MSKA
& Associates
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of GVK Energy Limited

Report on the Audit of the Consolidated Financial Statements

Qualified Opinion

We have audited the accompanying consolidated financial statements of GVK Energy Limited (hereinafter referred to as the "Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entities, which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss, the consolidated Statement of Changes in Equity and the consolidated cash flows Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on consideration of reports of other auditors on separate financial statements and on the other financial information of subsidiaries, associates and jointly controlled entities, except for the possible effects of the matter described in Basis for Qualified Opinion section of our report, the aforesaid consolidated 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 their consolidated state of affairs of the Group, its associates and jointly controlled entities, as at March 31, 2019, consolidated loss, consolidated changes in equity and its consolidated cash flows for the year then ended.

Basis for Qualified Opinion

1. As discussed more fully in note 42 to the accompanying standalone Ind AS financial statements, the Hon'ble Supreme court of India has deallocated coal mine allocated to GVK Coal (Tokisud) Private Limited, subsidiary company. As directed by Hon'ble High Court of Delhi, the aforesaid subsidiary has submitted its claim for an amount Rs.19,882 lakhs with the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015. The Company has given corporate guarantee for the loan taken by the subsidiary. Pending approval of the claim by the adjudicating authority, we are unable to comment on the recoverability of assets with carrying value of Rs.19,882 lakhs together with consequential impact, if any, arising out of the same in these accompanying consolidated Ind AS financial statements.

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2. As discussed more fully in note 43 to the accompanying Consolidated Ind AS financial statements, regarding the uncertainties faced by the gas based power plants of a subsidiary company and a jointly controlled entity towards supplies/availability of gas, recovery of capacity charged and approval of one time settlement proposal with lenders. Pending resolution of these uncertainties/approvals, we are unable to comment upon the recoverability of assets with carrying value of Rs.160,381 lakhs and the provision, if any, required for the corporate guarantee given to the jointly controlled entity, together with consequential impact, if any, arising out of the same in these accompanying Consolidated Ind AS financial statements.
3. As discussed more fully in note 44 to the accompanying standalone Ind AS financial statements, regarding the uncertainties faced by the coal based power plants of a subsidiary company towards the resolution plan with lenders and determination of final tariff. Pending resolution of these uncertainties/approvals, we are unable to comment upon the recoverability of assets with carrying value of Rs.381,370 lakhs together with consequential impact, if any, arising out of the same in these accompanying Consolidated Ind AS financial statements.

   We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and jointly controlled entities in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in India in terms of the Code of Ethics issued by the Institute of Chartered Accountant of India ("ICAI") and the relevant provisions of the Act and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note no. 46 of the standalone financial statements which states that regarding losses incurred by the Company, defaults in loan, interest payments and uncertainties faced by various projects in which the Company has made investments and provided guarantees. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. These standalone Ind AS financial statements have been prepared on a going concern basis for the reasons stated in the said note. Our opinion is not modified in respect of this matter.

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Emphasis of Matter

We draw attention to the following matters in the Notes to the consolidated financial statements, regarding outstanding fixed charge component of the tariff on the increased capital cost for the years 1997-98 to 2000-01 aggregating to Rs.3,597 lakhs considered recoverable from AP Transco in GVK Industries Limited, a subsidiary company and regarding outstanding minimum alternate tax amounts claims for reimbursement, disincentives recoverable and other receivable aggregating to Rs.3,118 lakhs, Rs.2,409 lakhs and Rs.60 lakhs respectively considered recoverable from AP Transco and consequential impact on taxes in GVK Industries Limited and GVK Gautami Power Limited's books, a subsidiary company and a joined controlled entity respectively.

This matter was also emphasised in the report of the predecessor auditors on the consolidated financial statements for the year ended March 31, 2019.Our opinion is not qualified in respect of this matter.

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

The Holding Company's Board of Directors is responsible for the other information.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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. As described in the *Basis for Qualified Opinion* section above, in relation to recoverability of assets. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate

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accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, 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, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for assessing the ability of the Group and of its associates and jointly controlled entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entities.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 consolidated financial statements.

We give in "Annexure A" a detailed description of Auditor's responsibilities for Audit of the Consolidated Financial Statements.

Other Matters

a. We did not audit the financial statements of Five subsidiaries whose financial statements reflect total assets of Rs.1,070,275 lakhs as at 31st March,2019, and net assets of Rs.(39,883) lakhs, total revenues of Rs.225,632 lakhs and net cash flows amounting to Rs.26,185 lakhs for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of Rs.575 lakhs

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for the year ended 31st March 2019, as considered in the consolidated financial statements, in respect of one associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of the other auditors.

b. The consolidated Ind AS financial statements of the Company for the year ended 31st March, 2018, were audited by another auditor. They had qualified their report dated May 21, 2018 with respect to the carrying amounts of the subsidiaries.

c. The comparative financial information of the company for the year ended 31st March, 2018 prepared in accordance with Ind AS included in these consolidated financial statements have been audited by the predecessor auditor who had audited the financial statements for the relevant periods. The report of the predecessor auditor dated May 21, 2018 on the comparative financial information expressed a modified audit opinion with respect to carrying amounts of the subsidiaries.

The comparative financial information of the Company for the year ended 31st March, 2019 included in these consolidated financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31st March, 2018 a modified audit opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not qualified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

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Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 purposes of our audit of the aforesaid consolidated financial statements.

b. Except for the effects of the matter described in the Basis for Qualified Opinion section above, in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

d. Except for the effects of the matter described in Basis for Qualified Opinion section above, in our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of Companies (Accounts) Rules,2014.

e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group companies, its associate companies and jointly controlled companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.

f. With respect to the adequacy of internal financial controls with reference to financial statements of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entities- Refer Note 36 & 37 to the consolidated financial statements.

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ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts - Refer

(a) Note 33& 34 to the consolidated financial statements in respect of such items as it relates to the Group, its associates and jointly controlled entities and

(b) the Group's share of net loss in respect of its associates.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No. 205226.
Place: Hyderabad
Date: 16th May, 2019

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT ON EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GVK ENERGY LIMITED

Auditor's Responsibilities for the Audit of the Consolidated 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 consolidated 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 Act, we are also responsible for expressing our opinion on whether the company has internal financial controls with reference to financial statements 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 ability of the Group and its associates and jointly controlled entities 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled

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entities to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

For MSKA & Associates

Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No.205226

MSKA & ASSOCIATES Hyderabad Chartered Accountants

Place: Hyderabad
Date: 16^{th} May, 2019

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF GVK Energy Limited

[Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' in the Independent Auditors' Report of even date to the Members of GVK Energy Limited on the Financial Statements for the year ended M arch 31, 2019

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2019, we have audited the internal financial controls with reference to financial statements of GVK Energy Limited (hereinafter referred to as "the Holding Company") and its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies, its associate company and jointly controlled company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the respective companies 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 ("ICAI"). 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 the 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to financial statements of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India, 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 ICAI and the Standards on Auditing prescribed under

MSKA & ASSOCIATES ★ Chartered Accountants ★ Hyderabad section 143(10) of the Act, 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 internal financial controls with reference to financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our opinion on the internal financial controls with reference to financial statements of the Holding company, its subsidiary companies, its associate companies and jointly controlled companies, which are companies incorporated in India.

Meaning of Internal Financial Controls With reference to Financial Statements

A company's internal financial control with reference to financial statements 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 with reference to financial statements 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 authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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Inherent Limitations of Internal Financial Controls With reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weakness has been identified as at March 31, 2019:

The Holding Company, two of the subsidiary companies and a joint controlled entity's internal financial controls over use of assumptions for analysis of asset impairment is not operating effectively which could potentially result in the Holding company, subsidiary companies and joint controlled entity not recognizing possible impairment losses.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control with reference to financial statements, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

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 material weakness described above on the achievement of the objectives of the control criteria, the Holding company, its subsidiary companies, and jointly controlled companies, which are companies incorporated in India have maintained, in all material respects, internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as of March 31, 2019, based on the internal control with reference to financial statements criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note.

We have considered the material weakness identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2019 consolidated financial statements of the Company, and the material weakness affect our opinion on the consolidated financial statements of the Company.

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Other Matters

Our aforesaid reports under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls with reference to financial statements insofar as it relates to Five subsidiary companies, One associate company and One jointly controlled entity , which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

For MSKA & Associates
Chartered Accountants
ICAI Firm Registration No. 105047W

Ananthakrishnan G
Partner
Membership No.205226

MSKA & ASSOCIATES
Hyderabad
Chartered Accountants

Place : Hyderabad
Date : 16th May, 2019

GVK Energy Limited

Consolidated Balance Sheet as at March 31, 2019

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

Particulars	Notes	March 31, 2019	March 31, 2018
ASSETS			
Non-current assets			
Property, plant and equipment	3	8,93,308	9,40,205
Capital work-in-progress	3	22	22
Other intangible assets	4	1,570	1,810
Investment in an associate and a joint venture	5	-	-
Financial assets			
Other financial assets	6	952	1,118
Tax Assets		991	1,425
Inventories	7	-	546
Other non-current assets	8	7,866	8,209
Total		**9,04,709**	**9,53,335**
Current Assets			
Inventories	9	7,551	4,551
Financial assets	10		
(a) Investments	10A	181	178
(b) Trade receivables	10B	59,401	29,231
(c) Cash and cash equivalents	10C	26,180	25,954
(d) Other bank balances	10D	43	88
(e) Loans	10E	59	-
(f) Other financial assets	10F	23,514	31,007
Current Tax assets		1,075	140
Other current assets	11	11,331	12,255
Total		**1,29,335**	**1,03,404**
Total Assets		**10,34,044**	**10,56,739**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	12	88,831	88,831
Other equity		(2,10,038)	(1,11,362)
Total Equity		**(1,21,207)**	**(22,531)**
Non-current liabilities			
Financial Liabilities			
(a) Borrowings	13	4,06,672	3,96,931
(b) Other financial liabilities	14	12	1,716
Provisions	15	331	281
Deferred tax liabilities(net)	16	1,313	1,303
Total		**4,08,328**	**4,00,231**
Current liabilities			
Financial liabilities			
(a) Borrowings	17	87,135	1,11,667
(b) Trade payables	18	10,546	7,976
(c) Other financial liabilities	19	6,46,875	5,56,794
Provisions	20	247	217
Liabilities for current tax		833	2,067
Other current liabilities	21	1,286	318
Total		**7,46,923**	**6,79,039**
Total Equity and liabilities		**10,34,044**	**10,56,739**
Summary of significant accounting policies	1 & 2		

The accompanying notes form an integral part of the Consolidated financial statements

As per our report of even date.

For MSKA & Associates
Chartered accountants
ICAI Firm registration number:105047W

Ananthakrishnan G
Partner
Membership No.205226

MSKA & ASSOCIATES ★ Hyderabad ★ Chartered Accountants

Place: Hyderabad
Date: 16th May 2019

For and on behalf of the Board of Directors of
GVK Energy Limited

G V Sanjay Reddy
Chairman
DIN: 000005282

A Issac George
Director
DIN: 0005456

T Ravi Prakash
Company Secretary

GVK Energy Limited

Consolidated Statement of Profit and Loss for the year ended March 31, 2019

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

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
Revenue from operations	22	2,26,097	1,53,896
Other income (net)	23	1,157	17,329
Total income		2,27,254	1,71,225
EXPENSES			
Employee benefit expenses	24	3,244	3,084
Cost of materials consumed		1,11,236	63,558
Finance costs	25	1,45,131	1,31,274
Depreciation and amortisation expense	26	48,424	48,251
Other operating expenses	27	19,212	30,830
Total expenses		3,27,247	2,76,998
Loss before share of profit from joint venture and tax		(99,993)	(1,05,772)
Exceptional item (net)		-	-
Loss before share of profit from associate & joint venture and tax		(99,993)	(1,05,772)
Share of loss in joint venture		(575)	(1,305)
		(1,00,568)	(1,07,078)
Tax expense			
Current tax	28	(2,140)	328
Deferred tax	28	253	236
Total tax expense		(1,887)	564
Loss for the year		(98,681)	(1,07,642)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plans		5	90
Total other comprehensive income		5	90
Total comprehensive income for the year		(98,676)	(1,07,551)
Loss for the year attributable to:			
- Owners of the Company		(98,681)	(1,07,642)
- Non controlling interests		-	-
		(98,681)	(1,07,642)
Other comprehensive income for the year attributable to:			
- Owners of the Company		5	90
- Non controlling interests		-	-
		5	90
Total comprehensive income for the year attributable to:			
- Owners of the Company		(98,676)	(1,07,551)
- Non controlling interests		-	-
		(98,676)	(1,07,551)
Earnings per equity share (Equity shares, par value of Rs. 10/- each)			
Basic earnings per share in Rs		(11)	(12)
Diluted earnings per share in Rs		(11)	(12)
Summary of significant accounting policies	1 and 2		

The accompanying notes form an integral part of the Consolidated financial statements

As per our report of even date.

For MSKA & Associates
Chartered accountants
ICAI Firm registration number:105047W

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date: 16th May 2019

MSKA & ASSOCIATES Hyderabad Chartered Accountants

For and on behalf of the Board of Directors of
GVK Energy Limited

G V Sanjay Reddy
Chairman
DIN: 000005282

A Issac George
Director
DIN: 0005456

T Ravi Prakash
Company Secretary

GVK Energy Limited

Consolidated Cash Flow Statement for the period ended May 31, 2019

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

		31-Mar-19	31-Mar-18
Cash flows from operating activities			
Loss before tax		(1,00,563)	(1,06,988)
Adjustments for:			
Share of loss in joint venture		575	1,305
Finance costs		1,45,131	1,31,274
Depreciation and amortisation of non-current assets		48,424	48,251
Liabilities no longer required, written back		(210)	(69)
Reversal of expected credit loss		-	(824)
Financial Guarantee Income		(214)	(214)
Income from current investments		(20)	(44)
Interest income		(630)	(134)
Provision for diminution in value of investment		-	12
Bad Debt Written off		-	7
Assets written off		-	1,603
Operating Profit before working capital changes		**92,493**	**74,180**
Change in operating assets and liabilities:			
(Increase)/decrease in trade and other receivables		(30,170)	(14,449)
(Increase)/decrease in inventories		(2,454)	(500)
Decrease /(increase) in other financial assets and other assets		8,960	13,894
Decrease in trade and other payables		2,780	(1,583)
Increase in provisions		80	13
Increase/(decrease) in financial liabilities		15,531	6,197
(Decrease)/increase in other liabilities		969	(223)
Cash Generated from Operations		**88,189**	**77,529**
Income taxes paid (net)		405	(154)
Net Cash flow from Operating Activities	**A**	**88,594**	**77,375**
Cash flows from investing activities			
Purchase of Investments		17	66
Investment in Joint ventures & Associates		(575)	(1,305)
Advances recovered to related parties (net)		(59)	-
Proceeds from disposal of property, plant and equipment		(1,287)	(5,223)
Amounts invested in deposits		45	117
Net cash used in investing activities	**B**	**(1,859)**	**(6,345)**
Cash flows from financing activities			
Proceeds from borrowings		3,989	94,391
Repayment of borrowings		(18,780)	(26,809)
Interest paid		(72,314)	(1,30,483)
Interest income		595	143
Net cash used in financing activities	**C**	**(86,509)**	**(62,758)**
Net increase in cash and cash equivalents	**A+B+C**	**226**	**8,272**
Cash and cash equivalents at the beginning of the year		25,954	17,682
Cash and cash equivalents at the end of the year		**26,180**	**25,954**
Components of cash and cash equivalents			
Balance with banks:			
- On current accounts		24,888	22,528
- On deposits with original maturity of less than three months		-	-
Cash & Cheques on hand		1,292	3,426
Total cash and cash equivalents (refer note 10C)		**26,180**	**25,954**
Summary of significant accounting policies	1 & 2		

The accompanying notes form an integral part of the Consolidated financial statements

As per our report of even date.

For MSKA & Associates
Chartered accountants
ICAI Firm registration number:105047W

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date: 16th May 2019

MSKA & ASSOCIATES Hyderabad Chartered Accountants

For and on behalf of the Board of Directors of
GVK Energy Limited

G V Sanjay Reddy
Chairman
DIN: 00005282

A Issac george
Director
DIN: 00005456

T Ravi Prakash
Company Secretary

GVK Energy Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(All amounts are in Rupees lakhs unless otherwise stated)

a) Equity share capital

Equity shares of INR 10 each issued, subscribed and fully paid	No.	Rs. In Lakhs
At March 31, 2018	88,83,10,657	88,831
Issued during the year	-	-
At March 31, 2019	88,83,10,657	88,831

Other Equity

	Attributable to equity holders of GVK Energy Limited						
	Reserves and Surplus					Items of OCI	Total
	Retained earnings	Securities premium account	Capital Contribution	Equity contribution of financial instruments (Refer note1)	Capital Reserve	FVTOCI reserve	
As at April 01, 2017	(2,09,389)	1,68,708	-	-	36,888	(17)	(3,810)
Issue of share capital	-	-	-	-	-	-	-
Loss incurred during the year	(1,07,642)	-	-	-	-	-	(1,07,642)
Re-measurement gains/(losses) on employee defined benefit plans		-	-	-	-	90	90
As at March 31, 2018	(3,17,031)	1,68,708	-	-	36,888	73	(1,11,362)
Issue of share capital	-	-	-	-	-	-	-
Loss incurred during the year	(98,681)	-	-	-	-	-	(98,681)
Re-measurement gains/(losses) on employee defined benefit plans	-	-	-	-	-	5	5
As at March 31, 2019	(4,15,712)	1,68,708	-	-	36,888	78	(2,10,038)

Summary of significant accounting policies 1 & 2
The accompanying notes form an integral part of the Consolidated financial statements
As per our report of even date.

For MSKA & Associates
Chartered accountants
ICAI Firm registration number:105047W

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date: 16th May 2019

MSKA & ASSOCIATES * Chartered Accountants * Hyderabad

For and on behalf of the Board of Directors of
GVK Energy Limited

G V Sanjay Reddy
Chairman
DIN: 000005282

A Issac George
Director
DIN: 0005456

T Ravi Prakash
Company Secretary

GVK Energy Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(All amounts are in Rupees lakhs unless otherwise stated)

Note 1: Corporate information

GVK Energy Limited ("Parent Company" or "the Company" or "GVKEL") is primarily engaged in the business of providing operating and maintenance services to owners of power plants. The Parent Company together with its subsidiaries, jointly controlled entity and associate (collectively termed as "the Group") has acquired substantial ownership interest into power generating assets and exploration of coal mines.The registered office of the company is located at 'Paigah House', 156-159 Sardar Patel Road Secunderabad, Telangana, 500 003.

Note 2: Significant accounting policies

a) Basis of preparation

2.1. Basis of accounting and preparation of financial statements

The Consolidated financial statements of the Group have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time.

The consolidated financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value or revalued amount:

- Certain financial instruments are measured either at fair value or amortized cost depending upon classification;
- Long term borrowings, are measured at amortized cost using effective interest rate method;
- Investment in joint venture which is accounted for using equity method.

2.2 Basis of consolidation

i). Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the group has control. The group controls as entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the group. The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March.

The group combines the financial statements of the parent and its subsidiaries line by line adding together like items of assets, liabilities, equity, income and expenses. Intercompany transactions, balances and unrealised losses are also eliminated unless the transaction provides evidence of an impairment of transferred asset. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. The acquisition method of accounting is used to account for business combinations by the group.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

(ii). Associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Investments in associates are accounted for using the equity method of accounting (see (iv) below), after initially being recognised at cost.

(iii) Joint arrangements

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. Interests in joint ventures accounted for using the equity method (see (iv) below), after initially being at cost consolidated sheet.

(iv) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group's share of the post-acquisition profits or losses of the investee in profit and loss, and the group's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment individually.

When the group's share of losses in an equity accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the group and its associates and joint ventures are eliminated to the extent of the group's interest in these entities. Unrealised losses are also eliminated unless transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment.

(v) Changes in ownership interests

The group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests reflect their relative interests in the subsidiary. Any difference between the amount of adjustment to non-controlling interests and any consideration paid or received is recognized within equity.

When the group ceases to consolidate or equity account an investment because of a loss of control, joint control or significant interest, any retained interest in the equity is remeasured to its fair value with change in carrying amount recognised in profit or loss. This fair value becomes the initial carrying amount for the purpose of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect that entity are accounted for as if the group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

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2.3 Summary of significant accounting policies

a. Current versus non-current classification

The Group 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 Group 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 Group has identified twelve months as its operating cycle.

b. Fair value measurement

The Group 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 Group.
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.

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 Group 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.
For the purpose of fair value disclosures, The Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

c. Foreign currencies:

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

Transactions and balances

Transactions in foreign currencies are initially recorded by the Group at its functional currency spot rates at the date the transaction first qualifies for recognition. 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 with the exception of the following:
- Exchange differences arising on monetary items that are designated as part of the hedge of The Group's net investment of a foreign operation. These are recognised in OCI until the net investment is disposed of, at which time, the cumulative amount is reclassified to profit or loss.
- Tax charges and credits attributable to exchange differences on those monetary items are also recorded in OCI.

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).

d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group 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 Group evaluates whether it is acting as a principal or agent in all of its revenue arrangements based on the following criteria:
(a) who has the primary responsibility for providing the goods or services to the customer or for fulfilling the order, for example by being responsible for the acceptability of the products or services ordered or purchased by the customer;
(b) who has inventory risk before or after the customer order, during shipping or on return;
(c) who has latitude in establishing prices, either directly or indirectly, for example by providing additional goods or services; and
(d) who bears the customer's credit risk for the amount receivable from the customer

The Company recognises revenue on gross basis when it is determined that the Company is acting as a principal and on net basis when it is determined that the Company is acting as an agent

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

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Sale of electrical energy

Revenue from sale of energy is recognized on accrual basis in accordance with the provisions of the Power Purchase Agreements ("PPA") with respective Transmission Corporations. Where the subsidiary companies are eligible to receive incentive fees for every percentage point generated in excess of Plant Load Factor as defined in PPA, such incentives are accrued on achievement of specified Plant Load Factor.

Concession arrangements:

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.

Dividend Income

Revenue is recognised when the share holders'/unit holders' right to receive the payment is established, which is generally when shareholders approve the dividend.

Guarantee commission

Revenue is recognised on a straight line basis taking into account the present value of the guarantee amount and the commission rate applicable.

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 country where the Group 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). 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, except:

• When the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

• In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future

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 utilised, except:

• When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss

• In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

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 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 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. Property, plant and equipment

Property, plant and equipment including land are stated at cost, net of credit availed in respect of any taxes, duties less accumulated depreciation and accumulated impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use. Financing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for intended use are also included to the extent they relate to the period upto such assets are ready for their intended use. Expenditure directly relating to construction/erection activity is capitalized. Indirect expenditure incurred during construction/erection period is capitalized as part of the construction/erection cost to the extent such expenditure is related to construction or is incidental thereto.

Subsequent expenditure incurred on existing property, plant and equipment is added to their book value only if such expenditure increases the future benefits from the existing assets beyond their previously assessed standard of performance.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets. Freehold land is not depreciated. The Company based on its technical assessment of usage pattern of assets believes that useful life is different from those prescribed in Schedule II of the Companies Act, 2013

Further depreciation on assets covered under definition of "Generating Station" as defined in "Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2014" is provided under Straight Line Method at the rates and the manner prescribed under the State Regulations if they prescribe rates and the manner of depreciation else on the basis of rates and manner prescribed in Central Regulations.

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An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.
The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.
Spare parts, standby equipment's and service equipment's are recognised in accordance with Ind AS 16 ' Property, Plant and Equipment', when they meet the definition of property, plant and equipment.

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

The company amortizes intangible assets with a finite useful life using the straight-line method over the following periods:

i) Computer software	3 years
ii) Right to use railway line	10 years

h. Concession intangible and financial assets

Some companies in the Group constructs infrastructure (construction services) and operates and maintains that infrastructure (operation services) for a specified period of time.
These arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the company bears the demand risk. The financial asset model is used when the company has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor for the construction services. When the unconditional right to receive cash covers only part of the service, the two models are combined to account separately for each component.

If the company performs more than one service (i.e., construction or upgrade services and operation services) under a single contract or arrangement,

i. 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.

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.
A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as finance lease.

Company as a lessee:

Operating lease

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight line basis unless payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increase.

k. Inventories

Inventories in the form of stores and spare parts held for use in rendering of services are valued at cost . Cost is determined on a weighted average basis. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

l. Impairment of non-financial assets

Each Company in 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 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) fair value less costs of disposal and its value in use. 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. When 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 fair value less costs of disposal, recent market transactions are taken into account.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified.
Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

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An assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceeds its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss.

m. Provisions

Provisions are recognised when the Group 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 Group 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.

n. Retirement and other employee benefits

Defined Contribution plan

Retirement and other employee benefit in the form of provident fund, Employees State Insurance Contribution and Labour Welfare fund are defined contribution scheme and the Group recognizes contribution payable to the fund/ scheme as an expense, 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.

Defined benefit plan

The Company provides for retirement benefit in the form of gratuity. The Company's liability towards this benefit is determined on the basis of actuarial valuation using Projected Unit Credit Method at the date of balance sheet.
Remeasurement, comprising of actuarial gains and losses, (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurement is not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.
The Company recognises the following changes in the net defined benefit obligation as an expense in statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit and this is shown under short term provision in the Balance Sheet. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.
Compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss. The Group presents the leave as a current liability in the balance sheet.

o. Financial instruments :

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement:

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

Subsequent measurement:

For purposes of subsequent measurement, financial assets are classified in four categories:
- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

There are no debt instruments measured at fair value through OCI and fair value through Profit or Loss. There are no equity instruments other than investment in Subsidiaries and Joint Venture Company.

- Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) 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.

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, loans and other financial assets.

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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 when:
• The rights to receive cash flows from the asset have expired or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.
Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

Each Company in the Group assesses impairment based on expected credit losses (ECL) model to the following:
• Financial assets measured at amortised cost;
• Financial assets measured at FVTOCI;

Expected credit losses are measured through a loss allowance at an amount equal to:
• the 12-month expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
• full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

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 Company reverts to recognising impairment loss allowance based on 12-month ECL.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

Financial liabilities

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as 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 including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement:

The measurement of financial liabilities depends on their classification, as described below:
- Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
Gains or losses on liabilities held for trading are recognised in the 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 risks are recognized in OCI. These gains/ loss are not subsequently transferred to profit & loss. 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.

- Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
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.

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 Group 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. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. There are no reclassification of financial assets

p. 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 Group's cash management.

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q. Contingent Assets and 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 Company 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.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

The Group does not recognize a contingent asset but discloses its existence in the financial statements if the inflow of economic benefits is probable.

r. Trade Receivables

Receivables are initially recognized at fair value, which in most cases approximates the nominal value of consideration receivable. If there is a subsequent indication that those assets may be impaired, they are reviewed for impairment and an allowance is recognized.

s. Trade Payables

Trade Payables are recognized for amounts to be paid for goods or services acquired in the ordinary course of the business whether billed by the supplier/service provided or not. Trade payables are classified as current liabilities.

t. Earnings Per Share

Basic earnings per share is calculated by dividing the net profit or loss for the financial year attributable to equity shareholders by the weighted average number of equity shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing the net profit or loss for the financial year attributable to equity shareholders by the weighted average number of equity shares outstanding including equity shares which would have been issued on the conversion of all dilutive potential equity shares unless they are considered anti-dilutive in nature.

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GVK Energy Limited

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

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

3. Property, plant and equipment and capital work -in-progress

Description of Assets	Freehold land	Buildings and roads	Computers	Plant and equipment	Office equipment	Furniture and fixtures	Electrical installations	Vehicles	Tools and equipment	Total
I. Gross Carrying Amount										
At April 1, 2018	26,890	4,46,340	87	5,84,987	294	223	313	338	295	10,59,767
Additions	-	-	7	113	16	6	-	-	-	142
Disposals/Adjustments during the year	-	-	-	-	-	-	-	-	-	-
Foreign currency translation adjustments (2.3 c)	-	800	-	343	-	-	-	-	-	1,143
At March 31, 2019	26,890	4,47,140	94	5,85,443	310	229	313	338	295	10,61,052
II. Accumulated depreciation										
At April 1, 2018	-	40,612	42	78,541	145	87	57	78	-	1,19,562
Depreciation expense for the year	-	14,710	11	33,369	21	26	20	26	-	48,183
Disposals/Adjustments during the year	-	-	-	-	-	-	-	-	-	-
At March 31, 2019	-	55,322	53	1,11,910	166	113	77	104	-	1,67,745
Net Block										
At March 31, 2018	26,890	4,05,728	45	5,06,446	149	136	256	260	295	9,40,205
At March 31, 2019	26,890	3,91,818	41	4,73,533	144	116	236	234	295	8,93,308

Net book value	March 31, 2019	March 31, 2018
Plant, property and Equipment	8,93,308	9,40,205
Capital Work in progress	22	22

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

4: Intangible assets

Description of Assets	Computer software	Right to use railway line	Total
At Cost			
At April 1, 2018	28	2,394	2,422
Additions	-	-	-
Disposals/ Adjustments during the year	-	-	-
At March 31, 2019	**28**	**2,394**	**2,422**
Depreciation			
At April 1, 2018	14	598	612
Amortisation expense for the year	1	239	240
Disposals/ Adjustments during the year	-	-	-
At March 31, 2019	**15**	**837**	**852**
Net Block			
At March 31, 2018	**14**	**1,796**	**1,810**
At March 31, 2019	**13**	**1,557**	**1,570**

Net book value	March 31, 2019	March 31, 2018
Other intangible assets	1,570	1,810

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

5. Investment in an associate and a joint venture	**March 31, 2019**	**March 31, 2018**
Unquoted, in fully paid securities (at cost)		
Investment in Joint venture		
GVK Gautami Power Limited		
418,938,901 (March 31, 2018: 418,938,901) equity shares of Rs.10 each fully paid-up	17,473	16,168
Share Application Money infused during the year	575	1,305
Add: Opening balance of accumulated loss	(17,473)	(16,168)
Add: Share of loss for the year	(575)	(1,305)
A	-	-
Investment in associate company		
Seregraha Mines Limited		
4,776,105 (March 31, 2018: 4,776,105) equity shares of Rs. 10 each fully paid up	**477**	**477**
Less: Provision for diminution in value of investments	(477)	(477)
B	-	-
Total (A+B)	-	-
Aggregate market value of unquoted investments (A+B)	-	-

6. Other Non Current financial assets (Unsecured, considered good unless stated otherwise)

	March 31, 2019	**March 31, 2018**
Other bank balances	191	824
Security deposits	761	294
Total	**952**	**1,118**

7. Inventories(valued at lower of cost and net realisable value)

	March 31, 2019	**March 31, 2018**
Stores, Spares and Consumables	-	546
Total	-	**546**

8.Other non-current assets

	March 31, 2019	**March 31, 2018**
Secured, considered good	-	-
Unsecured, considered good		
Capital advances	6,819	7,108
Advance lease rentals on land	995	1,049
Balance with government authorities	5	5
Others	47	47
	7,866	**8,209**
Unsecured, considered doubtful		
Capital advances	22	22
Less : Provision for capital advances	(22)	(22)
	-	-
Total	**7,866**	**8,209**

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

9: Inventories(valued at lower of cost and net realisable value)

	March 31, 2019	March 31, 2018
Current		
Raw materials	3,381	1,420
Consumables & Stores	4,170	3,131
Total	7,551	4,551

10. Financial assets

10A. Current investments	March 31, 2019	March 31, 2018
Quoted mutual funds at fair value through statement of profit and loss		
Investments in units of Mutual Funds	181	178
Total	181	178
Aggregate market value of quoted investments	181	178

10B. Trade receivables (Unsecured, considered good unless stated otherwise)

Particulars	March 31, 2019	March 31, 2018
Unsecured, considered good *	59,401	29,231
Total	59,401	29,231

* Includes receivables in the books of GVKPGSL amounting to Rs. 15,267 which are under litigation, refer note 44.
** Includes receivables in the books of GVKIL amounting to Rs. 9,184 which are under litigation, refer note 45.

10C. Cash and cash equivalents

Particulars	March 31, 2019	March 31, 2018
Balances with Banks		
in current accounts	24,888	22,528
Cash on hand	0	0
Cheques/ drafts / Stamps on hand	1,292	3,426
Total	26,180	25,954

10D. Other bank balances

Particulars	March 31, 2019	March 31, 2018
Deposits with remaining maturity of less than twelve months	43	88
Margin money deposits	-	34
	43	122
Less: Amount disclosed under other non-current assets	-	(34)
Total	43	88

10E. Loans (Unsecured, considered good unless stated otherwise)

Particulars	March 31, 2019	March 31, 2018
Loans to related parties	59	-
Others	-	-
Total	59	-

10F. Other financial assets (Unsecured, considered good unless stated otherwise)

Particulars	March 31, 2019	March 31, 2018
Unbilled revenue	2,465	10,251
Interest accured on deposits	18	16
Others	21,031	20,740
Total	23,514	31,007

Break up of financial assets carried at amortised cost

Particulars	March 31, 2019	March 31, 2018
Loans	59	-
Trade receivables	59,401	29,231
Cash and cash equivalents	26,180	25,954
Other bank balances	43	88
Other financial assets	24,466	32,126
Total	1,10,149	87,399

Break up of financial assets carried at fair value through statement of profit and loss

Particulars	March 31, 2019	March 31, 2018
Current investments *	181	178
Total financial assets carried at fair value through P&L	181	178

* Fair value determined through quoted prices in active markets (Level- 1 valuation)

11. Other current assets (Unsecured, considered good unless stated otherwise)

Particulars	March 31, 2019	March 31, 2018
Other trade advances	11,022	11,897
Prepaid expenses	309	358
Total	11,331	12,255

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GVK Energy Limited
Notes to the consolidated financial statements for the year ended March 31, 2019
(All amounts are in Indian rupees lakhs except for share data or otherwise stated)

12: Equity share capital

	March 31, 2019	March 31, 2018
a. Authorised share capital:		
1,500,000,000 (March 31, 2018: 1,500,000,000) equity shares of Rs.10 each	1,50,000	1,50,000
1,000,000,000 (March 31, 2018: 1,000,000,000) 0.001% compulsorily convertible preference shares CCPS) of Rs.10 each	1,00,000	1,00,000
b. Issued, subscribed and fully paid up share capital		
Equity share capital		
888,310,657 (March 31, 2018: 888,310,657) equity shares of Rs.10/- each	88,831	88,831
Total	**88,831**	**88,831**

c. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

		31-Mar-19	31-Mar-18	
	No.	Amount	No.	Amount
At the beginning of the year	88,83,10,657	88,831	88,83,10,657	88,831
Issued during the year				
Outstanding at the end of the year	**88,83,10,657**	**88,831**	**88,83,10,657**	**88,831**

d. Terms/rights attached to equity shares

The company has only one class of equity shares having a face value of Rs. 10 per share with one vote per each equity 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 to all preferential creditors. The distribution will be in proportion to the number of equity shares held by the shareholders.

e. Details of shareholders holding more than 5% shares in the Company

	March 31, 2019		March 31, 2018	
	No.	% of holding	No.	% of holding
Equity shares of Rs.10 each fully paid up				
GVK Power & Infrastructure Limited	55,78,69,479	62.80%	55,78,69,479	62.80%
3I India Infrastructure Investment Limited	17,64,70,588	19.87%	17,64,70,588	19.87%
Actis Infrastructure India PCC Limited	7,69,85,295	8.67%	7,69,85,295	8.67%
Indivest Pte Limited	7,69,85,295	8.67%	7,69,85,295	8.67%

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

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

13. Non-current borrowings	Non-current portion		Current maturities	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Secured - at amortised cost				
Term loans				
from banks	2,24,877	2,27,026	4,57,359	3,99,013
from financial institutions	1,65,536	1,39,445	1,781	60,999
from others	-	-	-	-
Foreign Currency Loan from Bank	16,259	16,460	1,573	1,306
Debentures				
45 (March 31, 2018: 45) 14.50% Non convertible debentures of Rs.10,000,000 each	-	-	4,500	4,494
150 (March 31, 2018: nil) 17.10% Non convertible debentures of Rs.10,000,000 each	-	14,000	15,000	1,000
Total	**4,06,672**	**3,96,931**	**4,80,213**	**4,66,812**

Entity wise details of the above non-current borrowings are as follows:

Name of the entities	Non-current portion		Current maturities	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Parent Company	-	-	4,500	6,420
GVKIL	-	-	38,056	38,472
AHPCL	4,06,672	3,96,931	21,315	2,887
GVKPGSL	-	-	4,05,564	4,07,623
GVKCCPL	-	-	10,778	11,410
Total	**4,06,672**	**3,96,931**	**4,80,213**	**4,66,812**

Parent Company

	March 31, 2019	March 31, 2018
Indian rupee loan from banks	-	14
Indian rupee loan from financial institutions (note b)	-	1,913
Debentures (note a)	4,500	4,494
Total	**4,500**	**6,420**

a. Each 14.50% Non-convertible debenture is secured by way of pledge of 40% of equity shares of AHPCL, pledge of 26% fully paid up equity shares of borrower, pledge of 49% of equity shares of GVKPGSL, pledge of 49% of equity shares of GVKCTCPL on pari- passu basis and by the Corporate Guarantee by GVKPIL. The debentures are repayable at a premium of 3.60% per annum in three unequated annual instalments starting from July 31, 2016. Which were further extended on 28th March 2018 to 30th March 2020 and repayable in full.

b. Term loan from financial institutions includes;
Loan of Rs. 13,200, outstanding as on March 31, 2019 Rs.NIL (March 31, 2018 Rs. 1,913) is secured by pledge of 49% of equity shares of GVKPGSL ,pledge of 49% of equity shares of GVKCTCPL , pledge of 40% securities of AHPCL, pledge of 26% fully paid up equity shares of borrower on pari-passu basis respectively and by the Corporate Guarantee of GVKPIL,is repayable in three unequated annual instalments along with interest starting from June 30, 2016 with an option to lender to demand repayment of the entire loan once in every six months from December 30, 2015.

GVKIL

	March 31, 2019	March 31, 2018
Indian rupee loan from banks	38,056	38,472
Foreign currency loan from bank	-	-
Indian Rupee loan from financial institutions	-	-
Total	**38,056**	**38,472**

Term Loans :

a) Indian rupee term loans from other banks are repayable in 43 quarterly instalments commencing in 2008-09.

b) Indian rupee term loans from financial institution (IDFC since then converted as commercial bank) are repayable in 43 quarterly instalments commencing in 2007-08.

c) During the year the Foreign currency loan is converted into Rupee Term Loan. Foreign currency loan is repayable in 14 half yearly instalments from 2008-2009 in foreign currency and 13 quarterly instalments from 2015-16 in Reporting Currency.

The above loans under a,b & c 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 second mortgage and second charge on all the immovable and movable properties (both tangible and intangible), present and future, pertaining to Phase II.

(iii) Pari passu first charge/assignment/security interest on all the revenues/receivables of GVKIL pertaining to Phase II.

(iv) Pari passu first charge/assignment/security interest on GVKIL rights under Phase II Agreements, in respect of all clearances,licences,permits,approvals and consents in respect of the expansion project and letters of credit, guarantee or performance bond that may be provided in favour of GVKIL by any party to any project agreement or contract pertaining to the expansion project.

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Additional Term Loans:

Additional term loans from banks and financial institutions are repayable in 16 quarterly instalments commencing in Financial Year 2015-16.

Secured by first charge by way of mortgage on all immovable and movable both tangibles and intangibles present and future of Phase II and a first charge on all the immovable and movable properties both tangible and intangible of Phase I including receivables and shared facilities, subject to prior mortgage and charge in favour of banks and Financial Institutions. Further collaterally secured by way of first charge / assignment/security on all the revenues/receivables of Phase II.

All the above loans are further secured by:

Pledge of 51% of shares of GVKIL held by the Company.

Interest on rupee term loans and additional term loans is 11.35% except IDFC Bank Ltd which is at 12.09% and Bank of Baroda Rupee term loan out of conversion of Foreign currency Loan is at the rate 1% below BPLR which works out to 12.90% .

AHPCL	Non-current portion		Current maturities	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Rupee Term Loans from:				
Banks				
- Term Loans	2,12,527	2,14,674	2,961	181
- Funded Interest term loan	12,351	12,351	-	-
Financial Institutions				
- Term Loans	1,64,714	1,38,624	1,781	400
- Funded Interest Term Loan	822	822	-	-
Foreign Currency Loan from bank	16,259	16,460	1,573	1,306
150 (March 31, 2018: 150) 17.10% Non convertible debentures of Rs.10,000,000 each	-	14,000	15,000	1,000
Total	4,06,672	3,96,931	21,315	2,887

A. Rupee term loans and Funded Interest Term Loan (FITL) from Banks and financial institutions and foreign currency loan from a bank;

i)Security details:

a) Mortgage of the AHPCL's immovable properties, present and future except Forest Land.

b) 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.

c) 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.

d) Assignment or creation of security interest in :

1.All rights, titles, interest, benefits, claims and demands whatsoever of the AHPCL's 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;

2.All rights, title, interest, benefits, claims and demands whatsoever of the AHPCL in the clearances;

3.All rights, title, interest, benefits, claims and demands whatsoever of the AHPCL in any letter of credit, guarantee, performance bond provided by any party to the project document and

4.All insurance contracts / insurance proceeds.

5.On the Escrow Account and other reserves, and any other bank accounts of the AHPCL wherever maintained.

6.Pledge of 60% of equity shares issued or to be issued by the AHPCL during the currency of the Term Loans

e) The aforesaid mortgages, hypothecation, assignment charges and pledge of shares, shall in all respects, rank pari passu interest along with the working capital lenders, rupee term loans, foreign currency USD loan of 40 million and second rank DSR.

f) The Lenders, at their option, have a right to convert the whole or part of the Loan into equity, at par, in case of default in payment of two consecutive instalments and / or interest without prior intimation.

g) Corporate guarantee of the Company.

ii) Repayment schedule:

a) Rupee Term Loan from:

1.Power Finance Corporation Limited (PFC) is repayable in 96 quarterly equal instalments from 01.01.2017 (96 quarterly equal instalments from 01.01.2017);

2.Rural Electrification Corporation Limited (REC) is repayable in 96quarterly equal instalments from 01.01.2017 (96 quarterly equal instalments from 01.01.2017); and

3.Others are repayable in 45 quarterly structured instalments from 01.10.2015 (47 quarterly structured instalments from 01.05.2015).

b) The Funded Interest Term Loan from:

1.Others are repayable in 96 quarterly structured instalments from 01.01.2017(96 quarterly structured instalments from 01.01.2017).

c) Foreign Currency Loan:

1.Foreign Currency loan is repayable in 60 quarterly structured instalments commencing from January 01, 2012.

iii) Interest Rate

a)Rupee Term loans availed from Banks and Financial Institutions carry Interest rates MCLR plus spread up to 3.85%.

b) The foreign currency loan carries floating rate of interest at 3 month LIBOR + 248 bps (i.e.2.48%)

B. 17.10% Non convertible debentures:

i) Security details:

1. Pledge of 26% securities of the Company;
2. Pledge of 40% securities of AHPCL
3. Pledge of 49% securities of GVKPGSL
4. Pledge of 49% securities of GVKCCPL
5. Corporate guarantee of the GVK Power & Infrastructure Limited;
6. Corporate guarantee of the Company;
7. Subservient charge on project assets and cash flows of the AHPCL;
8. Demand Promissory Note; and
9. Any additional security as may be required and acceptable to the Debenture Trustee.

The pledged securities shall be shared on pari passu basis of financial assistance aggregating up to Rs. 550 Crores (including the Debentures) lend/ advanced and/or to be lend/advanced (whetherby means of subscription of debentures or otherwise) by the ECL Finance Ltd and it's group companies, associates and nominees to GVK Group Companies.

The debtures shall be utilised for operating expenses and other general corporate pupose.

ii) Call Option:

The issuer shall have the right to redeem the debentures in full or part at the end of every quarter commencing from 30th June 2018.

The issuer shall be entitled to exercise its call option on the debentures only after expiry of three (3) months from the date of allotment. Further, the issuer shall be entitled to exercise its call option only on part not all outstanding debentures before the expiry of twelve (12) months from the date of allotment.

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iii) Put Option:

The debenture holders shall have the right to call for redemption of the debentures in multiples of Rs. Ten Crores in full firstly on June 30th, 2018 and every third month thereafter.

The debenture holders shall be entitled to exercise its put option on the debentures only after expiry of three (3) months from the date of allotment. Further, the debenture holders shall be entitled to exercise its put option only on part not all the debentures before the expiry of twelve (12) months from the date of allotment.

iv) Tenure:

The tenure of the debenture issue shall be 24 months from the date of allotment of debentures i.e March 22, 2018.

v) Mandatory Payment:

Rs.250 during every quarter with effect from 30th June 2018. In case of cash payments, the appropriation of the amount would be i) Payment of the accumulated Coupon as per the Applicable Coupon Rate. ii) Balance, if any, shall be used for redemption of the outstanding Debentures on pro rata basis.

vi) Applicable rate of coupon:

17.10% per annum compounded quarterly, payable on redemption on the amount being redeemed either on the redemption date or earlier.

GVKPGSL

	March 31, 2019	March 31, 2018
Rupee Term Loans from:		
Banks	3,16,154	3,18,213
Financial institutions	58,710	58,710
Bonds	30,700	30,700
Total	4,05,564	4,07,623

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

i)Security details:

The security for existing lenders shall rank pari-passu with all term lenders, working capital lenders. However, Deutsche Bank, the priority lender shall have priority charge over all bank accounts, revenues, receivables and cashflows, present and future.

a) First charge on all movable, immovable properties, book debts, operating cash flows, receivables, Commissions, revenues, intangibles, goodwill, uncalled capital, designated bank accounts of GVKPGSL, present and future.

b) First charge by way of assignment or creation of charge on all the rights, title, interest, benefits, claims and demands whatsoever in the project documents.

c) Pledge of 51% of equity shares held by the Company.

(ii) Repayment schedule :

1. Term Loan I, II, III and IV.

Pursuant to implementation of the 5/25 scheme, the loan is repayable in 77 (Seventy seven) structured quarterly instalments, commencing from October 31, 2017 and ending on January 31, 2037.

(iii) Rate of Interest:

Term Loan I @ 12.65% per annum to 13.25% per annum, Term Loan II and III @ 13.15% per annum to 13.25% per annum and Term Loan IV @ 13.25% per annum

Term Loans are further secured by

Irrecoverable and unconditional Corporate Guarantee of GVK Energy Ltd to secure the outstandings.

Conversion

In case of default in repayment of principal / interest or any combination thereof for a period of 30 days or more from due date , the Lenders, at their option, can exercise right to convert the whole or part of the outstanding amount of the loan into fully paid-up equity shares of the Company, at par.

Loans and Bonds from Deutsche Bank

(i) Nature of Security

a) The loan from Deutsche Bank AG, Mumbai Branch and the bonds issued to DB International (Asia) Limited (collectively, the "Priority Lenders") is a Priority Facility. The Priority Lenders have an exclusive charge over the Priority Debt Service Reserve Account, Priority Security and Debenture redemption reserve and also over all Cashflows and other assets of the Company'

b) First charge on all movable, immovable properties, book debts, operating cash flows, receivables, Commissions, revenues, intangibles, goodwill, uncalled capital, designated bank accounts of the Company, present and future.

c) First charge by way of an indenture of mortgage on all the rights, title, interest, benefits, claims and demands whatsoever in the project documents.

d) Pledge of 51% of equity shares held by the Holding Company

e) Irrecoverable and unconditional Corporate Guarantee of GVK Energy Ltd to secure the outstandings.

Conversion

In case of default in repayment of principal / interest or any combination thereof for a period of 30 days or more from due date , the Lenders, at their option, can exercise right to convert the whole or part of the outstanding amount of the loan into fully paid-up equity shares of the Company, at par.

GVKCCPL

	March 31, 2019	March 31, 2018
Rupee Term Loans from:		
Banks	10,778	11,410
Total	10,778	11,410

The Term Loans from banks are secured by way of:

a) First charge on all movable, immovable properties and receivables present and future.

b) Assignment or creation of charge on all the rights, title, interest, benefits, claims and demands whatsoever in the project documents.

c) Pledge of 51% equity shares of GVKCCPL held by the Company.

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14.Other financial liabilities

	March 31, 2019	March 31, 2018
Development costs payable to Government	-	822
Unearned financial guarantee income	12	894
Premium on redemption of debentures	-	-
Total	12	1,716

15.Provisions

	March 31, 2019	March 31, 2018
Provision for gratuity (refer note 30)	331	281
Total	331	281

16.Deferred tax liability

	March 31, 2019	March 31, 2018
Deferred tax liability		
Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of property, plant and equipment	2	3
Fair value gains recognised on non-current investments	1	1
Guarantee commission on related parties	1,551	1,299
	1,554	1,303
Deferred tax asset		
Expected Credit Loss	241	
	241	-
Deferred tax (net)	1,313	1,303

17.Short term borrowings

	March 31, 2019	March 31, 2018
Secured - at amortised cost		
Cash credit from banks repayable on demand	59,101	52,504
Advance against receivables from bank	-	13,994
Rupee loan from banks	-	-
Rupee loan from financial institutions	-	-
Unsecured		
Interest free loans and advances from related parties repayble on demand (refer note 41)	28,034	45,169
Total	87,135	1,11,667

Entity wise details of the borrowings are as follows:

Name of the entities	March 31, 2019	March 31, 2018
Parent Company	27,994	45,130
GVKIL	2	-
AHPCL	8,227	22,107
GVKPGSL	50,872	44,391
GVKCCPL	40	39
Total	87,135	1,11,667

Parent Company

	March 31, 2019	March 31, 2018
Interest free loans and advances from related parties repayable on demand (refer note 41)	27,994	45,130

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GVKIL

	March 31, 2019	March 31, 2018
Cash credit facility from banks (Secured)	2	-

Cash Credit facility from banks are secured by

a) In respect of Phase I, First Charge on receivables and second charge on Fixed assets

b) In respect of Phase II, First Charge on Fixed assets and on current assets pari passu with term lenders

AHPCL

	March 31, 2019	March 31, 2018
Secured		
Cash credit facility from banks repayble on demand	8,227	8,113
Rupee loan from financial institutions	-	-
Advance against receivables from bank	-	13,994
Total	8,227	22,107

Security

i) The repayment under the overdraft account, including principal, interest, fees, costs, charges and expenses and all other amounts payable under this agreement to the bank shall be secured by a first charge on the receivables due from 'Uttar Pradesh Power Corporation Limited' (UPPCL) crystallized as also those that fall due from time to time during the tenure of the overdraft limit, in such manner as may be required by the bank.

ii) AHPCL agrees and confirms that the repayment under the overdraft account shall also be secured by a first charge over all the AHPCL's existing securities including immovable properties comprised in their project and which are presently charged as security for the member banks under their Term finance.

iii) The bank shall have the right to decide, in its sole discretion, the mode of mortgage or creation of any other security/additional security to be created by the AHPCL for securing the Limit and all other amounts as aforesaid and the borrower shall be bound to create such security evidencing the same as may be required by the bank.

Repayment

i) The outstanding under the overdraft account shall be fully liquidated by December 2018 with all interest, charges, fees, etc. All realization of bills from UPPCL shall be applied towards the debit balance in the said overdraft account exclusively. If the realization proceeds of the bills from UPPCL are not sufficient to liquidate the account in full, the borrower shall from its own sources deposit the shortfall amount and close the overdraft account positively by December 31,2018.

ii) Notwithstanding the above, the outstanding under the overdraft account shall be repayable on a demand being made by the bank at anytime during the tenure of the limit.

iii) It is agreed that the AHPCL will ensure realization of bills from UPPCL and confirms that UPPCL will directly credit the payments into the Specific Designated Account opened with Punjab National Bank (PNB)but not into any other account. The borrower shall ensure that all payments received from UPPCL are deposited into the Specific Designated Account.

Rate of Interest

12.35% p.a presently with monthly rests and to be reset on yearly basis.

GVKPGSL

	March 31, 2019	March 31, 2018
Cash credit facility from banks repayble on demand(Secured)	50,872	29,912
Total	50,872	29,912

(i) Term Loans from Banks and Financial Institutions are secured by:

a) First charge on all movable, immovable properties, book debts, operating cash flows, receivables, Commissions, revenues, intangibles, goodwill, uncalled capital, designated bank accounts of GVKPGSL, present and future.

b) First charge by way of assignment or creation of charge on all the rights, title, interest, benefits, claims and demands whatsoever in the project documents.

c) Pledge of 51% of equity shares of GVKPGSL held by the Company.

(ii) Rate of Interest: Applicable rate of interest shall be 12.25% p.a.

(iii)Terms of Repayment : Repayable on demand

GVKCCPL

	March 31, 2019	March 31, 2018
Interest free loans and advances from related parties repayable on demand (refer note 41)	40	39

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18. Trade payables

	March 31, 2019	March 31, 2018
Dues to micro enterprises and small enterprises	-	-
Dues to creditors other than micro enterprises and small enterprises	10,546	7,976
Outstanding dues to related parties	-	-
Total	**10,546**	**7,976**

19. Other financial liabilities

	March 31, 2019	March 31, 2018
Current maturities of Long term borrowings (refer note 13)	4,80,213	4,66,812
Interest accrued and due on borrowings	1,09,833	43,493
Interest accrued but not due on borrowings	11,153	4,416
Retention monies	16,121	16,254
Payables on purchase of Investments	11,111	11,111
Capital creditors	16,856	8,578
Penalty towards shortfall of plant availability	-	5,430
Premium on redemption of debentures	651	486
Unearned financial guarantee income	937	214
Total	6,46,875	5,56,794

20.Short Term provisions

	March 31, 2019	March 31, 2018
Provision for gratuity (Refer Note no.30)	85	65
Provision for Leave Encashment	162	152
Total	**247**	**217**

21.Other current liabilities

	March 31, 2019	March 31, 2018
Statutory liabilities	857	298
Others	429	20
Total	**1,286**	**318**

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Notes to the consolidated financial statements for the year ended March 31, 2019
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22.Revenue from operations

	March 31, 2019	March 31, 2018
Sale of services		
Sale of Electrical energy	2,25,632	1,53,415
Professional fee	465	481
Total	**2,26,097**	**1,53,896**

23.Other Income

	March 31, 2019	March 31, 2018
Interest income on		
Bank deposits	60	111
Other Interest Income	570	23
Financial Guarantee Income	214	214
Liabilities no longer required, written back	210	69
Reversal of expected credit loss	-	824
Income from current investments	20	82
Profit on sale of assets	-	-
Miscelleneous income (net)	84	62
Insurance claim received towards advance loss of profit	-	15,944
Total	**1,157**	**17,329**

24.Employee benefit expenses

	March 31, 2019	March 31, 2018
Salaries and wages, including bonus	2,841	2,693
Contribution to provident and other funds	232	209
Gratuity Expense (refer note 30)	96	93
Staff welfare expenses	75	89
Total	**3,244**	**3,084**

25.Finance costs

	March 31, 2019	March 31, 2018
Interest on borrowings	1,43,553	1,28,650
Guarantee commission	40	111
Other Borrowing Costs	1,538	2,514
Total	**1,45,131**	**1,31,274**

26.Depreciation and amortization expense

	March 31, 2019	March 31, 2018
Depreciation of property, plant and equipment	48,184	48,008
Amortisation of intangible assets	240	243
Total	**48,424**	**48,251**

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27.Other expenses

	March 31, 2019	March 31, 2018
Operating and maintenance expenses	2,746	5,762
Rent	72	73
Rates and taxes	133	330
Insurance	1,107	1,458
Repairs and maintenance	-	
- Buildings	306	506
- Machinery	226	83
- Others	365	69
Vehicle hire charges	6	18
Electricity and water	2,199	512
Travelling and conveyance	318	271
Communication	56	63
Legal & professional charges	2,813	2,114
Auditors' remuneration	-	
- For statutory audit	39	23
- For reimbursement of expenses	-	2
Directors sitting fees	7	6
Consumption of stores and spares	187	242
Sub-contracting charges	44	19
Provision for diminution in value of investment	-	12
Bad debts written off	0	7
Security charges	159	363
Assets written off	-	1,603
Miscellaneous expenses	6,691	527
Penalty towards shortfall of plant availability	1,737	16,767
Total	**19,212**	**30,830**

28. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2019 and for the year ended March 31, 2018 are as follows:

Profit or loss section

Particulars	March 31, 2019	March 31, 2018
Current tax	(2,140)	328
Deferred tax	253	236
Total income tax expense recognised in statement of Profit & Loss	**(1,887)**	**564**

(b) Reconciliation of effective tax rate:

Particulars	March 31, 2019	March 31, 2018
Loss before tax (A)	(1,00,568)	(1,07,078)
Enacted tax rates in India (B)	26.000%	34.608%
Computed expected tax expenses (C = A*B)	(26,148)	(37,057)
Deferred tax asset not recognised on share of loss from Joint Venture	149	452
Effect of non-deductible expenses -finance cost	6,320	1,686
Effect of items taxed at a lower rate/exempted income	-	(472)
Deferred tax asset not recognised on losses	25,475	35,956
Others	(7,683)	-
Total	**(1,887)**	**564**

29. Earnings per share

Basic EPS amounts are calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares, if any.

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

	March 31, 2019	March 31, 2018
Loss after taxation considered for calculation of basic and diluted earnings per share	(98,681)	(1,07,642)
Weighted average number of equity shares considered for calculation of basic and diluted EPS	88,83,10,657	88,83,10,657
Earnings per share		
- Basic and diluted	(11)	(12)

GVK Energy Limited

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

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

Note 30: Employee benefits

(a) Defined Contribution Plans

a. Provident Fund/ Employees' Pension Fund

b. Employees' State Insurance

The Company has recognised following amounts as Expense in the Statement of Profit and Loss :

	31-Mar-19	31-Mar-18
Included in Contribution to provident and other funds		
Contribution to provident and other funds recognized in statement of profit and loss	232	209

(b) Defined Benefit Plans

a. Gratuity : (Employee Benefits Expenses)

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.

b. Compensated Absences : (Included as part of Salaries and Wages in refer note 24 - Employee benefit expenses)

Compensated benefits is payable to all the eligible employees of the Company on any type of separation from the Company on the leave balance as per the Company Rules subject to a maximum of 120 days.

Particulars	Gratuity	
	31-Mar-19	31-Mar-18
I Change in present value of defined benefit obligation during the year		
Present Value of defined benefit obligation at the beginning of the year	449	450
Interest cost	35	32
Current service cost	73	67
Past service cost - plan amendments	-	4
Acquisions (credit)/cost	-	4
Benefits paid directly by employer	(34)	(18)
Actuarial changes arising from changes in financial assumptions	5	(17)
Actuarial changes arising from changes in experience adjustments	(10)	(73)
Present Value of defined benefit obligation at the end of the year	518	449

II Change in fair value of plan assets during the year	31-Mar-19	31-Mar-18
Opening fair value of plan assets	103	135
Expected return	-	-
Return on plan assets, excluding amounts included in interest expense/(income)	(0)	1
Contributions by employer	-	-
Interest income on plan assets	8	10
Acquisions credit/(cost)	-	(43)
Benefits paid	(13)	(0)
Actuarial gains / (losses)	-	-
Closing fair value of plan assets	98	103

III Net liability recognised in the balance sheet	31-Mar-19	31-Mar-18
Present Value of defined benefit obligation at the end of the year	518	449
Fair value of Plan Assets	98	103
Amount recognised in the balance sheet	420	346
Net liability/ (asset)- Current	85	65
Net liability/ (asset)- Non-current	331	281

IV Expenses recognised in the statement of profit and loss for the year	31-Mar-19	31-Mar-18
Current service cost	73	67
Past service cost - plan amendments	-	4
Expected return on plan assets	0	(1)
Interest cost on benefit obligation (net)	26	22
Total expenses included in employee benefits expense	99	93

V Recognised in other comprehensive income for the year	31-Mar-19	31-Mar-18
Actuarial changes arising from changes in financial assumptions	12	(17)
Actuarial changes arising from changes in experience adjustments	(17)	(73)
Recognised in other comprehensive income	(5)	(90)

VI Maturity profile of defined benefit obligation	31-Mar-19	31-Mar-18

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

1. Within the next 12 months (next annual reporting period)	32	30
2. Between 2 and 3 years	97	82
3. Between 4 and 5 years	117	101
4. Beyond 5 years	487	393

The weighted average duration to the payment of these cash flows is 10 years (March 31, 2018: 10 years).

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

VII Quantitative sensitivity analysis for significant assumption is as below:

	31-Mar-19	31-Mar-18
(a) Effect of 1% change in assumed discount rate		
- 1% increase	(43.76)	(38.88)
- 1% decrease	51.07	45.47
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	50.87	45.33
- 1% decrease	(44.37)	(39.46)
(c) Effect of 1% change in assumed employee attrition rate		
- 1% increase	0.95	0.91
- 1% decrease	(1.20)	(1.18)

VIII Actuarial assumptions

1. Discount rate	7.2% to 7.6%	7.2% to 7.6%
2. Salary escalation	7%	7%
3. Mortality rate during employment	Indian Assured lives Mortality (2006-08) Ult table	Indian Assured lives Mortality (2006-08) Ult table

Notes :

(i) The actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out at March 31, 2019. The present value of the defined benefit obligation and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

(ii) Discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

(iii) The salary escalation rate is arrived after taking into consideration the seniority, the promotion and other relevant factors, such as, demand and supply in employment market.

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31. Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated 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. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances existing when the financial statements were prepared. The estimates and underlying assumptions are reviewed on an ongoing basis. Revision to accounting estimates is recognised in the year in which the estimates are revised and in any future year affected.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, estimates and assumptions which have significant effect on the amounts recognised in the financial statements:

i) Provisions and Contingency

The contingencies and commitments are discussed in more details in note 35 and 36. It is not practical to state the timing of the judgement and final outcome. The management assessess the probable unfavourable outcomes and creates provisions where necessary and where these are assessed as not probable, they are disclosed as contingent liability.

ii) Taxes

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

iii) Defined benefit plans (gratuity benefits)

The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Further details about gratuity obligations are given in Note 30.

iv) Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow (DCF)model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

v) Impairment of financial assets

The impairment provision for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

vi) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities disclosed in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using appropriate valuation techniques. The inputs for these valuations are taken from observable sources where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of various inputs including liquidity risk, credit risk, volatility etc. Changes in assumptions/judgements about these factors could affect the reported fair value of financial instruments. The Group has considered Weighted Average Cost of Capital (WACC) rate of respective periods in which transaction had occurred for measuring deposit, being financial liabilities , at amortised cost.

vii) Allowance for uncollectible trade receivables

Trade receivables do not carry interest and are stated at their nominal values as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the aging of the receivable balances and historical experiences. Individual trade receivables are written off when management deems them not be collectible.

viii) Lease commitments - the Company as lessee

The Group has entered into lease for office premises. The Group has determined, based on an evaluation of the terms and condition of the arrangements, such as the lease term not constituting a major part of the economic life of the office premises and the fair value of the asset, that it does not retain significant risk and rewards of the office premise and accounts for the contracts as operating lease.

ix) Useful life of property, plant and equipment'sand intangible assets

Determination of the estimated useful life of property, plant and equipment and intagiable assets and the assessment as to which component of cost may be capitalised. Useful life of these assets is based on the life prescribed in Schedule II to the companies act, 2013 or based on technical estimates, taking into account the nature of asset, estimated usage, expected residual value and operating condition of the asset.

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

32. Group Information

Information about subsidiaries

The consolidated financial statements of the Group includes subsidiaries, associate and jointly controlled entity (JCE) listed in the table below:

Name	Nature of interest	Country of incorporation	% equity interest	
			March 31, 2019	March 31, 2018
GVK Industries Limited (GVKIL)	Subsidiary	India	100%	100%
GVK Power (Goindwal Sahib) Limited (GVKPGSL)	Subsidiary	India	100%	100%
Alaknanda Hydro Power Company Limited (AHPCL)	Subsidiary	India	100%	100%
GVK Coal (Tokisud) Company Private Limited (GVKCCPL)	Subsidiary	India	100%	100%
GVK Power (Khadur Sahib) Private Limited (GVKPKSPL)	Subsidiary	India	100%	100%
GVK Gautami Power Limited (GVKGPL)	JCE	India	63.60%	63.60%
Seregarha Mines Limited (SML)	Associate	India	44.45%	44.45%

33. Interests in Joint venture

GVKGPL

The Holding Company, has a 63.60% interest in GVKGPL, a joint venture with the object to engage in the business of construction of power plants and generation of power. The Group's interest in GVKGPL is accounted for using the equity method in the consolidated financial statements.

	March 31, 2019	March 31, 2018
Non Current assets	1,07,984	1,18,583
Current Assets including cash and cash equivalents Rs 31.21 (March 31, 2018: Rs 18) and prepayments Rs 11 (March 31, 2018: Rs 30)	4,263	3,704
Non current Liabilities including deffered tax liabilities Rs 69 (March 31, 2018: Rs 74)	(37,285)	(37,183)
Current Liabilities	(1,58,066)	(1,36,832)
Share application money pending allotment*	-	-
Equity	**(83,104)**	**(51,728)**
Proportion of the Group's ownership	63.60%	63.60%
Group's ownership in equity	(52,854)	(32,899)

Summarised statement of profit and loss of the GVKGPL

	March 31, 2019	March 31, 2018
Revenue	-	-
Other Income	445	19
Cost of material consumed	-	-
Employee benefit expense	(188)	(247)
Depreciation and amortisation	(9,590)	(9,530)
Finance cost	(19,010)	(15,208)
Other expense	(1,737)	(929)
loss before tax	(30,080)	(25,895)
Tax expenses	(8)	(6)
Loss for the year	(30,072)	(25,889)
Other Comprehensive Income	(0)	(1)
Total comprehensive loss for the year	**(30,072)**	**(25,889)**
Proportion of the Group's ownership	**63.60%**	**63.60%**
Group's share of loss for the year*	(19,126)	(16,466)

* The Holding Company has not incurred any legal or constructive obligation or made payments on behalf of joint venture. Therefore, investment value in joint venture has been reduced to zero as at March 31, 2019 without recognising additional losses.

Refer note 36 and 37 for the details of contingent liabilities and capital commitments relating to its interest in GVKGPL. GVKGPL cannot distribute its profits until it obtains the consent from the other venture partners.

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34. Interests in Associates
SML

	March 31, 2019	March 31, 2018
Non Current assets	1,153	1,152
Current assets being cash and cash equivalents	11	12
Non current Liabilities including deffered tax liabilities Rs xx (March 31, 2017: Rs 80)	-	-
Current Liabilities	0	0
Equity	**1,164**	**1,164**
Proportion of the Group's ownership	44.45%	44.45%
Group's ownership in equity	517	517

Group's ownership in equity is different than carrying value of investment in associate due to provision for diminution in value of investments.

Summarised statement of profit and loss of SML

	March 31, 2019	March 31, 2018
Revenue	-	-
Loss for the year	-	-
Other comprehensive income for the year	-	-
Total Comprehensive income for the year	-	-
Dividends received from the associate during the year	-	-

35.Segment information
The group is engaged in the business of power generation and the same consitutes a single reportable business segment as per Ind AS 108. As at March 31, 2019 and March 2018 the Group derives entire revenues from 2 customers and 3 customers respectively.

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36.Contingent liability and other litigations
I. Contingent liability
A) Parent Company

a. The Company had issued corporate guarantees as collateral security in favour of the lenders for the below entity in connection with loan facilities:

Name of the entity	Closing balance of loan	
	March 31, 2019	March 31, 2018
GVK Gautami Power Limited	1,06,960	1,06,414

Further the Company has pledged its investment in 268,764,369 equity shares (March 31, 2018: 268,764,369) in GVK Gautami Power Limited in respect of the above amounts borrowed.

Management is of the opinion that the aforesaid Company 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/guarantee provided.

b. The Company has provided security by way of pledge of its investments in respect of amounts borrowed by the following group companies:

	Company whose shares pledged	Number of shares pledged	
		March 31, 2019	March 31, 2018
GVK Power & Infrastructure Limited	GVK Industries Limited	2,44,80,000	2,44,80,000
GVK Airport Developers Limited	GVK Industries Limited	6,36,48,000	6,36,48,000

Management is of the opinion that the aforesaid Company 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/guarantee provided.

C.The Company has pending litigations with service tax authorities amounting to Rs.350(March 31, 2018 Rs.454) and company has got a show cause notice pending in call book of service tax authorities of Rs 384.

B) Subsidiary companies
i) GVKIL

	March 31, 2019	March 31, 2018
On account of Guarantees issued by banks	-	128
Service tax demand on operator of the power plant*	454	-
Income tax demands pending in appeals*	7,407	7,407
Claims not acknowledged as debts	407	1,865
Refund of duty drawback under deemed export scheme*	-	1,498
Towards difference in Import of energy charges*	277	142

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

(i) APTRANSCO 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 APTRANSCO and is confident that the matter will be decided in its favour

(ii) 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. 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 such acceptance by BPCL, no provision is made in the books for the requested reduction of 40,000 MT. The contract with BPCL expired on January 29, 2012. Liability on account of this as at March 31, 2019 is Rs.NIL (March 31, 2018: Rs. 118).

(iii) AP State Load Dispatch 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 GVKPIL, operator of the power plant of the subsidiary company. APSLDC has claimed an amount of Rs. 1,320 (March 31, 2018: Rs.1,320) for the aforesaid non- compliance. 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.

(iv) The subsidiary company approached AP Transco for new connection while constructing its new power plant upon which AP Transco raised demand of Rs. 407 (March 31,2018: Rs. 407) 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 was disposed directing GVKIL to approach Consumer Grievance Redressal Cell as dispute is not in connection with power purchase agreement. GVKIL has filed a writ petition before the High Court of Andhra Pradesh contesting that 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) AHPCL

	March 31, 2019	March 31, 2018
Disputed income tax demands (Rs. 63 paid under protest)*	185	185
Claims not acknowledged as debts*	9,834	11,058

* 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)GVKPGSL

	March 31, 2019	March 31, 2018
On account of Guarantees issued by banks	-	1,440
Claims against the Company not acknowledged as debts*	4,318	4,867
On account of Interest to banks	906	-

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

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There are claims and counter claims between GVK Power (Goindwal Sahib) Limited ("GVKPGSL") and Bharat Heavy Electricals Limited ("BHEL") and also between ("GVKPGSL") and Punj Lloyd Limited ("PLL").

GVKPGSL engaged BHEL for execution of BTG works along with associated Auxiliaries, control & instrumentation works and Electrical package in respect of Goindwal Sahib project ("Works"). In execution of Works certain disputes arisen between parties. Whilst the discussions for settlement of disputes are going on, GVKPGSL sought BHEL to renew the BGs, worth approximately INR 11000. BHEL filed the captioned petition u/s 9 of the Arbitration and Conciliation Act,1996 before Commercial Court, Hyderabad and obtained stay against GVKPGSL from invoking the BGs. BHEL has extended the bank guarantees till 28th July 2018. Subsequently, BHEL has initiated arbitration proceedings. A three members arbitration tribunal was constituted. The hearings are in progress with Arbitration.

GVKPGSL engaged Punj Lioyd Limited (PLL) for execution of Balance of Plant works in respect of Goindwal Sahib project ("Works"). In execution of Works certain disputes arisen between parties. GPGSL issued a notice dt.24.12.2014 to PLL levying liquidated damages and other claims for (a) defaults committed by PLL under the agreement for supply (steel & cement), agreement for supply (ex-works) and an agreement for services, dt.14.09.2009; and (b) for delays caused by it in completion of the project on time. GVKPGSL has encashed gaurantees amounting to Rs.14460 in respect of the above works for non performance of contractual obligation by PLL.These proceeds were deposited with TRA-IDBI Bank being the lenders agent has kept the said fund in a suspense account as per the consortium lenders decision.PLL and GPGSL had nominated their choices of arbitrators. But, the presiding arbitrator could not be appointed due to non-cooperation of PLL. Subsequently, PLL had filed three Applications u/s. 11(5) & (6) of the Arbitration & Conciliation Act, 1996 bearing Nos. 146/17, 147/17 & 148/17 seeking the Court to appoint a Presiding Arbitrator so as to complete the constitution of a three (03) members Arbitral Tribunal to adjudicate the claims and disputes between GPGSL and PLL arising out of the above referred agreements. Matters are yet to be listed for hearing. Management based on its internal assessment and/or legal advice is confident that the matter will be decided in the subsidiary company's favour.

B) Joint Controlled Entity

i) GVKGPL

	March 31, 2019	March 31, 2018
Service Tax demand on operator of the power plant*	428	428
Claims not acknowledged as debts- electricity duty*	251	2,210
Claims against the company not acknowledged as debts*	149	279
Disputed income tax demands*	-	1,805
Disputed Entry Tax	30	-

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

37.Capital Commitments.

Parent Company

During the year ended March 31, 2011, the Company, GVK Power and Infrastructure Limited (GVKPIL) and certain private equity investors ('investors') entered into an investment agreement pursuant to which GVKPIL has undertaken to conduct an initial public offering of the Company's equity shares ('Qualified IPO' or 'QIPO') within 72 months from the date of investment agreement (preferred listing period). If the Company does not make a QIPO during the preferred listing period and no offer for sale or demerger 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 GVKPIL and the Company at the higher of i) 20% IRR from the date of investment to the date of receipt of proceeds from the investor ("Put IRR") and ii) the fair market value of the investor's shares. Provided the Put IRR shall be reduced to 15% IRR, if at least 3 private sector initial public offerings with an issue size of Rs.100,000 or more each have not taken place in India between the 36th month to the 60th month from date of investment agreement.

Such put right shall be given effect to, at the option of GVKPIL, either by way of (i)buyback of the investor's shares by the Company and/or GVKPILat the price which provides put IRR or FMV to the investor;or (ii) GVKPIL shall swap the investor' shares for freely tradeable equity shares of GVKPIL of a value which provides put IRR of FMV to the investor.

GVKPIL has waived off its right under the aforesaid investment agreement to enforce the liability on the Company to purchase the shares of the investors, accordingly the Company has not recorded the amounts invested by PE Investors as financial liability.

B) Subsidiary companies

AHPCL has estimated amounts of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs 375 (March 31,2018: Rs 375).

C) Joint Ventures(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 Nil (March 31,2018: Rs 3).

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38. Fair Values

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.

The fair values of the group's interest-bearing borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at March 31, 2018 was assessed to be insignificant.

Financial instruments by category

Set out below, is a comparison by class of the carrying amounts and fair value of the group's financial instruments.

	Carrying Values		Fair Values	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets				
At fair value through profit and loss				
Current investments	181	178	181	178
	181	**178**	**181**	**178**
At amortised cost				
Loans	59	-	59	-
Trade receivables	59,401	29,231	59,401	29,231
Cash and cash equivalents	26,180	25,954	26,180	25,954
Other bank balances	43	88	43	88
Other financial assets	24,466	32,125	24,466	32,125
	1,10,149	**87,398**	**1,10,149**	**87,398**
Financial liabilities				
At amortised cost				
Borrowings (including current maturities)	9,74,020	9,75,410	9,74,020	9,75,410
Trade payables	10,546	7,976	10,546	7,976
Other financial liabilities	1,66,673	91,698	1,66,673	91,698
	11,51,240	**10,75,084**	**11,51,240**	**10,75,083**

Fair value hierarchy

The following table provides the fair value measurement hierarchy of the group's assets and liabilities measured at fair value after initial recognition.

	Fair value measurement using				
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Fair value of financial assets disclosed					
Current investments*	31-Mar-19	181	181	-	-
Current investments*	31-Mar-18	178	178	-	-

* The Group has used quoted market price for determining fair value of current investments

There are no financial instruments which require recurring fair value measurements and which are classified as Level 2 and Level 3 of the fair value hierarchy.

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39. Financial risk management objectives and policies

The Group is exposed to market risk (interest rate and fluctuations in foreign currency exchange rates) and liquidity risk which may adversely impact the fair value of its financial instruments. The Group assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Group.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: currency risk, interest rate risk and price risk. Financial instruments affected by market risk include loans and borrowings.

The sensitivity analyses in the following sections relate to the position as at March 31, 2019 and March 31, 2018.

The analysis exclude the impact of movements in market variables on the carrying values of gratuity and other post- retirement obligations; provisions; and the non-financial assets and liabilities.

The following assumptions have been made in calculating the sensitivity analyses:

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long-term debt obligations with floating interest rates. As the Group has significant debt obligations with floating interest rates, exposure to the risk of changes in market interest rates are substantially dependent of changes in market interest rates. Management monitors the movement in interest rate and, wherever possible, reacts to material movements in such rates by restructuring its financing arrangement.

As the Group has no significant interest bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. With all other variables held constant, the Group's profit before tax is affected through the impact on floating rate borrowings, as follows:

Particulars	Increase/(decrease) in profit before tax	
	March 31, 2019	March 31, 2018
Change in interest rate		
-increase by 50 basis points	4,654	4,392
-decrease by 50 basis points	(4,654)	(4,392)

The assumed increase/decrease in interest rate for sensitivity analysis is based on the currently observable market environment.

Foreign Currency exchange rate risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the financial liability .The risks primarily relate to fluctuations in US Dollar against the functional currencies of the Group. The Group's exposure to foreign currency changes for all other currencies is not material. The Group evaluates the impact of foreign exchange rate fluctuations by assessing its exposure to exchange rate risks. The Group has not entered into derivative instruments during the year.

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Group's profit before tax is due to changes in the fair value of monetary assets and liabilities.

	Increase/(decrease) in profit before tax	
	March 31, 2019	March 31, 2018
Change in USD		
-5% increase	907	888
-5% decrease	(907)	(888)

The movement in the pre-tax effect is a result of a change in the fair value of monetary assets and liabilities denominated in US dollars, where the functional currency of the entity is a currency other than US dollars.

Price Risk

Price risk is the risk of fluctuations in the value of assets and liabilities as a result of change in market prices of Investments. The Group has no exposure to the equity securities price risk and is not exposed to commodity price risk.

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Liquidity Risk

Liquidity risk is the risk that the Group will have difficulty in raising the financial resources required to fulfil its commitments. Liquidity risk is held at low levels through effective cash flow management and availability of adequate cash. Cash flow forecasting is performed internally by rolling forecasts of the Group's liquidity requirements to ensure that it has sufficient cash to meet operational needs, to fund scheduled investments and debt and to comply with loan covanents.

The Group primarily uses short-term bank facilities in the nature of bank overdraft facility, cash credit facility and short term borrowings to fund its ongoing working capital requirements and growth needs.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

Particulars	Within 12 months	After 12 months	Total
Year ended March 31, 2019			
Borrowings	5,67,348	4,06,672	9,74,020
Other financial liabilities	2,75,557	-	2,75,557
Trade payables	10,546	-	10,546
Financial guarantee contracts*	-	-	-
	8,53,452	**4,06,672**	**12,60,124**
Year ended March 31, 2018			
Borrowings	5,78,479	3,96,931	9,75,410
Other financial liabilities	89,982	1,716	91,698
Trade payables	7,976	-	7,976
Financial guarantee contracts*	1,06,414	-	1,06,414
	7,82,851	**3,98,647**	**11,81,498**

* Based on maximum amount that can be called for under the financial guarantee contract.

40. Capital Management

For the purpose of the Group's capital management, capital includes issued equity capital, all other equity reserves attributable to the equity holders .The primary objective of the Group's capital management is to maximise the shareholder value.

The Group manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Group monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group includes within net debt, borrowings including interest accrued on borrowings, trade and other payables, less cash and cash equivalent.

	March 31, 2019	March 31, 2018
Borrowings including interest accrued on borrowings and Premium on redemption of debentures (refer note 13,17 and 19)	10,95,657	10,23,805
Trade payables (refer note 18)	10,546	7,976
Other payables (refer note 14 and 19)	46,323	43,621
Less: Cash and cash equivalents (refer note 10C)	(26,180)	(25,954)
Net debt	11,26,346	10,49,448
Equity	88,831	88,831
Other Equity	(2,10,038)	(1,11,362)
Total Equity	(1,21,207)	(22,531)
Gearing ratio (Net Debt/ Total Equity)	(9)	(47)

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit certain banks to immediately call loans and borrowings.

The Group has delayed repayment of dues to banks, debentures and financial institutions during the year. The following are the summary of delays company wise:

GVKIL

Particulars	Amount	Delay in days
Repayment of interest to banks & financial institutions	968	0-30
Repayment of interest to banks & financial institutions	1,533	31-90
Repayment of interest to banks & financial institutions	1,540	91-180
Repayment of interest to banks & financial institutions	2,877	181-365
Repayment of interest to banks & financial institutions	9,843	365 and above
Repayments of principal to banks & financial institutions	-	0-30
Repayments of principal to banks & financial institutions	2,783	31-90
Repayments of principal to banks & financial institutions	-	91-180
Repayments of principal to banks & financial institutions	9,635	181-365
Repayments of principal to banks & financial institutions	21,550	365 and above
Amount of interest unpaid as at year end		

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GVKPGSL

Particulars	Amount	Delay in days
Repayment of interest to banks and financial institutions	5,888	0-30
Repayment of interest to banks and financial institutions	5,136	31-60
Repayment of interest to banks and financial institutions	5,857	61-90
Repayment of interest to banks and financial institutions	5,442	91-120
Repayment of interest to banks and financial institutions	5,327	121-150
Repayment of interest to banks and financial institutions	5,452	151-180
Repayment of interest to banks and financial institutions	52,194	> 180
Amount of interest unpaid as at year end	85,219	
Repayment of principal to banks and financial institutions	910	0-180
Repayment of principal to banks and financial institutions	23,760	> 180
Amount of term loans unpaid as at year end	24,670	

AHPCL

Particulars	Amount	Delay in days
Repayment of interest to banks and financial institutions	400	0-30
Repayment of interest to banks and financial institutions		31-60
Repayment of interest to banks and financial institutions		61-90
Repayment of principal to banks and financial institutions	25	0-30
Repayment of principal to banks and financial institutions		31-60
Repayment of principal to banks and financial institutions		61-90

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41. Related parties where control exists

(a) Related parties where control exists

1 GVK Power & Infrastructure Limited (GVKPIL)

(b) Key Managerial Personnel

1 Dr. G V K Krishna Reddy, Chairman and Director

2 Mr. G V Sanjay Reddy, Director

3 Mr. Krishna Ram Bhupal, Director

4 Mrs. Sudha Vasanth, Director

5 Mr. K Balarama Reddi, Director

6 Mr. Ch. G. Krishna Murthy, Director

(c) Fellow subsidiary

1 GVK Airport Developers Limited (GVK ADL)

2 GVK Jaipur Expressway Private Limited (GVKJEPL)

3 GVK Developmental Projects Private Limited (GVKDPPL)

4 GVK Transportation Private Limited (GVKTPL)

(d) Enterprises over which Key Managerial Personnel exercise significant influence

1 TAJ GVK Hotels & Resorts Limited

2 Orbit Travel and Tours Private Limited

3 GVK Technical & Consultancy Services Private Limited (GVKTCSL)

4 GVK Projects and Technical Services Limited (GVKPTSL)

(e) Jointly Controlled Entity

1 GVK Gautami Power Limited (GVKGPL)

(f) Associates

1 Seregarha Mines Limited(SML)

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Related Party Transactions

Particulars	GVK Power & Infrastructure Limited	GVK Gautami Power Limited	GVK Jaipur Expressway Private Limited	GVK Projects and Technical Services Limited	GVK Developmental Projects Private Limited	GVK Technical & Consultancy Services Private Limited	Seregarha Mines Limited	Banglore Airport & Infrastructure Developers Private Limited	TAJ GVK Hotels & Resorts Limited	Orbit Travel and Tours Private Limited
Services received	44 (173)	- -	- -	- -	- -	1,592 (1,610)	- -	- -	13 (6)	60 (39)
Services provided	- (9)	- -	- -	- -	- -	- -	- -	- -	- -	- -
Interest income	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Rent	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Provision for doubtful advances	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Share application money given	- -	- (1,305)	- -	- -	- -	- -	- (12)	- -	- -	- -
Investment in equity	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Loans/Advance taken	600 (2,096)	- -	- -	7,119 -	17,218 (28,420)	45 -	- -	- -	- -	- -
Loans/Advance repaid	4,944 (61)	- -	- -	9,522 (776)	27,682 (161)	- -	- -	- -	- -	- -
Loans/Advance given	- -	1,880 (1,390)	- -	- -	- -	- -	- -	- -	- -	- -
Loans/Advance recovered	- -	- (1,390)	- -	- -	- -	- -	- -	- -	- -	- -
Remuneration paid	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Remuneration recovered	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Interest expenses	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Common expenditure	- (1)	- -	- (1)	- -	- -	- -	- -	- -	- -	- -
Interest Income	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Sitting fees	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Income from Financial Guarantee	- -	- -	- -	- -	- -	- -	- -	- -	- -	- -
Balance outstanding										
Receivable/(Payable)										
March 31, 2019	(288)	-	-	1,948	(25,996)	(468)	-	-	1	(4)
March 31, 2018	(4,446)	1,305	-	(4,351)	(36,460)	(469)	-	-	(6)	(13)

Note: 1. Previous year figures are in parenthesis except for receivable/(payable) at year end.
2. Refer note 36 for details of shares pledged by the Company for securing loan of holding company and fellow subsidiary.

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Related Party Transactions

Particulars	Mr. Issac George	Mr. Krishna Ram Bhupal	Dr.G V Krishna Reddy	Mr. G.V. Sanjay Reddy	Mr.CH G Krishna murthy	Mrs. Sudha vasanth	Mr.K Balarama reddi
Services received	-	-	-	-	-	-	-
Services provided	-	-	-	-	-	-	-
Interest income	-	-	-	-	-	-	-
Rent	-	-	-	-	-	-	-
Provision for doubtful advances	-	-	-	-	-	-	-
Share application money given	-	-	-	-	-	-	-
Investment in equity	-	-	-	-	-	-	-
Loans/ Advance taken	-	-	-	-	-	-	-
Loans/ Advance repaid	-	-	-	-	-	-	-
Loans/ Advance given	-	-	-	-	-	-	-
Loans/ Advance recovered	-	-	-	-	-	-	-
Remuneration paid	-	-	-	-	-	-	-
Remuneration recovered	-	-	-	-	-	-	-
Interest expenses	-	-	-	-	-	-	-
Common expenditure	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Sitting fees	1	0	0	0	- (1)	1	1 (1)
Income from Financial Gaurantee	-	-	-	-	-	-	-
Balance outstanding							
Receivable/(Payable)							
March 31, 2019	-	-	-	-	-	-	-
March 31, 2018	-	-	-	-	-	-	-

Note: 1. Previous year figures are in parenthesis except for receivable/(payable) at year end.
2. Refer note 36 for details of shares pledged by the Company for securing loan of holding company and fellow subsidiary.

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42.The Hon'ble Supreme Court of India has de–allocated coal mine allocated to GVK Coal (Tokisud) Private Limited ('GVKCTPL'), subsidiary company, and Nominated Authority had offered compensation of Rs. 11,129 as against carrying value of assets of Rs. 31,113 as at March 31, 2017. GVKCTPL had appealed against the said order in the Hon'ble High Court of Delhi. The aforesaid court vide its order dated March 09, 2017, directed GVKCTPL to submit its claim to the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015 and subsequently GVKCTPL submitted its claim for the balance compensation claim of Rs. 19,882 to the aforesaid authority. Management believes that GVKCTPL will be appropriately reimbursed for cancelled coal mine and accordingly no provision is required to be made to the carrying value of assets.

43.There has been uncertainty regarding supplies/availability of gas to power plants of GVK Industries Limited (GVKIL), subsidiary company, and GVK Gautami Power Limited (GVKGPL), jointly controlled entity. These group companies have made losses of Rs. 42,484 (March 31, 2018: Rs. 36,736). The lenders have classified the loan balances of these group companies as non-performing assets. The Company is confident that Government of India will continue to take necessary steps/initiatives to improve the situation of natural gas. However in the interim these group companies are working with the lenders for one time settlement proposal wherein the loans would be settled at the value of the plant to be realised on its sale to APDISCOM. Further, Management, based on its rights under power purchase agreement to recover capacity charges and in view of installing alternate fuel equipment and on the basis of aforesaid discussions, believes that these group companies continue to be in operation in foreseeable future despite continued losses or will be able to amicably settle the loan liability as part of one time settlement proposal. The Company has given corporate guarantee for the loan taken by GVKGPL. The Company accordingly believes that no provision for impairment/diminution is required towards carrying value of assets aggregating to Rs. 66424 of GVKIL and Rs. 112247 of GVKGPL respectively and also no provision towards corporate guarantee given to GVKGPL is necessary.

44. Uncertainty is faced by coal plant with carrying value of non-current assets of Rs. 381,370 (March 31, 2018: Rs. 402,550) of GVK Power (Goindwal Sahib) Limited ('GVKPGSL'), subsidiary company, towards supply of fuel consequent to de-allocation of coal mine. Management has filed petition with Punjab State Electricity Regulatory Commission (PSERC) for re-negotiation of terms of power purchase agreement such as rate revision, approval for using imported coal, approval for completed capital cost, etc. claiming force majeure and change in law as envisaged under Power Purchase Agreement. Pending determination of final tariff, PSERC in its interim order has allowed the subsidiary company to run the plant on imported fuel for up to two and half years within which GVKPGSL should make arrangements for coal on long term basis. In the interim Punjab State Power Corporation Limited ('PSPCL') has made certain deductions aggregating to Rs. 15,267 while approving the revenue claimed by GVKPGSL pursuant to the aforesaid interim order. GVKPGSL has also filed petitions with PSERC for the aforesaid deductions made by PSPCL.

In February' 2018, GVKPGSL has obtained long term coal linkage through Scheme for Harnessing and Allocating Koyala Transparently in India (SHAKTI scheme) for significant part of its capacity. Further in March'2018, PSERC has approved a provisional fixed charges of Rs 2.20 per unit till the final capital cost is determined.

GVKPGSL was unable to run the plant at optimal capacity during financial year 2017-18 and 2018-19 primarily on account of low availability of fuel and hence defaulted on repayment of dues to lenders. Consequently the lenders have classified the loan balances of GVKPGSL as non-performing assets. GVKPGSL is currently working with lenders towards the resolution plan as required by the RBI notification dated February 12, 2018 on resolution of stressed assets. If a resolution plan is not implemented as per the timelines specified in the aforesaid notification, lenders shall file insolvency application, singly or jointly, under the Insolvency and Bankruptcy Code 2016 within 15 days from the expiry of the said timeline.

Management based on internal assessment/legal advice believes that the aforementioned petitions will be decided in its favor and hence cancellation of coal mine will not impact the operations of the power project and it is also confident of receiving approval from the lenders for resolution plan and also implementing the same within the specified timelines. Accordingly, management is of the view that no provision is required to be made to assets with carrying value of Rs. 381,370.

45.Trade receivable of GVKIL, include accruals towards reimbursement of fixed charges for the financial year 1997-1998 to 2000-2001, on increased capital cost worked out as per ratios set out in the PPA aggregating to Rs. 3,597 (March 31, 2018: Rs. 3,597) by GVKIL, disincentive recoverable aggregating to Rs. 2,409 (March 31, 2018: Rs. 2,409), 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. 3,118 (March 31, 2018: Rs. 3,119) and other receivables of Rs. 60 (March 31, 2018: Rs.60) which are being refuted by AP Transco/subject to approvals.

46. As at March 31, 2019, the Group had accumulated losses and the Group has incurred losses during the previous year and the current year. The Group's current liabilities are in excess of current assets. The Group has delayed payment of loans and interest and certain loan accounts of the Group have been classified as nonperforming by the lenders. GVK Power & Infrastructure Limited has provided corporate guarantee for the loans taken by the Company and has given sponsor undertaking for the loans taken by GVKPGSL. Further, as detailed in notes 42, 43 and 44 uncertainties are being faced by various projects in the Group such as losses incurred by power plants, re-negotiation of terms of power purchase agreement of coal based plant, approval of resolution plan/one time settlement proposal, litigations with respect to tariff, etc. Notwithstanding the above, the financial statements of the Group have been prepared on going concern basis as, Management believes that the Group would be able to establish profitable operations and meet its commitments. Further, the Management is confident that aforesaid entities would win litigations; obtain approvals of regulators; obtain requisite fuel allocation etc. as required and would establish profitable operations.

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47. Standards issued but not yet effective

a. Ind AS 116 - Leases

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:
• Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
• Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.
The company is evaluating the requirements of the standard and its impact on its financials.

b.Amendments to Ind AS 12, Appendix C - Uncertainty over Income Tax Treatments

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the standalone financial statements.

c. Amendment to Ind AS 12 – Income taxes

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes.

The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

d. Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

• to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
• to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

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48.Micro, small and medium enterprises

Based on the information available with the Group, there are no suppliers who are registered as micro, small or medium enterprises under "The Micro, small and Medium Enterprises Development Act 2006" as at March 31, 2019 and March 31, 2018.

49.Summary of Net Assets and Profit or Loss

Name of the entity in the Group	Net Assets*		Share in Loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As a % of consolidated Loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of total comprehensive income	Amount
Parent								
GVKEL								
Balance as at March 31, 2019	-202.7%	2,45,663	1.2%	(1,214)	0.0%	-	1.2%	(1,214)
Balance as at March 31, 2018	290.4%	2,46,877	12.5%	(13,427)	3.3%	3	12.5%	(13,424)
Subsidiaries incorporated in India								
GVKIL								
Balance as at March 31, 2019	0.9%	(1,062)	12.6%	(12,417)	-151.8%	(8)	12.6%	(12,425)
Balance as at March 31, 2018	11.6%	9,897	10.2%	(10,973)	10.0%	9	10.2%	(10,964)
GVKPGSL								
Balance as at March 31, 2019	76.0%	(92,089)	67.7%	(66,790)	-108.6%	(6)	67.7%	(66,795)
Balance as at March 31, 2018	-29.8%	(25,294)	77.3%	(83,169)	8.9%	8	77.3%	(83,161)
AHPCL								
Balance as at March 31, 2019	-46.0%	55,810	14.0%	(13,777)	360.4%	20	13.9%	(13,757)
Balance as at March 31, 2018	82.0%	69,688	10.6%	(11,428)	76.4%	69	10.6%	(11,359)
GVKCCPL								
Balance as at March 31, 2019	2.1%	(2,543)	2.0%	(2,000)	0.0%	-	2.0%	(2,000)
Balance as at March 31, 2018	-0.2%	(136)	2.4%	(2,604)	0.0%	-	2.4%	(2,604)
GVKPKSPL								
Balance as at March 31, 2019	0.0%	1	0.0%	-	0.0%	-	0.0%	-
Balance as at March 31, 2018	0.0%	24	0.0%	-	0.0%	-	0.0%	-
Investment as per equity method								
Associate incorporated in India								
SML								
Balance as at March 31, 2019	0.0%	-	0.0%	-	0.0%		0.0%	-
Balance as at March 31, 2018	0.0%	-	0.0%	-	0.0%	-	0.0%	-
Jointly controlled entity incorporated in India								
GVKGPL								
Balance as at March 31, 2019	0.0%	-	0.6%	(575)	0.0%	-	0.6%	(575)
Balance as at March 31, 2018	0.0%	-	1.2%	(1,305)	0.0%	-	1.2%	(1,305)
Consolidation adjustments								
Balance as at March 31, 2019	269.8%	(3,26,988)	1.9%	(1,909)	0.0%	-	1.9%	(1,909)
Balance as at March 31, 2018	-254.1%	(2,16,035)	-14.2%	15,264	1.1%	1	-14.2%	15,266
Total								
March 31, 2019	100%	(1,21,207)	100.0%	(98,681)	100.0%	5	100.0%	(98,676)
March 31, 2018	100%	85,021	100.0%	(1,07,642)	100.0%	90	100.0%	(1,07,551)

*Net assets means total assets minus total liabilities excluding minority and equity.

50. The financial statements contain certain amounts reported as "0", which are less than Rs.1 lakh.

As per our report of even date.

For MSKA & Associates
Chartered accountants
ICAI Firm registration number:105047W

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date:16th May 2019

For and on behalf of the Board of Directors of
GVK Energy Limited

G V Sanjay Reddy
Chairman
DIN: 000005282

A Issac George
Director
DIN: 0005456

T Ravi Prakash
Company Secretary