

24th May, 2019



Bombay Stock Exchange Limited
PJ Towers, Dalal Street,
Mumbai - 400 001.

National Stock Exchange of India
Limited, Exchange Plaza, Bandra Kurla
Complex, Ex Bandra East,
Mumbai – 400 051.

Dear Sir,

Sub: Outcome of Board Meeting.

Ref: 1) BSE Scrip Code: 532708, NSE Scrip Code: GVKPIL.

The Board of Directors of our Company at its meeting held on today i.e. 24-05-2019 had considered and approved the following business:

- a) Audited Financial Statements of the company (Standalone and Consolidated) for the year ended 31st March, 2019 along with Auditor's report thereon.
- b) Statement on Impact of Audit Qualifications for standalone and consolidated financials as per Regulation 33/52 of SEBI (LODR) (Amendment) Regulations, 2016.
- c) Statement of Assets & Liabilities as at 31st March, 2019 in the format specified under SEBI (LODR) Regulations, 2015.
- d) Re-appointment of Mr. A Issac George (DIN: 00005456) as Director & CFO of the Company for a period of five years with effect from 24th May, 2019
- e) Re-appointment of Mr. S Anwar (DIN: 06454745) as an Independent Director of the Company for a second term of five years with effect from 12th August, 2019.

The Board Meeting commenced at 10:30 a.m. and concluded at 12:55 p.m.

Thanks & regards,

For GVK Power & Infrastructure Ltd

P V Rama Seshu
AVP & Company Secretary



GVK Power & Infrastructure Limited

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CIN : L74999AP2005PLC059013

ENERGY

RESOURCES

AIRPORTS

TRANSPORTATION

HOSPITALITY

LIFE SCIENCES

GVK Power & Infrastructure Limited
CIN: L74999AP2005PLC059013
Registered office: Paigah House, 156-159, Sardar Patel Road, Secunderabad-500 003 (Telangana)
Phone No: 040-2790 2663/64, Fax: 040-2790 2665
Website: www.gvk.com; Email: sanjeevkumar.singh@gvk.com
Statement of Standalone Financial Results for the quarter and year ended March 31, 2019

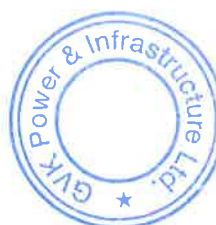
(Rs. in Lakhs)

S. No.	Particulars	Quarter ended (Unaudited)			Year ended (Audited)	
		31.03.2019	31.12.2018	31.03.2018	31.03.2019	31.03.2018
1	Income					
	Revenue from operations	1,378	316	313	2,321	1,654
2	Other income	2,070	1,950	2,509	7,710	7,560
3	Total revenue	3,448	2,266	2,822	10,031	9,214
4	Expenses					
	Employee benefit expenses	180	13	8	211	91
	Other expenses*	4,648	268	(192)	5,144	360
	Fair value loss on Investments	-	-	80	50	8,861
	Depreciation	3	3	4	12	13
	Finance costs	224	294	210	1,248	2,361
	Total Expenses	5,055	578	110	6,665	11,686
5	Profit/(loss) from ordinary activities but before exceptional items (3-4)	(1,607)	1,688	2,712	3,366	(2,472)
6	Exceptional items	-	-	-	-	-
7	Profit/(loss) from ordinary activities (5-6)	(1,607)	1,688	2,712	3,366	(2,472)
8	Tax Expenses #	(8,545)	73	398	(8,028)	1,136
9	Profit/(loss) from ordinary activities after tax (7-8)	6,938	1,615	2,314	11,394	(3,608)
10	Other comprehensive income (net of tax)	20	-	-	20	-
11	Total comprehensive Income (after tax) (9+10)	6,958	1,615	2,314	11,414	(3,608)
12	Paid-up equity share capital (Face value of share: Re 1/- each)	15,792	15,792	15,792	15,792	15,792
13	Earnings per share (EPS)					
	a) Basic (in Rs.)	0.44	0.10	0.15	0.72	(0.23)
	b) Diluted (in Rs.)	0.44	0.10	0.15	0.72	(0.23)

* Includes impairment loss in relation to carrying value of investment in an associate Company of Rs. 4,403 lakhs during the quarter and year ended March 31, 2019.

Represents reversal of provision for income tax of earlier years based on favorable ruling of ITAT for one of the financial years during the quarter and year ended March 31, 2019.

Place: Hyderabad
Date : May 24, 2019



GVK Power & Infrastructure Limited

P V Prasanna Reddy

P V Prasanna Reddy
Whole-time Director



GVK Power & Infrastructure Limited

Standalone Balance sheet

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

	As at March 31, 2019	As at March 31, 2018
Assets		
Non-current assets		
Property, plant and equipment	92	35
Financial assets		
Investments	234,837	233,969
Loans	5	5
Other financial assets	933	971
Non Current tax assets (net)	3,830	13
Other non-current assets	13	13
	<u>239,710</u>	<u>235,006</u>
Current assets		
Financial assets		
Investments	1,567	1,647
Trade receivables	355	130
Cash and cash equivalents	49	56
Loans	322	6,156
Other financial assets	2,248	2,500
Other current assets	37	11
	<u>4,578</u>	<u>10,500</u>
Total	244,288	245,506
Equity and Liabilities		
Equity		
Equity share capital	15,792	15,792
Other equity	168,711	157,317
	<u>184,503</u>	<u>173,109</u>
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	-	-
Unearned financial guarantee liability	5,221	5,262
	<u>5,221</u>	<u>5,262</u>
Current liabilities		
Financial liabilities		
Borrowings	47,142	43,692
Trade payables		
• Total outstanding dues of micro enterprises and small enterprises	-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises	208	191
Other financial liabilities	7,079	18,704
Provisions	8	2
Current tax liabilities	-	4,508
Other current liabilities	127	38
	<u>54,564</u>	<u>67,135</u>
Total liabilities	59,785	72,397
Total	244,288	245,506



GVK Power & Infrastructure Limited
Statement of Audited Consolidated Financial Results for the year ended March 31, 2019

(Rs in Lakhs)

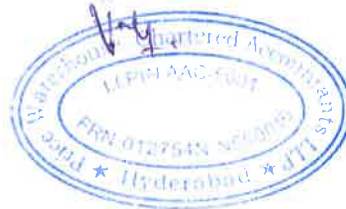
S. No.	Particulars	Year ended	
		31.03.2019 (Audited)	31.03.2018 (Audited)
1	Revenue from operations	409,817	386,321
2	Other income	26,493	100,422
3	Total Income	436,310	486,743
4	Expenses		
	(a) Employee benefit expenses	21,059	20,130
	(b) Annual fee to Airport Authority of India	143,770	133,062
	(c) Finance costs	151,302	164,308
	(d) Depreciation and amortisation	79,158	72,460
	(e) Fair value loss on investment	50	8,861
	(f) Other expenses	74,271	68,653
	Total expenses	469,610	467,474
5	Profit/ (Loss) from ordinary activities but before exceptional items (3-4)	(33,300)	19,269
6	Exceptional items	-	-
7	Profit/ (Loss) from ordinary activities (5-6)	(33,300)	19,269
8	Add: Share of profit/ (loss) from associates/ jointly controlled entities		
	Share of profit of associates	-	1,452
	Share of loss of jointly controlled entities	2,551	(58,301)
		2,551	(56,849)
9	Loss before tax (7+8)	(30,749)	(37,580)
10	Tax expense		
	Current tax	(4,733)	20,915
	Deferred tax credit	4,426	(4,758)
		(307)	16,157
11	Loss for the year	(30,442)	(53,737)



GVK Power & Infrastructure Limited
Statement of Audited Consolidated Financial Results for the year ended March 31, 2019

(Rs in Lakhs)

S. No.	Particulars	Year ended	
		31.03.2019 (Audited)	31.03.2018 (Audited)
12	Other comprehensive income		
	A Items that will not be reclassified subsequently to profit or loss		
	(a) Remeasurements of the defined benefit plans	(13)	62
	(b) Share of OCI from Associates and jointly controlled entities	-	-
	(c) Income tax relating to items that will not be reclassified to profit or loss	4	(20)
	B Items that may be reclassified to profit or loss		
	(a) Exchange differences in translating the financial statements of foreign operations	(232)	337
	(b) Share of OCI from Associates and jointly controlled entities	-	-
	Total other comprehensive (expense)/income	(241)	379
12	Total comprehensive income for the year	(30,683)	(53,358)
13	Profit/ (Loss) for the year attributable to:		
	- Owners of the Company	(36,349)	(56,167)
	- Non controlling interests	5,907	2,430
		(30,442)	(53,737)
14	Other comprehensive income for the year attributable to:		
	- Owners of the Company	(238)	360
	- Non controlling interests	(3)	19
		(241)	379
15	Total comprehensive income for the year attributable to:		
	- Owners of the Company	(36,587)	(55,807)
	- Non controlling interests	5,904	2,449
		(30,683)	(53,358)
16	Paid-up equity share capital (Face value of share: Re 1/- each)	15,792	15,792
	Earnings per share (EPS)		
	Basic (in Rs.)	(2.30)	(3.56)
	Diluted (in Rs.)	(2.30)	(3.56)



GVK Power & Infrastructure Limited
Consolidated Statement of Assets and Liabilities as at March 31, 2019

(Rs in Lakhs)

S.No.	Particulars	As at Year ended 31.03.2019 (Audited)	As at Year ended 31.03.2018 (Audited)
	Assets		
I)	Non-current assets		
	Property, plant and equipment	1,043,215	1,061,219
	Capital work-in-progress	255,297	92,957
	Expenditure incurred during construction period, pending allocation (Net)	23,232	6,395
	Goodwill	112,237	112,237
	Other intangible assets	274,637	213,523
	Intangible assets under development	2,083	60,853
	Investment Property	11,655	11,655
	Financial assets		
	Investments	84,293	76,639
	Loans	5	5
	Trade receivables	50	22
	Other financial assets (carried at amortised cost)	8,008	1,072
	Deferred tax assets (net)	9,644	16,217
	Tax assets	40,765	37,121
	Other non-current assets	63,632	81,255
		1,928,753	1,771,170
II)	Current Assets		
	Inventories	943	1,015
	Contract assets	7,296	7,248
	Financial assets		
	Investments	4,981	2,293
	Trade receivables	41,668	41,855
	Cash and cash equivalents	30,496	89,039
	Other bank balances	26,331	48,308
	Loans	29,200	36,629
	Other financial assets (carried at amortised cost)	75,448	10,312
	Current tax assets	4,388	1,202
	Other current assets	32,982	18,114
	Total	253,733	256,015
	Grand Total	2,182,486	2,027,185



GVK Power & Infrastructure Limited
Consolidated Statement of Assets and Liabilities as at March 31, 2019

(Rs in Lakhs)

S.No.	Particulars	As at Year ended 31.03.2019 (Audited)	As at Year ended 31.03.2018 (Audited)
I)	Equity and Liabilities		
	Equity		
	Equity share capital	15,792	15,792
	Other equity	(136,097)	(99,918)
		(120,305)	(84,126)
II)	Non-controlling interests	244,849	156,872
	Total Equity	124,544	72,746
III)	Non-current liabilities		
	Contract liabilities	894	992
	Financial Liabilities		
	Borrowings	944,230	1,069,327
	Other financial liabilities	270,229	175,256
	Provisions	1,576	1,197
	Deferred tax liabilities (net)	12,438	12,159
	Other non-current liabilities	212,596	123,031
	Total	1,441,963	1,381,962
IV)	Current liabilities		
	Contract liabilities	1,230	1,926
	Financial liabilities		
	Borrowings	191,288	216,155
	Trade payables	20,484	25,025
	Other financial liabilities	347,874	272,261
	Provisions	3,017	2,522
	Current tax liabilities (net)	12,008	17,049
	Other current liabilities	40,078	37,539
	Total	615,979	572,477
	Grand Total	2,182,486	2,027,185



Notes:

1. GVK Power & Infrastructure Limited ("The Company") has adopted Indian Accounting Standards (Ind AS) prescribed under section 133 Companies Act, 2013, read with relevant rules issued thereunder.

2. The Company carries its businesses in business segments viz., Power, Roads, Airports and others through various subsidiaries, associates and joint venture, being special purpose vehicles exclusively formed to build and operate various infrastructure projects. The consolidated results published above present the full revenues and expenses of the Company, its subsidiaries (Collectively "the Group"), and share of profits / (losses) of associates and jointly controlled entities.

3. The above published consolidated results have been prepared in accordance with principles and procedures as set out in the IND-AS 110 on "Consolidated financial statements" and IND - AS 28 on "Investment in associate and joint venture" notified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015, as amended.

4. The figure of last quarter of the standalone financial results for the current year and previous year are the balancing figures between the audited figures in respect of the full financial year ended March 31, 2019 and March 31, 2018 and the unaudited published year-to-date figures up to December 31, 2018 and December 31, 2017.

5. The above standalone and consolidated financial results have been reviewed by the audit committee on May 23, 2019 and have been approved by board of directors at their meeting held on May 24, 2019.

6. The company has an investment in GVK Coal Developers (Singapore) Pte. Limited (GVK Coal) which is assessed as an associate to the Company. The Company exercises significant influence on GVK Coal as per Ind AS 28.

The Company has made investments and has receivables aggregating to Rs. 75,655 lakhs (March 31, 2018: Rs. 69,414 lakhs) and provided guarantees and commitments for loans amounting Rs. 783,297 lakhs (March 31, 2018: Rs. 752,080 lakhs) taken by GVK Coal as at March 31, 2019, and has undertaken to provide financial assistance of USD 7.61 million (Rs. 5,263 lakhs) as at March 31, 2019, an entity whose current liabilities exceeds current assets by USD 2,032 million (Rs. 1,405,534 lakhs) as at March 31, 2019 and has incurred cash losses of USD 1.2 million (Rs. 873 lakhs) for the year ended March 31, 2019, based on the unaudited financial statements is witnessing material uncertainties. The prices of the coal have fallen since GVK coal had acquired stake in the coal mines. GVK Coal has not been able to achieve financial closure resulting in delays in commencement of mine development activity when compared to scheduled date, delays in entering into definitive agreements for port and rail development and agreement for sale of coal. Further, certain lenders of GVK Coal have classified the loan as non- performing and the lenders had an option to curtail the rights of the company on various assets either on October 2015 or every year thereafter. The lenders have not yet exercised this option.

GVK coal is in discussion with non- controlling shareholders to realign the option exercise dates, looking for additional funding from potential investors and working with lenders to reach to optimal solution. Management believes that while the prices of coal have fallen, the fall in prices of other commodities and services would offset the impact of fall in coal prices on the project by reducing capital and operating cost requirements and hence, GVK Coal would be able to ultimately establish profitable operations, meet its obligations and its current liabilities being in excess of current assets. The coal prices have also shown an increasing trend in the recent past. The management further believes that even though there are material uncertainties in the short to medium term around achieving appropriate solutions with lenders, non-controlling share-holders and on funding the project, considering the prospects in the long term, presently no adjustment is required to receivables and , investments, and the Company considers the same as fully recoverable once the operations are established. Further, the management believes that considering the active discussions with the lenders, it is not probable that guarantees and commitments will be invoked. In the unlikely situation that the guarantees and commitments were to be invoked, the company will be required to arrange cash flows to service the guarantees and commitments. Such outflow which will be accompanied by acquisition of additional interest in the assets of the GVK coal and hence it is unlikely to have any significant adverse impact on the statement of profit and loss.

Additionally, the Company has carried out an impairment assessment of its carrying value of investment and other receivables on a value in use basis. Such assessment remains sensitive to a range of assumptions including investment required to be made in the mine and related logistics operations, changes in prices of coal, forecasted growth and pretax discount rates etc. Management has also carried out the sensitivity analysis for the aforesaid assumptions and noted no adverse impact on the financial statements.



7. Certain subsidiaries and jointly controlled entity (group companies) of GVK Energy Limited ('GVKEL'), a jointly controlled entity are facing uncertainties as detailed below:

a) There has been uncertainty regarding supplies/availability of gas to power plants of GVK Industries Limited (GVKIL), subsidiary company, and GVK Gautami Power Limited (GVKGPL), jointly controlled entity. These group companies have made losses of Rs. 42,484 lakhs (March 31, 2018: Rs. 36,736 lakhs). The lenders have classified the loan balances of these group companies as non-performing assets. The Company is confident that Government of India will continue to take necessary steps/initiatives to improve the situation of natural gas. However in the interim these group companies are working with the lenders for one time settlement proposal wherein the loans would be settled at the value of the plant to be realised on its sale to APDISCOM. Further, Management, based on its rights under power purchase agreement to recover capacity charges and in view of installing alternate fuel equipment and on the basis of aforesaid discussions, believes that these group companies continue to be in operation in foreseeable future despite continued losses or will be able to amicably settle the loan liability as part of one time settlement proposal. The Company has given corporate guarantee for the loan taken by GVKGPL. The Company accordingly believes that no provision for impairment/diminution is required towards carrying value of assets aggregating to Rs. 52,397 lakhs (March 31, 2018: Rs. 59,304 lakhs) of GVKIL and Rs. 107,984 lakhs (March 31, 2018: Rs. 118,500 lakhs) of GVKGPL respectively and also no provision towards corporate guarantee given to GVKGPL is necessary.

b) Uncertainty is faced by coal plant with carrying value of non-current assets of Rs. 396,638 lakhs (March 31, 2018: Rs. 402,550 lakhs) of GVK Power (Goindwal Sahib) Limited ('GVKPGSL'), subsidiary company, towards supply of fuel consequent to de-allocation of coal mine. Management has filed petition with Punjab State Electricity Regulatory Commission (PSERC) for re-negotiation of terms of power purchase agreement such as rate revision, approval for using imported coal, approval for completed capital cost, etc. claiming force majeure and change in law as envisaged under Power Purchase Agreement. Pending determination of final tariff, PSERC in its interim order has allowed the subsidiary company to run the plant on imported fuel for up to two and half years within which GVKPGSL should make arrangements for coal on long term basis. In the interim Punjab State Power Corporation Limited ('PSPCL') has made certain deductions aggregating to Rs. 15,267 lakhs 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 capacity charges of Rs 2.20 per unit till the final capital cost is determined.

GVKPGSL was unable to run the plant at optimal capacity during financial year 2017-18 and 2018-19 primarily on account of low availability of fuel and hence defaulted on repayment of dues to lenders. Consequently the lenders have classified the loan balances of GVKPGSL as non-performing assets. GVKPGSL is currently working with lenders towards the resolution plan as required by the RBI notification dated February 12, 2018 on resolution of stressed assets. If a resolution plan is not implemented as per the timelines specified in the aforesaid notification, lenders shall file insolvency application, singly or jointly, under the Insolvency and Bankruptcy Code 2016 within 15 days from the expiry of the said timeline. Consequently, the lenders have referred the company to NCLT for appropriate resolution. However, the case is yet to be admitted. The Company had shown substantial improvement in cash flows during 2018-19 and declared plant availability of 66.22% of its plant capacity.

Management based on internal assessment/legal advice believes that the aforementioned petitions will be decided in its favor and hence cancellation of coal mine will not impact the operations of the power project and it is also confident of receiving approval from the lenders for resolution plan and also implementing the same within the specified timelines. Accordingly, management is of the view that no provision is required to be made to assets with carrying value of Rs. 396,638 lakhs (March 31, 2018: Rs. 417,818 lakhs).

c) The Hon'ble Supreme Court of India has deallocated coal mine allocated to GVK Coal (Tokisud) Company Private Limited ('GVKCTPL'), subsidiary company, and Nominated Authority had offered compensation of Rs. 11,129 lakhs as against carrying value of assets of Rs. 31,113 lakhs 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 lakhs to the aforesaid authority. Management believes that GVKCTPL will be appropriately reimbursed for cancelled coal mine and accordingly no provision is required to be made to the carrying value of assets.

d) Trade receivable of GVKIL, include accruals towards reimbursement of fixed charges for the financial year 1997-1998 to 2000-2001, on increased capital cost worked out as per ratios set out in the PPA aggregating to Rs. 3,597 lakhs (March 31, 2018: Rs. 3,597 lakhs) by GVKIL, disincentive recoverable aggregating to Rs. 2,409 lakhs (March 31, 2018: Rs. 2,409 lakhs), minimum alternate tax under the provisions of Income Tax Act, 1961 for the period commencing from the financial year 2000-2001 up to the financial year 2010-2011, aggregating to Rs. 3,118 lakhs (March 31, 2018: Rs. 3,119 lakhs) and other receivables of Rs. 60 lakhs (March 31, 2018: Rs. 60 lakhs) which are being refuted by AP Transco/subject to approvals.



The company based on the above assessments believes that it is appropriate to recognize investments and loans and advances given to GVK Energy Limited aggregating to Rs. 104,213 lakhs in standalone financial statements at carrying value and no further provision for diminution of such investments except to the extent of Rs. 4,403 lakhs in the standalone financial statements and loans is necessary and also no provision is required for corporate guarantees given by the company amounting to Rs. 4,500 lakhs as at March 31, 2019.

In the consolidated financial statements the entire investment made by the Company has been eroded after recording share of losses from the jointly controlled entity. The Company has receivables of loan of Rs. 26,286 lakhs in consolidated financial statements and the company believes that no further provision for diminution for such loans is necessary and also no provision is required for corporate guarantees given by the company amounting to Rs. 4,500 lakhs as at March 31, 2019.

8. GVK Bagodara Vasad Expressway Private Limited (GVK BVEPL) step subsidiary of the Company has entered into a concessionaire agreement with Gujarat State Road Development Corporation (GSRDC) for construction of road in the state of Gujarat on build, operate and transfer basis (BOT). GVK BVEPL has spent an amount of Rs 69,499 Lakhs (March 31, 2018: Rs 69,499 Lakhs) on various works under this Concessionaire Agreement. During the course of construction, there has been significant delays in fulfilling the obligations from GSRDC like providing Land required for construction, right for way, shifting of utilities etc., which has resulted in significant delays in construction also. On March 27, 2018, GSRDC has issued a termination and arbitration notice as per which GSRDC has terminated the concession agreement and also has claimed an amount of Rs. 108,419 Lakhs. In response to which notice BVEPL has written to GSRDC denying the claims from GSRDC and terminated the agreement. GVK BVEPL has also stated that the delay is due to the default from GSRDC. Also, GVK BVEPL has notified GSRDC that dispute settlement process will be as per the Concession Agreement. Based on its internal assessment/legal advice GVK BVEPL is confident that it will be able to recover the amounts spent on the project till date and is also confident that claims made by GSRDC will be struck down and accordingly management believes that it is appropriate to recognize total assets aggregating to Rs. 69,499 Lakhs (March 31, 2018 Rs. 69,499 Lakhs) at carrying value in the financial statements and no provision for diminution is necessary.

GVK BVEPL has approached The International Centre for Alternative Dispute Resolution (ICADR) for appointment of Arbitration Tribunal (AT). Arbitration Tribunal is constituted and the dispute is being addressed. GSRDC has filed a claim of Rs 108,419 Lakhs and GVK BVEPL has filed its statement of Defence and a counter claim of Rs 348,079 Lakhs disputing the very process of termination and are also taking other necessary legal remedies in this regard and hence it is still a going concern.

GVK BVEPL is closely working with the lenders by explaining to them the intricacies of the project and outlining support required to give effect to the process of arbitration. Initially GVK BVEPL intended to bring in the substitution process. In spite of the best efforts by GVK BVEPL the substitution process could not be completed. Meanwhile, GSRDC has awarded the project to two different contractors. GVK BVEPL has included all its costs in its claim against GSRDC. Therefore the expenditure incurred during Financial Year 2018-19 amounting to Rs. 7,621 Lakhs (March 31, 2018: Rs 6,531 Lakhs) is charged off to Statement of Profit and Loss.

9. GVK Ratle Hydro Electric Project Private Limited (GVKRHEPPL), step subsidiary of GVK Power and Infrastructure Limited has entered into a concession agreement with J&K Power Development Department (JKPDD) for construction and operation of a hydro power plant on Build, Own, Operate and Transfer model. GVKRHEPPL has spent an amount of Rs 113,761 lakhs (March 31, 2018: Rs. 126,923 lakhs) on this project for various works. There has been a significant delay in the construction of the project due to the impediments like land acquisition and execution of land leases, issues in relation to working conditions, disturbances and law and order problems, issues under the Indus Water Treaty, issues in relation to Water charges, status of Mega Power Project and taxes such as entry tax, sales and other local taxes etc., GVKRHEPPL has offered for an amicable settlement and requested for the termination of concession agreement, but JKPDD rejected such settlement stating that the delays tantamount to event of default from GVKRHEPPL. Subsequent to this GVKRHEPPL has initiated the arbitration process and the process is in its initial stages. In the arbitration GVKRHEPPL has made a claim of Rs: 518,963 lakhs and JKPDD has made a counter claim of Rs: 540,000 lakhs. Even though there are uncertainties management based on its internal assessment/legal advice is confident that it will be able to recover the amounts spent on the project till date and is also confident that claims made by JKPDD will be withdrawn and accordingly management believes that it is appropriate to recognize fixed assets aggregating to Rs. 113,761 lakhs (March 31, 2018 : Rs. 126,923 lakhs) at carrying value in the consolidated financial statements and no provision for diminution is necessary.



10. As at March 31, 2019, the Group/Company had accumulated losses and the Company has incurred loss of Rs. 30,442 lakhs during the current year and has also incurred losses during the preceding years. The Company/group has delayed payment of loans and interest and certain loan accounts have been classified as non-performing by banks. The Company has provided guarantees and commitments and/or has undertaken to provide financial assistance on behalf of various entities and as further detailed in notes 6, 7, 8, 9 and 10 (referring to notes on GVK Coal Developers (Singapore) Pte Limited, GVK Energy Limited, GVK Bagodara Vasad Expressway Private Limited and GVK Ratle Hydro Electric Project Private Limited) uncertainties are being faced by various projects such as delays in development of coal mines in an overseas project where the Company has provided guarantees and commitments for the borrowings, losses incurred by gas based plants in the absence of gas and litigations on rights to claim capacity charge, re-negotiation of terms of PPA of coal based plant and delay on determination of tariff of hydro power project, arbitration on delay of commencement of road project and hydro based plant. These factors may indicate significant doubt on going concern. Notwithstanding the above, the financial results of the Company have been prepared on going concern basis as management believes that the Company would be able to ultimately establish profitable operations, meet its commitments, reduce debt by stake sale and the entities on whose behalf guarantees/ commitments have been extended would be able to meet their obligations. Further, the Management believes that aforesaid entities would win litigations; obtain approvals of regulators; will reach an optimal solution with non-controlling shareholders and lenders; obtain requisite gas/coal allocation etc. as required despite current macro-economic environment challenges. Also, the group's projects i.e., Mumbai International Airport Private Limited and GVK Jaipur Expressway Private Limited are operating satisfactorily. The group has also won the bid for Navi Mumbai International Airport and has achieved financial closure.

11. Navi Mumbai International Airport Private Limited (NMIAL) has entered into the Concession Agreement with City and Industrial Development Corporation of Maharashtra Limited (CIDCO) on 8th January 2018 for construction, operation and maintenance of Airport for public use at Navi Mumbai in the state of Maharashtra through Public Private Partnership (PPP)

a) As per the concession Agreement, NMIAL will have to pay aggregate concession fees amounting to Rs. 716,500 Lakhs to the Authority for initial 30 years as a consideration for grant of concession. Grant of concession means exclusive right, license and authority to develop, operate and maintain International airport at Navi Mumbai on design, build, finance, operate and transfer basis for an initial period of 30 years.

As per Ind AS 38, Intangible Assets, such right should be accounted as an Intangible asset. As per the requirement of the standard if payment for an intangible asset is deferred beyond normal credit terms, the cost of such intangible assets is represented by its cash price equivalent. Management has arrived at the cash price equivalent of the intangible asset by discounting the future cash flows at an appropriate discounting rate.



b) Further, the concession Agreement, CIDCO has undertaken certain Predevelopment Works at the site. Amount paid / payable by the Authority for the implementation of these Pre development Works is to be considered as Soft Loan in the books of the company and is repayable as per the deferred payment terms in the agreement.

As per Ind AS 20, Accounting for Government grants, the benefit of the below-market rate of interest shall be measured as the difference between the initial carrying value of the loan determined in accordance with Ind AS 109 and the proceeds received and is treated as revenue grant. Management has computed the difference between the initial carrying value of the loan determined in accordance with Ind AS 109 and the proceeds received by discounting the future cash flows at an appropriate discounting rate.

12. GVK Airport Holdings Limited (GVKAHL) is a step down wholly owned subsidiary of the Company and holding company of Mumbai International Airport Limited (MIAL) with a shareholding of 50.5%. Management has been looking for certain divestment options in the airport vertical i.e., in GVKAHL. During the course of divestment process the management has obtained bids for diluting the shareholding in Airport Vertical and started discussions with one of the parties. During the current year, GVKPIL group management has obtained approval from the shareholders for raising funds by divesting its share in GVKAHL (Airport vertical). The management was able to sign a term sheet with a potential investor during April 2019.

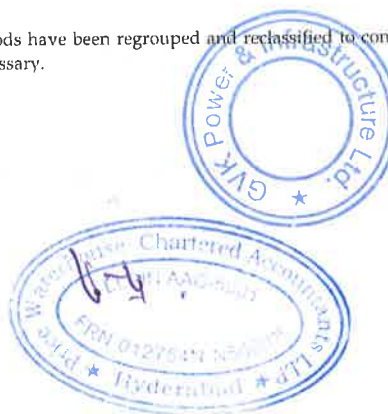
The company is still under discussion on the terms and conditions of the transaction as at March 31, 2019 and has not reached a definitive stage about the terms and conditions that would entail the Firm Purchase Contract. Also, shares of the Airport vertical are pledged with various lenders and management is yet to receive approval from lenders with whom the shares are pledged. As a part of the divestment process, management has noted that there are certain other significant approvals from Ministry of Civil Aviation, Airport Authority of India and other approvals as necessary are to be received. The management does not have a reliable estimate on the time period in which the Firm Purchase Contract can be signed off.

Based on the above factors, management has evaluated the criteria as per Ind AS 105, Non-current Assets Held for Sale and Discontinued Operations, and is of the view that the Airport vertical should not be considered as "Held for sale" asset at this stage.

13. During the previous year the Group has divested 10% of its stake in Bangalore International Airport Limited (BIAL), an associate company, to Fairfax India Holdings Corporation ('Fairfax') for an aggregate amount of Rs. 129,000 lakhs and accordingly accounted for profit amounting to Rs. 87,293 lakhs. The Group's stake in BIAL has come down to Nil on divestment of the aforesaid stake.

14. Figures for the previous periods have been regrouped and reclassified to conform to the classification of the current period, wherever considered necessary.

Place: Hyderabad
Date : May 24, 2019



GVK Power & Infrastructure Limited

P V Prasanna Reddy
Whole Time Director

GVK Power & Infrastructure Limited
Segment Reporting (Consolidated) for the Year ended March 31, 2019

(Rs in Lakhs)

Sr No	Particulars	Year ended	
		31.03.2019 (Audited)	31.03.2018 (Audited)
1	<u>Segment Revenue</u>		
	Power	-	-
	Roads	39,818	43,527
	Airports	369,999	342,393
	Others	2,321	1,654
	Unallocated	-	-
	Total	412,138	387,574
	Less: Inter segment revenue	2,321	1,253
	Net sales / income from operations	409,817	386,321
2	<u>Segment Result</u>		
	Power	(153)	(145)
	Roads	21,006	22,075
	Airports	59,777	59,354
	Others	(1,025)	(9,129)
	Unallocated	-	-
	Total	79,605	72,155
	Less:		
	Interest expense	151,302	164,308
	Add:		
	Other unallocable income net off unallocable expenditure	38,397	111,422
	Total profit/ (loss) before tax	(33,300)	19,269
3	<u>Capital Employed</u>		
	(Segment Assets)		
	Power	113,803	126,992
	Roads	254,876	261,033
	Airports	1,517,910	1,348,327
	Others*	15,780	15,613
	Unallocated	280,117	275,220
	Total Segment Assets	2,182,486	2,027,185
	(Segment Liabilities)		
	Power	109,752	110,325
	Roads	305,833	283,653
	Airports	1,513,022	1,383,919
	Others*	60,724	136,014
	Unallocated	68,611	40,528
	Total Segment Liabilities	2,057,942	1,954,439
	Net Capital employed	124,544	72,746

*Others include Investment and SEZ companies



Price Waterhouse Chartered Accountants LLP

The Board of Directors
GVK Power & Infrastructure Limited,
Paigah House, 156-159,
Sardar Patel Road,
Secunderabad,
Telangana 500003

Independent Auditor's Report on the Statement of consolidated financial results

1. We have audited the accompanying Statement containing the annual audited consolidated financial results of GVK Power & Infrastructure Limited ("hereinafter referred to as the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its joint ventures and associate companies; (refer Annexure to the statement) for the year ended March 31, 2019 together with the notes thereon (hereinafter referred to as the "Statement"), which we have signed under reference to this report.

Management's Responsibility for the consolidated financial results

2. Management of the Holding Company is responsible for the preparation of the accompanying Statement. The Management is also responsible for the preparation of the annual statutory consolidated financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the "accounting principles generally accepted in India"), basis which the above Statement containing the annual audited consolidated financial results has been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Statement.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. We draw your attention to the following qualification to the audit opinion on the consolidated financial statements of GVK Energy Limited, a joint venture of the Holding Company issued by an independent firm of Chartered Accountants vide its report dated May 16, 2019 reproduced by us as under:
 - a. "As discussed more fully in note * to the accompanying Consolidated Ind AS financial statements, the Hon'ble Supreme court of India has deallocated coal mine allocated to GVK Coal (Tokisud) Private Limited, subsidiary company. As directed by Hon'ble High Court of Delhi, the aforesaid subsidiary has submitted its claim for an amount Rs. 19,882 lakhs with the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015. The Company has given corporate guarantee for the loan taken by the subsidiary. Pending approval of the claim by the adjudicating authority, we are unable to comment on the recoverability of assets with carrying value of Rs. 19,882 lakhs together with consequential impact, if any, arising out of the same in these accompanying consolidated Ind AS financial statements.

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Registered office and Head office: Sucheta Bhawan, 11A Vishnu Digambar Marg, New Delhi 110 002

Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

- b. As discussed more fully in note * to the accompanying Consolidated Ind AS financial statements, regarding the uncertainties faced by the gas based power plants of a subsidiary company and a jointly controlled entity towards supplies/availability of gas, recovery of capacity charged and approval of one time settlement proposal with lenders. Pending resolution of these uncertainties/approvals, we are unable to comment upon the recoverability of assets with carrying value of Rs. 160,381 lakhs and the provision, if any, required for the corporate guarantee given to the jointly controlled entity, together with consequential impact, if any, arising out of the same in these accompanying Consolidated Ind AS financial statements.
- c. As discussed more fully in note * to the accompanying Consolidated Ind AS financial statements, regarding the uncertainties faced by the coal based power plants of a subsidiary company towards the resolution plan with lenders and determination of final tariff. Pending resolution of these uncertainties/approvals, we are unable to comment upon the recoverability of assets with carrying value of Rs. 396,638 lakhs together with consequential impact, if any, arising out of the same in these accompanying Consolidated Ind AS financial statements."

Notes * as described above is reproduced respectively as note 7c, 7a, 7b to the statement.

In light of the above, (also refer to para 9(D) below), we are unable to comment on the extent of eventual recoverability of the investment in and loans to such jointly controlled entity aggregating to Rs. 26,286 lakhs as disclosed under "loans" after recording Groups share of losses and the provisions if any, required for the corporate guarantee given to the joint venture amounting to Rs. 4,500 lakhs as at March 31, 2019. The impact of this matter on the statement is presently not ascertainable.

Qualified Opinion

7. In our opinion and to the best of our information and according to the explanations given to us:
 - a. the Statement, together with the notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
 - b. except for the indeterminate effects of the matter referred to in Basis for Qualified Opinion paragraph above, the Annual audited consolidated financial results for the year ended March 31, 2019 as set out in the Statement gives a true and fair view of the total consolidated comprehensive income (comprising of consolidated loss and consolidated other comprehensive income), and other financial information of the Group, its associates and joint ventures for the year ended March 31, 2019 in accordance with the accounting principles generally accepted in India.

Material uncertainty relating to going concern

8. We draw attention to note 10 in the statement, which indicates that the Group incurred a loss of Rs. 30,442 lakhs and has significant accumulated losses as at year ended March 31, 2019, has defaulted in repayment of loan and interest payments and material uncertainties are faced by various projects executed by the Group, its associates and joint ventures, provided guarantees/ commitments and / or has undertaken to provide financial assistance. These events or conditions, along with other matters as set forth in the aforesaid note, indicate that a material uncertainty exists that may cast significant doubt on the Group's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

9. We draw your attention to the following matters:
 - A. Note 6 to the statement, regarding material uncertainties being faced by GVK Coal Developers (Singapore) Pte. Limited, an associate company in which the Holding Company has investments and has receivables aggregating to Rs. 75,655 lakhs and to whom it has provided guarantees and made commitments for loans aggregating to Rs. 783,297 lakhs and has undertaken to provide financial assistance of USD 7.61 million (Rs. 5,263 lakhs) as at March 31, 2019.



- B. Note 12 to the financial statements with regard to the proposed divestment of the Holding Company in the airport vertical, GVK Airport Holdings Limited. Pending definitive stage of the terms and conditions entailing a Firm Purchase Contract, the airport vertical has not been considered as a "Held for Sale" asset at this stage.
- C. We draw attention to the following Emphasis of Matters paragraphs included in the audit reports of the financial statements of GVK Ratle Hydro Electric Project Private Limited and GVK Bagodara Expressway Private Limited, the step down subsidiaries of the Holding Company issued by independent firms of Chartered Accountants vide their reports date May 10, 2019 and May 13, 2019 respectively, reproduced by us as under:
- i. "We draw your attention to Note * to the Ind AS financial statements, regarding termination of agreement, arbitration proceedings and other matters as explained in the aforesaid note in respect of this Hydro power project being executed by the Company. The ultimate outcome of this matter for assets having carrying value of Rs. 113,761 lakhs and also claim raised by Power Development Department, Government of Jammu & Kashmir of Rs. 518,963 lakhs cannot be presently determined pending arbitration proceedings and other uncertainties.
- ii. We draw attention to Note # of the financial statements. The project undertaken by the company was terminated by GSRDC by referring the defaults of the Concessionaire. Consequent to the termination of the project, Company has accounted, cost incurred upto March 31, 2019, Rs. 58,904 lakhs as amounts receivable from GSRDC as management has represented that the project of the company was terminated due to the reasons attributable to the GSRDC. Company has disputed the termination notice and invoked Arbitration in terms of provisions of concession agreement. The matter is sub-judice before Arbitral tribunal.

We draw attention to Note # of the financial statements. The company had taken term loans from consortium of banks & a financial institution. Company borrowings have been classified as Non-performing assets by the lenders due to defaults in payment of related dues. Lenders have recalled the entire facilities extended to the company."

Note * and # as described above is reproduced as note 9 and 8 respectively to the statement.

- D. We draw attention to the following Emphasis of Matter included in the audit opinion on the Consolidated financial statements of GVK Energy Limited:

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

Note * as described above is reproduced as note 7(d) to the statement.

Our opinion is not modified in respect of the above matters.

Other Matter

10. We did not audit the financial statements of 16 subsidiaries whose financial statements reflect total assets of Rs. 1,988,320 lakhs and net assets of Rs. 245,623 lakhs as at March 31, 2019, total revenue of Rs. 409,817 lakhs, total comprehensive income (comprising of loss and other comprehensive income) of Rs. 21,387 lakhs for the year ended on that date, as considered in the statement. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the statement insofar as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.



11. The statement also include the Group's share of total comprehensive income (comprising of loss and other comprehensive income) of Rs. 2,551 lakhs for the year ended March 31, 2019 as considered in the statement, in respect of 2 associate companies and 9 joint ventures whose financial information have not been audited by us.

These financial statements of joint ventures have been audited by other auditors whose reports have been furnished to us by the Management, and our opinion on the statement insofar as it relates to the amounts and disclosures included in respect of these joint ventures and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

The financial information of associates are unaudited and have been furnished to us by the Management, and our opinion on the statement insofar as it relates to the amounts and disclosures included in respect of these associate companies and our report in terms of sub-section (3) of Section 143 of the Act insofar as it relates to the aforesaid associates, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the statement, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements/ financial information certified by the Management.

12. The Statement dealt with by this report has been prepared for the express purpose of filing with National Stock Exchange of India Limited and BSE Limited. This Statement is based on and should be read with the audited consolidated financial statements of the group, its associates and joint ventures, for the year ended March 31, 2019 on which we issued an modified audit opinion vide our report dated May 24, 2019.

Restriction on Use

13. This report is addressed to the Board of Directors of the Holding Company and has been prepared for and only for the purposes set out in paragraph 12 above. This report should not be otherwise used by any other party for any other purpose.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016
Chartered Accountants



N.K. Varadarajan
Partner
Membership No. 90196

Place: Hyderabad
Date: May 24, 2019

Annexure to Auditors report

S.no	Name	Relationship	Location
1	GVK Airport Developers Limited	Subsidiary	India
2	GVK Airport Holdings Limited	Subsidiary	India
3	Mumbai International Airport Limited	Subsidiary	India
4	Navi Mumbai International Airport Private Limited	Subsidiary	India
5	GVK Airport Services Private Limited	Subsidiary	India
6	Mumbai Aviation Fuel Farm Facility Private Limited	Joint venture of subsidiary	India
7	Mumbai Airport Lounge Services Private Limited	Joint venture of subsidiary	India
8	Bangalore Airport & Infrastructure Developers Limited	Subsidiary	India
9	GVK Airport International Pte limited	Subsidiary	Singapore
10	PT GVK Indonesia	Subsidiary	Indonesia
11	GVK Developmental Projects Private Limited	Subsidiary	India
12	GVK Ratle Hydro Electric Project Private Limited	Subsidiary	India
13	GVK Bagodara Vasad Expressway Private Limited	Subsidiary	India
14	GVK Perambalur SEZ Private Limited	Subsidiary	India
15	GVK Transportation Private Limited	Subsidiary	India
16	GVK Jaipur Expressway Private Limited	Subsidiary	India
17	Sutara Roads & Infra Limited	Subsidiary	India
18	GVK Deoli Kota Expressway Private Limited	Subsidiary	India
19	GVK Shivpuri Dewas Expressway Private Limited	Subsidiary	India
20	GVK Energy Limited	Joint venture	India
21	GVK Industries Limited	Subsidiary of joint venture	India
22	GVK Gauthami Power Limited	Joint venture of joint venture	India
23	Alaknanda Hydro Power Company Limited	Subsidiary of joint venture	India
24	GVK Power (Goindwal Sahib) Limited	Subsidiary of joint venture	India
25	GVK Coal (Tokisud) Company Private Limited	Subsidiary of joint venture	India
26	GVK Power (Khadur Sahib) Private Limited	Subsidiary of joint venture	India
27	Seregraha Mines Limited	Associate	India
28	GVK Coal Developers (Singapore) Pte. Ltd	Associate	Singapore



Price Waterhouse Chartered Accountants LLP

The Board of Directors
GVK Power & Infrastructure Limited,
Paigah House, 156-159,
Sardar Patel Road,
Secunderabad,
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Independent Auditor's Report on the Statement of standalone financial results

1. We have audited the accompanying Statement containing the annual audited standalone financial results of GVK Power & Infrastructure Limited (the "Company") for the year ended March 31, 2019 together with the notes thereon (hereinafter referred to as the "Statement"), which we have signed under reference to this report.

Management's Responsibility for the standalone financial results

2. Management is responsible for the preparation of the accompanying Statement. The Management is also responsible for the preparation of the annual statutory financial statements in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (the "accounting principles generally accepted in India"), basis which the above Statement containing the annual audited standalone financial results has been prepared. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Statement that is free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on the Statement based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the Statement.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

6. We draw your attention to note 7 to the statement with regard to multiple significant uncertainties faced by certain subsidiaries and a joint venture of GVK Energy Limited (joint venture) due to factors such as (a) non-availability of fuel (coal/gas), (b) outstanding application for increase in tariff and (c) compensation in relation to deallocated coal mine etc. Pending resolution of these uncertainties, we are unable to comment on the adequacy of impairment loss/ allowance for expected credit losses to be recognised in relation to (i) investments and in GVK Energy Limited aggregating to Rs. 104,213 lakhs and (ii) financial guarantees issued by the Company to the jointly controlled entity amounting to Rs. 4,500 lakhs. The impact of the above matters, if any, on the statement is presently not ascertainable.



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Price Waterhouse (a Partnership Firm) converted into Price Waterhouse Chartered Accountants LLP (a Limited Liability Partnership with LLP identity no: LLPIN AAC-5001) with effect from July 25, 2014. Post its conversion to Price Waterhouse Chartered Accountants LLP, its ICAI registration number is 012754N/N500016 (ICAI registration number before conversion was 012754N)

Qualified Opinion

7. In our opinion and to the best of our information and according to the explanations given to us:
- i. the Statement, together with the notes thereon are presented in the format prescribed under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in this regard; and
 - ii. except for the indeterminate effects of the matter referred to in Basis for Qualified Opinion paragraph above, the Annual audited standalone financial results for the year ended March 31, 2019 as set out in the Statement gives a true and fair view of the total comprehensive income (comprising of loss and other comprehensive income), and other financial information of the Company for the year ended March 31, 2019 in accordance with the accounting principles generally accepted in India.

Material uncertainty relating to going concern

8. We draw attention to note 10 in the statement, which states that the Company has significant accumulated losses as at year ended March 31, 2019, and has defaulted in repayment of loan and interest payments. Further, material uncertainties are faced by various projects in which the Company has made investments, provided guarantees/ commitments and / or has undertaken to provide financial assistance. These events or conditions, along with other matters as set forth in aforementioned note, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

Our opinion is not modified in respect of this matter.

Emphasis of Matter

9. We draw your attention to:
- a. note 4 of the Statement regarding the figures for the quarter ended March 31, 2019, which are the balancing figures between audited figures in respect of the full financial year and the published year-to-date figures upto the third quarter of the current financial year.
 - b. note 6 to the statement, regarding material uncertainties being faced by GVK Coal Developers (Singapore) Pte. Limited, an associate company in which the Company has made investment and has receivables aggregating to Rs. 75,655 lakhs and to whom it has provided guarantees and commitments for loans aggregating to Rs. 783,297 lakhs and has undertaken to provide financial assistance of USD 7.61 million (Rs. 5,263 lakhs) as at March 31, 2019.

Our opinion is not modified in respect of the above matters.

Other Matter

10. The Statement dealt with by this report has been prepared for the express purpose of filing with National Stock Exchange of India Limited and BSE Limited. This Statement is based on and should be read with the audited financial statements of the company for the year ended March 31, 2019 on which we issued a modified audit opinion vide our report dated May 24, 2019.

Restriction on Use

11. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 10 above. This report should not be otherwise used by any other party for any other purpose.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No. 012754N/N500016
Chartered Accountants



N.K. Varadarajan
Partner
Membership No. 90196

Place: Hyderabad
Date: May 24, 2019

Statement on impact of audit qualification for the year ended March 31, 2019 (Consolidated Financials)
Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016

Sl. No.	Particulars	Audited figures (as reported before adjusting for qualification)	Adjusted figures (Audited figures after adjusting for qualification)
1	Turnover/ total income	4,36,310	NA
2	Total expenditure	4,69,610	NA
3	Net profit/(loss) after tax	(30,683)	NA
4	Earnings per share	(2.30)	NA
5	Total assets	21,82,486	NA
6	Total liabilities (including amounts attributable to Non controlling interests)	23,02,791	NA
7	Net worth	(84,126)	NA

II Audit qualification

a. Details of Audit Qualification:

Basis for Qualified Opinion

6. We draw your attention to the following qualification to the audit opinion on the consolidated financial statements of GVK Energy Limited, a joint venture of the Holding Company issued by an independent firm of Chartered Accountants vide its report dated May 16, 2019 reproduced by us as under:

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

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

c. As discussed more fully in note * to the accompanying Consolidated Ind AS financial statements, regarding the uncertainties faced by the coal based power plants of a subsidiary company towards the resolution plan with lenders and determination of final tariff. Pending resolution of these uncertainties/approvals, we are unable to comment upon the recoverability of assets with carrying value of Rs. 396,638 lakhs together with consequential impact, if any, arising out of the same in these accompanying Consolidated Ind AS financial statements."

Notes * as described above is reproduced respectively as note 7c, 7a, 7b to the statement.

In light of the above, (also refer to para 9(D) below), we are unable to comment on the extent of eventual recoverability of the investment in and loans to such joint venture aggregating to Rs. 26,286 lakhs as disclosed under "loans" after recording Groups share of losses and the provisions if any, required for the corporate guarantee given to the joint venture amounting to Rs. 4,500 lakhs as at March 31, 2019. The impact of this matter on the statement is presently not ascertainable.



- b. Type of Audit Qualification : Qualified opinion
- c. Frequency of Qualification : II(a)(i) - Continuing since financial year 2014-15
II(a)(ii) & II(a)(iii) - Continuing since financial year 2017-18
- d. For Audit Qualification where the impact is quantified by the Auditor, management's view Not applicable
- e. For Audit Qualification where the impact is not quantified by the Auditor:
- (i). Management's estimation on the impact of audit qualification
Not applicable, refer response in point (ii) below

(ii) If management is unable to estimate the impact, reasons for the same:

The Company has investments in and has given loans to GVK Energy Limited, a joint venture, amounting to Rs. 26,286 Lakhs and has also given financial guarantees (Outstanding balance: Rs. 4,500 lakhs) to the above mentioned joint venture. Projects under the joint venture are currently facing uncertainties in relation to availability of fuel (Gas/ coal), deallocation of coal mines, pending capital costs approval for final tariff determination of power projects due to which these companies are incurring losses and have also defaulted in repayment of loans. Management is in the process of negotiating the terms with lenders for restructuring of loan accounts, one time settlements, and is also negotiating with the regulatory authorities for approval of additional capital costs. Management is confident that it will be able to settle the matters amicably and will be able to achieve final tariff approvals with retrospective effect and will be ultimately able to achieve profitable operations. However pending resolution of the above uncertainties currently the impact of the same is unascertainable.

(iii) Auditors comments on (i) or (ii) above:

Since multiple material uncertainties are being faced by power projects such as non-availability of fuel, outstanding application for increase in tariff including on account of approval of additional capital cost, unconcluded discussions/applications in relation to one time settlement proposals, compensation in relation to deallocated coal mine etc. Pending resolutions of these uncertainties we are unable to comment on the extent of eventual recoverability of the investment in and loans to the joint venture. The impact of adjustments, if any, on the Consolidated Ind AS financial statements is presently not ascertainable.

III Signatories

Whole Time Director


Mr. P V Prasanna Reddy

CFO


Mr. Issac George

Audit Committee chairman


Mr. Ch G Krishna Murthy

Statutory auditor


Mr. N.K. Varadarajan
Price Waterhouse Chartered Accountants LLP

Place: Hyderabad
Date: May 24, 2019

Statement on impact of audit qualification for the year ended March 31, 2019 (Standalone Financials)
Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016

Sl. No.	Particulars	Audited figures (as reported before adjusting for qualification)	Adjusted figures (Audited figures after adjusting for qualification)
1	Turnover/ total income	10,031	NA
2	Total expenditure	6,665	NA
3	Net profit/(loss) after tax	11,414	NA
4	Earnings per share	0.72	NA
5	Total assets	2,44,288	NA
6	Total liabilities	59,785	NA
7	Net worth	1,84,503	NA

II Audit qualification

a. Details of Audit Qualification:

Basis for Qualified Opinion

We draw your attention to note 7 to the statement with regard to multiple significant uncertainties faced by certain subsidiaries and a joint venture of GVK Energy Limited (joint venture) due to factors such as (a) non-availability of fuel (coal/gas), (b) outstanding application for increase in tariff and (c) compensation in relation to deallocated coal mine etc. Pending resolution of these uncertainties, we are unable to comment on the adequacy of impairment loss/ allowance for expected credit losses to be recognised in relation to (i) investments and in GVK Energy Limited aggregating to Rs. 104,213 lakhs and (ii) financial guarantees issued by the Company to the jointly controlled entity amounting to Rs. 4,500 lakhs. The impact of the above matters, if any, on the statement is presently not ascertainable.

- b. Type of Audit Qualification : Qualified opinion
- c. Frequency of Qualification : Continuing since financial year 2017-18
- d. For Audit Qualification where the impact is quantified by the Auditor, management's view : Not applicable
- e. For Audit Qualification where the impact is not quantified by the Auditor:
- (i). Management's estimation on the impact of audit qualification
 Not applicable, refer response in point (ii) above

(ii) If management is unable to estimate the impact, reasons for the same:

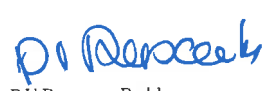
The Company has investments in and has given loans to GVK Energy Limited, a joint venture, amounting to Rs. 104,213 Lakhs and has also given financial guarantees (Outstanding balance: Rs. 4,500 lakhs) to the above mentioned jointly controlled entity. Projects under the jointly controlled entity are currently facing uncertainties in relation to availability of fuel (Gas/ coal), deallocation of coal mines, pending capital costs approval for final tariff determination of power projects due to which these companies are incurring losses and have also defaulted in repayment of loans. Management is in the process of negotiating the terms with lenders for restructuring of loan accounts, one time settlements, and is also negotiating with the regulatory authorities for approval of additional capital costs. Management is confident that it will be able to settle the matters amicably and will be able to achieve final tariff approvals with retrospective effect and will be ultimately able to achieve profitable operations. However pending resolution of the above uncertainties currently the impact of the same is unascertainable.

(iii) Auditors comments on (i) or (ii) above:

Since multiple material uncertainties are being faced by power projects such as non-availability of fuel, outstanding application for increase in tariff including on account of approval of additional capital cost, uncompleted discussions/applications in relation to one time settlement proposals, compensation in relation to deallocated coal mine etc. Pending resolutions of these uncertainties we are unable to comment on the extent of eventual recoverability of the investment and loans in the jointly controlled entity. The impact of adjustments, if any, on the Standalone Ind AS financial statements is presently not ascertainable.

III Signatories

Whole Time Director


 Mr. P V Prasanna Reddy

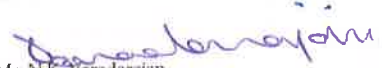
CFO


 Mr. Issac George

Audit Committee chairman


 Mr. Ch G Krishna Murthy

Statutory auditor


 Mr. N.R. Varadarajan
 Price Waterhouse Chartered Accountants LLP

Place: Hyderabad
 Date: May 24, 2019