

BEFORE THE HON'BLE PUNJAB STATE ELECTRICITY

REGULATORY COMMISSION

PETITION NO. OF 2017

IN THE MATTER OF:

GVK Power (Goindwal Sahib) Limited ...Petitioner

Versus

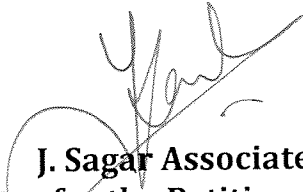
Punjab State Power Corporation Limited ...Respondent

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GVK Power (Goindwal Sahib) Limited/Petitioner

Through:


J. Sagar Associates
Advocates for the Petitioner
B-303, 3rd Floor, Ansal Plaza,
Hudco Place, August Kranti Marg
New Delhi -110049

Place: New Delhi

Date: 29 December, 2017

BEFORE THE HON'BLE PUNJAB STATE ELECTRICITY**REGULATORY COMMISSION****PETITION NO. OF 2017****IN THE MATTER OF:**

GVK Power (Goindwal Sahib) Limited

Paigarh House, 156 – 159, Sardar Patel Road,

Secunderabad – 540 003

...Petitioner

Versus

Punjab State Power Corporation Limited

The Mall, Patiala (Punjab)

...Respondent

Filing of the petition for the approval of Capital Investment Plan (CIP) and Business Plan (BP) for 2 x 270 MW Goindwal Sahib Thermal Power Project for Multi Year Tariff (MYT) control period (FY 2017- 18, 2018-19 and FY 2019-20) under Regulation 9 & 10 of the Punjab State Electricity Regulatory Commission (Terms & Conditions of determination of Generation, Transmission, wheeling and retail supply tariff Regulations), 2014.

1. M/s. GVK Power (Goindwal Sahib) Limited (**“the Petitioner”**), a company incorporated under the Companies Act, 1956 having its Registered office at 156-159, Paigah House, Sardar Patel Road, Secunderabad – 500 003, Telangana State and is a generating company within the meaning of Section 2(28) of the Electricity Act, 2003. The Petitioner has developed 2 x 270 MW Coal Based Thermal Power Project at Goindwal Sahib village, Tarn Taran District, Punjab which has declared Commercial Operations of Unit-1 on 06.04.2016 and for the Station on 16.04.2016. The Petitioner has entered in to an Amended and Restated Power Purchase Agreement (**“PPA”**) on 26.05.2009 with Punjab State Power Corporation Limited (formerly PSEB/ **“the Respondent”**) for the supply of power from the said Project. This Project at the time of signing of the PPA had a captive coal mines viz. Tokisud North Sub Block and part of Seregarha block in the state of Jharkhand, which is clearly stated in the PPA.

2. The Petitioner has filed Petition No. 54 of 2017 before this Hon'ble Regulatory Commission on 22.09.2017 for the approval of the Completed Capital Cost and for approval of tariff for the years 2016-17, 2017-18 and 2018-19.

3. It is submitted that this Hon'ble Commission by way of communication dated 27.10.2017 identified certain deficiencies and directed the Petitioner to rectify the same. Accordingly, the Petitioner is filing this petition for approval of Capital Investment Plan ("CIP") and Business Plan ("BP") under Regulation 9 and 10 of the PSERC (Terms & Conditions of determination of Generation, Transmission, wheeling and retail supply tariff Regulations), 2014 ("**PSERC Tariff Regulations, 2014**"). However, this could not be filed on or before 01.04.2016 for the MYT Control Period FY 2017-18 to FY 2019-20 for reasons already detailed out in the compliance report filed by the Petitioner on 29.12.2017.

4. In exercise of the powers conferred under Section 61 read with Section 181(2) of the Electricity Act, 2003 (No. 36 of 2003), the Hon'ble Commission has issued the PSERC Tariff Regulations, 2014 on 1st July 2014 which was subsequently amended vide notification dated 28.05.2015 and 03.02.2016 respectively.

5. It is submitted that in line with the above said provisions of PSERC Tariff Regulations, 2014 and its amendments, the Petitioner is hereby filing this petition for approval of the CIP and BP along with a separate MYT Petition along with requisite formats for determination of Tariff for the Control Period from FY 2017-18, 2018-19 and FY 2019-20.

1. SECTION- A : CAPITAL INVESTMENT PLAN FOR THE CONTROL PERIOD FROM FY 2017-18, FY 2018-19 AND FY 2019-20

6. It is submitted that Regulation 9.1 of the PSERC Tariff Regulations, 2014, specifies as under:

"9.1. The Applicant shall file capital investment plan for approval by the Commission on or before 1st April of the year preceding the first year of the control period for a duration covering the control period. The capital investment plan shall include:

a) Purpose of investment;

- b) *Broad Technical Specifications of the proposed investment and supporting details;*
- c) *Capital Structure;*
- d) *Capitalization Schedule;*
- e) *Financing Plan, including identified sources of investment;*
- f) *Physical targets;*
- g) *Cost-benefit analysis;*
- h) *Prioritization of proposed Investments;*
- i) *In case of generating company, the capital investment plan shall be commensurate with the capacity addition during the control period;*
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-
-”

7. Accordingly, the Petitioner is submitting the Capital Investment Plan, projecting for the Control Period (FY 2017-18, FY 2018-19 and FY 2019-20) for the Project.

8. It is submitted that there are certain capital expenditures to be incurred which is a spill over after the COD was declared. The said Capital Expenditure is necessary for the Petitioner to operate the generating station.

9. It is submitted that as per the Regulation 18.2 of PSERC Tariff Regulations, 2014:

“18.1. The Capital Expenditure incurred or projected to be incurred, on the following counts within the original scope of work, after the Date of Commercial Operation and up to the cut-off date may be admitted by the Commission, subject to prudence check:

- a. *Un-discharged/Deferred liabilities;*
- b. *Works deferred for execution;*
- c. *Liabilities to meet award of arbitration or for compliance of the order or decree of a court;*
- d. *On account of change of law; and*
- e. *Procurement of initial capital spares in the original scope of work, subject to ceiling mentioned in regulation 17.2:*

Provided that the details of work included in the original scope of work along with estimates of expenditure, un-discharged liabilities and works deferred for execution shall be submitted along with the application for determination of tariff after the date of commercial operation of the project.

18.2. *The Capital Expenditure of the following nature actually incurred after the cut-off date may be admitted by the Commission subject to prudence check:*

a. Un-discharged/Deferred liabilities relating to works/services within the original scope of work;

b. Liabilities to meet award of arbitration or for compliance of the order or decree of a court;

c. On account of change of law;

d. Any additional works/services which have become necessary for efficient and successful operation of the project, but not included in the original project cost; and

e. In case of hydro generating stations, any expenditure which has become necessary on account of damage caused by natural calamities (but not due to flooding of power house attributable to the negligence of the generating company) including due to geological reasons after adjusting for proceeds from any insurance scheme, and expenditure incurred due to any additional work which has become necessary for successful and efficient plant operation:

Provided that any expenditure on acquiring the minor items or the assets like tools and tackles, furniture, air-conditioners, voltage stabilizers, refrigerators, coolers, fans, washing machines, heat convectors, mattresses, carpets etc. brought after the cut-off date shall not be considered for additional capitalization for determination of tariff w.e.f. the date of the start of first year of the control period”.

10. The above said Regulation allows the additional capitalization for the Project subsequent to declaration of COD.

The Capital Investment Plan for the Project is as follows:

a. Buildings – Rs. 57 Crore

The balance of BOP civil works Rs. 7 Crore and Non-EPC works of Rs. 12 Crores pertains to various civil works yet to be completed. This sum also includes a sum of Rs. 10 Crore to be incurred as part of green belt development. Further, a contingency of Rs. 28 Crore is required to be incurred as part of the improvement in coal handling and ash handling areas.

b. Plant & Machinery – Rs. 123 Crore

The Petitioner is yet to procure the initial capital spares for equipment in respect of Boiler-Turbine-Generator (“BTG”) and Balance of Plant (“BOP”) packages amounting to Rs. 66 Crore. Further, the balance of

electrical, mechanical and C&I works out of BOP contract amounting to Rs. 53 Crore and out of BTG of Rs. 4 Crore is yet to be incurred.

c. Topping of Roads – Rs. 50 Crore

The internal roads of the Project needs to be strengthened by laying proper bitumen layer on the internal roads. This includes the approach roads to the Project including the roads leading to river water pump house. Further, as a part of the security, the roads around the Project compound wall needs to be strengthened for guarding the Plant.

11. In view of the above, the year wise details of Capital Expenditure to be incurred during the Control Period is tabulated below:-

| Rs. in Crores | | | | | |
|---------------|---------------------|-------------------|-------------------|-------------------|--------------|
| <i>S. No.</i> | <i>Head</i> | <i>FY 2017-18</i> | <i>FY 2018-19</i> | <i>FY 2019-20</i> | <i>Total</i> |
| 1 | Buildings | 57 | 0 | 0 | 57 |
| 2 | Plant & Machinery | 66 | 0 | 0 | 66 |
| | - Initial capital | 53 | | | 53 |
| | spares | 4 | | | 4 |
| | - Balance BOP works | | | | |
| | - Balance BTG works | | | | |
| 3 | Topping of Roads | 50 | 0 | 0 | 50 |
| | Total : | 230 | 0 | 0 | 230 |

12. It is prayed that this Hon'ble Commission consider the above amount of Rs. 230 Crores towards additional capitalization while approving the Capital Investment Plan. It is submitted that the estimates under the above heads are indicative in nature and that the actual expenditure may vary.

FUNDING:

13. It is submitted that Regulation 19 of PSERC Tariff Regulations, 2014 provides the normative debt: equity ratio as 70:30.

14. The Petitioner has already included the above capital expenditure that has already been approved by the lenders in the total Project Cost. This has been funded in the Debt-Equity ratio of 73.80: 26.20 as considered for the completed Capital Cost.

INSTALLATION OF FLUE GAS DESULFURIZATION UNITS (FGDS):

15. It is submitted that the Ministry of Environment, Forest and Climate Change (MOEF & CC) issued Notification No. S.O. 3305(E) dated 07.12.2015 under the Environment Protection Act, 1986 on new environmental norms as per the Environment (Protection) Amendment Rules 2015 for Thermal Power Stations. As per the said notification, Thermal Power Stations are required to install Flue Gas Desulfurization Units (FGDs). Accordingly, Central Electricity Authority (CEA) has made program for implementing the installation of FGDs in power plants in staggered manner from 2018 to 2022 and is conducting the meetings with the power plants for deciding the specific technology & associated costs for installation of the FGDs.

16. It is submitted that the Northern Regional Power Committee (NRPC) has suggested a phasing plan for installation of FGDs under which the Petitioner is required to install FGD for Unit-I by March-April 2020 and for Unit-II by January-February 2020. However, the Petitioner is awaiting finalization of policy by CEA (division of Ministry of Power) and MOEF & CC regarding the specific technology and associated costs for installation of FGDs.

17. It is prayed that this Hon'ble Commission permit the Petitioner to approach it for approval of the Capital Investment Plan qua installation of FGDs on finalization of the policy by the Ministry of Power and MOEF&CC. The Hon'ble Commission may be pleased to allow the additional expenditure as and when incurred in this regard under the Change in Law terms contemplated in the PPA.

SECTION- B: BUSINESS PLAN FOR THE CONTROL PERIOD FROM FY 2017-18 TO FY 2019-20

18. It is submitted that Regulation 10.1 of PSERC Tariff Regulations, 2014, specifies as under:

"10.1. The Applicant shall file for approval of the Commission a business plan for its generation, transmission or distribution businesses, as the case may be, on or before 1st April of the year preceding the first year of the control period for a duration covering at least the entire control period. The business plan shall cover details for each year of the control period."

19. Further, it is submitted that Regulation 10.3 of the PSERC MYT Regulations, 2014 states that:

“10.3. The business plan for generation business shall contain among other things the following; (i) Generation forecasts; (ii) Future performance targets; (iii) Proposed efficiency improvement measures; (iv) Saving in operating costs; (v) Financial statements (which includes balance sheet, profit and loss statement and cash flow statement)- current and projected (at least for the control period duration) along with basis of projections; (vi) Any other new measures to be initiated for the generation business, e.g. automation, IT initiatives etc. “

20. In view of the above, it is clear that the Business Plan has to provide a comprehensive picture of the Petitioner, future targets, possible improvements in efficiency, tentative financial projections for the Control Period etc. Accordingly, the Petitioner is filing the Business Plan for the MYT Control Period from FY 2017-18 to FY 2019-20 based on the available data and future projections which has been prepared assuming the generation targets, determination of AFC by this Hon'ble Commission as per PSERC Tariff Regulations, 2014 and various other relevant assumptions.

21. It is submitted that the Project achieved COD on 16.04.2016. The entire power generated is sold to PSPCL in terms of the PPA. Thus, the only revenues for this Project is from the sale of Power to PSPCL.

22. The Petitioner might also incur certain additional Capital Expenditure, if required, during the Control Period. The details and justification for the same are given in the Capital Investment Plan submitted along with this petition.

23. The details as required under Regulation 10.3 are given as under:

a. Generation forecast and future performance targets:

24. The Petitioner has to purchase coal under the e-auctions conducted by Coal India Limited. This is because the captive coal mine that was allotted to this Plant was de-allocated by an Order of the Hon'ble Supreme Court. The Plant is running on a continuous basis depending upon the dispatch instructions received from PSPCL and the quantity of coal at the Plant site. Hence, it is estimated that for the FY 2017-18, the company will be achieving the normative Availability Plant Factor of 83%.

25. For the FY 2018-19 and FY 2019-20, the Petitioner assumes that a long term coal linkage will be sanctioned by the government. Hence, the coal cost has accordingly been assumed. Further, the PLF for the said years is taken at 83%.

26. In view of the above, the target generation details are as follows for the Control Period FY 2017-18 to FY 2019-20:

Generation forecast

| <i>Particulars</i> | <i>FY 2017-18</i> | <i>FY 2018-19</i> | <i>FY 2019-20</i> |
|---------------------------------------|-------------------|-------------------|-------------------|
| Gross Generation (Million Units) | 3926 | 3926 | 3926 |
| Less : Auxiliary @ 9% | 353 | 353 | 353 |
| Net Generation (Million Units) | 3573 | 3573 | 3573 |

27. The Petitioner submits that it will endeavor to achieve performance parameters better than the normative in terms of the Plant Availability factor, Station Heat Rate, Emission norms.

b. Proposed efficiency improvement measures:

28. The Petitioner submits that since FY 2017-18 being the initial period of the Project's operation after achieving COD, efforts are put for the Project stabilization and to resolve the teething problems.

c. Savings in operating costs :

29. The operating cost of a coal based generating station are majorly on account of spares, Repairs & Maintenance (R&M) of the Plant, Repairs & Maintenance of the building (R&M), chemicals, consumables, spares for motors, pumps etc., travelling expenses, communication expenses, Employee Cost and other expenses. The Repairs & Maintenance expenses includes annual maintenance contract for maintenance of various equipment/ systems. Further, R&M expenses include mandatory repairs to be carried out from time to time. The Administrative expenses will include expenses such as insurance premium payable for the Plant and stocks and spares and other equipments including movables, professional consultants charges, travel expenses, rent, legal charges including Regulatory fees, Auditors' fee and other recurring expenses. Employee cost is expenses towards the employees of the Petitioner.

30. The Petitioner submits that all the above expenses are fixed in nature and there is no variable component. Hence, the Petitioner does not foresee any reduction in the operating costs during the Control Period i.e., during FY 2017-18 to FY 2019-20. Kindly note that the expenses to be incurred under the above heads may vary from year to year based on market conditions, Industrial practice and site specific conditions.

d. Financial Statements of the last Audited Balance Sheet:

31. The financial statements being P&L Account, Balance Sheet and Cash Flow statement as per the last available audited books of Accounts of the Petitioner i.e., for the FY 2015-16 is attached as an *Annexure P-1*.

e. Financial Statements for the Control Period:

32. The financial statements for the Control Period i.e., FY 2017-18 to FY 2019-20 is enclosed as an *Annexure P-2 (Colly.)*. These have been prepared on the basis of the generation targets as mentioned above, determination of AFC by the Hon'ble Commission and various other relevant assumptions as detailed below:

Details of Assumptions:

33. The details of assumptions taken by the Petitioner in preparing the Business Plan are as under:-

- (a) Entire generation from the Plant is sold to the Respondent in terms of the Power Purchase Agreement.
- (b) The Respondent will schedule the entire net generation.
- (c) The Normative Annual Plant Availability Factor is considered at 83% taking in to account of the scheduled maintenance of the Plant.
- (d) As the Plant Availability Factor is considered at 83%, incentive payment on energy corresponding to the Availability in excess of 85% is not considered.
- (e) The Petitioner considered a capital expenditure of Rs. 230 Crores to be incurred in the FY 2017-18. Any other capital expenditure to be incurred during the Control Period on account of Change in Law and in compliance to the Environmental Norms etc., will be additional and its effect on Tariff will be considered by the Hon'ble Commission at that point of time.
- (f) The landed cost of Primary Fuel and the Secondary Fuel is considered for computation of Energy Charges.

- (g) The revenue for the Control Period has been considered on the basis of the tariff submitted for approval to the Hon'ble Commission.
- (h) Taxes, duties, cess etc., are pass through to the Respondent at actuals.


PRAYER

34. It is therefore respectively prayed that the Hon'ble Commission may be pleased to:-

- (a) Condone the delay in filing the present petition
- (b) Admit the petition and grants approval to the Capital Investment Plant and the Business Plant for the Control Period as detailed out by the Petitioner.
- (c) To pass any other Orders as the Hon'ble Commission may deem fit and appropriate.

GVK Power (Goindwal Sahib) Limited/Petitioner

Through:


J. Sagar Associates
Advocates for the Petitioner
B-303, 3rd Floor, Ansal Plaza,
Hudco Place, August Kranti Marg
New Delhi -110049

Place: New Delhi

Date: 29 December, 2017

**BEFORE THE PUNJAB STATE ELECTRICITY REGULATORY COMMISSION,
CHANDIGARH**

PETITION NO. 54 OF 2017

IN THE MATTER OF:

Filing of the petition for the approval of Capital Investment Plan (CIP) and Business Plan (BP) for 2 x 270 MW Goindwal Sahib Thermal Power Project for Multi Year Tariff (MYT) control period (FY 2017- 18, 2018-19 and FY 2019-20) under Regulation 9 & 10 of the Punjab State Electricity Regulatory Commission (Terms & Conditions of determination of Generation, Transmission, wheeling and retail supply tariff Regulations), 2014.

IN THE MATTER OF:

GVK Power (Goindwal Sahib) Limited
Paigah House, 156 – 159, Sardar Patel Road,
Secunderabad – 540 003

...Petitioner

Versus

Punjab State Power Corporation Limited,
The Mall, Patiala (Punjab)

...Respondent

Affidavit

I Oliver Tyagi, Son of Shri. R. S. Tyagi, aged about 52 years, Resident of H-11, Uppal Marble Arch Apartments, Chandigarh the authorised representative of the Petitioner, do hereby solemnly affirm and state as follows:

1. I say that I am duly authorized and competent to affirm this Affidavit for and on behalf of the GVK Power (Goindwal Sahib) Limited and I am acquainted with the facts and circumstances of the present case. I say that I have read and understood the contents of the accompanying Application.
2. I state that the facts stated in the accompanying Application are true and correct to the best of my knowledge based on the records of the Petitioner and that the legal submissions made therein are based upon information received by me and believed to be true. The present Application has been drafted pursuant to my instructions and its contents are true and correct.
3. I say that the annexures, if any, annexed with the Petition are true copies of the original.

4. I say that no similar Application or writ petition or suit or appeal regarding the mater respect of which this Petition is preferred is pending before any court or any other authority.

Deponent

Verification:

I, the deponent above named do hereby verify that the contents of my above affidavit are true to my knowledge and belief; no part of it is false and nothing material has been concealed there from.

Verified at Chandigarh on the 29th day of December, 2017

A handwritten signature in black ink, consisting of several overlapping loops and lines, located on the left side of the page.

Deponent



Brahmayya & Co.,

CHARTERED ACCOUNTANTS

VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

INDEPENDENT AUDITOR'S REPORT

To the members of **GVK Power (Goindwal Sahib) Limited**

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of **GVK Power (Goindwal Sahib) Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss, Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

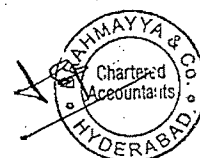
Management's Responsibility for the Standalone Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting and auditing standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.
6. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true

TRUE COPY





VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

and fair view 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 the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2016, its loss, and its cash flows for the year ended on that date.

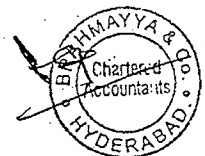
Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

- We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- On the basis of written representations received from the directors as on March 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016, from being appointed as a director in terms of section 164 (2) of the Act;
- With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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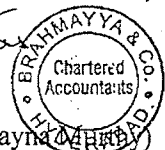
Brahmayya & Co.

CHARTERED ACCOUNTANTS

VIJAYAWADA, HYDERABAD, VISAKHAPATNAM, GUNTUR, KAKINADA, TANUKU, ALSO AT CHENNAI, BANGALORE AND ADONI.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact of pending litigations as at March 31, 2016 on its financial position in its standalone financial statements – Refer Note 23 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts for which there were any material foreseeable losses as at March 31, 2016. The Company did not have any derivative contract.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For Brahmayya & Co.
Chartered Accountants
(Firm's Registration No.000513S)

Satyanarayana


(S Satyanarayana)
(Partner)

(Membership No. 023651)

Place: Hyderabad
Date: 12 May 2016


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Annexure 1 to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of GVK Power (Goindwal Sahib) Limited on the standalone financial statements for the year ended March 31, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
(b) The fixed assets are physically verified by the Management during the year and no material discrepancies have been noticed on such verification.
(c) Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to information and explanations given by the management, the title deeds of immovable properties, are held in the name of the Company.
- ii. The inventory has been physically verified by the Management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed in respect of such confirmations.
- iii. According to the information and explanation given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act, except Rs.36.07 crores to GVK Coal (Tokisud) Company P Ltd, a fellow subsidiary. In the absence of the agreement we cannot comment on the Clause 3(iii)(a), (b) and (c) of the said Order.
- iv. In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified. Therefore, the provision of Clause 3(v) of the Order is not applicable to the Company.
- vi. The company yet to start commercial production. Hence maintenance of books of account, pursuant to the rules made by the Central Government of India, the maintenance of cost records specified under sub-section (1) of Section 148 of the Act, are not applicable for the year under operation.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, income tax, sales tax, service tax, duty of customs, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. As informed to us, the provisions relating to excise duty are not applicable to the Company.

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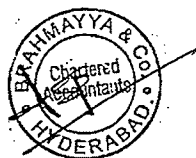
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, service tax, sales-tax, customs duty, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of Income- Tax, Service tax, sales-tax, customs duty, value added tax and cess which have not been deposited on account of any dispute.

viii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanation given by the management, the Company has not issued any debentures and does not have borrowings from the government. The Company has defaulted in repayment of dues to banks and Financial Institutions as detailed as under.

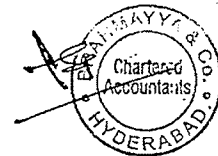
| Particulars | Amount of default as at the balance sheet date Interest Rs | Period of default |
|---|---|--------------------------|
| Banks: | | |
| Axis Bank Ltd | 58,978,631 | 01-01-2016 to 31-03-2016 |
| Union Bank of India | 74,827,133 | --- Do --- |
| IDBI Bank Limited | 149,569,242 | --- Do --- |
| Karnataka Bank limited | 30,952,092 | --- Do --- |
| United Bank of India | 56,757,872 | --- Do --- |
| Indian Bank | 28,076,682 | --- Do --- |
| Punjab & Sind Bank | 46,410,670 | --- Do --- |
| UCO Bank | 44,738,054 | --- Do --- |
| Bank of Baroda | 23,299,849 | --- Do --- |
| Bank of India | 191,723,460 | 01-03-2015 to 31-03-2016 |
| Financial Institutions: | | |
| Indian Infrastructure Finance Company Ltd | 114,905,475 | 01-12-2015 to 31-03-2016 |
| Life Insurance Corporation of India | 51,433,672 | 01-12-2015 to 31-03-2016 |

- ix. Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we are of the opinion that the term loans have been applied for the purposes for which they were obtained. The Company has not raised any money way of initial public offer or further public offer (including debt instruments).

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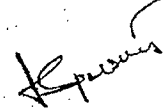

- x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or on the Company by the officers and employees of the Company has been noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- xiii. Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- xv. Based on our audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him.



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- xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For Brahmayya & Co.
Chartered Accountants
(Firm's Registration No.000513S)

(S Satyanarayana Murthy)
(Partner)
(Membership No. 023651)

Place: Hyderabad
Date:12 May 2016


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Annexure 2 to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of **GVK Power (Goindwal Sahib) Limited** on the standalone financial statements for the year ended March 31, 2016

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

To the Members of **GVK Power (Goindwal Sahib) Limited**

1. We have audited the internal financial controls over financial reporting of **GVK Power (Goindwal Sahib) Limited** ("the Company") as of March 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

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Meaning of Internal Financial Controls Over Financial Reporting

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

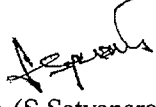
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Brahmayya & Co.
Chartered Accountants
(Firm's Registration No.000513S)


(S Satyanarayana Murthy)
(Partner)

(Membership No. 023651)

Place: Hyderabad
Date: 12 May 2016


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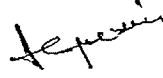
GVK Power (Goindwal Sahib) Limited
Balance Sheet as at 31 March 2016

(In Rs.)

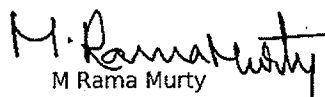
| Particulars | Note No | As at 31 March 2016 | | As at 31 March 2015 | |
|---|---------|---------------------|------------------------|---------------------|------------------------|
| Equity and Liabilities | | | | | |
| Shareholders' funds | | | | | |
| Share capital | 2 | 12,02,53,77,000 | | 10,80,00,00,000 | |
| Reserves and surplus | 3 | (24,45,12,816) | | (7,09,33,304) | |
| | | | 11,78,08,64,184 | | 10,72,90,66,696 |
| Share application money, pending allotment | | | 1,68,28,767 | | 5,36,81,521 |
| Non-current liabilities | | | | | |
| Long-term borrowings | 4 | 31,12,11,51,458 | | 25,70,78,35,039 | |
| Long-term provisions | 5 | 14,01,354 | | 17,25,058 | |
| | | | 31,12,25,52,812 | | 25,70,95,60,097 |
| Current liabilities | | | | | |
| Short-term borrowings | 6 | 36,99,37,109 | | 1,21,27,97,475 | |
| Other current liabilities | 7 | 4,19,37,65,089 | | 3,84,83,34,567 | |
| Short-term provisions | 8 | 61,34,895 | | 72,02,374 | |
| | | | 4,56,98,37,093 | | 5,06,83,34,416 |
| Total | | | 47,49,00,82,856 | | 41,56,06,42,731 |
| Assets | | | | | |
| Non-current assets | | | | | |
| Fixed assets | 9 | | | | |
| Tangible assets | | 1,91,77,65,990 | | 1,97,76,28,720 | |
| Intangible assets | | 22,77,93,499 | | 3,00,982 | |
| Capital work-in-progress | | 24,18,54,99,406 | | 24,11,78,94,183 | |
| Expenditure during construction, pending allocation | 10 | 17,56,88,61,662 | | 12,80,26,92,077 | |
| | | | 43,89,99,20,557 | | 38,89,85,15,962 |
| Non-current investments | 11 | 990 | | 990 | |
| Long-term loans and advances | 12 | 2,51,92,84,905 | | 2,37,45,77,065 | |
| Other non-current assets | 13 | 3,05,21,704 | | 2,82,10,216 | |
| | | | 46,44,97,28,156 | | 41,30,13,04,234 |
| Current assets | | | | | |
| Current investments | 14 | 2,82,40,970 | | - | |
| Inventories | 15 | 27,90,57,981 | | 24,00,70,577 | |
| Trade Receivables | 16 | 29,39,29,284 | | - | |
| Cash and cash equivalents | 17 | 3,41,20,230 | | 46,01,512 | |
| Short-term loans and advances | 18 | 3,48,12,209 | | 46,45,410 | |
| Other current assets | 19 | 37,01,94,026 | | 1,00,20,998 | |
| | | | 1,04,03,54,700 | | 25,93,38,497 |
| Total | | | 47,49,00,82,856 | | 41,56,06,42,731 |
| Corporate Information Summary of Significant Accounting Policies | 1 | | | | |


The accompanying notes to accounts form an integral part of financial statements

As per our report of even date
for BRAHMAYYA & CO
Firms' Registration Number: 0005135
Chartered Accountants


(S Satyanarayana Murthy)
Partner
Membership Number: 023651

For and on behalf of Board of Directors


M Rama Murthy
Wholetime Director
DIN:03387583


P V Prasanna Reddy
Director
DIN:01259482

Place: Hyderabad
Date: 12.05.2016


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GVK Power (Goindwal Sahib) Limited
Statement of Profit and loss for the year ended 31st March, 2016

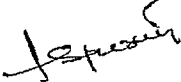
(in Rs.)

| Particulars | Note No | Current Year | Previous Year |
|--|---------|-----------------------|----------------------|
| Revenue | | - | - |
| Revenue from Operations | | - | - |
| Other income | | - | - |
| Total Revenue | | - | - |
| Expenses | | | |
| Other expenses | 20 | 1,21,04,844 | 5,41,44,085 |
| Finance costs | 21 | 4,10,835 | 3,66,343 |
| Depreciation and amortization expense | 9 | 3,72,591 | 8,88,623 |
| Total expenses | | 1,28,88,270 | 5,53,99,051 |
| Loss before exceptional items | | (1,28,88,270) | (5,53,99,051) |
| Exceptional item | 29 | (16,06,91,242) | - |
| Loss for the year | | (17,35,79,512) | (5,53,99,051) |
| Earnings per equity share | | | |
| Basic and diluted | 22 | (0.16) | (0.05) |
| Corporate Information | | | |
| Summary of Significant Accounting Policies | 1 | | |


The accompanying notes to accounts form an integral part of financial statements

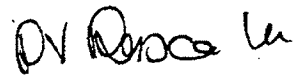
As per our report of even date
for BRAHMAYYA & CO.
Firms' Registration Number: 000513S
Chartered Accountants

For and on behalf of Board of Directors


(S Satyanarayana Murthy)
Partner
Membership Number: 023651




M Rama Murthy
Wholetime Director
DIN 03387583


P V Prasanna Reddy
Director
DIN:01259482

Place: Hyderabad
Date: 12.05.2016


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GVK Power (Goindwal Sahib) Limited
Cash Flow Statement for the year ended 31st March, 2016

(in Rs.)

| Particulars | Current Year | Previous Year |
|--|-------------------------|-----------------------|
| Cash flow from Operation Activities | | |
| Loss before tax | (17,35,79,512) | (5,53,99,051) |
| Adjustments: | | |
| Provision for Doubtful advances | - | 17,95,630 |
| Depreciation and amortization expense | 3,72,591 | 8,88,623 |
| Interest others | 4,10,835 | 3,66,343 |
| Provision for diminution in value of investments | 13,33,000 | 4,46,32,420 |
| Operating Profit before working capital changes | (17,14,63,086) | (77,16,035) |
| Working Capital Changes | | |
| Increase / (decrease) in Long Term Provisions | (3,23,704) | (4,38,371) |
| Increase / (decrease) in Other Current Liabilities | (1,38,27,22,917) | 6,06,78,363 |
| Increase / (decrease) in Short Term Provisions | (10,67,479) | 26,78,808 |
| (Increase) / decrease in Long Term Loans and Advances | (14,47,07,840) | (35,99,76,460) |
| (Increase) / decrease in Short Term Loans and Advances | (3,01,66,799) | (33,63,195) |
| (Increase) / decrease in Receivables | (29,39,29,284) | - |
| (Increase) / decrease in Inventories | (3,89,87,404) | (18,95,86,916) |
| (Increase) / decrease in Other Current Assets | (36,01,73,028) | (21,97,074) |
| | (2,42,35,41,541) | (49,99,20,880) |
| Direct Taxes paid (net of refunds) | 18,65,067 | 11,01,068 |
| Net cash used in Operating Activities (A) | (2,42,54,06,608) | (50,10,21,948) |
| Cash Flow from Investing Activities | | |
| Purchase of Fixed Assets, including Intangible Assets, Capital Work-in-progress and Expenditure during Construction period | (97,21,94,171) | (80,10,05,869) |
| Proceeds from sale / transfer of fixed assets | 3,74,68,676 | 10,75,000 |
| Purchase of Current Investments | (61,62,50,884) | (10,00,00,000) |
| Proceeds from sale of Current Investments | 58,80,00,000 | 10,00,00,000 |
| Investment in Fixed deposits | (23,11,488) | (20,17,231) |
| Interest received | 66,50,660 | 63,29,099 |
| Dividends / profit received on Investments | 18,75,240 | 5,72,867 |
| Investment in Associate Company | (13,33,000) | (22,53,000) |
| Net cash flow from / (used in) Investing Activities (B) | (95,80,94,967) | (79,72,99,134) |
| Cash flow from Financing Activities | | |
| Proceeds from issuance of Share Capital | 1,18,85,24,246 | 1,55,00,90,560 |
| Proceeds from Long Term Borrowings | 6,85,13,83,071 | 2,01,72,56,664 |
| Proceeds from Bridge Loan | - | 17,50,00,000 |
| Repayment of Bridge Loan | (85,00,00,000) | - |
| Overdraft from Punjab National Bank | 71,39,634 | 36,27,97,475 |
| Interest paid | (3,78,40,26,658) | (3,20,02,29,228) |
| Net cash flow from Financing Activities (C) | 3,41,30,20,293 | 90,49,15,471 |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | 2,95,18,718 | (39,34,05,611) |
| Cash and Cash Equivalents at the beginning of the year | 46,01,512 | 39,80,07,123 |
| Cash and Cash Equivalents at the end of the year | 3,41,20,230 | 46,01,512 |

As per our report of even date
for BRAHMAYYA & CO.
Firms' Registration Number: 000513S
Chartered Accountants

(S Satyanarayana Murthy)
Partner
Membership Number: 023651

Place: Hyderabad
Date: 12.05.2016

For and on behalf of Board of Directors

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M Rama Murthy
Wholtime Director
DIN 03387583

P V Prasanna Reddy
Director
DIN:01259482

GVK POWER (GOINDWAL SAHIB) LIMITED
Notes to Financial Statements for the year ended 31 March, 2016

CORPORATE INFORMATION

GVK Power (Goindwal Sahib) Limited ("the company") was incorporated on 04 December, 1997 in the state of Andhra Pradesh, India in accordance with the provisions of the Companies Act, 1956 ("the Act"). The Company is engaged in the business of Generation and sale of electricity. The company entered into a Power Purchase Agreement ("PPA") with Punjab State Power Corporation Limited (formerly known as Punjab State Electricity Board) for supply of power from its 540 MW plant situated near Goindwal Sahib, Tarn Taran Dist, Punjab, India.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

i. Basis of preparation of financial statements:

The financial statements have been prepared to comply in all material respects with accounting principles generally accepted in India and the applicable Accounting Standards notified under Section 133 of the Companies Act, 2013 (the Act), read with rule 7 of The companies (Accounts) Rule, 2014. The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

ii. Use of estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in India requires management, where necessary, to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised.

iii. Revenue Recognition:

- a. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- b. Income from Investments is recognised on realisation or when the right to receive such income is established.
- c. Insurance claims are recognized as and when they are settled / admitted.
- d. Revenue from sale of energy (Infirm sale) is recognized on accrual basis during the trial run period in accordance with the provisions of the Power Purchase Agreement ("PPA") with Punjab State Power Corporation Limited ("PSPCL").

iv. Inventories:

Inventories are valued at lower of cost, ascertained at Weighted Average Method, or realizable value.


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GVK POWER (GOINDWAL SAHIB) LIMITED
Notes to Financial Statements for the year ended 31 March, 2016

v. **Fixed Assets:**

a. **Tangible Assets:** Tangible assets are stated at cost, less accumulated depreciation and impairment loss. Cost comprises of the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

Financing costs relating to acquisition of fixed assets which takes substantial period of time to make them ready for intended use are also included to the extent they relate to the period up to such assets are ready for their intended use. Expenditure directly relating to construction/erection activity is capitalized.

Indirect expenditure incurred during construction period is capitalized as part of the construction cost to the extent such expenditure is related to construction or is incidental thereto.

Direct expenditure during construction period attributable to the cost of assets under construction is considered as "Capital work in progress" and indirect expenditure is included under "Expenditure during construction period pending allocation".

b. **Intangible Assets:** Intangible assets are stated at cost, less accumulated depreciation and impairment loss. Computer software and Right to use railway line (Northern Railway) is classified under "Intangible Assets".

vi. **Depreciation and Amortisation:**

a. Depreciation on tangible fixed assets is calculated on a straight-line basis as per the useful life prescribed and in the manner laid down under Schedule II to the Companies Act, 2013.

b. Computer Software is amortised over the useful economic life of the asset which is estimated as 3 years and Right to use railway line to Northern Railway is amortised over a period of 10 years.

vii. **Foreign Exchange Transactions:**

a. **Initial recognition:** Transactions in foreign currencies are initially recorded at the exchange rates prevailing on the date of the transaction.

b. **Conversion:** Foreign currency monetary items are reported using the rate of exchange as on the date of Balance Sheet.

c. **Exchange Differences:**

Exchange differences, arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the year or reported in previous financial statements, in so far as they relate to the acquisition of depreciable capital assets, are added to or deducted from the cost of assets and are depreciated over the balance life of the assets.

Exchange differences arising on the settlement of monetary items not covered above, or on reporting such monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or expense in the year in which they arise.


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GVK POWER (GOINDWAL SAHIB) LIMITED
Notes to Financial Statements for the year ended 31 March, 2016

viii. Investments:

- a. Investments that are readily realisable and are intended to be held for not more than one year from the date of such investment are classified as current investments. All other investments are classified as long term.
- b. Long term Investments are valued at cost of acquisition including related expenses. Provision is made for diminution in the value of investments, if any, if such decline is other than temporary. Current investments are stated at lower of cost and fair value.

ix. Earnings per share:

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

x. Retirement Benefits:

a. Defined Contribution Plan:

Company's contribution paid / payable during the year to Provident Fund, Employees State Insurance Corporation and Labour Welfare Fund are recognized in the expenditure incurred during construction pending allocation.

b. Defined Benefit Plan:

Employees are covered under Group Gratuity and Leave Encashment. At the reporting date, Company's liability towards gratuity and leave encashment is determined by independent actuarial valuation using the projected unit credit method which considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation. Actuarial gain/loss is recognized in the expenditure incurred during construction as income or expense. Obligation is measured at the present value of estimated future cash flows using a discount rate that is determined by reference to market yields at the Balance Sheet date on Government Bonds where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation.

xi. Borrowing Costs:

General and specific borrowing costs directly attributable to the acquisition, construction of qualifying assets, which takes substantial period of time to make them ready for their intended use, initially carried under expenditure incurred during construction period are added to the cost of those assets, till such time the assets are substantially ready for their intended use. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.


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GVK POWER (GOINDWAL SAHIB) LIMITED
Notes to Financial Statements for the year ended 31 March, 2016

xii. Taxes on income:

Current tax: Provision for current tax is made for Income-tax liability estimated to arise on the income for the year at the current rate of tax in accordance with the Income-tax Act, 1961.

Deferred tax: In accordance with the Accounting Standard – 22 (AS 22) “Accounting for Taxes on income, the company has recognized the deferred tax liability in the accounts. Deferred tax resulting from timing difference between book and tax profits is accounted for at the current rate of tax. Deferred tax asset is recognized only when there is virtual certainty, supported by convincing evidence, that such asset can be realised.

xiii. Impairment of assets:

The Company assesses at each balance sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generation unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and will be recognized in the statement of profit and loss. If at the balance sheet date there is an indication that if previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciated historical cost.

- xiv. The Cash Flow Statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 “Cash Flow Statements” issued by the Institute of Chartered Accountants of India.

xv. Provisions and Contingencies:

A provision is recognised when, the Company has a present obligation as a result of a past event it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Contingent liabilities are disclosed when there is a probable obligation arising from past events, the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made, and such liability that may arise is termed as a contingent liability.


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GVK Power (Goindwal Sahib) Limited
Notes to financial statements for Year ended 31 March, 2016

Note No: 2

| Particulars | As at 31 March 2016 | | As at 31 March 2015 | |
|---|-----------------------|------------------------|-----------------------|------------------------|
| | Number of shares | Rs. | Number of shares | Rs. |
| Authorised: Equity Shares of Rs 10/- each. | 1,50,00,00,000 | 15,00,00,00,000 | 1,10,00,00,000 | 11,00,00,00,000 |
| Issued, subscribed and paid up: Equity Shares of Rs 10/- each fully paid up | 1,20,25,37,700 | 12,02,53,77,000 | 1,08,00,00,000 | 10,80,00,00,000 |
| Total | 1,20,25,37,700 | 12,02,53,77,000 | 1,08,00,00,000 | 10,80,00,00,000 |

a) Entire share capital is held by GVK Energy Limited, the holding company along with six other nominees.

b) Reconciliation of Number of Shares:

| Particulars | As at 31 March 2016 | | As at 31 March 2015 | |
|---|-----------------------|------------------------|-----------------------|------------------------|
| | Number of Shares | Rs | Number of Shares | Rs |
| Shares outstanding at the beginning of the year | 1,08,00,00,000 | 10,80,00,00,000 | 87,95,00,000 | 8,79,50,00,000 |
| Add: Shares Issued during the year (Preferential allotment) | 12,25,37,700 | 1,22,53,77,000 | 20,05,00,000 | 2,00,50,00,000 |
| Shares outstanding at the end of the year | 1,20,25,37,700 | 12,02,53,77,000 | 1,08,00,00,000 | 10,80,00,00,000 |

c) Rights, Preferences and Restrictions attached to equity Shares including declaration of dividend

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

Note No: 3

| Particulars | (in Rs.) Reserves and Surplus | |
|--|----------------------------------|----------------------|
| | As at 31 March 2016 | As at 31 March 2015 |
| Surplus in Statement of Profit and Loss | | |
| Balance at the beginning of the year | (7,09,33,304) | (1,55,34,253) |
| Add: Loss for the year | (17,35,79,512) | (5,53,99,051) |
| Balance at the end of the year | (24,45,12,816) | (7,09,33,304) |

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GVK Power (Goindwal Sahib) Limited
Notes to financial statements for Year ended 31 March, 2016

(in Rs.)

| Particulars | Non Current Portion | | Current Portion | |
|---|------------------------|------------------------|---------------------|---------------------|
| | As at 31 March 2016 | As at 31 March 2015 | As at 31 March 2016 | As at 31 March 2015 |
| Secured | | | | |
| Term loans I | | | | |
| - from Banks | 19,12,00,00,000 | 20,00,00,00,000 | 88,00,00,000 | - |
| - from Financial Institutions | 3,82,40,00,000 | 3,98,90,00,000 | 17,60,00,000 | - |
| Term loans II | | | | |
| - from Banks | 3,84,14,30,000 | 1,64,67,35,039 | 20,51,70,000 | - |
| - from Financial Institutions | 82,32,70,000 | 7,21,00,000 | 4,33,30,000 | - |
| Term loans III | | | | |
| - from Banks | 3,00,27,84,658 | - | 11,45,33,452 | - |
| - from Financial Institutions | 50,96,66,800 | - | 1,90,33,200 | - |
| Amount shown under Other current liabilities (Note 7) | | | (1,43,80,66,652) | - |
| Total | 31,12,11,51,458 | 25,70,78,35,039 | - | - |

a) Security:

Term Loans from Banks and Financial Institutions are secured by:

- First charge on all movable, immovable properties, bookdebts, operating cash flows, receivables, Commissions, revenues, intangibles, goodwill, uncalled capital, designated bank accounts of the Company, present and future.
- First charge by way of assignment or creation of charge on all the rights, title, interest, benefits, claims and demands whatsoever in the project documents.
- Pledge of 51% of equity shares held by the Holding Company

b) Terms of Repayment:

1. Term Loan I:

IDBI Bank, the lead of consortium of banks and Financial Institutions has extended Scheduled Commercial Operation Date(SCOD) to 1st November, 2015 and also approved consequential shift in repayment schedule of loans. According to which, 70% of the loan is repayable in 41 structured quarterly instalments and balance of 30% along with 41st instalment, commencing from 1st May 2016.

Rate of Interest: Applicable rate of interest shall be 13.25% p.a. ie. IDBI Bank Base rate plus 300 bps and shall remain fixed till the next reset date. Which is on February 01, 2016.

2. Term Loans II:

IDBI Bank, the lead of consortium of banks and Financial Institutions has extended Scheduled Commercial Operation Date(SCOD) to 1st November, 2015 and also approved consequential shift in repayment schedule. As per the said approval, 70% of the loan is repayable in 38 structured quarterly instalments and bullet payment of 30% along with 38th instalment, commencing from 1st May 2016.

Rate of Interest: Applicable rate of interest shall be 13.50% p.a. ie. IDBI Bank Base rate plus 350 bps and shall remain fixed till the next reset date. The next reset shall be the project COD or the Scheduled COD which ever is earlier.

3. Term Loans III:

Terms of Repayment: 70% of the loan amount is repayable in 38 structured quarterly installments commencing from expiry of moratorium Period i.e., period ending on the expiry of 6 months from the project COD or Scheduled COD whichever is earlier. The balance 30% of the loan amount shall be repayed in bullet payment along with the 38th instalment.

Rate of interest: Applicable rate of interest shall be IDBI Bank Base Rate plus spread 3.5%. The Rupee Lender shall reset the interest on every interest reset date and such interest rate shall remain fixed until the next interest reset date. Reset date is project COD or the Scheduled COD which ever is earlier..

Further Term Loans II and III are further secured by:

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

Conversion:

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

(in Rs.)

| Particulars | Long-term provisions | |
|--|----------------------|---------------------|
| | As at 31 March 2016 | As at 31 March 2015 |
| Provision for employee retirement benefits Gratuity (Refer Note No: 27) | 14,01,354 | 17,25,058 |
| Total | 14,01,354 | 17,25,058 |

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GVK Power (Goindwal Sahib) Limited
Notes to financial statements for Year ended 31 March, 2016

(in Rs.)

Note No: 6

Short-term borrowings

| Particulars | Short-term borrowings | |
|--|-----------------------|-----------------------|
| | As at 31 March 2016 | As at 31 March 2015 |
| Secured Bridge Loan from IDBI Bank Ltd | - | 85,00,00,000 |
| Unsecured Over Draft Facility from Punjab National Bank | 36,99,37,109 | 36,27,97,475 |
| Total | 36,99,37,109 | 1,21,27,97,475 |

Bridge Loan from IDBI Bank Ltd

a) is secured by:

- (i) Second charge on all the immovable and movable assets of the company, present and future;
- (ii) Corporate guarantee of GVK Power & Infrastructure Ltd;
- (iii) Pledge of equity shares of GVK Power (Goindwal Sahib) Ltd for an aggregate amount of Rs 77 Crores held by GVK Energy Ltd;

b) Repaid as a bullet repayment on 06.08.2015

(in Rs.)

Note No: 7

Other current liabilities

| Particulars | Other current liabilities | |
|---|---------------------------|-----------------------|
| | As at 31 March 2016 | As at 31 March 2015 |
| Current maturities of long-term borrowings | 1,43,80,66,652 | - |
| Interest accrued and due on borrowings | 1,24,49,47,287 | 95,83,77,192 |
| Interest accrued but not due on borrowings | 1,21,05,667 | 67,23,908 |
| Due to other than micro and small enterprises * | | |
| Creditors for capital works | 47,87,05,112 | 78,50,41,886 |
| Retention Money | 98,15,08,548 | 2,07,96,94,895 |
| Liabilities for: Other finance | 62,69,344 | 93,90,307 |
| : Expenses | 2,99,98,125 | 79,07,845 |
| Dues to staff | 14,94,566 | - |
| Provision for Income Tax (Net of Advance tax and TDS) | 6,69,788 | 11,98,535 |
| Total | 4,19,37,65,089 | 3,84,83,34,567 |

* Based on the information available with the Company, Refer Note No. 25

| Continuing default of payment of interest as on the balance sheet date | Period | As at 31 March | |
|--|--|---------------------|---------------------|
| | | 2016 | 2015 |
| Interest payable on Rupee Term Loans from: | Jan-16 to Mar-16 (Jan-15 to Mar-15) | 70,53,33,684 | 37,51,42,301 |
| | | | |
| : Banks | | | |
| : Financial Institutions | Dec-15 to Mar-16 (Oct-14 to Mar-15) | 16,63,39,147 | 28,11,92,606 |
| | | | |
| Total | | 87,16,72,831 | 65,63,34,907 |

(in Rs.)

Note No: 8

Short-term provisions

| Particulars | Short-term provisions | |
|--|-----------------------|---------------------|
| | As at 31 March 2016 | As at 31 March 2015 |
| Provision for employee retirement benefits | | |
| Leave Encashment(Refer Note 27) | 43,91,732 | 49,69,528 |
| Leave Travel Allowance | 17,43,163 | 22,32,846 |
| Total | 61,34,895 | 72,02,374 |

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GVK Power (Goindwal Sahib) Limited
Notes to financial statements for Year ended 31 March, 2016
Note No: 9

| Particulars | Gross Block | | | | Depreciation and amortisation | | | Fixed Assets | | |
|---|------------------------------------|-------------------------------|----------------------------|------------------------------------|-------------------------------|------------------------------|--------------------------|------------------------------|--------------------------------------|--------------------------------------|
| | As at 01 April 2015 | Additions | Deductions | As at 31 Mar 2016 | Up to 31 March 2015 | For the year | On deductions | Up to 31 Mar 2016 | As at 31 Mar 2016 | As at 31 March 2015 |
| (a) Tangible | | | | | | | | | | |
| Land (Freehold) | 1,85,61,78,606 (1,85,61,48,789) | 2,00,000 (29,817) | 3,74,68,676 | 1,81,89,09,930 (1,85,61,78,606) | - | - | - | - | 1,81,89,09,930 (1,85,61,78,606) | 1,85,61,78,606 (1,85,61,48,789) |
| Buildings and Roads | 1,62,98,206 (1,62,98,206) | - | 64,43,233 | 98,54,973 (1,62,98,206) | 32,49,887 (22,36,771) | 4,91,425 (10,13,116) | 27,40,333 | 10,06,979 (32,49,887) | 88,47,994 (1,30,48,319) | 1,30,48,319 (1,40,61,435) |
| Plant and Machinery | 8,14,58,200 (3,46,28,676) | 3,44,982 (4,68,29,524) | - | 8,18,03,182 (8,14,58,200) | 75,60,150 (28,03,322) | 56,48,944 (48,58,828) | - | 1,32,09,094 (76,60,150) | 6,85,94,088 (7,37,98,050) | 7,38,88,050 (3,18,23,354) |
| Furniture and Fixtures | 2,59,28,043 (3,25,49,888) | 97,000 (79,283) | 83,87,637 (67,01,228) | 1,76,37,406 (2,59,28,043) | 87,13,948 (76,49,224) | 16,77,723 (27,03,748) | 28,09,435 (16,39,024) | 75,82,236 (87,13,948) | 1,00,55,170 (1,72,14,095) | 1,72,14,095 (2,49,00,764) |
| Office equipment | 1,59,77,180 (1,53,87,735) | 78,406 (5,89,445) | - | 1,60,55,586 (1,59,77,180) | 79,27,571 (25,00,238) | 40,96,935 (54,27,333) | - | 1,20,24,506 (79,27,571) | 40,31,080 (80,49,609) | 80,49,609 (1,28,87,497) |
| Computers | 84,61,881 (47,48,833) | - | - | 84,61,881 (84,61,881) | 49,77,453 (22,64,377) | 6,46,341 (27,13,076) | - | 56,23,794 (49,77,453) | 28,38,087 (34,84,428) | 34,84,428 (24,84,456) |
| Vehicles | 90,89,907 (94,93,827) | (2,20,000) | (6,23,920) | 90,89,907 (90,89,907) | 33,34,284 (24,04,210) | 12,65,972 (13,22,562) | (3,92,478) | 46,00,266 (33,34,294) | 44,89,641 (57,55,613) | 57,55,613 (70,89,617) |
| Total (a) | 2,01,33,92,023 (1,96,92,56,054) | 7,20,388 (5,14,61,117) | 5,22,89,546 (73,29,148) | 1,96,18,12,865 (2,01,33,92,023) | 3,57,63,303 (1,98,58,142) | 1,38,33,340 (1,80,36,663) | 55,49,768 (20,31,502) | 4,40,46,875 (3,58,63,303) | 1,91,77,65,990 (1,97,75,28,720) | 1,97,76,28,720 (1,94,93,97,912) |
| (b) Intangible | | | | | | | | | | |
| Computer software | 15,77,204 (12,22,208) | 2,15,200 (3,54,996) | - | 17,92,404 (15,77,204) | 12,76,222 (11,16,583) | 1,27,500 (1,59,639) | - | 14,03,722 (12,76,222) | 3,88,682 (3,00,982) | 3,00,982 (1,05,625) |
| Right to use railway line | 15,77,204 (12,22,208) | 23,93,73,492 | - | 23,93,73,492 | 12,76,222 (11,16,583) | 1,19,68,675 | - | 1,19,68,675 | 22,74,04,817 | - |
| Total (b) | 15,77,204 (12,22,208) | 23,93,88,692 (3,54,996) | - | 24,11,65,886 (15,77,204) | 12,76,222 (11,16,583) | 1,20,96,175 (1,59,639) | - | 1,33,72,397 (12,76,222) | 22,77,93,499 (3,00,982) | 3,00,982 (1,05,625) |
| Total (a+b) | 2,01,49,69,227 (1,97,04,78,262) | 24,03,09,080 (5,18,16,113) | 5,22,89,546 (73,29,148) | 2,20,29,78,761 (2,01,49,69,227) | 3,70,39,525 (2,09,74,725) | 2,59,29,515 (1,81,96,302) | 55,49,768 (20,31,502) | 5,74,19,272 (3,71,39,525) | 2,14,55,59,489 (1,97,78,29,702) | 1,97,79,29,702 (1,94,95,03,537) |
| Capital Work-in-Progress Previous Year | | | | | | | | | 24,18,54,99,406 (24,11,78,94,183) | 24,11,78,94,185 (23,50,43,75,926) |

Note: Depreciation charged to statement of profit and loss is net of Rs. 2,55,56,924/- (2015: 1,72,07,679/-) transferred to Expenditure during construction, pending allocation (net)

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Expenditure during construction, pending allocation (net)

| Particular | Upto 31 March 2015 | For the Year | Upto 31 March 2016 |
|--|------------------------|-----------------------|------------------------|
| | Rs. | Rs. | Rs. |
| Payments and Benefits to employees: | | | |
| Salaries, Wages and Bonus | 39,70,96,182 | 9,57,13,994 | 49,28,10,176 |
| Contribution to Provident Fund and Other Funds | 2,05,70,536 | 51,11,289 | 2,56,81,825 |
| Gratuity | 42,41,371 | - | 42,41,371 |
| Staff Welfare Expenses | 1,21,43,720 | 13,87,720 | 1,35,31,440 |
| Remuneration to Managing Director | 3,41,29,036 | 48,00,000 | 3,89,29,036 |
| Security Charges | 6,25,46,794 | 2,07,65,513 | 8,33,12,307 |
| Repairs and Maintenance: Buildings | 2,37,49,338 | 9,66,827 | 2,47,16,165 |
| : Other Assets | 3,07,09,594 | 72,09,023 | 3,79,18,617 |
| Power and Fuel | 16,85,52,862 | 14,08,37,274 | 30,93,90,136 |
| Fuel used for Trail runs | 12,33,32,555 | 45,90,09,758 | 58,23,42,313 |
| Insurance | 12,73,53,060 | 3,75,32,295 | 16,48,85,355 |
| Rent | 6,12,65,353 | 34,19,827 | 6,46,85,180 |
| Rates and Taxes | 1,53,88,823 | 74,91,610 | 2,28,80,433 |
| Printing and Stationery | 50,51,165 | 3,77,130 | 54,28,295 |
| Travelling and Conveyance | 15,96,84,892 | 90,84,732 | 16,87,69,624 |
| Communication Expenses | 1,54,92,483 | 26,39,451 | 1,81,31,934 |
| Advertisement and Business Promotion Expenses | 57,37,061 | - | 57,37,061 |
| Legal and Professional Charges | 48,71,90,737 | 4,68,82,177 | 53,40,72,914 |
| Interest on : Fixed Loans | 10,52,87,81,313 | 4,04,19,28,098 | 14,57,07,09,411 |
| : Others | 23,58,41,359 | 3,36,39,577 | 26,94,80,936 |
| Other Borrowing Costs | 26,08,48,152 | 5,49,23,417 | 31,57,71,569 |
| Remuneration to Auditors: As Auditors | 1,17,023 | - | 1,17,023 |
| : Certification Fee | 2,757 | - | 2,757 |
| Miscellaneous Expenses | 7,28,83,171 | 1,23,82,116 | 8,52,65,287 |
| Contract Labour | 4,94,78,532 | 5,02,35,425 | 9,97,13,957 |
| Ash Handling Charges | - | 47,11,181 | 47,11,181 |
| Advances Written Off | 30,900 | - | 30,900 |
| Loss on sale of Material | 10,45,732 | - | 10,45,732 |
| Loss on sale of Asset | 42,18,646 | - | 42,18,646 |
| Loss on redemption of Mutal Funds | 1,55,053 | 9,914 | 1,64,967 |
| Depreciation | 3,68,14,217 | 2,55,56,924 | 6,23,71,141 |
| Total (A) | 12,94,44,52,417 | 5,06,66,15,272 | 18,01,10,67,689 |
| Credit Balances and Excess Provisions Written Back | 3,91,895 | 5,08,995 | 9,00,890 |
| Interest Earned | 8,84,37,236 | 66,50,660 | 9,50,87,896 |
| Dividends from Mutual Funds | 6,45,59,220 | 12,50,884 | 6,58,10,104 |
| Profit on redemption of Mutal Funds | 64,94,356 | 6,14,442 | 71,08,798 |
| Profit on Sale of Assets | 9,050 | - | 9,050 |
| Profit on Forward Contracts | 1,41,20,176 | - | 1,41,20,176 |
| Miscellaneous Income | 6,000 | - | 6,000 |
| Sale of Infirm Power | - | 29,39,05,050 | 29,39,05,050 |
| | 17,40,17,933 | 30,29,30,031 | 47,69,47,964.00 |
| Less: Provision for Income Tax: Current year | 3,17,89,774 | 24,65,000 | 3,42,54,774 |
| : Earlier year | 4,67,819 | 19,344 | 4,87,163 |
| Total (B) | 14,17,60,340 | 30,04,45,687 | 44,22,06,027 |
| Total (A-B) | 12,80,26,92,077 | 4,76,61,69,585 | 17,56,88,61,662 |

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GVK Power (Goindwal Sahib) Limited
Notes to financial statements for Year ended 31 March, 2016

| Particulars | (in Rs.) Non-current investments | |
|--|-------------------------------------|------------------------|
| | As at 31 March 2016 | As at 31 March 2015 |
| Traded - Unquoted (at Cost) | | |
| Investment in Associate Company * | | |
| 47,76,105 (2015: 44,63,242) Equity shares of Rs.10/- each in Seregarha Mines Limited (Refer Note No 27) | 4,77,61,050 | 4,46,32,420 |
| Less: Provision for diminution in value of investments | (4,77,61,050) | (4,46,32,420) |
| Others - Unquoted (at Cost) | | |
| 99 (2015: 99) Equity shares of Rs.10/- each in GVK Power (Khadur Sahib) Private Limited | 990 | 990 |
| Total | 990 | 990 |
| Aggregate amount of unquoted investments | 4,77,62,040 | 4,46,33,410 |
| Aggregate provision for diminution in value of investments** | 4,77,61,050 | (4,46,32,420) |

* 300 Equity shares in Seregarha Mines Limited are held in the name of Managing Director, Director and an other Individual on behalf of the Company.

** The Hon'ble Supreme Court of India vide judgment dated 25th August, 2014 read with its order dated 24th September, 2014 cancelled the allocation of coal blocks, including Seregarha Mines Limited in which the Company has made investment, and issued directions with regard to such coal blocks to the Central Government to take immediate action to implement the said order. The Central Government issued Ordinance No. 5 of 2014 dated 21st October, 2014 deallocating the Coal Mines under "The Coal Mines (Special Provisions) Ordinance". As per the said ordinance, the deallocated coal blocks are entitled for compensation towards expenditure incurred on development of the coal mine. However, Seregarha Mines Ltd is unlikely to get any compensation in terms of Coal Mines (Special Provisions) Ordinance dated 21st October, 2014. Hence provision is made for diminution of investment made in the said company.

| Particulars | (in Rs.) Long-term loans and advances | |
|--|--|------------------------|
| | As at 31 March 2016 | As at 31 March 2015 |
| Secured, Considered Good | | |
| Capital Advances (Against bank guarantees) | 1,44,73,96,326 | 1,48,88,07,624 |
| Unsecured, Considered Good | | |
| Other Capital Advances | 1,05,57,58,748 | 86,61,10,009 |
| Deposits with public bodies and others | 1,61,29,831 | 1,96,59,432 |
| Total | 2,51,92,84,905 | 2,37,45,77,065 |

| Particulars | (in Rs.) Other non-current assets | |
|----------------------------------|--------------------------------------|------------------------|
| | As at 31 March 2016 | As at 31 March 2015 |
| Margin money deposits with banks | 3,05,21,704 | 2,82,10,216 |
| Total | 3,05,21,704 | 2,82,10,216 |

Margin money Deposits with Banks are against guarantees given by banks.


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Note No: 14 (in Rs.)
Current Investments

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Mutual Funds | | |
| 28,024 Units of Rs.1,000/- in USDD-IDBI Ultra Short Term Fund (NAV Rs. 2,82,82,184/-) | 2,82,40,970 | - |
| Total | 2,82,40,970 | - |

Note No: 15 (in Rs.)
Inventory

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|------------------|---------------------|---------------------|
| (at cost) | | |
| Stock of Fuel | 25,24,60,155 | 5,56,79,180 |
| Stock in transit | 2,65,97,826 | 18,43,91,397 |
| Total | 27,90,57,981 | 24,00,70,577 |

Note No: 16 (in Rs.)
Trade Receivables

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Unsecured, Considered Good | | |
| Outstanding for a period exceeding six months from due date | - | - |
| Others | 29,39,29,284.00 | - |
| Total | 29,39,29,284 | - |

Note No: 17 (in Rs.)
Cash and cash equivalents

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|---|---------------------|---------------------|
| Cash Equivalents | | |
| Balances with banks in Current Accounts | 3,41,20,230 | 46,01,512 |
| Total | 3,41,20,230 | 46,01,512 |

Note No: 18 (in Rs.)
Short-term loans and advances

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Unsecured, Considered Good | | |
| Advances: to Suppliers | 3,43,61,807 | 45,95,096 |
| : for expenses | 4,50,402 | 50,314 |
| Share application money paid (Refer Note No. 11) | - | 17,95,630 |
| Less: Provision for doubtful advances | - | (17,95,630) |
| Total | 3,48,12,209 | 46,45,410 |

Note No: 19 (in Rs.)
Other current assets

| Particulars | As at 31 March 2016 | As at 31 March 2015 |
|--|---------------------|---------------------|
| Interest receivable | 2,43,990 | - |
| Prepaid Expenses | 86,28,178 | 1,00,20,998 |
| GVK Coal (Tokisud) Company P.Ltd (Fellow subsidiary) | 36,06,65,574 | - |
| Balances with Govt authorities | 6,56,284 | - |
| Total | 37,01,94,026 | 1,00,20,998 |


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GVK Power (Goindwal Sahib) Limited
Notes to financial statements for Year ended 31 March, 2016

(in Rs.)

Note No: 20

Other Expenses

| Particulars | Current Year | Previous Year |
|---|--------------------|--------------------|
| Rent | - | 15,50,568 |
| Payments to Auditor as auditor : certification | 1,71,750 48,147 | 1,68,540 5,618 |
| Donations | 10,001 | 10,001 |
| Coal Block Bidding Expenses | - | 54,80,330 |
| Provision for dimunition in value of investments | 13,33,000 | 4,46,32,420 |
| Provision for doubtful advances | - | 17,95,630 |
| Assets written off | 92,81,102 | - |
| Miscellaneous expenses | 12,60,844 | 5,00,978 |
| Total | 1,21,04,844 | 5,41,44,085 |

(in Rs.)

Note No: 21

Finance Costs

| Particulars | Current Year | Previous Year |
|-----------------|-----------------|-----------------|
| Interest others | 4,10,835 | 3,66,343 |
| Total | 4,10,835 | 3,66,343 |



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GVK POWER (GOINDWAL SAHIB) LIMITED

Notes to Financial Statements for the year ended 31 March, 2016

22. Earnings per equity share:

| Basic Earnings per equity share | Current Year | Previous Year |
|--|----------------|---------------|
| Net Loss after tax (Rs) | (173,579,512) | (55,399,051) |
| Weighted average number of equity shares of Rs 10/- each fully paid up | 1,09,06,55,451 | 1,007,553,086 |
| Basic Earnings per equity share (Rs) | (0.16) | (0.05) |

Since, the Company does not have any dilutive securities, the basic and diluted earnings per share are same.

23. Commitments and Contingent Liabilities not provided for:

| Particulars | As at 31-03-2016 Rs | As at 31-03-2015 Rs |
|---|---------------------------|---------------------------|
| Commitments: | | |
| a) Estimated amount of contracts remaining to be executed on capital contracts, net of advances, not provided for | 4,39,22,628 | 941,444,316 |
| Contingent Liabilities: | | |
| b) On account of Bank Guarantees | 549,018,000 | 405,100,000 |
| c) Interest on Term Loans | --- | 5,959,161 |
| d) Claims against company not acknowledged as debt | 431,767,295 | 180,300,000 |

24. Additional information pursuant to provisions of paragraph 5 of Part II of Schedule III to the Companies Act 2013.**i) Expenditure in Foreign Currency:**

In Rs.

| Particulars | Current Year | Previous Year |
|----------------|--------------|---------------|
| Foreign Travel | Nil | 841,663 |

ii) Other details as required under provisions of paragraph 5 of Part II of Schedule III to the Companies Act 2013 are either Nil or not applicable for the year.

25. Based on information available with the company there are no dues to suppliers covered under "Micro, Small and Medium Enterprises Development Act, 2006".**26. Related Party disclosures:**

Disclosure of Particulars pursuant to "Accounting Standard 18"

| Name of the Party | Nature of Relation |
|-----------------------------------|--|
| a. Ultimate Holding Company | GVK Power & Infrastructure Limited |
| b. Holding Company | GVK Energy Limited |
| c. Key Management personnel (KMP) | Mr. Krishna Ram Bhupal – Managing Director (Upto 30.9.2015) Mr. M Rama Murty - Whole time Director (from 18.01.2016) MR. P V Prasanna Reddy – Director |
| d. Associate Company | Seregarha Mines Limited |



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GVK POWER (GOINDWAL SAHIB) LIMITED

Notes to Financial Statements for the year ended 31 March, 2016

| Name of the Party | Nature of Relation |
|--|--|
| e. Enterprises in which the key management personnel and / or their relatives have significant influence | i. GVK Industries Limited ii. Alaknanda Hydro Power Company Limited iii. GVK Coal (Tokisud) Company Private Limited iv. GVK Power (Khadur Sahib) Private Limited v. Taj GVK Hotels & Resorts Limited vi. GVK Technical & Consultancy Services(P) Ltd. |

Transactions During the Year In Rs.

| Particulars | Current Year | Previous Year |
|---|---------------|---------------|
| Key Management Personnel: Remuneration | 4,800,000 | 8,916,130 |
| GVK Technical & Consultancy Services Ltd: Services | 41,509,502 | 48,592,563 |
| Orbit Travels & Tours Ltd: Services | 4,582,292 | 11,463,802 |
| GVK Coal (Tokisud) Company Pvt Ltd: Advance received | 370,286,284 | --- |
| Supplies | --- | 1,120,710 |
| TajGVK Hotels & Resorts Ltd: Services | 762,013 | 1,162,334 |
| GVK Industries Ltd: Services | 168,023 | 177,317 |
| GVK Energy Ltd: Share Application Money Received | 1,188,524,246 | 1,611,290,560 |
| Shares Issued | 1,225,377,000 | 2,005,000,000 |
| GVK Power & Infrastructre Ltd: Services | 81,304 | 3,942,939 |
| Unsecured loan: taken | --- | 38,600,000 |
| : repaid | --- | 38,600,000 |
| Interest on unsecured loans | --- | 249,634 |
| Paigah House Hotel Pvt Ltd: Services | --- | 1,550,568 |
| Seregarha Mines Ltd: Share application money paid | 1,333,000 | 2,253,000 |

Balances as at 31-03-2016

| Related parties | as at 31-03-2016 | as at 31-03-2015 |
|---|---------------------|---------------------|
| GVK Technical & Consultancy Services Ltd: Payable | 12,633,733 | 8,848,749 |
| Orbit Travels & Tours Pvt Ltd: Payable | 14,121 | 753,102 |
| GVK Coal (Tokisud) Company Pvt Ltd: Payable | --- | 9,620,710 |
| Receivable | 360,665,574 | --- |
| GVK Industries Ltd: Payable | 528,187 | 360,164 |
| GVK Energy Ltd: Share Application Money received | 16,828,767 | 53,681,521 |
| Payable | --- | 13,176 |
| GVK Power & Infrastructre Ltd: Payable | 2,209,609 | 2,128,305 |
| Seregarha Mines Ltd: Share Application Money | --- | 1,795,630 |
| Paigah House Hotel Private Limited: Payable | --- | 823,998 |

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GVR POWER (GOINDWAL SAHIB) LIMITED

Notes to Financial Statements for the year ended 31 March, 2016

27. Employee benefits:**a. Defined contribution plan:**

Amount recognised as an expense in Expenditure during construction, pending allocation (net) Rs. 51,11,289/- (2015: Rs. 62,76,405/-) on account of provident fund.

b. Defined benefit plan:

The Company has a funded defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service as per the provision of the Payment of Gratuity Act, 1972 with total ceiling on gratuity of Rs 1,000,000/-

Company has provided for Gratuity and Leave Encashment based on Actuarial Valuation as per the projected unit credit method.

The following tables summarize the components of net amount recognized in Expenditure during construction, pending allocation (net) and amounts recognized in the balance sheet for the respective plans.

a. Expenditure During Construction

in Rs.

| Particulars | Gratuity | | Leave Encashment | |
|--|--------------|---------------|------------------|---------------|
| | Current Year | Previous Year | Current Year | Previous Year |
| Current Service cost | 1,571,016 | 1,618,172 | 1,373,013 | 1,182,879 |
| Interest cost on benefit obligations | 344,129 | 334,958 | 301,198 | 379,975 |
| Expected Return on Plan Assets | (188,079) | (139,524) | --- | --- |
| Net actuarial (gain) / Loss recognized in the year | (2,050,770) | (1,182,193) | (35,977) | (285,434) |
| Net benefit expenses | (323,704) | 631,413 | 1,638,234 | 1,277,420 |

b. Balance Sheet

in Rs.

| Particulars | Gratuity | | Leave Encashment | |
|--|------------------|------------------|------------------|------------------|
| | As at 31-03-2016 | As at 31-03-2015 | As at 31-03-2016 | As at 31-03-2015 |
| Opening defined benefit obligation | 4,411,907 | 3,621,163 | 4,969,528 | 4,523,566 |
| Interest cost | 344,129 | 334,958 | 301,198 | 379,975 |
| Current Service cost | 1,571,016 | 1,618,172 | 1,373,013 | 1,182,879 |
| Acquisitions Cost / (Credit) | --- | --- | --- | --- |
| Benefits paid | --- | --- | (2,216,030) | (831,458) |
| Actuarial (gains) / losses on obligation | (2,012,787) | (1,162,386) | (35,977) | (285,434) |
| Closing defined benefit obligation | 4,314,265 | 4,411,907 | 4,391,732 | 4,969,528 |
| Fair value of assets | 2,912,911 | 2,686,849 | --- | --- |
| Recognised in Balance sheet | 1,401,354 | 1,725,058 | 4,391,732 | 4,969,528 |

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GVK POWER (GOINDWAL SAHIB) LIMITED
Notes to Financial Statements for the year ended 31 March, 2016

| Particulars | in Rs. | |
|--|---------------------|---------------------|
| | Gratuity | |
| | As at 31-03-2016 | As at 31-03-2015 |
| Fair Value of Plan Assets at beginning of the year | 2,686,849 | 1,458,892 |
| Acquisition Adjusted | --- | --- |
| Expected return on plan assets | 188,079 | 139,524 |
| Actual Company contribution | --- | 1,068,626 |
| Acturial Gain (Loss) | 37,983 | 19,807 |
| Benefits Payments | --- | --- |
| Fair Value of Plan Assets at the end of the year | 2,912,911 | 2,686,849 |

d. Amounts for the current and previous four years are as follows:

| Particulars | 31-03-2012 | 31-03-2013 | 31-03-2014 | 31-03-2015 | 31-03-2016 |
|---|-------------|-------------|-------------|-------------|-------------|
| Defined benefit obligation at end of the period | (1,206,406) | (2,510,606) | (3,621,163) | (4,411,907) | (4,314,265) |
| Plan assets at end of the period | --- | 242,438 | 1,458,892 | 2,686,849 | 2,912,911 |
| Funded Status | (1,206,406) | (2,268,168) | (2,162,271) | (1,725,058) | (1,401,354) |
| Experience Gain / (Loss) adjustment on plan liabilities | 21,021 | (34,847) | 163,472 | 1,720,922 | 2,012,787 |
| Experience Gain / (Loss) adjustment on plan Assets | --- | (7,288) | (43,241) | 19,807 | 37,983 |
| Actuarial Gain / (Loss) due to change on assumptions | 74,516 | (142,192) | 431,136 | (558,536) | 0 |

The principal assumptions used in determining gratuity and leave encashment benefit obligations for the Company's plans are as under

| Particulars | Gratuity | | Leave Encashment | |
|---------------------------|--|--|--|--|
| | As at 31-03-2016 | As at 31-03-2015 | As at 31-03-2016 | As at 31-03-2015 |
| Discount rate | 7.80%P.A | 7.80%P.A | 7.80%P.A | 7.80%P.A |
| Expected Return on Assets | 7.00% P.A | 7.00% P.A | Not Applicable | Not Applicable |
| Salary Escalation Rate | 7.00% P.A | 7.00% P.A | 7.00% P.A | 7.00% P.A |
| Mortality | Indian Assured Lives Mortality (2006-08) (modified) Ult. | Indian Assured Lives Mortality (2006-08) (modified) Ult. | Indian Assured Lives Mortality (2006-08) (modified) Ult. | Indian Assured Lives Mortality (2006-08) (modified) Ult. |
| Withdrawal Rate | 5.00% P.A | 5.00% P.A | 5.00% P.A | 5.00% P.A |

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

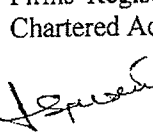
28. During the year the company has advanced Rs. 36,06,65,574/- to GVK Coal (Tokisud) Company Pvt Ltd, a company formed for the development of coal mine allotted to GVK Power (Goindwal Sahib) Ltd. The Hon'ble Supreme Court of India vide its judgement dated 25th August, 2014 read with order

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GVK POWER (GOINDWAL SAHIB) LIMITED**Notes to Financial Statements for the year ended 31 March, 2016**

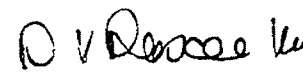
- dated 24th September, 2014 cancelled all the coal mines allotted by the Screening Committee of the Government of India. GVK Coal (Tokisud) Company Pvt Ltd is entitled for the compensation, as specified under the provisions of the Coal Mines (Special Provision) Ordinance, 2014 issued on 21st October, 2014 towards the expenditure incurred on the development of the project. Based on the appeal preferred by GVK Coal (Tokisud) Company Pvt Ltd the company is hopeful of getting back the advance made by it. Hence no provision is made in this regard.
29. The company in anticipation of COD procured 75,000 MT of coal from Coal India Limited and stored at Barkakana railway siding, pending approval of Railway Siding at Goindwal Sahib. Due to internal combustion 62,028.68 MT of coal burnt. The value of such burnt coal of Rs 16.07 Crores has been written off and shown as Exceptional item in the Statement of Profit and Loss.
30. The company has no whole time qualified Company Secretary as required under the provisions of Section 203 of Companies Act, 2013. The company is in the process of appointing a whole time Company Secretary. Meanwhile the secretarial works of the company are looked after by Ms. Neeti Bachawat, qualified Company Secretary, who is looking after one of the group companies of the company.
31. The Company is engaged only in the business of Generation and sale of electricity. Accordingly, disclosure of segment information as prescribed in the Accounting Standard 17 "Segment Reporting" is not applicable.
32. In the opinion of the Board of Directors of the company, the current assets, loans and advances are expected to realise in the ordinary course of business approximately the value at which they are stated in accounts.
33. Balances in personal accounts are subject to confirmation and reconciliation.
34. Figures of the previous year have been regrouped/ rearranged to conform to those of the current year.

As per our report of even date
for BRAHMAYYA & CO.
Firms' Registration Number: 000513S
Chartered Accountants


(S Satyanarayana Murthy)
Partner
Membership Number: 023651

For and on behalf of Board of Directors
of GVK Power (Goindwal Sahib) Limited


M Rama Murty
Wholetime Director
DIN 03387583


P V Prasanna Reddy
Director
DIN:01259482

Place: Hyderabad
Date: 12.05.2016


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Form C1

Balance Sheet

| S. No. | Particulars | Reference Form | Balance Sheet (₹ crore) | | | | | | | |
|-----------|--|-----------------|-------------------------|-----------------------|----------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | | Previous Year | Current Year | Current Year | Control Period | | | | |
| | | | Actuals FY 2015-16 | Actuals FY 2016-17 | Estimated 2016-17 | FY 2017-18 | FY 2018-19 | FY 2019-20 | | |
| I. | SOURCES OF FUNDS | | | | | | | | | |
| | A) Shareholders' Funds | | | | | | | | | |
| | a) Share Capital (Equity) | 1,202.54 | 1,251.79 | 1,251.00 | 1,251.00 | 1,251.00 | 1,251.00 | 1,251.00 | 1,251.00 | 1,251.00 |
| | b) Share Application Money | 1.68 | | | | | | | | |
| | c) Reserves and Surplus | (24.45) | (686.53) | 161.49 | 355.40 | 549.31 | 743.22 | 743.22 | 743.22 | 743.22 |
| | B) Special Appropriation towards Project Cost | | | | | | | | | |
| | C) Loan Funds | | | | | | | | | |
| | a) Secured Loans | 3,248.76 | 3,366.49 | 3,444.79 | 3,259.18 | 3,030.37 | 2,789.56 | 2,789.56 | 2,789.56 | 2,789.56 |
| | b) Working Capital Loans | | 299.12 | 302.00 | 302.00 | 302.00 | 302.00 | 302.00 | 302.00 | 302.00 |
| | b) Unsecured Loans | | | | | | | | | |
| | D) Other sources of Funds | | | | | | | | | |
| | a) Capital contributions from Consumers | | | | | | | | | |
| | b) Consumers Security Deposits | | | | | | | | | |
| | c) Capital Subsidies/ Grants | | | | | | | | | |
| | d) Any other source of Funds | 0.14 | - | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 | 0.14 |
| | e) Long Term Provisions | | | | | | | | | |
| | TOTAL | 4,428.67 | 4,230.87 | 5,159.42 | 5,167.72 | 5,132.82 | 5,085.92 | 5,132.82 | 5,085.92 | 5,085.92 |
| | II. APPLICATION OF FUNDS | | | | | | | | | |
| | A) Fixed Assets | | | | | | | | | |
| | a) Gross Block | 217.10 | 4,431.43 | 4,441.00 | 4,671.00 | 4,671.00 | 4,671.00 | 4,671.00 | 4,671.00 | 4,671.00 |
| | b) Capital Work in Progress | 4,168.27 | - | | | | | | | |
| | c) Net Block | 214.56 | 4,225.11 | 4,232.67 | 4,246.36 | 4,025.01 | 3,803.67 | 4,025.01 | 3,803.67 | 3,803.67 |
| | B) Investments | 2.83 | | | | | | | | |
| | C) Long Term Loans & Advances | 188.05 | 181.24 | | | | | | | |
| | D) Current Assets, Loans and Advances | 69.99 | 106.70 | 994.98 | 935.98 | 1,123.63 | 1,299.34 | 1,123.63 | 1,299.34 | 1,299.34 |
| | E) Less: Current Liabilities and Provisions | 215.03 | 282.18 | 68.23 | 14.62 | 15.83 | 17.09 | 15.83 | 17.09 | 17.09 |
| | F) Net Current Assets | (145.04) | (175.48) | 926.75 | 921.36 | 1,107.80 | 1,282.25 | 1,107.80 | 1,282.25 | 1,282.25 |
| | TOTAL APPLICATION OF FUNDS | 4,428.67 | 4,230.87 | 5,159.42 | 5,167.72 | 5,132.82 | 5,085.92 | 5,132.82 | 5,085.92 | 5,085.92 |

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Note:

- 1) Balance Sheets(Actuals) for the financial year 2015-16 and 2016-17 have been certified based on the audited financial statements.
- 2) Balance Sheet for the financial year 2016-17(Estimated) and Control Period Projections under MYT for the Control Period i.e., FY 2017-18, 2018-19 and 2019-20 have been prepared by the management on estimates basis for the purpose of filing tariff petition under PSERC Regulations. These statements, prepared by the management, are based on the estimates and expectations which could be different from actuals based on changes in the Regulations and other factors relating to the company's operations.

for GVK Power (Goindwal Sahib) Limited

for K S Rao & Co,
Chartered Accountants
Firm Registration No. 003109S

Authorised Signatory

(V. Venkateswara Rao)
Partner
Membership No. 219209

Form G1

Profit & Loss Account

| S. No. | Particulars | Reference Form | Previous Year | | Current Year | | Current Year | | Control Period Projections | | |
|-----------|--|----------------|----------------|-----------------|-----------------|-----------------|-----------------|-----------------|----------------------------|--|--|
| | | | Actuals | | Actuals | | Estimated | | Control Period Projections | | |
| | | | FY 2015-16 | FY 2016-17 | FY 2016-17 | FY 2016-17 | 1st Year | 2nd Year | 3rd Year | | |
| (₹ crore) | | | | | | | | | | | |
| A | Revenue | | | | | | | | | | |
| 1 | Revenue from sale of power | G13 | - | 108.67 | 2,192.63 | 2,332.16 | 2,340.62 | 2,387.42 | | | |
| 2 | Non-Tariff and Other Income | G10 | - | 0.64 | | | | | | | |
| | Total Revenue or Income | | - | 109.31 | 2,192.63 | 2,352.16 | 2,340.62 | 2,387.42 | | | |
| B | Expenditure | | | | | | | | | | |
| 1 | Fuel Cost | G3 | 45.12 | 77.27 | 1,180.95 | 1,293.14 | 1,293.66 | 1,358.34 | | | |
| (a) | Primary Fuel Cost | | 0.78 | 2.24 | 5.00 | 5.21 | 5.21 | 5.21 | | | |
| 2 | Secondary Fuel Cost | C8 | - | - | - | - | - | - | | | |
| 3 | SLDC Fees and Charge | | - | - | - | - | - | - | | | |
| | Operations & Maintenance Expenses | G6 | 6.31 | 13.55 | 85.05 | 93.56 | 99.46 | 103.14 | | | |
| | a) Repairs and Maintenance Expenses | C4 | 10.70 | 9.09 | 14.38 | 15.58 | 17.92 | 20.61 | | | |
| | b) Employee Costs | C6 | 34.89 | 15.06 | 40.38 | 45.84 | 48.73 | 50.53 | | | |
| 4 | c) Administration and General Expenses | C14 | - | - | - | - | - | - | | | |
| 5 | Prior Period Expenses | C15 | 16.07 | - | - | - | - | - | | | |
| 6 | Extraordinary Items | C18 | (96.55) | (17.36) | - | - | - | - | | | |
| | Less: Total Expenses Capitalized (-) | | 17.32 | 99.85 | 1,325.76 | 1,453.33 | 1,464.98 | 1,537.83 | | | |
| | Total Expenditure | | (17.32) | 99.85 | 1,325.76 | 1,453.33 | 1,464.98 | 1,537.83 | | | |
| C | PBDITA (A-B) | | | | | | | | | | |
| | | | (17.32) | 9.46 | 866.87 | 898.83 | 875.64 | 849.59 | | | |
| D | Depreciation & Amortization | C7 | | | | | | | | | |
| 1 | Depreciation | | 0.04 | 201.34 | 202.59 | 216.31 | 221.31 | 221.31 | | | |
| 2 | Amortization | | - | 2.41 | - | - | - | - | | | |
| | PBIT (C-D1-D2) | | (17.36) | (194.29) | 664.28 | 682.52 | 654.33 | 628.28 | | | |
| F | Total Interest and Finance Charges | | | | | | | | | | |
| 1 | Interest on Loan | C13 | - | 451.91 | 404.72 | 412.26 | 384.16 | 355.75 | | | |
| 2 | Interest on Working Capital | G7 | - | 15.88 | 73.62 | 76.35 | 76.26 | 78.63 | | | |
| 3 | Finance Charges | C13 | - | - | - | - | - | - | | | |
| G | Profit/Loss before Tax (E-F1-F2-F3) | | (17.36) | (662.08) | 185.94 | 193.91 | 193.91 | 193.91 | | | |
| H | Income Tax | C17 | - | - | - | - | - | - | | | |
| I | Profit/Loss after Tax (G-H) | | (17.36) | (662.08) | 185.94 | 193.91 | 193.91 | 193.91 | | | |

Note:

- Statement of Profit & Loss Account for the financial year 2015-16 and 2016-17 have been certified by the auditors based on audited financial statements.
- Statement of estimated Profit & Loss Account for the financial year 2016-17 and Control Period Projections under MYT for the Control Period i.e., FY 2017-18, 2018-19 and 2019-20 have been prepared by the management on estimates basis for the purpose of filing tariff petition under PSERC Regulations. These statements prepared by the management are based on the estimates and expectations which could be different from actuals based on changes in the Regulations and other factors relating to the company operations.

for GVK Power (Goindwal Sahib) Limited

for K S Rao & Co.
Chartered Accountants
Firm Registration No. 0031095

Authorised Signatory

(V. Venkateswara Rao)
Partner
Membership No. 219209

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VAKALATNAMA**BEFORE THE HON'BLE PUNJAB STATE ELECTRICITY
REGULATORY COMMISSION, CHANDIGARH****PETITION NO. OF 2017**

GVK Power (Goindwal Sahib) Limited
Paigah House, 156 – 159, Sardar Patel Road,
Secunderabad – 540 003 ...Petitioner

Versus

Punjab State Power Corporation Limited,
The Mall, Patiala (Punjab) ...Respondent

I, Oliver Tyagi, the authorized representative of GVK Power (Goindwal Sahib) Limited, in the above appeal/petition/application do hereby appoint and retain Mr. Amit Kapur , Mr. Apoorva Misra, Ms. Poonam Verma, Mr. Vishrov Mukerjee, Mr. Shaurya Sharma, Mr. Janmali Manikala, Ms. Catherine Ayallore, Mr. Yashaswi Kant and Ms. Raveena Dhamija (hereinafter called the Advocates) to appear, plead and act for me/us in the above appeal/petition/application and to conduct and prosecute all proceedings that may be taken in respect thereof and applications for return of documents, enter into compromise and to draw any moneys payable to me/us in the said proceeding and also to appear in all applications for review and for leave to the Supreme Court of India in all applications for review of judgement.


Place: Chandigarh.

Signature of the Party

Date: 29/12/17

Executed in my presence.

"Accepted"


J. Sagar Associates,
Advocates for the Petitioner
B-303, 3rd Floor, Ansal Plaza,
Hudco Place August Kranti
Marg, New Delhi – 110 049
Mobile: +91 9818644755

*Signature with date
(Name and Designation)