



**INDEPENDENT AUDITOR'S REPORT**

To the Members of

**GVK Developmental Projects Private Limited**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying standalone financial statements of **GVK Developmental Projects Private Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> March 2019, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Standalone Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

**Information Other than the Standalone Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.





Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Responsibility of Management for Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered



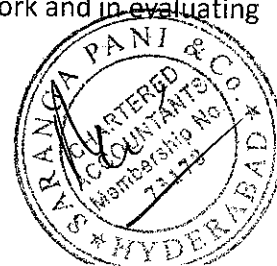


material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained upto the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating





the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

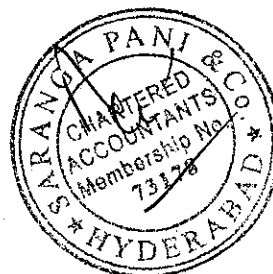
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by section 143(3) of the Act, we report that:

- a. we have sought and 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 it appears from our examination of those books;
- c. the balance sheet, the statement of profit and loss, the statement of changes in equity and the cash flow statement dealt by this Report are in agreement with the books of account;
- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rules made thereunder and in force for the time being;
- e. on the basis of the written representations received from the directors as on 31<sup>st</sup> March 2019, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019, from being appointed as a director in terms of Section 164 (2) of the Act;
- f. with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and



**SARANGA PANI & CO**  
**CHARTERED ACCOUNTANTS**

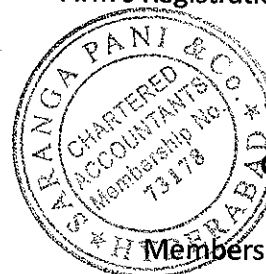


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- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company does not have any pending litigations which would impact its financial position;
  - ii. The company did not, as at March 31, 2019, have any material foreseeable losses relating to long term contracts including derivative contracts.
  - iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund during the year ended 31 March 2019.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure B', a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

for Saranga pani & Co  
Chartered Accountants

Firm's Registration No. 050030S



  
**Saranga Pani**  
Proprietor

Membership No. 073178

Hyderabad,  
13 May 2019



**Annexure A to the Independent Auditor's report** (Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of GVK Developmental Projects Private Limited of even date)

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of GVK Developmental Projects Private Limited ("the Company") as of March 31, 2019 In conjunction with our audit of the Standalone Financial Statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.



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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement,

including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Company.

**Meaning of Internal Financial Controls over Financial Reporting**

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

**Inherent Limitations of internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.



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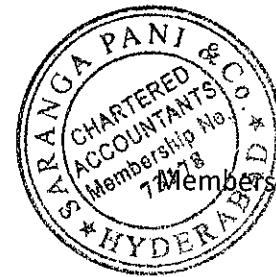
**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

*for For Saranga pani & Co*

*Chartered Accountants*

Firm's Registration No. 0500305



*[Signature]*  
**Saranga Pani**

*Proprietor*

Membership No. 073178

Hyderabad,  
13 May 2019



**SARANGA PANI & CO**  
**CHARTERED ACCOUNTANTS**

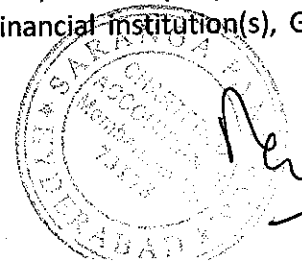


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**Annexure B to the Independent Auditor's Report**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date to the members of GVK Developmental Projects Private Limited.

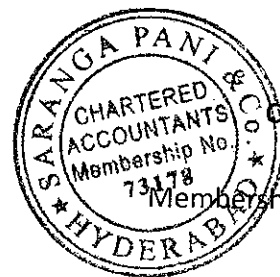
- (i) The Company has no fixed assets, hence clause (i) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (ii) The company does not have any inventory, hence clause (ii) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (iii) The Company has granted unsecured loans, to 7 companies covered in the registered maintained under Section 189 of the Act. There are no firms / LLPs / other parties covered in the registered maintained under Section 189 of the Act.
  - (a) In respect of the aforesaid loans, the terms and conditions under which such loans were granted are not prejudicial to the Company's interest.
  - (b) In respect of the aforesaid loans, no schedule for repayment of principal has been stipulated by the Company. Therefore, in absence of stipulation of repayment terms we do not make any comment on the regularity of repayment of principal and payment of interest.
  - (c) In respect of the aforesaid loans, there is no amount which is overdue for more than ninety days.
- (iv) In Our opinion and according to the information and explanation given to us, the provisions of Section 185 and 186 of the Companies Act, 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made, guarantees and securities given have been complied with by the Company
- (v) The Company has not accepted deposits and therefore compliance of directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the companies Act and the rules framed there under doesn't arise.
- (vi) The company is not engaged in production of goods or providing services and therefore cost records in the terms of section 148(1) of the Act are not required to be maintained.
- (vii) (a) According to the records of the company, the company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, value added tax, cess and material statutory dues applicable to it.  
(b) According to the information and explanation given to us, there are no dues which have not been deposited on account of any dispute.
- (viii) According to the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowed to bank(s) and financial institution(s), Government or debenture holders during the year under report.

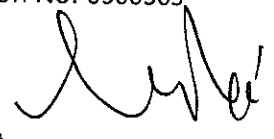




- (ix) The company has not raised any money through public offer or term loans and therefore the clause (ix) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (x) Based upon the audit procedures performed and according the information and explanation given to us , we report that no fraud on or by the company has been noticed or reported during the year under report.
- (xi) The company has not paid or provided any managerial remuneration and therefore the clause (xi) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (xii) The Company is not a Nidhi Company. Therefore, paragraph 3(xii) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (xiii) According to the information and explanation given to us, the Company has complied with Sections 177 and 188 of companies Act 2013 in respect of all related party transactions and have been properly disclosed in the financial statements as required by the applicable Accounting standards.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and therefore the clause (xiv) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with him and therefore the clause (xv) of paragraph 3 of the companies (Audit Report) Order 2016 is not applicable to the company for the year under report.
- (xvi) Considering the nature of the business and transactions of the Company, it is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for For Saranga pani & Co  
Chartered Accountants  
Firm's Registration No. 0500305



  
Saranga Pani  
Proprietor  
Membership No. 073178

Hyderabad,  
13 May 2019

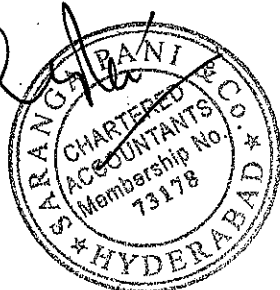
**GVK Developmental Projects Private Limited**  
**Balance Sheet as at March 31, 2019**  
(All amounts in Rupees, unless otherwise stated)

	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial Assets			
Investments	3(a)	2,655,595,290	2,655,595,290
<b>Total non-current assets</b>		<b>2,655,595,290</b>	<b>2,655,595,290</b>
<b>Current assets</b>			
Financial Assets			
Trade Receivables	3(b)	-	100,000
Cash and cash equivalents	3(c)	1,929,203	5,943,926
Loans	3(d)	7,147,410,132	6,909,083,131
Other current assets	3(e)	-	5,900
<b>Total current assets</b>		<b>7,149,339,335</b>	<b>6,915,132,956</b>
<b>Total Assets</b>		<b>9,804,934,625</b>	<b>9,570,728,247</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Equity share capital	4(a)	100,000	100,000
Other equity	4(b)	7,971,126,877	3,013,776,027
<b>Total Equity</b>		<b>7,971,226,877</b>	<b>3,013,876,027</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Financial Liabilities			
Borrowings	5(a)	1,783,637,500	6,506,781,972
Other current liabilities	5(b)	50,070,247	50,070,247
<b>Total current liabilities</b>		<b>1,833,707,747</b>	<b>6,556,852,219</b>
<b>Total liabilities</b>		<b>1,833,707,747</b>	<b>6,556,852,219</b>
<b>Total Equity and Liabilities</b>		<b>9,804,934,625</b>	<b>9,570,728,247</b>
Corporate information and significant accounting policies 1 & 2			
The above balance sheet should be read in conjunction with the accompanying notes.			

As per our report of even date

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

**C. Saranga Pani**  
Proprietor  
Membership No.73178

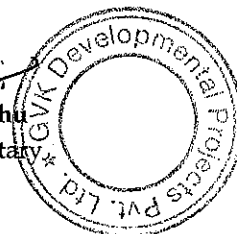


For and on behalf of the Board of Directors of  
**GVK Developmental Projects Private Limited**

**Syed Ali Naqui**  
Director  
DIN: 01513430

**Illyas Ghouse**  
Director  
DIN:07480760

**P V Rama Seshu**  
Company Secretary



Place : Secunderabad  
Date : 13/05/2019

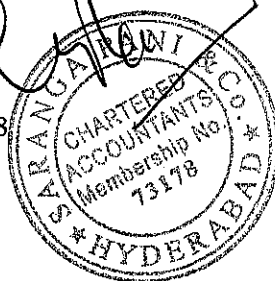
**GVK Developmental Projects Private Limited**  
**Statement of Profit & Loss for the Year ended March 31, 2019**  
(All amounts in Rupees, unless otherwise stated)

Particulars	Note	Year Ended March 31, 2019	Year Ended March 31, 2018
<b>Expenses</b>			
Finance costs	6	98,349,416	211,512,429
Other expenses	7	472,375	19,785,785
<b>Total expenses</b>		<b>98,821,791</b>	<b>231,298,214</b>
<b>Profit before tax</b>		<b>(98,821,791)</b>	<b>(231,298,214)</b>
<b>Income tax expense</b>			
- Current tax	8	-	-
<b>Profit / (Loss) for the year</b>		<b>(98,821,791)</b>	<b>(231,298,214)</b>
<b>Earnings per equity share</b>			
Basic earnings per share	9	(9,882.18)	(23,129.82)
Diluted earnings per share		(9,882.18)	(23,129.82)
<b>Corporate information and significant accounting policies 1 &amp; 2</b>			
<i>The above statement of profit and loss should be read in conjunction with the accompanying notes.</i>			

As per our report of even date

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

C. Saranga Pani  
Proprietor  
Membership No.73178



Place : Secunderabad  
Date : 13/05/2019

For and on behalf of the Board of Directors of  
GVK Developmental Projects Private Limited

Syed Ali Naqui  
Director  
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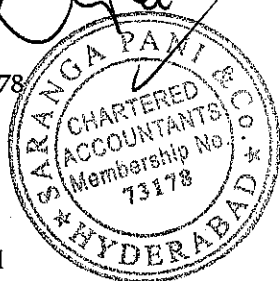
**GVK Developmental Projects Private Limited**  
**Statement of Cash Flow for the Year ended March 31, 2019**  
(All amounts in Rupees, unless otherwise stated)

	Year ended March 31, 2019	Year ended March 31, 2018
<b>Cash flow from operating activities</b>		
Loss before tax	(98,821,791)	(231,298,214)
<i>Adjustments for working capital</i>		
Decrease in other financial liabilities	-	(1,462,555)
Decrease in other financial assets	(238,221,101)	(6,019,103,245)
Cash generated from working capital changes	(238,221,101)	(6,020,565,800)
<b>Net cash outflow from operating activities</b>	<b>(337,042,892)</b>	<b>(6,251,864,014)</b>
<b>Cash flows from investing activities</b>		
Loans & Advances given in the nature of Deemed Investments	-	(535,029,360)
<b>Net cash outflow from investing activities</b>	<b>-</b>	<b>(535,029,360)</b>
<b>Cash flow from financing activities</b>		
Loans and advances	1,056,172,641	-
Issue of Preference share capital	4,000,000,000	2,811,150,000
(Repayment)/Proceeds from short term borrowings	(4,723,144,472)	3,980,767,501
<b>Net cash inflow from financing activities</b>	<b>333,028,169</b>	<b>6,791,917,501</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(4,014,723)</b>	<b>5,024,127</b>
Cash and cash equivalents at the beginning of the year	5,943,926	919,799
<b>Cash and cash equivalents at end of the year</b>	<b>1,929,203</b>	<b>5,943,926</b>
<i>Reconciliation of cash and cash equivalents as per the cash flow statement</i>		
Cash and cash equivalents as per above comprise of the following		
	As at March 31, 2019	As at March 31, 2018
Cash and cash equivalents	1,929,203	5,943,926
<b>Balances as per statement of cash flows</b>	<b>1,929,203</b>	<b>5,943,926</b>
<b>Corporate information and significant accounting policies</b>		
<i>The above statement of cash flows should be read in conjunction with the accompanying notes.</i>		

As per our report of even date

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

C. Saranga Pani  
Proprietor  
Membership No.73178



Place : Secunderabad  
Date : 13/05/2019

For and on behalf of the Board of Directors of  
**GVK Developmental Projects Private Limited**

*Syed Ali Naqui*  
Syed Ali Naqui  
Director  
DIN: 01513430

*Illyas Ghouse*  
Illyas Ghouse  
Director  
DIN:07480760

*P V Rama Seshu*  
P V Rama Seshu  
Company Secretary



GVK Developmental Projects Pvt. Ltd.  
Statement of Changes in Equity for the Year ended March 31, 2019  
(All amounts in Rupees, unless otherwise stated)

a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	No.	Amount in Rs.
As at April 1, 2017	10,000	100,000
Issued during the year		
As at March 31, 2018	10,000	100,000
Issued during the year	-	-
As at March 31, 2019	10,000	100,000

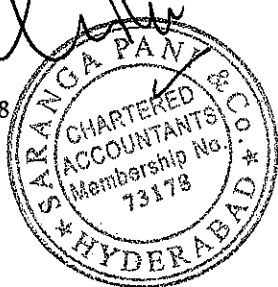
b). Other Equity

Particulars	Equity Component of compound financial instruments (a)	Preference Shares (b)	Reserves and Surplus (Deficit as per Statement of Profit and Loss ) (c)	Total (a + b+c)
Balance at April 01, 2017	2,115,946,347	1,249,000,000	(2,931,022,106)	433,924,242
(Loss) for the year	-	-	(231,298,214)	(231,298,214)
Issued during the year	-	4,922,045,000	-	4,922,045,000
Loans converted into preference share capital	(2,110,895,000)	-	-	(2,110,895,000)
Balance at March 31, 2018	5,051,347	6,171,045,000	(3,162,320,320)	3,013,776,028
(Loss) for the year	-	-	(98,821,791)	(98,821,791)
Received during the year	1,056,172,641	-	-	1,056,172,641
Issued during the year	-	4,000,000,000	-	4,000,000,000
Balance at March 31, 2019	1,061,223,988	10,171,045,000	(3,261,142,110)	7,971,126,877

As per our report of even date

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

C. Saranga Pani  
Proprietor  
Membership No.73178



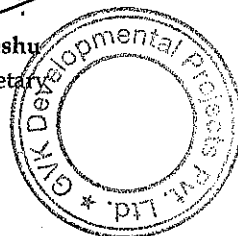
Place : Secunderabad  
Date : 13/05/2019

For and on behalf of the Board of Directors of  
GVK Developmental Projects Private Limited

Syed Ali Naqui  
Director  
DIN: 01513430

Illyas Ghouse  
Director  
DIN:07480760

P V Rama Seshu  
Company Secretary



GVK Developmental Projects Pvt. Ltd.  
Notes forming part of the financial statements  
(All amounts in Rupees, unless otherwise stated)

1. Corporate information

GVK Developmental Projects Private Limited ('the Company' or 'GVKDPPL') is a Private limited company domiciled in India and incorporated under the Companies Act, 2013. The company is engaged in the business of Investment in Infrastructure projects. The registered office of the company is located at RZ-52 2/F, Kushi Ram Park, Om Vihar, Uttam Nagar, New Delhi - 110059, India

The financial statements were authorised for issue in accordance with a resolution of the directors on May 13, 2019.

2. Statement of significant accounting policies

2A. Statement of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015, as amended.

2.2 Summary of significant accounting policies

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
  - Held primarily for the purpose of trading
  - Expected to be realised within twelve months after the reporting period, or
  - Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period
- All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

(b) Foreign currencies

The financial statements are presented in Indian rupees, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

(c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

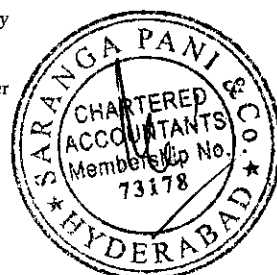
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
  - Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
  - Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable
- For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.



(d) **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, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

The specific recognition criteria described below must also be met before revenue is recognised.

**Interest income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

**Dividends**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

(e) **Taxes**

**Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period/year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(f) **Borrowing costs**

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

(g) **Provisions**

**General**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

(h) **Financial instruments**

**Financial assets**

**Initial recognition and measurement**

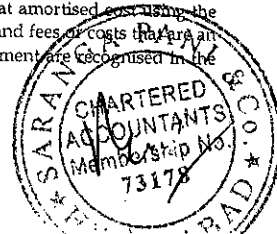
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

**Subsequent measurement**

For purposes of subsequent measurement, a 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.





#### *Equity investments:*

In respect of equity investments, when an entity prepares separate financial statements, Ind AS 27 requires it to account for its investments in subsidiaries and associates either:

- (a) at cost; or
- (b) in accordance with Ind AS 109.

#### *Derecognition*

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- a) the rights to receive cash flows from the asset have expired, or
- b) the Company has transferred its rights to receive cash flows from the asset, and
- i. the Company has transferred substantially all the risks and rewards of the asset, or
- ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

#### *Impairment of financial assets*

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18
- c) Loan commitments which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This

amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.

#### *Financial liabilities*

##### *Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings, financial guarantee contracts.

##### *Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

##### *Loans and borrowings*

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

##### *Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.



#### *Derecognition*

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

#### *Reclassification of financial assets*

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassification and how they are accounted for:

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

#### (i) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

#### 28. Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

##### (i) Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

##### (ii) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.



GVK Developmental Projects Private Limited  
Notes to the financial statements for the Year ended March 31, 2019  
(All amounts in Rupees, unless otherwise stated)

Note : Financial assets

3(a) Non-current investments

Particulars	Face value in INR unless otherwise stated	March 31, 2019		March 31, 2018	
		Number of shares	Value in Rupees	Number of shares	Value in Rupees
Investment in equity instruments at cost (fully paid-up)					
Equity investments in subsidiary companies					
Investments in GVK Deoli Kota Expressway Pvt Ltd	10	8,300	83,000	8,300	83,000
Investment in GVK Ratle Hydro Electric Proj Pvt Ltd	10	205,010,000	2,050,100,000	205,010,000	2,050,100,000
Investment in GVK Bagodara Vasad Expressway Pvt Ltd	10	5,100	51,000	5,100	51,000
Total (equity instruments)			2,050,234,000		2,050,234,000
Deemed investment through loans and advances given to subsidiaries					
Unquoted					
Investment in GVK Ratle Hydro Electric Proj Pvt Ltd			600,361,290		600,361,290
Investment in GVK Transportation Pvt Ltd			5,000,000		5,000,000
Total (Deemed investment)			605,361,290		605,361,290
			2,655,595,290		2,655,595,290

3 (b) Trade Receivables

Particulars	March 31, 2019	March 31, 2018
Other Receivables	-	100,000
Total Trade Receivables	-	100,000

3(c) Cash and cash equivalents

	March 31, 2019	March 31, 2018
Balances with banks in -		
Current Account	1,928,908	5,943,631
Cash on hand	295	295
Total cash and cash equivalents	1,929,203	5,943,926

3(d) Loans

Particulars	March 31, 2019	March 31, 2018
Unsecured, considered good		
Unsecured - Loans and advances to related parties	7,147,410,132	6,908,829,421
loans and advances - Others	-	253,710
Total loans	7,147,410,132	6,909,083,131

3(e) Other assets

	March 31, 2019	March 31, 2018
Advance to Employees	-	4,175
Advance to / recoverable from vendors	-	1,725
Total	-	5,900



GVK Developmental Projects Private Limited

Notes to the financial statements for the Year ended March 31, 2019

(All amounts in Rupees, unless otherwise stated)

Share Capital

Authorised share capital(Equity shares of Rs. 10/- each)	As at	
Particulars	March 31, 2019	March 31, 2018
At the beginning of the year	12,000,000,000	1,250,000,000
Add: Increased during the year	-	10,750,000,000
Total authorised share capital	12,000,000,000	12,000,000,000

4 (a) Equity share capital

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Rupees	No. of shares	Rupees
Equity Shares of Rs. 10/- each issued, subscribed and fully paidup				
At the beginning of the year	10,000	100,000	10,000	100,000
Outstanding at the end of the year	10,000	100,000	10,000	100,000

(ii) Shares of the company held by holding company

Name of the share holder	As at March 31, 2019	As at March 31, 2018
GVK Power & Infrastructure Limited (100%)	10,000	10,000

4(b) Other Equity

	March 31, 2019	March 31, 2018
Equity component of financial instruments	1,061,223,988	5,051,347
Preference Shares	10,171,045,000	6,171,045,000
Deficit as per Statement of Profit and Loss	(3,261,142,111)	(3,162,320,320)
Total Reserves and surplus	7,971,126,877	3,013,776,027

(i) Other (Loans & Advances treated as Other Equity):

	March 31, 2019	March 31, 2018
Opening balance	5,051,347	2,115,946,347
Add: Addition during the year	1,056,172,641	-
Less: Repaid during the year/ (Converted to preference shares)	-	(2,110,895,000)
Closing balance	1,061,223,988	5,051,347

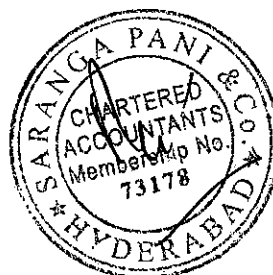
(ii) Preference Share

	March 31, 2019	March 31, 2018
Opening balance	6,171,045,000	1,249,000,000
Add: Addition during the year	4,000,000,000	4,922,045,000
Closing balance	10,171,045,000	6,171,045,000

The Company has only one class of Non Participating and Non cumulative redeemable preference shares of Rs. 1000 per share. In the event of any winding up, either voluntary or involuntary, each holder of the Preference shares will be paid the amount of Preference Share in preference to any payment made to the holder of Equity Shares. Each Preference shares will be converted into one equity share at a face value after expiry of twenty years (tenure) from the date of issue.

(iii) Deficit as per Statement of Profit and Loss

Opening balance	(3,162,320,320)	(2,931,022,106)
Add: Loss for the year	(98,821,791)	(231,298,214)
Closing balance	(3,261,142,111)	(3,162,320,320)



## GVK Developmental Projects Private Limited

## Notes to the financial statements for the Year ended March 31, 2019

(All amounts in Rupees, unless otherwise stated)

## Note 5: Financial liabilities

## 5 (a) Borrowings

	Terms of repayment	March 31, 2019	March 31, 2018
Unsecured -			
- from Related Parties	Single repayment at the end of the term	1,783,637,500	3,919,838,210
-from Others	Single repayment at the end of the term	-	347,488,761
Secured -			
-from Financial Institutions	Single repayment at the end of the term	-	2,239,455,001
Total current borrowings		1,783,637,500	6,506,781,972

## Secured loans from financial institutions

1. Pledge of 26% securities of GVK Energy Limited
2. Pledge of 40% Securities of Alaknanda Hydro Power Company Limited.
3. Pledge of 49% securities of GVK Power (Goindwal Sahib) Limited.
4. Pledge of 49% securities of GVK Coal Tokisud Company Private Limited.
5. The loans are to be repaid ranging from 30 to 90 days from the date of disbursement.
6. Rate of interest is in the range of 18.10%.

The Company has defaulted in repayment of loans to financial institution(s).

Particulars	Year ended March 31, 2019	Delay in days	Year ended March 31, 2018	Delay in days
Payment of interest to financial institutions	-	-	189,454,932	1-187
Repayment of principal to financial institutions	-	-	2,050,000,000	1-187
Total:	-	-	2,239,454,932	-

## Net debt reconciliation

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Current Borrowings	1,783,637,500	6,506,781,972
Less: Cash and cash equivalents	1,929,203	5,943,926
Total:	1,781,708,297	6,500,838,047

Particulars	Current Borrowings	Cash	Total
Net Debt as on 31.03.2018	6,506,781,972	(5,943,926)	6,500,838,047
Cash flows	(4,723,144,472)	4,014,723	(4,719,129,749)
Total:	1,783,637,500	(1,929,203)	1,781,708,297

## Note 5(b): Other liabilities

	March 31, 2019	March 31, 2018
	Current	Current
Others	50,070,247	50,070,247
Total	50,070,247	50,070,247



**GVK Developmental Projects Private Limited**

**Notes to the financial statements for the Year ended March 31, 2019**

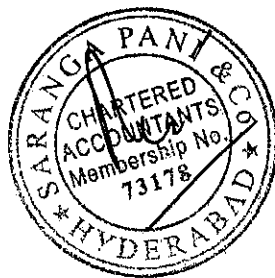
(All amounts in Rupees, unless otherwise stated)

**Note 06: Finance Cost**

	March 31, 2019	March 31, 2018
Interest and financing charges on financial liabilities		
Other borrowings	98,348,458	211,512,137
Other finance charges	958	292
<b>Total</b>	<b>98,349,416</b>	<b>211,512,429</b>

**Note 7: Other expenses**

	March 31, 2019	March 31, 2018
Rates and taxes	10,800	19,684,080
Legal and professional charges	39,525	95,555
Audit fee	5,900	6,050
Miscellaneous expense	416,150	100
<b>Total</b>	<b>472,375</b>	<b>19,785,785</b>



**GVK Developmental Projects Pvt. Ltd.**

**Notes to financial statements for the year ended March 31, 2019**

(All amounts in Rupees, unless otherwise stated)

**8 Taxes**

**(a) Income tax expense:**

The major components of income tax expenses for the year ended March 31, 2019 are as follows:-

**Profit or loss section**

Particulars	March 31, 2019	March 31, 2018
Current tax	-	-
Deferred tax charge/ (credit)	-	-
<b>Total income tax expense recognised in statement of Profit &amp; Loss</b>	<b>-</b>	<b>-</b>

**(b) Reconciliation of effective tax rate:**

Particulars	March 31, 2019	March 31, 2018
Profit / (Loss) before tax (A)	(98,821,791)	(231,298,214)
Enacted tax rates in India (B)	28.840%	28.840%
Computed expected tax expenses (C = A*B)	(28,500,204)	(66,702,152)
Deferred Tax not created on unabsorbed business losses	28,500,204	66,702,152
<b>Net current tax expense recognised in statement of Profit &amp; Loss</b>	<b>-</b>	<b>-</b>



GVK Developmental Projects Pvt. Ltd.

Notes to financial statements for the year ended March 31, 2019

(All amounts in Rupees, unless otherwise stated)

9. Earning per equity share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity shares

The following reflects the income and share data used in the basic and diluted EPS computations:

Particulars	March 31, 2019	March 31, 2018
Profit after taxation considered for calculation of basic and diluted earnings per share	(98,821,791)	(231,298,214)
Weighted average number of equity shares considered for calculation of basic and diluted EPS	10,000	10,000
Earnings per share		
- Basic and diluted	(9,882.18)	(23,129.82)

10. Disclosures required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	As at	As at
	March 31, 2019	March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	-	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.





**GVK Developmental Projects Private Limited**  
**Notes to financial statements for the year ended March 31, 2019**  
(All amounts in Rupees, unless otherwise stated)

**11. Related party disclosures**

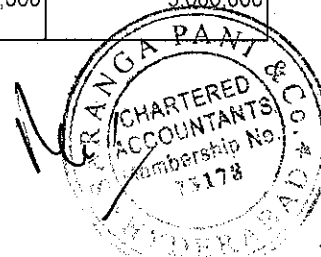
Transactions with related parties during the year ended and outstanding as at March 31, are:

- a) Holding Company  
GVK Power & Infrastructure Limited
- b) Subsidiary Company  
GVK Ratle Hydro Electric Project Private Limited
- c) Enterprises in which Key Management Personnel and / or their relatives have significant influence  
GVK Deoli Kota Expressway Private Limited  
GVK Bagodara Vasad Expressway Private Limited  
GVK Airport Developers Limited  
GVK Transportation Private Limited  
GVK Jaipur Expressway Private Limited  
GVK Energy Limited

**Related party transactions**

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

	March 31, 2019	March 31, 2018
<b>Transactions during the year</b>		
<b>Loans given / (repaid) during the year</b>		
- GVK Power & Infrastructure Limited	449,120,000	3,755,986,000
- GVK Energy Ltd	1,716,305,838	2,842,048,568
- GVK Airport Developers Limited	2,753,466,339	1,730,900,000
- GVK Transportation Private Limited	950,020,740	-
- GVK Jaipur Expressway Private Limited	20,000,000	49,362,500
<b>Loans taken during the year</b>		
- GVK Power & Infrastructure Limited	104,214,797	563,136,285
- GVK Energy Ltd	2,762,729,507	16,050,548
- GVK Airport Developers Limited	283,900,000	1,862,400,000
- GVK Jaipur Expressway Private Limited	-	421,000,000
- Bangalore Airport & Infrastructure Developers Limited	-	1,409,000,000
- GVK Technical & Consultancy Private Limited	6,000,000	-
- GVK Transportation Private Limited	583,700,000	-
<b>Loans given during the year in the nature of deemed investment</b>		
- GVK Ratle Hydro Electric Project Private Limited	-	535,273,070
- GVK Energy Ventures Private Limited	-	10,000
<b>Balance sheet heads (Closing balances):</b>		
<b>Loans given to:</b>		
- GVK Energy Ltd	2,599,555,837	3,645,979,706
- GVK Power & Infrastructure Limited	3,537,754,918	3,192,849,715
- GVK Deoli Kota Expressway Pvt Ltd	70,000,000	70,000,000
- GVK Perambalur SEZ Private Limited	217,605,000	-
- GVK Airport Developers Limited	347,365,629	-
- GVK Transportation Private Limited	375,128,748	-
<b>Loans taken from:</b>		
- Bangalore Airport & Infrastructure Developers Limited	1,409,000,000	1,409,000,000
- GVK Airport Developers Limited	-	2,122,200,710
- GVK Jaipur Expressway Private Limited	368,637,500	388,637,500
- GVK Technical & Consultancy Private Limited	6,000,000	-
<b>Loans &amp; advances in the nature of deemed investment.</b>		
- GVK Ratle Hydro Electric Project Private Limited	600,361,290	600,361,290
- GVK Transportation Private Limited	5,000,000	5,000,000



GVK Developmental Projects Pvt. Ltd.  
Notes to financial statements for the year ended 31st March, 2019  
(All amounts in Rupees, unless otherwise stated)

## 12. Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

### a) Financial instruments by category

The carrying value and fair value of financial instruments by categories as of March 31, 2019 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Current</b>							
(i) Trade receivables	-					-	-
(ii) Cash and cash equivalents	1,929,203					1,929,203	1,929,203
(iii) Loans	7,147,410,132					7,147,410,132	7,147,410,132
<b>Total</b>	<b>7,149,339,335</b>	-	-	-	-	<b>7,149,339,335</b>	<b>7,149,339,335</b>
<b>Liabilities:</b>							
<b>Current</b>							
(i) Borrowings	1,783,637,500					1,783,637,500	1,783,637,500
<b>Total</b>	<b>1,783,637,500</b>	-	-	-	-	<b>1,783,637,500</b>	<b>1,783,637,500</b>

The carrying value and fair value of financial instruments by categories as of March 31, 2018 were as follows:

Particulars	Amortised cost	Financial assets/liabilities at fair value through profit or loss		Financial assets/liabilities at fair value through OCI		Total carrying value	Total fair value
		Designated upon initial recognition	Mandatory	Designated upon initial recognition	Mandatory		
<b>Current</b>							
(i) Trade receivables	100,000					100,000	100,000
(ii) Cash and cash equivalents	5,943,926					5,943,926	5,943,926
(iii) Loans	6,909,083,131					6,909,083,131	6,909,083,131
<b>Total</b>	<b>6,915,127,056</b>	-	-	-	-	<b>6,915,127,056</b>	<b>6,915,127,056</b>
<b>Liabilities:</b>							
<b>Current</b>							
(i) Borrowings	6,506,781,972					6,506,781,972	6,506,781,972
<b>Total</b>	<b>6,506,781,972</b>	-	-	-	-	<b>6,506,781,972</b>	<b>6,506,781,972</b>

### Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2019:

Particulars	March 31, 2019	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
(i) Loans	7,147,410,132			7,147,410,132
(ii) Trade Receivables	-			-
<b>Liabilities</b>				
(i) Borrowings	1,783,637,500			1,783,637,500

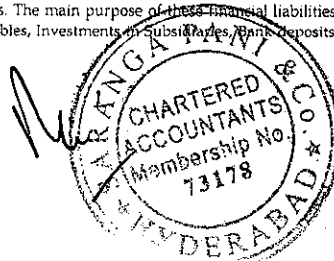
The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 31 March 2018:

Particulars	March 31, 2018	Fair value measurement at the end of year using		
		Level 1	Level 2	Level 3
<b>Assets</b>				
(i) Loans	6,909,083,131			6,909,083,131
(ii) Trade Receivables	100,000			100,000
<b>Liabilities</b>				
(i) Borrowings	6,506,781,972			6,506,781,972

## 13. Financial risk management objectives and policies

### Financial Risk Management Framework

The Company's principal financial liabilities, comprise loans and borrowings, trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, Investments in subsidiaries, Bank deposits and cash & cash equivalents that derive directly from its operations.



The Company is exposed primarily to Credit Risk, Liquidity Risk and Market risk, which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

#### Credit Risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, investments, derivative financial instruments, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in material concentration of credit risk.

#### Exposure to credit risk:

The company does not have any trade receivables and it is not exposed to any credit risk.

#### i) Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed by the Company's Board of Directors on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

Credit risk from investments in Subsidiaries is managed in accordance with Company's policy. These investments are tested for impairment on an annual basis or as and

#### Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

	On Demand	In next 12 months	>1 year	Total
<b>Year ended March 31, 2019</b>				
Borrowings	-	1,783,637,500.00		1,783,637,500
Convertible preference shares	-	-	10,171,045,000	10,171,045,000
	-	1,783,637,500	10,171,045,000	11,954,682,500
<b>Year ended March 31, 2018</b>				
Borrowings	-	6,506,781,972		6,506,781,972
Convertible preference shares	-	-	6,171,045,000	6,171,045,000
	-	6,506,781,972	6,171,045,000	12,677,826,972

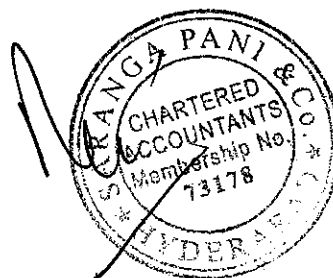
#### 14. Segment reporting

The Chairman of the Ultimate holding company (GVK power and Infrastructure Limited) has been identified as being the Chief Operating Decision Maker(CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the Company's performance. The company is engaged in the business of investments as promoters & developers of domestic & international Projects, directly or indirectly and also companies engaged in the business of developing, providing infrastructure facilities like airports, runways, helipads, aerobridges and all airport related infrastructure facilities. Also to invest in all kinds of infrastructure development companies as a promoter, sponsor, developer, advisor, operator or otherwise by way of equity, preference, debentures, debt or otherwise and to carry on all such acts as are required to participate, float or acquire through bidding or negotiated process for any project either in infrastructure or otherwise.

The reportable segments has been provided in the Consolidated Financial Statements of the Ultimate Holding Company (GVK Power and Infrastructure Limited) and therefore no separate disclosure on segment information is given in these financial statements which constitute a single operating segment.

#### 15.Previous year figures

Previous year figures have been regrouped/reclassified, where necessary, to conform to this year's classification.



GVK Developmental Projects Pvt. Ltd.

Notes to financial statements for the year ended 31st March, 2019

(All amounts are in Indian Rupees except for share data or otherwise stated)

#### 16. Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, compulsorily convertible preference shares and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings including interest accrued on borrowings, trade and other payables, less cash and short-term deposits.

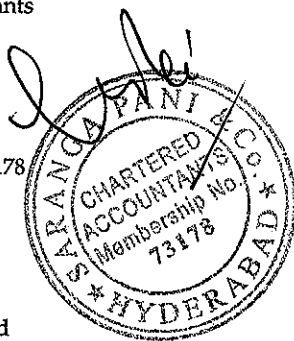
	31-Mar-19	31-Mar-18
Borrowings including interest accrued on borrowings	1,783,637,500	6,506,781,972
Other liabilities	50,070,247	50,070,247
Less: cash and short-term deposits (Note 3C)	(1,929,203)	(5,943,926)
<b>Net debt</b>	<b>1,831,778,544</b>	<b>6,550,908,294</b>
Equity	100,000	100,000
Other Equity	7,971,126,877	3,013,776,027
<b>Total Equity</b>	<b>7,971,226,877</b>	<b>3,013,876,027</b>
Gearing ratio (Net Debt/ Total Equity)	22.98%	217.36%

No changes were made in the objectives, policies or processes for managing capital during the year ended March 31, 2019.

As per our report of even date

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

C. Saranga Pani  
Proprietor  
Membership No.73178



Place : Secunderabad  
Date : 13/05/2019

For and on behalf of the Board of Directors of  
GVK Developmental Projects Private Limited

Syed Ali Naqui  
Director  
DIN: 01513430

Illyas Chouse  
Director  
DIN:07480760

P V Rama Seshu  
Company Secretary

