

23rd May, 2018



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.

2) Regulation 33 & 52 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

The Board of Directors of our Company at its meeting held on today i.e. 23-05-2018 had considered and approved the following business:

- a) Audited Financial Statements of the company (Standalone and Consolidated) for the year ended 31st March, 2018 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, 2018 in the format specified under SEBI (LODR) Regulations, 2015.
- d) Dilution of equity in subsidiary/ies through a combination of various options.
- e) The 24th Annual General Meeting (AGM) of the company will be held on 14th August, 2018.
- f) The Register of members and share transfer registers will remain closed from 10-08-2018 to 14-08-2018 (both days inclusive) for the purpose of AGM.

The Board Meeting commenced at 11:30 a.m and concluded at 1:35p.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, 2018

(Rs. in Lakhs)

S. No.	Particulars	Quarter ended (Unaudited)			Year ended (Audited)	
		31.03.2018	31.12.2017	31.03.2017	31.03.2018	31.03.2017
1	Income					
	Revenue from operations	313	313	710	1,654	2,816
2	Other income	2,509	1,821	1,875	7,560	5,151
3	Total revenue	2,822	2,134	2,585	9,214	7,967
4	Expenses					
	Employee benefit expenses	8	9	59	91	248
	Other expenses*	(192)	200	5,354	360	5,837
	Fair value loss on Investments	80	15	15,658	8861	22,498
	Depreciation	4	3	3	13	13
	Finance costs	210	598	1,276	2,361	5,176
	Total Expenses	110	825	22,350	11,686	33,772
5	Profit/(loss) from ordinary activities but before exceptional items (3-4)	2,712	1,309	(19,765)	(2,472)	(25,805)
6	Exceptional items	-	-	-	-	-
7	Profit/(loss) from ordinary activities (5-6)	2,712	1,309	(19,765)	(2,472)	(25,805)
8	Tax Expense	398	215	820	1,136	1,296
9	Profit/(loss) from ordinary activities after tax (7-8)	2,314	1,094	(20,585)	(3,608)	(27,101)
10	Other comprehensive income (net of tax)	-	-	(1)	-	(1)
11	Total comprehensive income (after tax) (9+10)	2,314	1,094	(20,586)	(3,608)	(27,102)
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					
	a) Basic (in Rs.)	0.15	0.07	(1.30)	(0.23)	(1.72)
	b) Diluted (in Rs.)	0.15	0.07	(1.30)	(0.23)	(1.72)

* During the last quarter of the current year, the management based on its assessments has reversed certain provisions pertaining to previous year. Includes write off of advances amounting to Rs. 4,847 Lakhs given to Goriganga Hydro Power Private Limited, subsidiary company in the year ended March 31, 2017.

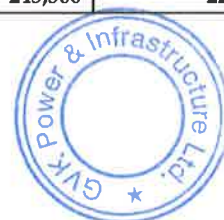


GVK Power & Infrastructure Limited

Balance sheet as at March 31, 2018

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

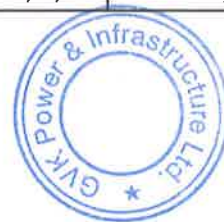
	March 31, 2018	March 31, 2017
Assets		
Non-current assets		
Property, plant and equipment	35	48
Financial assets		
Investments	233,969	214,365
Loans	5	5
Others	971	4,469
Non Current tax assets (net)	13	302
Other non-current assets	13	25
	235,006	219,214
Current assets		
Financial assets		
Investments	1,647	872
Trade receivables	130	916
Cash and cash equivalents	56	16
Loans	6,156	3,357
Other financial assets	2,500	1,528
Other current assets	11	65
	10,500	6,754
Total	245,506	225,968
Equity and Liabilities		
Equity		
Equity share capital	15,792	15,792
Retained earnings		
Other equity	157,317	160,925
	173,109	176,717
Liabilities		
Non-current liabilities		
Financial liabilities		
Borrowings	-	-
Unearned financial guarantee income	5,262	5,574
	5,262	5,574
Current liabilities		
Financial liabilities		
Borrowings	43,692	8,620
Trade payables		
• Total outstanding dues of micro enterprises and small enterprises	-	-
• Total outstanding dues of creditors other than micro enterprises and small enterprises	191	433
Other financial liabilities	18,704	30,890
Other current liabilities	38	28
Provisions	2	23
Current tax liabilities	4,508	3,683
	67,135	43,677
Total	245,506	225,968



GVK Power & Infrastructure Limited
Consolidated statement of assets and liabilities as at March 31, 2018

(Rs in Lakhs)

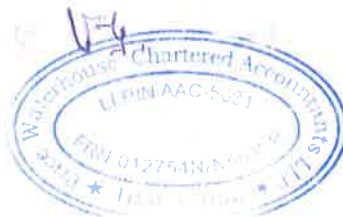
S.No.	Particulars	As at Year ended 31.03.2018 (Audited)	As at Year ended 31.03.2017 (Audited)
	Assets		
I)	Non-current assets		
	Property, plant and equipment	10,61,219	10,71,239
	Capital work-in-progress	99,352	83,261
	Goodwill	1,12,237	1,12,237
	Other intangible assets	2,13,523	2,21,283
	Intangible assets under development	60,853	59,354
	Investment Property	11,655	11,649
	Financial assets		
	Investments	76,639	1,65,831
	Loans	5	5
	Trade receivables	22	33
	Other financial assets (carried at amortised cost)	1,072	18,470
	Deferred tax assets (net)	16,217	12,386
	Tax assets	37,121	25,114
	Other non-current assets	81,255	83,493
		17,71,170	18,64,355
II)	Current Assets		
	Inventories	1,015	1,069
	Financial assets		
	Investments	2,293	9,875
	Trade receivables	41,855	44,385
	Cash and cash equivalents	89,039	85,126
	Other bank balances	48,308	17,657
	Loans	36,629	10,770
	Other financial assets (carried at amortised cost)	17,560	22,618
	Current tax assets	1,202	880
	Other current assets	18,114	6,388
	Total	2,56,015	1,98,768
	Grand Total	20,27,185	20,63,123



GVK Power & Infrastructure Limited
Consolidated statement of assets and liabilities as at March 31, 2018

(Rs in Lakhs)

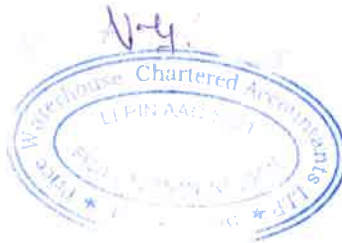
S.No.	Particulars	As at Year ended 31.03.2018 (Audited)	As at Year ended 31.03.2017 (Audited)
	Equity and Liabilities		
I)	Equity		
	Equity share capital	15,792	15,792
	Other equity	(99,918)	(45,475)
		(84,126)	(29,683)
II)	Non-controlling interests	1,56,872	1,40,564
	Total Equity	72,746	1,10,881
III)	Non-current liabilities		
	Financial Liabilities		
	Borrowings	10,69,327	10,51,151
	Other financial liabilities	1,75,256	1,08,460
	Provisions	1,197	1,344
	Deferred tax liabilities (net)	12,159	14,560
	Other non-current liabilities	1,24,023	79,829
	Total	13,81,962	12,55,344
IV)	Current liabilities		
	Financial liabilities		
	Borrowings	2,16,155	2,38,588
	Trade payables	25,025	27,766
	Other financial liabilities	2,72,261	3,76,049
	Provisions	2,522	2,805
	Current tax liabilities (net)	17,049	9,378
	Other current liabilities	39,465	42,312
	Total	5,72,477	6,96,898
	Grand Total	20,27,185	20,63,123



GVK Power & Infrastructure Limited
Statement of audited consolidated financial results for the year ended March 31, 2018

(Rs in Lakhs)

S. No.	Particulars	Year ended	
		31.03.2018 (Audited)	31.03.2017 (Audited)
1	Revenue from operations	3,86,321	3,51,647
2	Other income	1,00,422	53,266
3	Total Income	4,86,743	4,04,913
4	Expenses		
	(a) Employee benefit expenses	20,130	20,119
	(b) Annual fee to Airport Authority of India	1,33,062	1,18,770
	(c) Finance costs	1,64,308	1,89,037
	(d) Depreciation and amortisation	72,460	66,867
	(e) Fair value loss on investment	8,861	22,498
	(f) Other expenses	68,653	74,628
	Total expenses	4,67,474	4,91,919
5	Profit/ (Loss) from ordinary activities but before exceptional items (3-4)	19,269	(87,006)
6	Exceptional items	-	-
7	Profit/ (Loss) from ordinary activities (5-6)	19,269	(87,006)
8	Add: Share of profit/ (loss) from associates/ jointly controlled entities		
	Share of profit of associates	1,452	23,464
	Share of loss of jointly controlled entities	(58,301)	(65,094)
		(56,849)	(41,630)
9	Loss before tax (7+8)	(37,580)	(1,28,636)
10	Tax expense		
	Current tax	20,915	17,144
	Deferred tax credit	(4,758)	(11,417)
		16,157	5,727
11	Loss for the year	(53,737)	(1,34,363)



GVK Power & Infrastructure Limited
Statement of audited consolidated financial results for the year ended March 31, 2018

(Rs in Lakhs)

S. No.	Particulars	Year ended	
		31.03.2018 (Audited)	31.03.2017 (Audited)
12	Other comprehensive income		
	A Items that will not be reclassified subsequently to profit or loss		
	(a) Remeasurements of the defined benefit plans	62	(169)
	(b) Share of OCI from Associates and jointly controlled entities	-	(40)
	(c) Income tax relating to items that will not be reclassified to profit or loss	(20)	56
	B Items that may be reclassified to profit or loss		
	(a) Exchange differences in translating the financial statements of foreign operations	337	(125)
	(b) Share of OCI from Associates and jointly controlled entities	-	(8)
	Total other comprehensive (expense)/income	379	(287)
12	Total comprehensive income for the year		
13	Profit/ (Loss) for the year attributable to:		
	- Owners of the Company	(56,167)	(1,30,228)
	- Non controlling interests	2,430	(4,135)
		(53,737)	(1,34,363)
14	Other comprehensive income for the year attributable to:		
	- Owners of the Company	360	(287)
	- Non controlling interests	19	-
		379	(287)
15	Total comprehensive income for the year attributable to:		
	- Owners of the Company	(55,807)	(1,30,515)
	- Non controlling interests	2,449	(4,135)
		(53,358)	(1,34,650)
16	Paid-up equity share capital (Face value of share: Re 1/- each)	15,792	15,792
	Earnings per share (EPS)		
	Basic (in Rs.)	(3.56)	(8.25)
	Diluted (in Rs.)	(3.56)	(8.25)



GVK Power & Infrastructure Limited
Segment Reporting (Consolidated) for the Year ended March 31, 2018

(Rs in Lakhs)

Sr No	Particulars	Year ended	
		31.03.2018 (Audited)	31.03.2017 (Audited)
1	Segment Revenue		
	Power	-	-
	Roads	43,527	37,959
	Airports	342,393	312,127
	Others	1,654	2,816
	Unallocated	-	-
	Total	387,574	352,902
	Less: Inter segment revenue	1,253	1,255
	Net sales / income from operations	386,321	351,647
2	Segment Result		
	Power	(145)	(193)
	Roads	22,075	20,484
	Airports	59,354	21,838
	Others	(9,129)	(26,848)
	Unallocated	-	-
	Total	72,155	15,281
	Less:		
	Interest expense	164,308	189,037
	Add:		
	Other unallocable income net off unallocable expenditure	111,422	86,750
	Total profit/ (loss) before tax	19,269	(87,006)
3	Capital Employed		
	(Segment Assets)		
	Power	126,992	127,458
	Roads	261,033	266,919
	Airports	1,348,327	1,300,331
	Others*	15,613	18,702
	Unallocated	275,220	349,713
	Total Segment Assets	2,027,185	2,063,123
	(Segment Liabilities)		
	Power	722	4,081
	Roads	101,282	93,448
	Airports	321,560	227,025
	Others*	8,356	9,325
	Unallocated	1,522,519	1,618,363
	Total Segment Liabilities	1,954,439	1,952,242
	Net Capital employed	72,746	110,881

*Others include Investment, Oil & Gas, Manpower and SEZ companies



Notes:

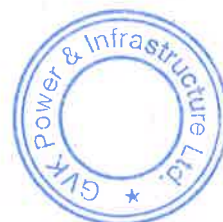
1. GVK Power & Infrastructure Limited ("The Company") has adopted Indian Accounting Standards (Ind AS) prescribed under section 133 Companies Act, 2013, read with relevant rules issued thereunder.
2. The Company carries its businesses in business segments viz., Power, Roads, Airports and others through various subsidiaries, associates and jointly controlled entities, 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, share of profits / (losses) of associates and jointly controlled entities (collectively "the Group").
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, 2018 and March 31, 2017 and the unaudited published year-to-date figures up to December 31, 2017 and December 31, 2016.
5. The above standalone and consolidated financial results have been reviewed by the audit committee and have been approved by board of directors at their meetings held on May 23, 2018.
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. 69,414 lakhs (March 31, 2017: Rs. 51,815 lakhs) and provided guarantees and commitments for loans amounting Rs. 752,080 lakhs (March 31, 2017: Rs. 752,110 lakhs) taken by GVK Coal as at March 31, 2018, and has undertaken to provide financial assistance of USD 7.83 million (Rs. 5,009 lakhs) as at March 31, 2018, an entity whose current liabilities exceeds current assets by USD 2,151 million (Rs. 1,398,927 lakhs) as at March 31, 2018 and has incurred losses of USD 77 million (Rs. 50,189 lakhs) for the year ended March 31, 2018, 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 is temporary in nature. 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.

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. 36,736 lakhs (March 31, 2017: Rs. 26,729 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. 59,304 lakhs of GVKIL and 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. 402,550 lakhs (March 31, 2017: Rs. 422,510 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 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.

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. 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, 2017: Rs. 3,212 lakhs) by GVKIL, disincentive recoverable aggregating to Rs. 2,409 lakhs (March 31, 2017: Rs. 2,151 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. 3,119 lakhs (March 31, 2017: Rs. 2,945 lakhs) and other receivables of Rs. 60 lakhs (March 31, 2017: Rs.54 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. 112,643 lakhs in standalone financial statements and Rs 36,460 lakhs in consolidated financial statements at carrying value and no provision for diminution for such investments and loans is necessary and also no provision is required for corporate guarantees given by the company amounting to Rs 10,298 lakhs as at March 31, 2018.

8. GVK Bagodara Vasad Expressway Private Limited (GVK BVEPL) step subsidiary of GVK Power and Infrastructure Limited 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, 2017: Rs. 69,506 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 right for path, 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 concessionaire agreement and also has claimed an amount of Rs. 54,092 lakhs. In response to such notice GVK BVEPL has written to GSRDC denying the claim from GSRDC and termination of agreement and has also stated that the delay is due to the default from GSRDC. Also, GVK BVEPL has notified GSRDC that dispute settlement will be as per the concessionaire agreement and GVK BVEPL will be appointing an arbitrator for the purpose of dispute settlement. In addition to the above, management is currently in discussion with various parties for a substitution arrangement as per which GVK BVEPL will be able to sell the project without any material losses. 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 GSRDC will be withdrawn and accordingly management believes that it is appropriate to recognize total assets aggregating to Rs. 69,499 lakhs (March 31, 2017 Rs. 69,506 lakhs) at carrying value in the consolidated financial statements and no provision for diminution is necessary.



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 126,923 lakhs (March 31, 2017: Rs. 127,326 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 520,000 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. 126,923 lakhs (March 31, 2017 : Rs. 127,326 lakhs) at carrying value in the consolidated financial statements and no provision for diminution is necessary.

10. As at March 31, 2018, the Group/Company had accumulated losses and the Company has 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 and 9 (referring to notes on GVK Energy Limited, GVK Coal Developers (Singapore) Pte 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 litigations 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 is confident 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 is in the process of achieving financial closure.

11. The Group has divested 10% (March 31, 2017: 33%) 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 (March 31, 2017: Rs. 220,200 lakhs) and accordingly accounted for profit amounting to Rs. 87,293 lakhs (March 31, 2017: Rs. 36,619 lakhs). The Group's stake in BIAL has come down to Nil (March 31, 2017: 10%) on divestment of the aforesaid stake.

12. 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 23, 2018

GVK Power & Infrastructure Limited


Dr. GVK Reddy
Chairman



Price Waterhouse Chartered Accountants LLP

The Board of Directors
GVK Power and Infrastructure Limited,
Paigah House, 156-159,
Sardar Patel Road,
Secunderabad,
Telangana 500 003

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, 2018 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 statement is 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 of the Statement with regard to multiple material uncertainties being faced by certain subsidiaries and a jointly controlled entity of GVK Energy Limited, a jointly controlled entity of the Company, in relation to non-availability of fuel, outstanding application for increasing 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 such jointly controlled entity aggregating to Rs. 112,643 lakhs and the provisions if any, required for the corporate guarantees given to the jointly controlled entity amounting to Rs. 10,298 lakhs. The impact of adjustments, if any, 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:
 - (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 the Basis for Qualified Opinion paragraph above, the Annual audited standalone financial results for the year ended March 31, 2018 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, 2018 in accordance with the accounting principles generally accepted in India.

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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)



Price Waterhouse Chartered Accountants LLP

Emphasis of Matter

8. We draw your attention to:

- (i) note 4 of the Statement regarding the figures for the quarter ended March 31, 2018, 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.
- (ii) 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 investments and has receivables aggregating to Rs. 69,494 lakhs and to whom it has provided guarantees and commitments for loans aggregating to Rs. 752,080 lakhs and has undertaken to provide financial assistance of USD 7.83 million (Rs. 5,009 lakhs) as at March 31, 2018.
- (iii) note 10 to the Statement, regarding losses being incurred by the Company and significant accumulated losses as at March 31, 2018, defaults in repayment of loan and interest payments and material uncertainties faced by various projects in which the Company has made investments, provided guarantees and commitments and/or has undertaken to provide financial assistance. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the Statement has been prepared on going concern basis for the reasons stated in the said note.

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

Other Matter

9. The Company had prepared the Standalone Financial Results and standalone financial statements for the year ended March 31, 2017 in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, which were audited by another firm of chartered accountants, who vide their report dated May 24, 2017 and May 24, 2017 issued modified opinion on those Standalone Financial Results and standalone financial statements, respectively.
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, 2018 on which we issued an modified audit opinion vide our report dated May 23, 2018.

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. 090196

Place: Hyderabad
Date: May 23, 2018

Price Waterhouse Chartered Accountants LLP

The Board of Directors
GVK Power and Infrastructure Limited,
Paigah House, 156-159,
Sardar Patel Road,
Secunderabad,
Telangana 500 003

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 and 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 Note 52 to the consolidated financial statements) for the year ended March 31, 2018 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 statement is 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 qualifications 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 21, 2018 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 de-allocated coal mine allocated to GVK Coal (Tokisud) Company Private Limited, subsidiary company. As directed by Hon'ble High Court of Delhi, the aforesaid subsidiary has submitted its claim for an amount of Rs. 19,882 lakhs with the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015. Pending approval from the adjudicating authority, we are unable to comment upon 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 gas based power plants of one of the subsidiary company and a jointly controlled entity towards supplies/availability of fuel, recovery of capacity charges and approval of one time settlement proposal with lenders. Pending resolution of these uncertainties/approvals, we are unable to comment upon the



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Price Waterhouse Chartered Accountants LLP

recoverability of assets with carrying value of Rs. 59,304 lakhs and the provisions 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 coal based power plant of one of the subsidiary company towards approval of 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. 417,818 lakhs together with consequential impact, if any, arising out of the same in these accompanying consolidated Ind AS financial statements.

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

In light of the above, (also refer to para 7(a) 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. 36,460 lakhs as disclosed under "loans" after recording Groups share of losses and the provisions if any, required for the corporate guarantee given to the jointly controlled entity amounting to Rs. 10,298 lakhs as at March 31, 2018. 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:
- (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 consolidated financial results for the year ended March 31, 2018 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, 2018 in accordance with the accounting principles generally accepted in India.

Emphasis of Matter

8. We draw your attention to the following matters:
- a. We draw attention to the following Emphasis of Matters included in audit opinion on the consolidated financial statements of GVK Energy Limited:
- i. Note* to the consolidated Ind AS 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
- ii. Note* to the consolidated Ind AS financial statements, regarding outstanding minimum alternate tax amounts claimed for reimbursement, disincentives recoverable and other receivable aggregating to Rs. 3,119 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 jointly controlled entity.

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

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

- b. We draw your attention to the following emphasis of matter paragraphs included in the audit reports on the Ind AS financial statements of GVK Rattle Hydro Electric Project Private Limited and GVK Bagodara Vasad Expressway Private Limited, the step down subsidiaries of the Holding Company issued by independent firms of Chartered Accountants vide their reports dated May 16, 2018 and May 14, 2018 respectively, reproduced by us as under:



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- (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 hydro power project being executed by Company. The ultimate outcome of this matter for assets having carrying value of Rs. 126,923 lakhs cannot be presently determined pending arbitration proceedings and other uncertainties.
- (ii). 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 toll road project being executed by Company. The ultimate outcome of this matter in relation to assets having carrying value of Rs. 69,499 lakhs cannot be presently determined pending arbitration proceedings and related uncertainties.

Notes * and # as described above is reproduced as notes 9 and 8 respectively to the consolidated statement.

- c. We draw your attention to 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 investments and has receivables aggregating to Rs. 69,414 lakhs has provided guarantees and commitments for loans aggregating to Rs. 752,080 lakhs taken by GVK Coal Developers (Singapore) Pte. Limited and has undertaken to provide financial assistance of USD 7.83 million (Rs. 5,009 lakhs) as at March 31, 2018.
- d. We draw your attention to note 10 to the statement, regarding losses being incurred by the Group and accumulated losses as at March 31, 2018, defaults in repayment of loan and interest payments and material uncertainties faced by various projects being executed by the group entities, provided guarantees and commitments and/or has undertaken to provide financial assistance. These conditions indicate the existence of material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. However, the statement has been prepared on going concern basis for the reasons stated in the said note.

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

Other Matter

9. We did not audit the financial statements of 14 subsidiaries whose financial statements reflect total assets of Rs. 573,532 lakhs and net assets of Rs. 38,991 lakhs as at March 31, 2018, total revenue of Rs. 47,340 lakhs and total comprehensive loss (comprising of loss and other comprehensive income) of Rs. 15,048 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.
10. The statement also include the Group's share of total comprehensive loss (comprising of loss and other comprehensive income) of Rs. 1,452 lakhs (profit) and Rs. 58,301 lakhs (loss) for the year ended March 31, 2018 as considered in the statement, in respect of 3 associate companies and 9 joint ventures whose financial information have not been audited by us.

The 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 joint ventures 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.

11. The Holding Company had prepared the consolidated Financial Results and consolidated financial statements for the year ended March 31, 2017 in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, which were audited by another firm of chartered accountants, who vide their report dated May 24, 2017 issued modified opinion on those consolidated Financial Results and consolidated financial statements respectively.



Price Waterhouse Chartered Accountants LLP

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, 2018 on which we issued modified audit opinion vide our report dated May 23, 2018.

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. 090196

Place: Hyderabad
Date: May 23, 2018

Statement on impact of audit qualification for the year ended March 31, 2018 (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	9,214	NA
2	Total expenditure	11,686	NA
3	Net profit/(loss)	(3,608)	NA
4	Earnings per share	(0.23)	NA
5	Total assets	2,45,506	NA
6	Total liabilities	72,397	NA
7	Net worth	1,73,109	NA

II Audit qualification

a. Details of Audit Qualification:

Basis for Qualified Opinion

We draw your attention to note 7 of the Statement with regard to multiple material uncertainties being faced by certain subsidiaries and a jointly controlled entity of GVK Energy Limited, a jointly controlled entity of the Company, in relation to non-availability of fuel, outstanding application for increasing 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 and loans in such jointly controlled entity aggregating to Rs. 112,643 lakhs and the provisions if any, required for the corporate guarantee given to the jointly controlled entity amounting to Rs. 10,298 lakhs. The impact of adjustments, if any, on the statement is presently not ascertainable.

- b. Type of Audit Qualification : Qualified opinion
- c. Frequency of Qualification : First time
- 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 jointly controlled entity, amounting to Rs. 112,643 Lakhs and has also given financial guarantees (Outstanding balance: Rs. 10,298 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:

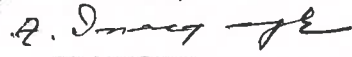
Since multiple material uncertainties are being faced by power projects such as non-availability of fuel, outstanding application for increase in tariff including on account of approval of additional capital cost, unconcluded discussions/applications in relation to one time settlement proposals, compensation 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 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

Chairman


 Dr. GVK Reddy


CFO


 Mr. Issac George

Audit Committee chairman


 Mr. Ch G Krishna Murthy

Statutory auditor


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



Statement on impact of audit qualification for the year ended March 31, 2018 (Consolidated Financials)^o
Regulation 33 of the SEBI (LODR) (Amendment) Regulations, 2016

I	Sl. No.	Particulars	Audited figures (as reported before adjusting for qualification)	Adjusted figures (Audited figures after adjusting for qualification)
	1	Turnover/ total income	4,86,743	NA
	2	Total expenditure	4,67,474	NA
	3	Net profit/(loss)	(53,737)	NA
	4	Earnings per share	(3.56)	NA
	5	Total assets	20,27,185	NA
	6	Total liabilities (including amounts attributable to Non controlling interests)	21,11,311	NA
	7	Net worth	(84,126)	NA

II Audit qualification

a. **Details of Audit Qualification:**

Basis for Qualified Opinion

We draw your attention to the following qualifications 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 21, 2018 reproduced by us as under:

i. As discussed more fully in note* to the accompanying consolidated Ind AS financial statements the Hon'ble Supreme Court of India has de-allocated coal mine allocated to GVK Coal (Tokisud) Company Private Limited, subsidiary company. As directed by Hon'ble High Court of Delhi, the aforesaid subsidiary has submitted its claim for an amount of Rs. 19,882 lakhs with the adjudicating authority constituted under the Coal Mines (Special Provisions) Act, 2015. Pending approval from the adjudicating authority, we are unable to comment upon 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.

ii. As discussed more fully in note* to the accompanying consolidated Ind AS financial statements, regarding the uncertainties faced by gas based power plants of one of the subsidiary company and a jointly controlled entity towards supplies/availability of fuel, recovery of capacity charges 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. 59,304 lakhs and the provisions 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.

iii. As discussed more fully in note * to the accompanying consolidated Ind AS financial statements, regarding the uncertainties faced by coal based power plant of one of the subsidiary company towards approval of 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. 417,818 lakhs together with consequential impact, if any, arising out of the same in these accompanying consolidated Ind AS financial statements.

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

In light of the above, (also refer to para 7(a) 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. 36,460 lakhs as disclosed under "loans" after recording Groups share of losses and the provisions if any, required for the corporate guarantee given to the jointly controlled entity amounting to Rs. 10,298 lakhs as at March 31, 2018. 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) - First time |
| 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 jointly controlled entity, amounting to Rs 36,460 Lakhs and has also given financial guarantees (Outstanding balance: Rs. 10,298 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, 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 and loans in the jointly controlled entity. The impact of adjustments, if any, on the Consolidated Ind AS financial statements is presently not ascertainable.

III Signatories

Chairman


Dr. GVK Reddy

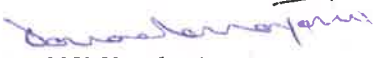
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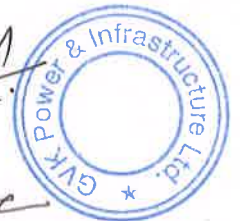

Mr. Issac George

Audit Committee chairman


Mr. Ch G Krishna Murthy

Statutory auditor


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



Place: Hyderabad
Date: May 23, 2018