 1,441) for various fund and non-fund based facility availed by them.

iii) The Company has provided security by way of corporate guarantees amounting to Rs. 6,879 (March 31, 2012: Rs. 9,074) for securing loans obtained by GVK Projects and Technical Services Limited.

iv) The Company has provided security by way of guarantee amounting to Rs. 281,432 (March 31, 2012: Rs. 220,587) for securing loans obtained by GVK Coal Developers (Singapore) Pte 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.

26. Capital and other commitments

a) The Company has outstanding equity commitments to fund subsidiaries under construction stage aggregating to Rs. 30,617 (March 31, 2012: Rs. 29,565).

b) The company has given undertaking to infuse equity aggregating to Rs. 292,919 (March 31, 2012: Rs. 229,590) in GVK Coal Developers (Singapore) Pte. Limited, towards shortfall, if any, of its loan repayment obligations. Further, the Company has pledged 73,217,647 (March 31, 2012: 73,217,647), 22,495,000 (March 31, 2012: 22,495,000) and 44,800,000 (March 31, 2012: Nil) shares of GVK Energy Limited, GVK Transportation Private Limited and GVK Airport Developers Private Limited respectively for securing loan obtained by GVK Coal (Singapore) Pte. Limited, an entity in which Company has 10% stake.

c) During the year ended March 31, 2011, the Company, GVK Energy Limited (subsidiary Company) and certain private equity investors ('investors') had entered into an investment agreement pursuant to which the Company 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%, if at least 3 private sector initial public offerings with an issue size of Rs.100,000 or more each have not taken place in India between the 36th month to the 60th month from date of investment agreement.

The Company believes that the subsidiary Company would be able to successfully conduct QIPO in the preferred listing period.

Notes to Accounts

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

27. Micro, small and medium enterprises

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2013 or March 31, 2012.

28. Unhedged foreign currency exposure

Particulars	March 31, 2013	March 31, 2012
Receivable	644	477

29. Operating leases

The Company has entered into commercial leases which are in the nature of operating lease agreements for office spaces for period up to 3 years. There are no restrictions placed upon the company by entering into these leases. Further there are no renewal or escalation clauses in the lease.

Future minimum lease payments payable under non-cancellable operating lease are as follows:

Particulars	March 31, 2013	March 31, 2012
Not later than one year	-	12
Later than one year but not later than five years	-	-
Later than five years	-	-

Note: The minimum lease payments are excluding service tax.

30. Expenditure in foreign currency (accrual basis):

	March 31, 2013	March 31, 2012
Sponsorship	**27**	-
	27	-

31. Earnings in foreign currency (accrual basis):

	March 31, 2013	March 31, 2012
Guarantee commission	**2,526**	989
	2,526	989

32. On January 17, 2013 and May 13, 2013, Securities and Exchange Board of India (SEBI) made amendment to SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and Equity Listing Agreement, pursuant to which listed entities have been prohibited from framing any employee benefit schemes involving acquisition of own securities from secondary market. The Company had formed GVK Employee Welfare Trust on July 15, 2009 which currently holds 18,083,890 own equity shares which were acquired from secondary market. SEBI circular requires such Trust to dispose shares by December 31, 2013 or to align the Trust with SEBI (ESOS and ESPS) Guidelines. Management is evaluating options available in the circular and believes that application of this circular will not have any material impact on statement of profit and loss.

33. The Reserve Bank of India ('RBI') had issued guidelines for Core Investment Companies (CIC) on January 5, 2011 pursuant to which Systematically Important Core Investment Companies (SI-CIC) are required to apply for registration with RBI within six months from the date of issue of the guidelines. The Company had applied to RBI for granting Certificate of Registration and was awaiting approval. During the current year, the Company based on legal advice and internal assessment concluded that since its income from financial assets in the year ended March 31, 2012 are less than 50% of the gross income, the Company

Notes to Accounts

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

is not a Non- Banking Financial Company and accordingly not required to register with RBI. The Company vide its letter dated September 20, 2012 to RBI indicated that it is not a Non-Banking Financial Company and is withdrawing its application for registration.

34. The Company has applied to Central government on May 13, 2013 and April 24, 2012 for waiver of excess managerial remuneration for the year's ended March 31, 2013 and March 31, 2012 amounting to Rs. 137 and Rs. 207 respectively paid to two directors in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956. The Company believes that approval will be obtained in due course and would not have any material impact upon the financial statements.

35. The subsidiary companies of GVK Energy Limited viz. GVK Industries Limited (GVKIL) and GVK Gautami Power Limited (GVKGPL) (collectively 'subsidiary companies') had commenced construction of phase III and phase II power plants respectively on which they have incurred aggregated cost of Rs. 15,659 as at March 31, 2013. Due to lower supply/availability of gas, the subsidiary companies have temporarily suspended the construction activities and intend to resume construction once natural gas is available which Management expects to happen in foreseeable future. Further, phase II of GVKIL and Phase I of GVKGPL having fixed assets with Written Down Value of Rs. 220,491 as at March 31, 2013 has during the current financial year achieved PLF of 29.49% and 24.52% respectively and have provided for refund of capacity charge and disincentives aggregating to Rs. 10,608 (March 31, 2012: Rs. 2,510) and Rs. 24,114 (March 31, 2012: Rs. 7,009) respectively. The Company and Association of Power Producers are closely monitoring the situation and evaluating various approaches such as installing alternate fuel equipment (already done by GVKGPL and GVKIL is in the process of installing) etc. to deal with the situation and Management is confident that Government of India will take necessary steps/initiatives to improve the situation of natural gas. The Company accordingly believes that investments, including Compulsory Convertible Debentures, in subsidiary company with carrying value of Rs. 108,323 (includes gas and non-gas based projects) is recoverable in normal course of business and no provision for diminution is necessary.

36. 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.

37. The financial statements contain certain amounts reported as "0"which are less than Rs. 1.

38. Previous year figures

Previous year figures have been regrouped/reclassified, where necessary, to confirm to this year's classification.

As per our report of even date

For **S.R. Batliboi & Associates LLP** ICAI Firm Registration No : 101049W Chartered Accountants	For and on behalf of the board of directors of **GVK Power & Infrastructure Limited**	
per **Vikas Kumar Pansari** Partner Membership no.: 93649	**Dr. G V K Reddy** Chairman& Managing Director	**G V Sanjay Reddy** Director
Place of Signature: Hyderabad Date: May 15, 2013	**A Issac George** Director	**P V Rama Seshu** GM & Company Secretary

Notes

Notes

Notes

Notes

GVK POWER & INFRASTRUCTURE LIMITED

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

Dear Shareholder,

Sub: Green Initiative in Corporate Governance

There is growing awareness and concern on the need to protect our environment around the globe. GVK has always been a company that has taken the lead in its efforts to protect the environment, with a strong focus on eco-sustainability in our operations. In this regard and in continuation with our earlier letter dated May 18, 2011, we once again appeal to you to register your e-mail Ids for receiving the Annual reports, Notices and other documents in soft copies.

This is in line with the 'Green Initiative in Corporate Governance' introduced by the Ministry of Corporate Affairs (MCA) and Securities and Exchange Board of India (SEBI) permitting listed entities to send soft copies of the Annual Report, Notices and other documents to all those shareholders who have registered their e-mail addresses for the said purpose.

We request you to join us in this noble initiative and look forward to your consent for receiving communication through the electronic mode.

To do this, you are requested to take the following steps:

- For shares held in physical mode: Please fill in the appended Green Initiative form and register the same with our RTA - Karvy Computershare Pvt. Ltd.
- For shares held in dematerialized mode: Please update/register your e-mail address with your Depository participant or e-mail at **einward.ris@karvy.com** specifying your Client ID and DP Id and also fill in the appended Green Initiative form and register the same with our RTA - Karvy Computershare Pvt. Ltd.

The Annual Report of your Company would also be made available on the Company website **www.gvk.com**. Further, you will be entitled to get a hard copy of the Annual Report of the Company, upon receipt of a requisition from you, any time, as a member of the Company.

Thanking you,

For GVK Power & Infrastructure Limited

P V Rama Seshu
GM & Company Secretary

GVK POWER & INFRASTRUCTURE LIMITED

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

To

KARVY COMPUTERSHARE PVT LTD
Unit: GVK Power & Infrastructure ltd
Registrar & Share transfer Agent
Flat No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081

Dear Sirs,

Sub: Green Initiative in Corporate Governance-Service of Annual Report, Notice and other documents in electronic mode

I hereby give my consent to receive the above mentioned documents through the electronic mode.

Name of the sole/first shareholder	DP ID and Client ID/Folio No
E-mail ID	**Signature of sole/first shareholder & Date**

Notes:

1. On registration, all communications will be sent to the e-mail ID registered.
2. Shareholders are requested to keep the Company's Registrar - Karvy Computershare Pvt. Ltd. informed as and when there is any change in the e-mail address.

This page has been intentionally kept blank

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 19th Annual General Meeting held on **Monday, the August 12, 2013** at 11.30 a.m. at Sri Satya Sai Nigamagamam, 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 19th Annual General Meeting of the Company to be held on **Monday, the August 12, 2013** at 11.30 a.m. and at any adjournment thereof.

Signed this ____________________ day of ____________ 2013

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

This page has been intentionally kept blank

GVK POWER & INFRASTRUCTURE LIMITED

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

CORRIGENDUM

This corrigendum is issued with respect to the management's response on the auditor's qualification on the consolidated financial statements of the company for the financial year ended March 31, 2013 and forms part of the Directors' Report of the Company appearing in page number 8 of the Annual Report of the Company for the financial year 2012-13. All amounts expressed in Indian Rupees Lakhs unless otherwise stated.

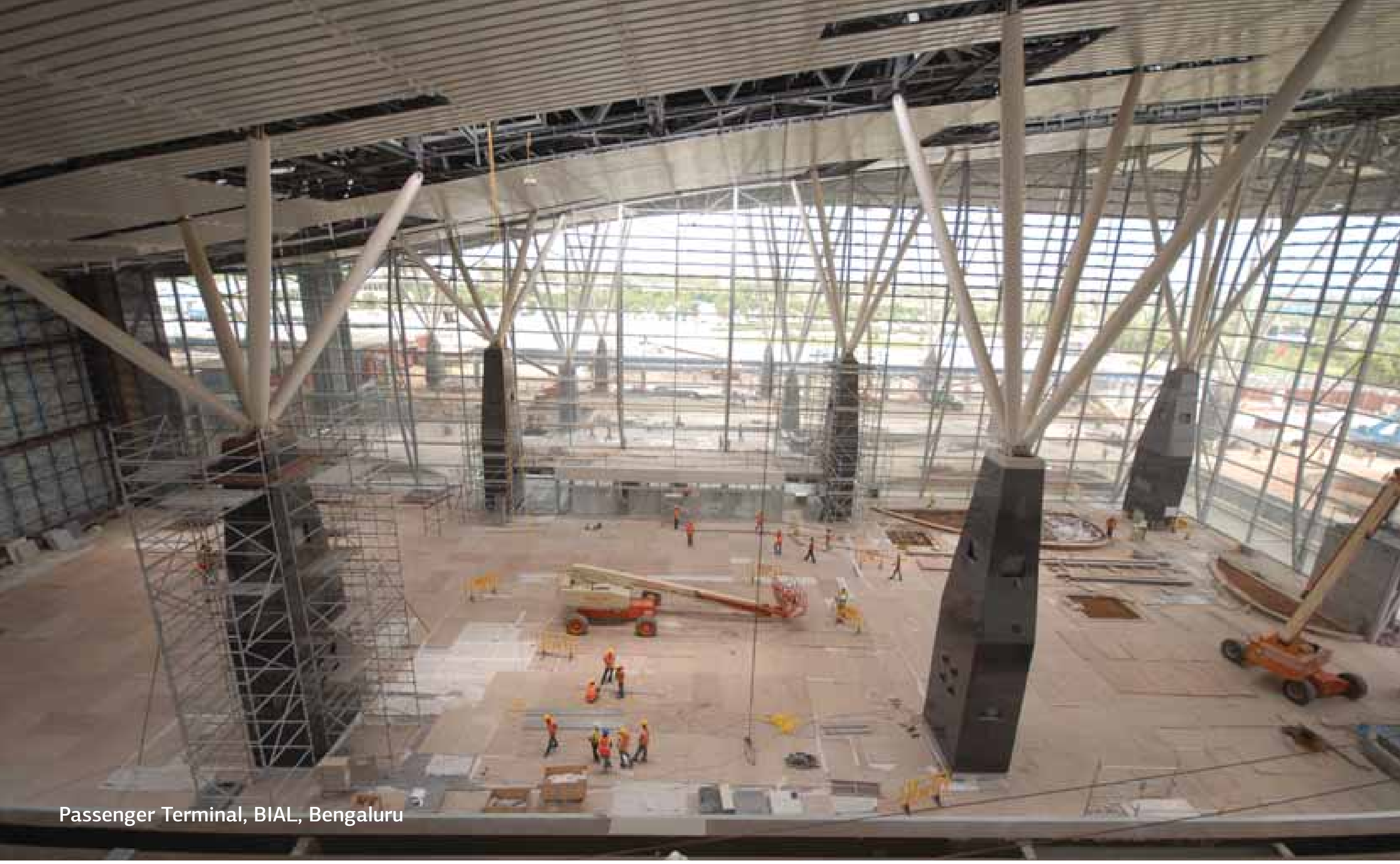
Management's response on the Auditors qualification in the consolidated financial statements of the company for the year ended March 31, 2013:

Bangalore International Airport Limited ("BIAL") an Associate of your company has opted to claim deduction under Section 80-IA of the Income Tax Act, 1961("IT Act") on the entire income earned during the year ended March 2013 and has also claimed Minimum alternate tax ("MAT") credit under Section 115JAA of the IT Act aggregating to Rs.1,959 for the year ended March 31, 2013. Associate company has recognised and carried forward MAT credit entitlement aggregating to Rs.9,066 (Previous year: Rs.7,352) as at March 31, 2013. This is based on the projected future profits of the associate company from the real estate and other businesses which may not be eligible for a deduction under Section 80-IA of the IT Act; which are supported by the Land lease agreement, which gives the Associate company the right to use the land parcel for various non airport activities for a period of 30 years from the Airport opening date (i.e. May 23, 2008), which the Associate company is committed to undertake. Accordingly, the Management believes that there will be sufficient future taxable profits to utilise the aforementioned MAT credit entitlement within the stipulated period prescribed as per the provisions of the IT Act.

The deferred tax asset/liability as at the balance sheet date pertains to timing differences between book profit and tax profit, mainly due to depreciation differences. In the opinion of the management, such timing differences are subject to pending regulatory changes by Airport Economic Regulatory Authority, impact of likely change in depreciation policy and associated book depreciation in future periods. Further, these timing differences are expected to get reversed within the tax holiday period. Under the circumstances, the timing differences cannot be ascertained with greater accuracy and accordingly, no deferred tax has been created for such differences. The amount reported in this paragraph is full amounts as appearing in the financial statements of Associate company.

For GVK Power & Infrastructure Limited
Sd/-
P V Rama Seshu
GM & Company Secretary

Place: Secunderabad
Date: July 17, 2013



Passenger Terminal, BIAL, Bengaluru

Resources

20th July, 2013

Bombay Stock Exchange Limited
PJ Towers, Dalal Street,
Mumbai - 400 001.

National Stock Exchange of India Limited
Exchange Plaza, Bandra Kurla Complex,
Ex Bandra East,
Mumbai – 400 051.

Dear Sir,

Sub: Submission of Annual Report for the year 2012-13.
Ref : BSE Scrip code: 532708 and NSE Scrip Code: GVKPIL.

We are herewith enclosing 6 copies of Annual Reports of our company, for the financial year ended 31st March 2013 along with filled in **Form A** and **Form B** duly signed by the concerned officers of the company, as required under amended Clause 31 of the Listing Agreement.

Please take the above on record and confirm.

Thanks & Regards,

For GVK Power & Infrastructure Limited

P V Rama Seshu
GM & Company Secretary

GVK Power & Infrastructure Ltd.

Encl : As above

FORM A

Format of covering letter of the annual report to be filed with the stock exchanges

1.	Name of the Company	GVK Power & Infrastructure Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit observation	Emphasis of Matter ("EOM") on Standalone and Consolidated financial statements. Also refer Form B for qualification on Consolidated Financial Statements.
4.	Frequency of observation	**Standalone financial statements** a) EOM regarding applications made by the Company for the waiver of excess managerial remuneration (Refer Page number 91 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the previous year ended March 31, 2012. b) EOM with respect to carrying value of investments in subsidiary company. (Refer Page number 91 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the current year ended March 31, 2013. **Consolidated financial statements** a) EOM regarding pending confirmation and approval by the Andhra Pradesh Electricity Regulatory Commission (APERC) for the increase in capital cost. (Refer Page number 38 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the previous year ended March 31, 2006. b) EOM regarding recoverable minimum alternate tax amounts and other amounts. (Refer Page number 38 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the previous year ended March 31, 2006.

		c) EOM regarding application for prior approval to Central Government under section 295 of the Companies Act, 1956. (Refer Page number 38 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the current year ended March 31, 2013. d) EOM regarding application for prior approval to Central Government under section 297 of the Companies Act, 1956. (Refer Page number 38 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the previous year ended March 31, 2011. e) EOM regarding carrying value of fixed assets and re-schedulement of project loans of the subsidiary companies. (Refer Page number 38 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the current year ended March 31, 2013. f) EOM regarding applications made by the Company for the waiver of excess managerial remuneration (Refer Page number 38 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the previous year ended March 31, 2012. g) EOM regarding accounting treatment of demolished fixed assets in associate company. (Refer Page number 39 of the annual report annexed herewith for detailed EOM). **Frequency of observation:** First time reported in the previous year ended March 31, 2012.

5.	To be signed by-	
	CEO/Managing Director	Dr G V K Reddy Chairman & Managing Director
	CFO/Person in-charge of Finance	A Issac George Director
	Auditor of the company	S R Batliboi & Associates LLP Chartered Accountants ICAI Firm Registration Number: 101049W per Vikas Kumar Pansari Partner Membership Number: 93649
	Audit Committee Chairman	Ch G Krishna Murthy Director

Form B

Format of covering letter of the annual report to be filed with the stock exchanges

1.	Name of the Company	GVK Power & Infrastructure Limited
2.	Annual financial statements for the year ended	March 31, 2013
3.	Type of Audit qualification	Qualified opinion on consolidated financial statements. Also refer Form A for Emphasis of Matter on Standalone and Consolidated Financial Statements.
4.	Frequency of qualification	First time reported as a qualification in the current year ended March 31, 2013. However it was first time reported as Emphasis of Matter in the previous year ended March 31, 2012.
5.	Draw attention to relevant notes in the annual financial statements and management response to the qualification in the directors report:	Qualification on recoverability of Minimum Alternate Tax credit and non recognition of deferred taxes in an associate company. (Refer Page number 37 of the annual report annexed herewith for detailed qualification). Please refer page number 129 of the annual report annexed herewith for the Management response to the qualification in the directors report.
6.	Additional comments from the board/audit committee chair:	None.

7	To be signed by-	
	CEO/Managing Director	Dr G V K Reddy Chairman & Managing Director
	CFO/Person in-charge of Finance	A Issac George Director
	Auditor of the company	S R Batliboi & Associates LLP Chartered Accountants ICAI Firm Registration Number: 101049W per Vikas Kumar Pansari Partner Membership Number: 93649
	Audit Committee Chairman	Ch G Krishna Murthy Director