MSKA
& Associates
Chartered Accountants

1101/B, Manjeera Trinity Corporate,
JNTU-Hitech City Road, Kukatpally,
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Tel: +91 040 6814 2999

INDEPENDENT AUDITOR'S REPORT

To the Members of GVK Energy Limited

Report on the Audit of the Standalone Financial Statements

Qualified Opinion

We have audited the standalone financial statements of GVK Energy Limited ("the Company"), which comprise the balance sheet as at 31st March 2020, and the Statement of Profit and Loss, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with Accounting Standards prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015 as amended / Companies (Accounts) Rules, 2014 as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Qualified Opinion

I. 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 provision, if any, that may be required in the books of account towards the aforesaid corporate guarantee in the accompanying standalone Ind AS financial statements (Refer Note 36 to the accompanying standalone Ind AS financial statements).

II. The coal based power plants of GVK Power (Goindwal Sahib) Limited are facing uncertainties 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 investments with carrying value of Rs.108,210 lakhs together with consequential impact, if any, arising out of the same. (Refer Note 38 to the accompanying standalone Ind AS financial statements).

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The above matters were also qualified in our report on the standalone financial statements for the year ended 31st March 2019.

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 Standalone[1] Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 39 of the standalone financial statements which states regarding losses incurred by the company, defaults in interest payments, loan repayments and uncertainties faced by various projects in which 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 going concern. However, the Company has received a support letter from its Holding Company. In view of the above, the standalone financial statements of the Company have been prepared on going concern basis. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 40 to the financial statements which states that the management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that no there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements. Our opinion is not qualified in respect of this matter.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Directors report and Secretarial Audit Report.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

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with the standalone 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. The other information included in Director's report and Secretarial Audit Report have not been adjusted for the impact as described in the *Basis for* Qualified Opinion section above,. 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 Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone[1] financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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

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

(b) Except for the effects of matter described in the basis for Qualified Opinion section above, In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

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

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

(e) Based on the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) The qualification relating to the maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion above.

(g) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C".

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 27 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

3. As required by The Companies (Amendment) Act, 2017, in our opinion, according to information, explanations given to us, the remuneration paid by the Company to its directors is within the limits laid prescribed under Section 197 of the Act and the rules thereunder.

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

MSKA & ASSOCIATES Hyderabad Chartered Accountants

Ananthkrishnan G
Partner
Membership No. 205226
UDIN: 20205226AAAAFO8832

Place: Hyderabad
Date: 23rd June 2020

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the 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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

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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 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

MSKA & ASSOCIATES Hyderabad Chartered Accountants

Ananthkrishnan G
Partner
Membership No. 205226
UDIN: 20205226AAAAFO8832

Place: Hyderabad

Date: 23rd June 2020

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF GVK ENERGY LIMITED FOR THE YEAR ENDED 31ST MARCH 2020.

i.

(a) The company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(c) According to the information and explanations given to us, there are no immovable properties, and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

ii. The Company is involved in the business of rendering services. Accordingly, the provisions stated in paragraph 3(ii) of the Order are not applicable to the Company.

iii. The Company has not granted any loans, secured or unsecured to Companies, Firms, Limited Liability Partnerships (LLP) or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act').

iv. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, in respect of loans, investments, guarantees and security made.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under.

vi. The provisions of sub-section (1) of section 148 of the Act are not applicable to the Company as the Central Government of India has not specified the maintenance of cost records for any of the products of the Company. Accordingly, the provisions stated in paragraph 3 (vi) of the Order are not applicable to the Company.

vii.

(a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and service tax, duty of customs, cess and any other statutory dues applicable to it.

(b) According to the information and explanation given to us and examination of records of the Company, the outstanding dues of income-tax, goods and service tax, customs duty, cess and any other statutory dues on account of any dispute, are as follows:

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Hyderabad
Chartered Accountants

Name of the statute	Nature of dues	Amount (Rs in Lakhs)	Period to which the amount relates	Forum where dispute is pending
The Finance Act, 1994	Service Tax	350	From June 2011 to March 2014	Central Excise and Service Tax Appellate Tribunal, Bangalore.
The Finance Act, 1994	Service Tax	384	From April 2015 to June 2016	Hon'ble high court of Andhra Pradesh.

viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to the financial institution, bank or debenture holders except for in the following cases the details of which are as follows:

Particulars	Amount of default as at March 31, 2020 (Rs in Lakhs)	Remarks, if any
Debentures		
Financial Institution:		
Edelweiss Commodity Services Limited	4500	Payable on 30th March 2020.
Term Loan		
Edelweiss Commodity Services Limited	3024	Payable on 30th March 2020.
Default interest		
Edelweiss Commodity Services Limited	797	Payable on 30th March 2020.
Edelweiss Commodity Services Limited	2668	Payable on 30th March 2020.

ix. The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year.

x. During the course of our audit, examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, the provisions stated in paragraph 3(xii) of the Order are not applicable to the Company.

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xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the provisions stated in paragraph 3 (xiv) of the Order are not applicable to the Company.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, provisions stated in paragraph 3(xv) of the Order are not applicable to the Company.

xvi. In our opinion, the Company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions stated in paragraph clause 3 (xvi) of the Order are not applicable to the Company.

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

MSKA & ASSOCIATES Hyderabad Chartered Accountants

Ananthakrishnan G
Partner
Membership No.205226
UDIN: 20205226AAAAFO8832

Place: Hyderabad

Date: 23rd June 2020.

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

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

We have audited the internal financial controls with reference to financial statements of GVK Energy Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI) (the "Guidance Note"). 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 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under 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 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

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Hyderabad
Chartered Accountants

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 is sufficient and appropriate to provide a basis for our qualified audit opinion on the Company's internal financial controls with reference to financial statements.

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.

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.

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Chartered Accountants

Qualified Opinion

According to the information and explanations given to us and based on our audit, the following material weaknesses have been identified as at March 31, 2020:

The company's internal controls over use of assumptions for analysis for analysis of asset impairments and provision for corporate guarantee fee were not operating effectively which could potentially result in the company not recognising 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, except for the effects of the material weakness described above on the achievement of the objectives of the control criteria, the Company has 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, 2020, based on the internal control with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the March 31, 2020 standalone financial statements of the Company, and the material weakness affect our opinion on the standalone financial statements of the Company.

For MSKA & Associates
Chartered Accountants

MSKA & ASSOCIATES Hyderabad Chartered Accountants

Ananthakrishnan G
Partner
Membership No. 205226
UDIN No. 20205226AAAAFO8832
Place: Hyderabad
Date: 23rd June 2020

GVK Energy Limited
Balance sheet as at March 31, 2020
(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

	Notes	As at March 31, 2020	As at March 31, 2019
Assets			
Non-current assets			
Property, plant and equipment	3	49	70
Financial assets			
Investments	4.1	2,57,700	3,40,305
Other Financial assets	5	5	5
Total non-current assets		2,57,754	3,40,380
Current assets			
Financial assets			
Investments	4.2	356	181
Trade receivables	6	4,818	4,007
Cash and cash equivalents	7	115	38
Loans	8	12,642	12,398
Other current assets	9	27	38
Current tax assets	18	401	654
Total current assets		18,358	17,316
Total Assets		2,76,112	3,57,696
Equity and Liabilities			
Equity			
Equity share capital	10	88,831	88,831
Other equity	11	76,136	1,56,832
		1,64,967	2,45,663
Liabilities			
Non-current liabilities			
Financial liabilities			
Other financial liabilities	12	15,655	17,887
Deferred tax Liability (net)	13	1,808	1,554
Total non-current liabilities		17,463	19,441
Current liabilities			
Financial liabilities			
Borrowings	14	67,771	67,064
Trade payables	15		
• Total outstanding dues of micro enterprises and small		-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises		1,479	1,429
Other financial liabilities	16	24,337	23,860
Other current liabilities	17	95	239
Total current liabilities		93,682	92,592
Total liabilities		1,11,145	1,12,033
Total		2,76,112	3,57,696

See accompanying notes to the financial statements 1-43

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

As per our report of even date.
For MSKA & Associates
Chartered accountants
ICAI Firm registration number 105047W

MSKA & ASSOCIATES Hyderabad Chartered Accountants

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date: 23 June 2020

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

G V Sanjay Reddy
Chairman
DIN: 000005282

Place: Hyderabad
Date: 23 June 2020

A. Issac George
A Issac George
Director
DIN: 0005456

Place: Hyderabad
Date: 23 June 2020

T Ravi Prakash
Company Secretary
Membership No: 9730

Place: Hyderabad
Date: 23 June 2020

GVK Energy Limited
Statement of profit and loss for year ended March 31, 2020
(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
Income			
Revenue from operations	19	3,064	2,987
Other income	20	2,314	2,504
Total income		5,378	5,491
Expenses			
Employee benefit expenses	21	-	-
Other expenses	22	1,758	2,219
Depreciation and amortisation expense	23	21	11
Finance costs	24	1,437	6,360
Provision for diminution in value of investment		82,605	-
Total expenses		85,821	8,590
Profit/(Loss) before tax		(80,443)	(3,099)
Tax expense	25		
Current tax		-	(2,138)
Deferred tax charge		253	253
Total tax expense		253	(1,885)
Profit/(Loss) for the year		(80,696)	(1,214)
Other Comprehensive Income (OCI)		-	-
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		-	-
Re-measurement gains/(loss) on employee defined benefit plans		-	-
Total other comprehensive income for the period / year, net of tax		-	-
Total comprehensive income for the period / year, net of tax		(80,696)	(1,214)
Earnings per equity share:	26		
Basic and diluted earnings per share		(9.08)	(0.14)
See accompanying notes to the financial statements	1-43		

The accompanying notes are an integral part of the 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: 23 June 2020

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

G V Sanjay Reddy
Chairman
DIN: 000005282

Place: Hyderabad
Date: 23 June 2020

A Issac George
Director
DIN: 0005456

Place: Hyderabad
Date: 23 June 2020

T Ravi Prakash
Company Secretary
Membership No: 9730

Place: Hyderabad
Date: 23 June 2020

1. **Corporate information**

GVK Energy Limited ('the Company' or 'GVKEL') provides operation and maintenance services and incidental services to the owners of power plants. The Company has also acquired substantial ownership interest in power companies. The registered office of the Company is located at 'Paigah House', 156-159 Sardar Patel Road Secunderabad, Telangana- 500003.

2. **Statement of significant accounting policies**

2 **Basis of preparation**

These financial statements are prepared in accordance with Indian Accounting Standards(Ind AS), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013('the Act')(to the extent notified).The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued thereafter.

Effective April 1, 2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101, First - time Adoption of Indian Accounting Standards, with April 1, 2015 as the transition date. The transition was carried out from Indian Accounting generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The financial statements are presented in Indian Rupees ("Rs.") and all the values are rounded to the nearest lakh, except when otherwise indicated.

2 **Summary of significant accounting policies**

(a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification.

An asset is treated as current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(b) Foreign currencies

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

Transactions and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

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

(c) Fair value measurement

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

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

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

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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company 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.

(d) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to credit risks.

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

Sale of services

Rendering of operation and maintenance services:

Revenues represent amounts billed or accrued for services rendered and expenses incurred in relation to such services, in accordance with the Operation and Maintenance agreement with its customer. As per the operations and maintenance agreements, the Company's income comprises of (a) Operating fees (b) Incentive fees and (c) Reimbursement of actual expenses. Operating fees are fixed per annum subject to escalations. The Company is also eligible to receive incentive fees, if the Actual Annual Availability and/or if the actual generation of power are higher than the defined levels.

Interest income

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

Dividends

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

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 countries where the Company operates and generates taxable income.

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

Deferred tax

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(f) Property, plant and equipment

Under the previous GAAP, property, plant and equipment were carried in the balance sheet at cost of acquisition. The Company has elected to regard those values of assets as deemed cost at the date of the transition.
Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance or extends its estimated useful life. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Depreciation is calculated on a straight-line basis on useful lives estimated by the management.
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.

(g) 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.

(i) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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.

(j) Retirement and other employee benefits

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as 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.

The Company operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund.

The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (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. Remeasurements are 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 the 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

The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an 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 and are not deferred. The Company presents the entire liability in respect of leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date.

(k) 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, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

a) Debt instruments at amortised cost.

b) Debt instruments at fair value through other comprehensive income (FVTOCI)

c) Debt instruments, derivatives and equity instruments at fair value through profit and loss (FVTPL)

d) Equity instruments measured at fair value through other comprehensive income (FVOCI)

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.

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

Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

Derecognition

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

a) the rights to receive cash flows from the asset have expired, or

b) the Company has transferred its rights to receive cash flows from the asset, and

i. the Company has transferred substantially all the risks and rewards of the asset, or

ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

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

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

c) Loan commitments which are not measured as at FVTPL

d) Financial guarantee contracts which are not measured as at FVTPL.

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

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

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

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

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

► All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

► Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. In the balance sheet, ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost 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.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liabilities at fair value through profit or loss

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

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

Derecognition

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

(l) Cash and cash equivalents

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

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

GVK Energy Limited

Cash flow statement for the year ended March 31, 2020

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

		Year ended March 31, 2020	Year ended March 31, 2019
Cash flows from operating activities			
Loss before tax		(80,443)	(3,099)
Adjustments to reconcile Loss before tax to net cash flows			
Depreciation and amortisation expense		21	11
Profit on sale of investment (net)		(37)	(20)
Interest on debts and borrowings		1,383	6,320
Guarantee commission income		(2,232)	(2,213)
Interest income bank deposits		(9)	(121)
Provision for diminution in value of investment		82,605	-
Operating Loss before Working Capital Changes		1,288	878
Movements in working capital:			
Increase in trade receivables		(811)	(749)
Decrease/(increase) in other financial and non financial assets		265	(684)
(Decrease)/increase in trade payables, current liabilities and provisions		(94)	63
Cash Generated from Operations		648	(492)
Direct taxes paid (net of refunds)		-	1,371
Net Cash flow from Operating Activities	(A)	648	879
Cash flow from Investing activities			
Purchase of current investments		(922)	(356)
Proceeds of current investments		821	372
Investments in subsidiaries/related party including share application money		-	(271)
Loans made to subsidiaries/related party		(244)	(3,699)
Net Cash flow used in Investing Activities	(B)	(345)	(3,954)
Cash flow from Financing activities			
Proceeds from short term borrowings (net)		707	7,803
Interest paid		(934)	(4,703)
Net Cash flow from Financing Activities	(C)	(227)	3,100
Net (Decrease)/increase in Cash and Cash Equivalents	(A+B+C)	77	25
Cash and Cash Equivalents at the beginning of the year		38	13
Cash and Cash Equivalents at the end of the year		115	38
Components of cash and cash equivalents			
Cash on hand		-	-
Balance with banks:			
On current accounts		115	38
Total cash and cash equivalents (refer note 7)		115	38

See accompanying notes to the financial statements 1-43

The accompanying notes are an integral part of the 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: 23 June 2020

For and on behalf of the Board of Directors of

GVK Energy Limited

G V Sanjay Reddy

Chairman

DIN: 000005282

Place: Hyderabad

Date: 23 June 2020

A Issac George

Director

DIN: 0005456

Place: Hyderabad

Date: 23 June 2020

T Ravi Prakash

Company Secretary

Membership No: 9730

Place: Hyderabad

Date: 23 June 2020

GVK Energy Limited

Statement of Changes in Equity for the year ended March 31, 2020

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

(A) Equity share capital

	As at March 31,2020		As at March 31,2019	
Equity shares of INR 10 each issued, subscribed and fully paid	No. of shares	Amount	No. of shares	Amount
Opening	88,83,10,657	88,831	88,83,10,657	88,831
Add: issue during the year	-	-	-	-
Closing	88,83,10,657	88,831	88,83,10,657	88,831

(B) Other Equity

	Reserves and Surplus		Items of OCI	Total other equity
	Surplus/ (Deficit) in the statement of P&L	Securities premium account	FVTOCI reserve	
Balance as at April 01, 2019	(11,883)	1,68,708	7	1,56,832
(Loss)/Profit incurred during the period	(80,696)	-	-	(80,696)
Balance as at March 31, 2020	(92,579)	1,68,708	7	76,136

See accompanying notes to the financial statements 1-43

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

As per our report of even date.
For MSKA & Associates
Chartered accountants
ICAI Firm registration number:10[illegible]

Ananthakrishnan G
Partner
Membership No.205226

Place: Hyderabad
Date: 23 June 2020

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

G V Sanjay Reddy
Chairman
DIN: 000005282

Place: Hyderabad
Date: 23 June 2020

A Issac George
Director
DIN: 0005456

Place: Hyderabad
Date: 23 June 2020

T Ravi Prakash
Company Secretary
Membership No:9730

Place: Hyderabad
Date: 23 June 2020

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

3 Property, plant and equipment

	Office equipment	Vehicles	Data processing equipment	Total Tangible Assets
At Cost				
At April 1, 2019	6	110	2	118
Additions	-	-	-	-
Deletions	-	-	-	-
At March 31, 2020	6	110	2	118
Depreciation/amortisation				
At April 1, 2019	6	40	2	48
Charge for the year.	-	21	-	21
Deletions	-	-	-	-
At March 31, 2020	6	61	2	69
Net Block				
At March 31, 2019	-	70	-	70
At March 31, 2020	-	49	-	49

GVK Energy Limited
Notes to financial statements for the period ended March 31, 2020
(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

Financial Assets

4.1 Investments

	March 31, 2020	March 31, 2019
a. Long term, Unquoted, in fully paid equity shares (at cost unless stated otherwise)		
In subsidiaries		
1,165,030,000 (March 31, 2019:1,165,030,000) equity shares of Rs.10 each fully paid-up in Alaknanda Hydro Power Company Limited	1,16,503	1,16,503
418,938,901 (March 31, 2019: 418,938,901) equity shares of Rs.10 each fully paid-up in GVK Gautami Power Limited	46,900	46,900
244,800,000 (March 31, 2019: 244,800,000) equity shares of Rs.10 each fully paid-up in GVK Industries Limited	17,395	17,395
1,214,898,790 (March 31, 2019: 1,214,898,790) equity shares of Rs.10 each fully paid-up in GVK Power (Goindwal Sahib) Limited	1,26,520	1,26,520
9,900 (March 31, 2019: 9,900) equity shares of Rs.10 each fully paid-up in GVK Power (Khadur Sahib) Private Limited	1	1
	3,07,319	**3,07,319**
b. Deemed investment in subsidiaries/jointly controlled entity		
Alaknanda Hydro Power Company Limited	15,330	15,330
GVK Gautami Power Limited	2,946	2,946
GVK Industries Limited	58	58
GVK Power (Goindwal Sahib) Limited	14,652	14,652
	32,986	**32,986**
Aggregate value of unquoted investments	**3,40,305**	**3,40,305**
c. Provision for diminution in value of investment		
GVK Gautami Power Limited	46,900	-
GVK Industries Limited	17,395	-
GVK Power (Goindwal Sahib) Limited	18,310	-
	82,605	-
Net Aggregate value of unquoted investments (a+b-c)	**2,57,700**	**3,40,305**

4.2 Current investments

	March 31, 2020	March 31, 2019
Quoted mutual funds		
6,463.331 units of Rs. 10 each fully paid up of Franklin India Ultra Short Bond Fund - Super Institutional Plan – Growth	356	181
Aggregate market value of quoted investments	356	181

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

5 Other Financial assets

	March 31, 2020	March 31, 2019
(Unsecured, considered good unless stated otherwise)		
Balance with statutory/government authorities	5	5
	5	5

6 Trade receivables

	March 31, 2020	March 31, 2019
(Unsecured, considered good unless stated otherwise)		
Considered good	4,818	4,007
	4,818	**4,007**

	March 31, 2020	March 31, 2019
7 Cash and cash equivalents		
Cash on hand	-	-
Balance with banks:		
On current accounts	115	38
	115	**38**

8 Loans

	March 31, 2020	March 31, 2019
Loans to subsidiaries	12,642	12,398
	12,642	**12,398**

9 Other current assets (Unsecured, considered good)

	March 31, 2020	March 31, 2019
Prepayments	1	1
Advances recoverable in cash or kind	26	37
	27	**38**

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

.0 Equity share capital

a. Authorised Share Capital	March 31, 2020	March 31, 2019
1,500,000,000 (March 31, 2019: 1,500,000,000) equity shares of Rs.10 each	1,50,000	1,50,000
1,000,000,000 (March 31, 2019: 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		
888,310,657 (March 31, 2019: 888,310,657) equity shares of Rs.10/- each	88,831	88,831
	88,831	**88,831**

c. Terms/rights attached to equity shares

The Company has only one class of equity share having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholder	March 31, 2020		March 31, 2019	
	No of Shares	% of holding	No of Shares	% of holding
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	19.86%	17,64,70,588	19.86%
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.

11 Other Equity

	March 31, 2020	March 31, 2019
A) Security Premium		
Opening balance	1,68,708	1,68,708
Add : Securities premium credited on share issue	-	-
Closing balance	1,68,708	1,68,708
B) Surplus/(deficit) in the Statement of Profit and Loss		
Opening balance	(11,883)	(10,669)
Add: Net loss for the current year	(80,696)	(1,214)
Closing balance	**(92,579)**	**(11,883)**
C) Investments FVTOCI Reserve		
Opening balance	7	7
Add: Net loss for the current year	-	-
Closing balance	7	7
	76,136	1,56,832

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

12 Other non current financial liabilities

	March 31, 2020	March 31, 2019
Unearned financial guarantee income	15,655	17,887
	15,655	**17,887**

13 Deferred tax Liability (net)

	March 31, 2020	March 31, 2019
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	3	2
Fair value gains recognised on non-current investments	1	1
Guarantee commission on related parties	1,804	1,551
Deferred tax liability (Net)	**1,808**	**1,554**

Financial Liabilities

14 Short-term borrowings

	March 31, 2020	March 31, 2019
Interest free loans from related parties repayable on demand (unsecured)	67,771	67,064
	67,771	**67,064**

15 Trade payables

	March 31, 2020	March 31, 2019
Outstanding dues to creditors other than micro enterprises and small enterprises	1,479	1,429
	1,479	**1,429**

16 Other financial liabilities

	March 31, 2020	March 31, 2019
Current maturities of long-term borrowings	4,500	4,500
Interest accrued but not due on borrowings	5,676	5,344
Payable for purchase of investment	11,111	11,111
Premium on redemption of debentures	813	651
Unearned guarantee commission income on financial guarantees	2,237	2,254
	24,337	**23,860**

Breakup of financial liabilities carried at amortised cost

	March 31, 2020	March 31, 2019
Current maturities of non current borrowings	4,500	4,500
Current borrowings	67,771	67,064
Trade Payables	1,479	1,429
Interest accrued but not due on borrowings	5,676	5,344
Total financial liabilities carried at amortised cost	**79,426**	**78,337**

17 Other current liabilities

	March 31, 2020	March 31, 2019
Statutory liabilities	95	239
	95	**239**

18 Current Tax Assets

	March 31, 2020	March 31, 2019
Advance Income tax/TDS Receivable	401	654
	401	**654**

GVK Energy Limited
Notes to financial statements for the period ended March 31, 2020
(All amounts are in Indian Rupees Lakhs except for share data or otherwise stated)

Financial liabilities

14.1 Long-term borrowings

	Effective Interest rate	Non-current portion		Current maturities	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Debentures (Secured)					
45 (March 31, 2018: 45) 18.10% Non convertible debentures of Rs.10,000,000 each (secured)	18.10%	-	-	4,500	4,500
Term Loans (Secured)					
From banks	-	-	-	-	-
From financial institutions		-	-	-	-
Amount disclosed under the head "Other current liabilities"	18.10%			(4,500)	(4,500)
		-	-	-	-

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.

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

19 Revenue from operations

	March 31, 2020	March 31, 2019
Sale of services		
Income from Operation and maintenance services	3,064	2,987
	3,064	2,987

20 Other income

	March 31, 2020	March 31, 2019
Profit on sale of investments		
Current investments	37	20
Miscellaneous income	17	42
Excess liability written back	-	92
Interest on		
Financial guarantees	2,251	2,229
Others	9	121
	2,314	2,504

21 Employee benefit expenses

	March 31, 2020	March 31, 2019
Salaries, wages and bonus	-	-
Contribution to provident and other funds	-	-
Retirement and other employee benefit expense	-	-
Staff welfare expenses	-	-
	-	-

22 Other expenses

	March 31, 2020	March 31, 2019
Communication costs	4	12
Travelling and conveyance	1	3
Operating and maintenance expenses	831	912
Legal and professional charges	877	1,239
Insurance	1	5
Foreign exchange loss	19	16
Remuneration to statutory auditors (refer note below)	16	17
Rates and taxes	2	2
Printing and stationery	1	-
Directors' sitting fees	-	4
Asset write off		
Miscellaneous expenses	7	9
	1,758	2,219

Payment to auditor		
As auditor:		
Audit fee	16	16
In other capacity:		
Reimbursement of expenses	-	1
	16	17

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

23 Depreciation / amortisation

	March 31, 2020	March 31, 2019
Depreciation of tangible assets	21	11
	21	11

24 Finance costs

	March 31, 2020	March 31, 2019
Interest on debts and borrowings	1,383	6,320
Guarantee commission	54	40
Others	-	-
	1,437	6,360

25 Tax Expense

	March 31, 2020	March 31, 2019
Current tax		
In respect of the current year	-	-
In respect of prior years	-	-
MAT credit	-	-
Deferred tax		
In respect of the current year	253	253
	253	253

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

26 Earning per equity share

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

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

Particulars	March 31, 2020	March 31, 2019
Loss after taxation considered for calculation of basic and diluted earnings per share	(80,696)	(1,214)
Weighted average number of Equity Shares considered for calculation of basic and diluted earnings per share	88,83,10,657	88,83,10,657
Earnings per share		
Basic and diluted	(9.08)	(0.14)

27 Commitments , contingencies and other litigations

A- Commitments

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 48th month to the 72nd 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.Contingent liabilities

a. The Company has provided security by way of pledge of its investments in respect of amounts borrowed by the following entities:

Name of the subsidiary/jointly controlled entity	Number of Shares Pledged March 31, 2020	 March 31, 2019
GVK Industries Limited	12,48,48,000	12,48,48,000
GVK Gautami Power Limited	26,87,64,369	26,87,64,369
Alaknanda Hydro Power Company Limited	1,16,50,29,000	1,16,50,29,000
GVK Power (Goindwal Sahib) Limited	1,26,41,48,200	1,26,41,48,200
GVK Coal (Tokisud) Company Private Limited	9,86,52,000	9,86,52,000

IDBI Trusteeship invoked the corporate guarantee by letter dated 08.02.2019 issued by GVK Energy on behalf of GVK Power (Goindwal Sahib) with a demand to pay a sum of Rs.989.66 Cr and also invoked the pledge agreement, wherein shares of GVK Power (Goindwal Sahib) Limited owned by the GVK Energy pledged with IDBI Trustee. GVK Energy filed writ petition on 15.02.2019 by challenging the action of IDBI Trusteeship Services Ltd. in invoking corporate guarantee and pledge agreement in spite of the Status Quo Orders passed by the Hon'ble Supreme Court in W.P.No.1166 of 2018 against IDBI Bank and other Banks and the same is in stay until further hearing.

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

Name of the group company for which shares are pledged	Company whose shares pledged	Number of shares pledged March 31, 2020	 March 31, 2019
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

c. The Company had issued corporate guarantees as collateral security in favor of the lenders for the below entities in connection with loan facilities:

Name of the subsidiary	Closing balance of loan March 31, 2020	 March 31, 2019
GVK Industries Limited	-	352
GVK Gautami Power Limited	1,04,105	1,06,451
Alaknanda Hydro Power Company Limited	4,31,192	4,28,335
GVK Power (Goindwal Sahib) Limited	4,35,423	4,06,764
GVK Coal (Tokisud) Company Private Limited	10,796	10,775
	9,81,516	9,52,677

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

C Other litigations

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.

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

28 Employee benefits

a) Disclosures related to defined contribution plan

	March 31, 2020	March 31, 2019
Provident fund contribution recognised as expense in the Statement of Profit and Loss	-	-

b) Disclosures related to defined benefit plan

The Company has funded defined benefit gratuity plan. Employees are eligible for gratuity benefits on termination or retirement in accordance with Payment of Gratuity Act, 1972. The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the plan:

A) Net employee benefit expense (included under employee benefit expenses)	March 31, 2020	March 31, 2019
In Statement of Profit and Loss		
Current service cost	-	-
Interest cost on benefit obligation	-	-
Net Cost	-	-
In Other Comprehensive Income		
Net actuarial (gain)/ loss recognized in the year	-	-
Net (Income)/ Expense for the year recognised in OCI	-	-
B) Amount recognised in the Balance Sheet		
Details of Provision for gratuity		
Defined benefit obligation (DBO)	-	-
Fair value of plan assets(FVPA)	-	-
Net Plan Liability	-	-
C) Changes in the present value of the defined benefit obligation for Gratuity are as follows		
Opening defined benefit obligation	-	-
Current service cost	-	-
Interest cost	-	-
Benefits paid	-	-
Acquisitions (Credit)/cost	-	-
Net Actuarial (gains) / losses on obligation for the year recognised under OCI	-	-
Closing defined benefit obligation	-	-
D) Changes in fair value of plan assets		
Opening fair value of plan assets	-	-
Interest Income on plan assets	-	-
Return on plan assets greater/(lesser) than discount rate	-	-
Acquisitions credit/(cost)	-	-
Closing fair value of plan assets	-	-
E) Amount recognised in statement of other comprehensive income (OCI):		
Opening amount recognised in OCI	-	-
Remeasurement for the year - Obligation (gain)/loss	-	-
Closing amount recognised in OCI	-	-

F) The principal assumptions used in determining gratuity obligations for the Company's plans are shown below

	March 31, 2020	March 31, 2019
Discount rate (p.a.)	NA	NA
Salary rise	NA	NA
Employee turnover	NA	NA

Notes:

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

2.The expected rate of return on assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

3.The Company expects to contribute Nil (March 31, 2019: Nil) to the qualifying insurance policy in 2019-20.

Disclosures related to indication of effect of the defined benefit plan on the entity's future cashflows:

Expected benefit payments for the year ending:

	March 31, 2020	March 31, 2019
Within next 12 months (next annual reporting period)	NA	NA
Between 2 and 5 years	NA	NA
Beyond 5 years	NA	NA

The average duration of the defined benefit plan obligation at the end of the reporting year is Nil . (March 31, 2019: Nil)

Sensitivity analysis:

A quantitative sensitivity analysis for significant assumptions as at year end is as shown below:

	March 31, 2020	March 31, 2019
(a) Effect of 1% change in assumed discount rate		
- 1% increase	-	-
- 1% decrease	-	-
(b) Effect of 1% change in assumed salary escalation rate		
- 1% increase	-	-
- 1% decrease	-	-
(c) Effect of 1% change in assumed attrition rate		
- 1% increase	-	-
- 1% decrease	-	-

29 Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The identification of micro, small and medium enterprise suppliers as defined under the provisions of "Micro, small and medium enterprises Act, 2006" is based on Management's knowledge of their status. There are no dues to micro, small and medium enterprises as on March 31, 2020: Nil (March 31, 2019: Nil).

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

30. Significant accounting judgements, estimates and assumptions

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

Estimates and assumptions

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

(I) Provisions and Contingency

The contingencies and commitments are discussed in more details in note 28. It is not practical to state the timing of the judgement and final outcome. The management assesses the probable unfavorable outcomes and creates provisions where necessary and where these are assessed as not probable, they are disclosed as contingent liability.

(ii) Taxes

There are many transactions and calculations under taken during the ordinary course of business for which ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences will impact the current and deferred tax provisions in the period in which the tax determination is made. The assessment of probability involves estimation of a number of factors including future taxable income.

(ii) Fair value measurement of financial instruments

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

(iv) Impairment of financial assets

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

(v) 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.

31. 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.

Carrying value of financial assets and financial liabilities

	March 31, 2020	March 31, 2019
Financial assets		
At fair value through statement of profit and loss		
Investments	356	181
At amortised cost		
Trade receivables	4,818	4,007
Cash and cash equivalents	115	38
Loans to subsidiaries	12,642	12,398
Other current assets	27	38
Total financial assets	17,958	16,662
Financial liabilities		
At amortised cost		
Borrowings	67,771	67,064
Trade payables	1,479	1,429
Other financial liabilities	39,992	41,747
Total financial liabilities	1,09,242	1,10,240

The management assessed that cash and cash equivalents, trade receivables, loans to subsidiaries, other financial assets, trade payables, other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. Further, management has assessed the fair value of the borrowings approximate their current value largely since they are at market interest rates.

32. Fair value hierarchy

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

			Fair value measurement using		
			Quoted prices in active markets	Significant observable inputs	Significant unobservable inputs
	Date of valuation	Total	Level 1	Level 2	Level 3
Assets for which fair values are disclosed					
Current investments*	March 31, 2020	356	356	-	-
Current investments*	March 31, 2019	181	181	-	-

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

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

33. Related party disclosures

Name of the related party	Nature of relationship
GVK Power & Infrastructure Limited (GVKPIL)	Investor
GVK Gautami Power Limited (GVKGPL)	Jointly controlled entity
GVK Industries Limited (GVKIL) Alakananda Hydro Power Company Limited (AHPCL) GVK Power (Goindwal Sahib) Limited (GVKPGSL) GVK Coal (Tokisud) Company Private Limited (GVKCTCPL) GVK Power (Khadur Sahib) Private Limited	Subsidiaries
GVK Developmental Projects Private Limited (GVKDPPL) Bangalore Airport & Infrastructure Developers Private Limited (BAIDPL)	Companies over which the investor exercise control
Dr. G V K Krishna Reddy, Chairman and Director till July 20th ,2018 Mr. G V Sanjay Reddy, Director & Chairman from August 9th,2018 Mr. A Issac George, Director Mr. Krishna Ram Bhupal, Director Mr. Ch. G. Krishna Murthy, Director Mrs. Sudha Vasanth, Director Mr.Penmetsa Krishnam Raju,Director	Key Management Personnel
TAJ GVK Hotels & Resorts Limited Orbit Travel and Tours Private Limited GVK Technical & Consultancy Services Private Limited GVK Projects & Technical Services Limited	Companies over which the key management personnel exercise significant influence

GVK Energy Limited

Notes to financial statements for the year ended March 31, 2020

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

33. Details of related parties transactions during the year

Particulars	GVK Industries Limited	GVK Gaumtami Power Limited	Alakananda Hydro Power Company Limited	GVK Power (Goindwal Sahib) Limited	GVK Coal (Tokisud) Company Pvt.Ltd	GVK Power (Khadur Sahib) Private Limited	GVK Power & Infrastructure Limited	GVK Technical & Consultancy Services Pvt. Ltd.	GVK Projects & Technical Services Private Limited
Transactions during the year									
Fees for power plant operations	-		1,090						
Reimbursement of expenses	-		1,667						
Services provided	-	-	-	-	-	-	-	-	-
Services received							58	926	
Investment in equity shares									
Purchase of investments									
Loans taken			883		4		1,783		-
Loans repaid			3,235		1		1,838		-
Share application money given									
Share application money refunded									
Loans/ advance given	739	187							
Loans refunded	26	659							
Issue of debentures	-	-	-	-	-	-	-	-	-
Issue of equity shares	-	-	-	-	-	-	-	-	-
Interest income									
Financial Guarantee Income									
Remuneration									
Director sitting fees									
Balances outstanding									
Receivables/(Payables) - March 31, 2020	12,581	1,407	(33,961)	12	-	24	(58)	(333)	(1,958)
Receivables/(Payables) - March 31, 2019	11,868	1,880	(39,562)	12	-	24	(44)	(309)	(1,958)

Note: 1. Previous year figures are in parenthesis except for receivable/(payable) at year end.

2. Refer note 27 for details of shares pledged and corporate guarantees issued by the Company for securing loan of subsidiaries, holding company, associate and fellow subsidiary.

3. The advances/loans and guarantees have been provided to meet normal business needs of the respective entity.

GVK Energy Limited

Notes to financial statemei

(All amounts are in Indian I

33. Details of related partie

Particulars	GVK Developmental Projects Private Limited	TAJ GVK Hotels & Resorts Limited	Orbit Travel and Tours Private Limited	Taj Krishna, Hyderabad	Mr. G V Sanjay Reddy	Dr. G V Krishna Reddy	Mr.K Balaram Reddi	Mr. Krishna Ram Bhupal	Mr.Ch. G. Krishna Murthy	Mrs.Sudha Vasant	Mr. A Issac George
Transactions during the year											
Fees for power plant operations											
Reimbursement of expenses											
Services provided	-	-	-		-	-	-	-	-	-	
Services received			1	1							
Investment in equity shares											
Purchase of investments											
Loans taken	3,132										
Loans repaid	100										
Share application money given											
Share application money refunded											
Loans/ advance given											
Loans refunded											
Issue of debentures	-	-	-		-	-	-	-	-	-	
Issue of equity shares	-	-	-		-	-	-	-	-	-	
Interest income											
Financial Guarantee Income											
Remuneration											
Director sitting fees											
Balances outstanding											
Receivables/(Payables) - March 31, 2020	(29,027)	-	(1)	(1)	-		-	-	-	-	
Receivables/(Payables) - March 31, 2019	(25,996)	-	-		-	(0)	-	-	-	-	

Note: 1. Previous year figur

2. Refer note 27 for details o

3. The advances/loans and

34. Financial risk management objectives and policies

Financial risk management framework

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

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analyzing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, loans and other financial assets. Trade receivables, other financial assets and Loans given by the Company result in material concentration of credit risk as these are with related parties.

Exposure to credit risk:

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk was Rs.18,359 as at March 31, 2020 (March 31, 2019: Rs.17,316), being the total of the carrying amount of trade receivables, loans and other financial assets.

Trade receivables, other financial assets and Loans given

An impairment analysis is performed at each reporting date. The Company does not hold collateral as security. Impairment analysis takes into account historical credit loss experience and adjusted for forward-looking information. Significant portion of trade receivables, other financial assets and loans given comprise of related parties and not subject to significant credit risk based on past history.

Liquidity risk

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

	On demand	In the next 12 months	More than 12 months	Total
Year ended March 31,2020				
Borrowings	67,771	4,500	-	72,271
Other financial liabilities	-	15,655	-	15,655
Trade payables	-	1,479	-	1,479
Financial guarantee contracts *	9,81,516		-	9,81,516
	10,49,287	21,634	-	10,70,921

	On demand	In the next 12 months	More than 12 months	Total
Year ended March 31,2019				
Borrowings	67,064	4,500	-	71,564
Other financial liabilities	-	17,887	-	17,887
Trade payables	-	1,429	-	1,429
Financial guarantee contracts *	9,52,677	-	-	9,52,677
	10,19,741	23,816	-	10,43,557

*Based on Maximum amount that can be called for under the financial Guarantee contracts

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 and interest rate risk. Financial instruments affected by market risk include loans and borrowings, investments, other financial assets and other financial liabilities.

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. As the Company has debt obligations with fixed interest rates, there is no exposure to the risk of changes in market interest rates.
As the company has no significant interest bearing assets and liabilities, the income/ expense and operating cash flows are substantially independent of changes in market interest rates.

Foreign currency exchange rate risk

The fluctuation in foreign currency exchange rates does not have significant impact on the statement of profit or loss and other comprehensive income and equity. Hence the Company, as per its risk management policy, did not hedge foreign exchange exposure.

35. Capital Management

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

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

	31-Mar-20	31-Mar-19
Borrowings including interest accrued on borrowings and premium on redemption of debentures	78,760	77,559
Trade payables	1479	1429
Less: Cash and cash equivalents	(115)	(38)
Net debt	**80,124**	**78,950**
Equity share capital	88831	88,831
Other equity	76136	1,56,832
Total equity	**1,64,967**	**2,45,663**
Gearing ratio (Net debt/total equity)	0.49	0.32

In order to achieve this overall objective, the Company'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 the bank to immediately call loans and borrowings. The Company has delayed repayment of dues to banks and financial institutions during the year.

No changes were made in the objectives, policies or processes for managing capital during the period ended March 31,2020

36. 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. The Company has written off its investment in GVKCTPL amounting to Rs. 10,986 which is considered as an exceptional item in the Statement of Profit and Loss. The Company has also given corporate guarantee for the loan taken by GVKCTPL (refer note 28(c)). Management believes that GVKCTPL will be appropriately reimbursed for cancelled coal mine and accordingly no provision is required towards corporate guarantee liability.

37. 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.39,310 (March 31, 2019: Rs. 41,277). 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 loans taken by GVKGPL (refer note 27B(c)). The Company, based on the valuation performed for these entities, had made a provision for diminution of full value of these investments to the extent of Rs.64,295.

38. Uncertainty is faced by coal plant 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 and advised 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 2016-17 and 2017-18 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. Consequently, the lenders have referred the company to NCLT for appropriate resolution. However, the case is yet to be admitted. The Company has given corporate guarantee for the loans taken by GVKPGSL (refer note 27B(c)) and GVK Power & Infrastructure Limited has given sponsor undertaking for the same.

Management based on internal assessment/legal advice believes that the aforementioned petitions will be decided in its favour and hence cancellation of coal mine will not impact the operations of the power project and it is also confident of further improvement in plant performance and entering in an appropriate resolution plan and also implementing the same within the specified timelines. Further, based on the valuation performed, had made a provision for diminution of full value of the investment to the extent of Rs.18,310.

39. The Company has incurred losses of Rs. 80,696 and Rs. 1,214 in the current and previous year respectively. GVK Power & Infrastructure Limited has provided corporate guarantee for the loans taken by the Company. Further, as discussed in note 27, the Company has provided guarantees and commitments and as further detailed in notes 36, 37, and 38 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 Company have been prepared on going concern basis as Management believes that the Company would be able to establish profitable operations, meet its commitments and the subsidiaries/jointly controlled entity on whose behalf guarantees have been extended would be able to meet their obligations . Further, Management is confident that the aforesaid subsidiaries/jointly controlled entity would win litigations; obtain approvals of regulators, lenders; obtain requisite fuel allocation etc. as required for establishing profitable operations.

40. Covid-19 Impact:
The World Health Organization announced a global health emergency because of a new strain of coronavirus ("COVID-19") and classified its outbreak as a pandemic on March 11, 2020. On March 24, 2020, the Indian government announced a strict 21-day lockdown across the country to contain the spread of the virus, which was further extended till May 3, 2020. This pandemic and government response are creating disruption in global supply chain and adversely impacting most of the industries which has resulted in global slowdown.
The management has made an assessment of the impact of COVID-19 on the Company's operations, financial performance and position as at and for the year ended March 31, 2020 and has concluded that no there is no impact which is required to be recognised in the financial statements. Accordingly, no adjustments have been made to the financial statements.
The impact of the global health pandemic may be different from that estimated as at the date of provision of these financials statements and the Company will continue to closely monitor any material charges to future economic conditions.

41. **Segment reporting:**
The Company's operations fall within a single business segment "Operation and Maintenance of power plants" and single geographical segment and therefore segment information is not provided.

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

43. Previous year figures have been regrouped/ reclassified to confirm presentation as per Ind AS as required by Schedule III of the Act.

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: 23 June 2020

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

G V Sanjay Reddy
Chairman
DIN: 000005282

Place: Hyderabad
Date: 23 June 2020

A Issac George
Director
DIN: 0005456

Place: Hyderabad
Date: 23 June 2020

T Ravi Prakash
Company Secretary
Membership No. 9730

Place: Hyderabad
Date: 23 June 2020