



VISAKHAPATNAM-530035

DIRECTORS' REPORT TO THE SHAREHOLDERS 2016-17

Your Directors have pleasure in presenting their 16th Annual Report on the Business and Operations of the Company together with the Audited Statements of Account for the financial year ended 31st March'2017.

1) FINANCIAL RESULTS:

Your Company's last financial year was a period of Twelve months ended 31th March 2017. As the members are aware, the last Financial Year of the Company was a period of eighteen months from October'14 to March'16 so as to align with the Financial Year period of 12 months from 1.4.2016 as prescribed under the Companies Act, 2013. Hence, the figures of the Financial Year under review are not comparable with the figures of the previous Financial Year period of 18 months ended 31st March.2016.

(Figures in lakhs)

PARTICULARS (Rs. In Lakhs)	2016-17 (12 Months ended 31.3.2017)	2015-16(18months ended 31 3 2016)
Operational Revenue	13,783.03	19745.02
Other Revenue	1474.49	2281.17
Total Revenue	15257.52	22026.19
Expenditure before Interest ,Tax and Depreciation	10073.16	15494.66
Earnings before Interest, Depreciation and Tax	5184.36	6531.53
Finance cost	3124.96	5074.55
Depreciation & Amortisation	1411.41	2045.85
Profit/Loss before Tax	647.99	(588.87)
Profit/Loss after Tax	445.74	(573.45)
Total Comprehensive Income/loss for the period	448.51	(581.87)
Cargo Volume in Metric Tons	63,24,345	69,83,440



During the period under review, your company has achieved a Profit of Rs 6.48 Crores. and increase in annual cargo throughput of 40% compared to previous 12 months period which is mainly attributed to the following factors:

- a) Achievement of draught of -14.5 meters at both of our berths to handle fully laden Panamax vessels which was the only port infrastructure lacking for the past 12 years of operation. In other words, both of the company's berths EQ-8 and EQ-9 are now capable of handling Panamax vessels with arrival draught up to 14.5 Meters as against arrival draught of 12.5 Meters in the previous year.
- b) Change in operational strategies – adopting competitive pricing vis-à-vis competing Port terminals to attract more cargo under the scenario of declining cargo imports owing to decline in Steel demand and construction activities besides increase in supply of domestic coal.
- c) Hook point delivery i.e. attracting stevedores of the Vizag Port to migrate to VSPL and take delivery of Cargo immediately after discharge to augment volumes.

Your directors are happy to inform that for the first time in the history of the Company, average cargo handling crossed 6 lakhs tonnes per month (during October & November 16) and EQ-8 (Mechanised Berth) crossed 3 lakhs tonnes per month, in four months (June/Oct/Nov & Feb) of the financial year 2016-17.

1. Future Outlook and Investment Programme:

a.) Your company has requested for allotment of additional land of 20 Acres in the vicinity of the terminal which is under active consideration of VPT. In view of the competition scenario, your company is not able to recover the additional transportation cost for shifting the cargo from the Company's terminal to the 30 Acres plot at EXIM Park allotted by VPT. Further, the lease rentals were substantially increased by VPT based on market value of the lands. Considering the economics of operation and as a prudent measure, your company has surrendered the 20 Acres of land at EXIM Park on 31.3.2017 to Visakhapatnam Port Trust and retained 10 acres for future development based on the market situation. Your Directors are pleased to inform that the Visakhapatnam Port Authorities have been extending their full support



for allotment of the additional land of 20 acres in the GFCL area contiguous to the terminal and it is expected that the said allotment will be completed by December'17.

b.) your company has given a big thrust to its Marketing activities by strengthening the marketing team and monitoring their performance based on customer wise specific targets. Customers are classified into Anchor, Target and non-Anchor customers for specific focus by each Marketing team member. Your Company has accordingly assessed an Annual Cargo potential of 8.50 Million Tons to be achieved in the ensuing years.

However, your company is expected to face the margin pressure during the current Financial Year 2017-18 as the operating scenario in Vizag continues to be very competitive with under cutting of rates by neighbouring ports/ BOT berths as well as Stevedores of VPT. Your company with its well-trained dedicated man power strength and ability to offer customized services is fully equipped to face the margin pressure by enhanced volume. It is pertinent to note that in spite of tough competition, your Company has achieved 40 % cargo growth in the year under review compared to previous year.

c) **Investment Programme:** Your Company has planned to purchase a ZPMC Ship Unloader at a cost of about USD 7.75 Million with a discharge capacity of 1750 Tons Per hour. Your company is also exploring an alternate option of mobilizing a LIEBHERR Harbour Mobile Crane of higher capacity, LHM 550 Model on operational lease basis. With the existing four Harbour Mobile Cranes and the addition of new crane, your Company will be fully equipped to achieve the overall cargo handling capacity of 8.5 Million Tons in the ensuing years.

3. Dividend:

Your Directors are not recommending any dividend for the financial year 2016-17 and desire to defer the same to the next financial year 2017-18 in view of the liquidity constraints.

4. Extract of Annual Return:

The extract of Annual Return in format MGT-9, for the Financial year 2016-17 has been enclosed with this report as Annexure-I.



5. Number of Board Meetings:

The No. of Board Meeting/Committee Meetings held during the year and dates are given below:

S.NO.	TYPE OF MEETING & Nos.	DATE OF MEETING
1	BOARD MEETING (4 TIMES)	16-05-2016
		06-09-2016
		30-11-2016
		17-03-2017
2	AUDIT COMMITTEE MEETING (4 TIMES)	16-05-2016
		06-09-2016
		29-11-2016
		17-03-2017
3	REMUNERATION COMMITTEE MEETING(3 TIMES)	16-05-2016
		06-09-2016
		29-11-2016

The attendance of the directors at the board and Committee meetings are as given below:

Name of the Director Mr./Mrs.	No. of Board Meetings Attended	No. of Audit Committee Meeting/RCM Attended
Abhijit Rajan	4	N.A
Kishore Kumar Mohanty	2	N.A
Kirit c Shah	1	N.A
Kishalay Bhandopadhyay	2	2 +1
R.Kishore	3	N.A
Homai Daruwalla	3	3+2
Chandras Charandas Dayal	3	3+3
Shoumik Bose	1	N.A
Sanjay Abhay Chandra Chaudhary	1	N.A.



6. Particulars of Loan

Guarantees and Investments under section 186 during the year under review are NIL. However, Section 186 is not applicable to your company as it is engaged in providing Infrastructure facility.

7. Particulars of Contracts or Arrangements with Related Parties:

The particulars of Contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 for the financial year 2016-17 in the prescribed format, AOC-2 has been enclosed with the report.(Annexure-II)

8. Material Changes Affecting the Financial Position of the Company after the date of Balance sheet:

Details regarding material changes/events occurring after balance sheet date till the date of the report is NIL.

9. Directors' Responsibility Statement:

In terms of provisions of Section 134(3) of the Companies Act, 2013, Your Directors confirm that

- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the company for that period;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis;
- (v) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



10. Risk Management Framework:

The Company is following a Risk Management framework under which the risks covering the entire operations are identified and categorized as High, Medium and Low. All such risks are discussed in the periodical meetings with senior management team and appropriate pro-active actions taken. High risks impacting our major operations are informed to Board by circulation indicating the action plan for further advice or action. The risk details and mitigation plans are also discussed periodically in the Audit Committee and the Board Meetings. In the opinion of the Board, the elements of risk threatening the Company's existence is very minimal.

11. Details of Directors and Key Managerial Personnel:

No New Directors have joined the board of your company during the year under review:

No Directors have resigned from the board of your company during this year.

Details of KMP appointed or resigned during the year under review;

Mr. Ravi Kiran Satturu, Company Secretary resigned from the Services of the Company w.e.f. 30th June 2016.

Mr. N. Subbaraman, joined as Company Secretary from 05 10 2016

Mr. AVV Vaitheeswaran, CFO retired from the Services of the Company on Superannuation with effect from 20.4.2016.

12. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

Conservation of Energy in all possible ways especially by savings in electricity, fuel and power consumption receive due attention of the Management and the same pursued on continuous basis.

Foreign Exchange earned: NIL

Foreign Exchange Outflow towards Technical Services- Rs 40, 26,271/-



13. Statement in respect of Internal Financial Control (IFC) and adequacy of internal control:

The Company has established an internal Financial Control framework including internal controls over financial reporting, Operating controls and antifraud framework. The framework is reviewed regularly by the management and tested by internal auditors and presented to the audit committee. Based on periodical testing, the framework is strengthened from time to time to ensure adequacy and effectiveness of IFC. The Company has an operations Manual and proper internal control system to ensure that all the assets of the company are safeguarded and protected against any loss. It is also ensured that all the transactions are properly authorized and recorded and information provided to Management are reliable and timely besides adherence to statutory obligations. The Internal control systems are supported by internal audit by an external audit firm. The Audit Committee meets periodically and reviews the Scope and Audit plan of Internal Audit with respect to adequacy of Internal Control. The reports of the internal auditors and the response of the Management to the audit observations are reviewed by the audit committee and also placed regularly in the board meetings of the Company.

14. Declaration by Independent Directors:

The Independent directors have submitted their disclosure to the board confirming that they fulfil all requirements as to qualify for their appointment as Independent director under the provisions of Section 149 of the Companies Act, 2013. The board confirms that the said Independent directors meet the criteria as laid down under the Companies Act, 2013.

15. Secretarial Audit report

Secretarial Audit Report in form MR 3, as per Section 204(1) given by the Practising Company Secretary, has been annexed to this report and there are no adverse remarks. (Annexure-III).

16. Auditors' Report:

The Statutory Auditors' Report on the accounts of the Company for the financial year ended 31 3 2017 along with Management's reply thereon is placed at Annexure-IV.



17. Corporate Social Responsibility (CSR) policy:

Pursuant to Section 135 of the Companies Act, 2013 your company has constituted a CSR Committee with the following directors.

1. Ms.Homai A.Daruwalla, Independent Director and Chairperson of the Committee
2. Mr.C.C.Dayal, Independent Director and Member
3. Mr.R.Kishore, C.E.O & Director- Member.

The CSR policy formulated by the Committee and approved by the Board has been annexed to this report. (Annexure-V). The details of such policy are also posted on the Company's website. The Company has aligned its Financial Year from this year under review as 12 months period as per Section 2(41) of the Companies Act, 2013. Its previous three financial years were 18 months and 9 months respectively. Though the Company incurred a loss of Rs.588.87 Lakhs in the previous financial year, the amount to be spent pursuant to Section 135 read with the clarifications issued thereon amounts to Rs.14.74 Lakhs for the previous financial year of 18 months ended 31st March'16

The CSR amount to be spent for the current year under review is Rs.2.23 Lakhs.

Thus the cumulative amount to be spent is Rs.16.97 Lakhs.

Your Company could not spend the said amount of Rs.16.97 Lakhs on account of time and process involved in constitution of the Committee, selection of right projects and due diligence. Further it was initially proposed to implement the CSR provisions including identification of CSR Projects, Methodology of implementation in alignment with your Holding company. However, your Directors have proposed to spend the said amount in the current Financial Year as per the CSR policy of the Company.

18. Statement indicating the Manner in which Formal Annual Evaluation has been made by the Board of its own performance, its Directors and that of its Committees.

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Audit, Nomination and Remuneration Committee. The evaluation of the performance of individual Directors including the Chairman of the Board was based on parameters such as level of engagement and contribution, safeguarding the interest of the Company, independence of Judgement etc.



19. Nomination and Remuneration Committee policy:

The Board on the recommendation of the Nomination and Remuneration Committee of the Company has framed a policy for selection and appointment of Directors, Senior

Management and their remuneration and the same is being implemented from time to time. The Policy is attached to this report. (Annexure-VI)

20. Disclosure on Establishment of a Vigil mechanism

The Company has framed a Vigil Mechanism/Whistle Blower Policy and communicated the same to all employees. The details of such policy are also posted on the Company's website.

21. Disclosure of Particulars of Remuneration under Rule 5 of Companies (Appointment & Remuneration) Rules, 2014 is attached to this report. (Annexure-VII)

22. Details of significant and material orders passed by the resolution or courts or tribunal imparting the going concern statues and company's operation in future are NIL.

23. Disclosures under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 are NIL.

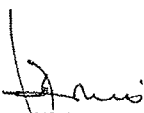
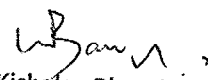
24. Statutory Auditors:

The existing Statutory Auditors, M/S BSR & Associates LLP (FRN No.116231W) have completed the maximum tenure prescribed under Section 139(2) of the Companies Act, 2013 and accordingly not eligible for re-appointment. Fresh audit firm will be appointed by the Shareholders in the ensuing Annual General meeting of the Company.

25. Acknowledgements:

Your Directors wish to place on record their appreciation for the dedicated services rendered by all the employees of the Company. Your Directors also wish to record their appreciation for the co-operation, Counsel and Support received from Visakhapatnam Port Trust, Department of Central Excise and Customs, A.P Pollution Control Board, other Government departments/Agencies, I.D.F.C Bank Limited and all other stakeholders and look forward to their continued support in the future.

For and on behalf of the Board of Directors

 Ragam Kishore. CEO & Director	 Kishalay Bhandopadhyay. Director.
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Place: Visakhapatnam.

Date: 09th June 2017.



ANNEXURE –VII
APPENDIX –III

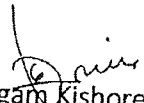
Statement under Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014


Name of the Employee	Ragam Kishore
Designation	CEO & Director
Remuneration Received	Rs. 9600000.00
Nature of Employment	Contractual
Qualification & Experience	MSc, 33 Years.
Date of Commencement of Employment	15 th September 2001
Age of the Employee	60 Years
Last Employment Held	Asst. General Manager Steel Authority of India Limited
Percentage of Equity Shares Held	Nil
Whether a relative of any Director or Manger	No

Place: Visakhapatnam

For and on behalf of the Board

Date: 09th June 2017


(Ragam Kishore)
CEO & Director


(Kishalay Bhandopadhyay)
Director.

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I Registration and Other Details:

(i) CIN	U45203AP2001PTC038955
(ii) Registration Date	24 4 2001
(iii) Name of the Company	VIZAG SEAPORT PRIVATE LIMITED
(iv) Category / Sub-Category of the Company	Company limited by Shares / Non-govt company
(v) Address of the Registered office and contact details	Administrative Block, S5 Gallery, Near GFCL Port Aream Visakhapatnam 530 035
(vi) Whether listed company	No
(vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sno	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	PORT OPERATION	H-5	100%
2			

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name And Address Of The Company	CIN/GLN	Holding/ Subsidiary	% of shares held	Applicable Section
1	Gammom Infrastructure Projects Limited	U45203AP2001 PTC038955	HOLDING	73.76%	Section 2 (46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the Beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1 Indian									
a. Individual/HUF	-	-	-	0.00%	-	-	-	0.00%	0.00%
b. Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c. State Govt (s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d. Bodies Corporate	64,313,847	-	64,313,847	73.76%	64,313,847	-	64,313,847	73.76%	0.00%
e. Banks/FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f. Any others (Non-Promoters)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (A) (1)	64,313,847	-	64,313,847	73.76%	64,313,847	-	64,313,847	73.76%	0.00%
2 Foreign									
a. NRIs - Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b. other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c. Bodies Corp	-	22,877,417	22,877,417	26.24%	-	22,877,417	22,877,417	26.24%	0.00%
d. Banks /FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
e. Any others	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (A) (2)	-	22,877,417	22,877,417	26.24%	-	22,877,417	22,877,417	26.24%	0.00%
Total Shareholding of Promotee: A= (A) (1) + (A) (2)	64,313,847	22,877,417	87,191,264	100.00%	64,313,847	22,877,417	87,191,264	100.00%	0.00%
B. Public Shareholding Pattern									
1 Institutions									
a. Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b. Banks/FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c. Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d. State Govt (s)	-	-	-	0.00%	-	-	-	0.00%	0.00%

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the Beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e. Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f. Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g. FII/Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
h. Others (Specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
i. Sub-total (B) (1):	-	-	-	0.00%	-	-	-	0.00%	0.00%
2 Non Institutions									
a. Bodies Corp.									
(i) Indian	-	-	-	0.00%	-	-	-	0.00%	0.00%
(ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b. Individuals									
i. Individual Shareholders holding nominal share Capital upto Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii. Individual Shareholders holding nominal share Capital in excess of Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c. Others (Specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub-total (B) (2):	-	-	-	0.00%	-	-	-	0.00%	0.00%

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Share Holders	No. of Shares held at the Beginning of the year (As on 01-04-2016)				No. of Shares held at the end of the year (As on 31-03-2017)				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total Shareholding of	-	-	-	0.00%	-	-	-	0.00%	0.00%
C. Shares held by	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	64,313,847	22,877,417	87,191,264	100.00%	64,313,847	22,877,417	87,191,264	100.00%	0.00%

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)									
ii) Share Holding Pattern of Promoters									
S No	Shareholder's Name	No. of Shares held at the Beginning of the year (As on 01-04-2016)			No. of Shares held at the end of the year (As on 31-03-2017)			% of share holding during the year	% of Change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares/ Pledged/ Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares/ Pledged/ Encumbered to Total Shares		
1	Gammon Infrastructure Projects	64,313,847	73.76%	50.20%	64,313,847	73.76%	50.20%	0.00%	0.00%
2	Lastin Holdings Limited	22,877,417	26.24%		22,877,417	26.24%		0.00%	0.00%
3		-	0.00%			0.00%		0.00%	0.00%
4			0.00%			0.00%		0.00%	0.00%
5			0.00%			0.00%		0.00%	0.00%
6		-	0.00%			0.00%		0.00%	0.00%
	TOTAL	87,191,264	100.00%		87,191,264	100.00%		0.00%	0.00%

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)
 (iii) Change in Promoter's Shareholding (Please specify, if there is no Change)

S No	Name of the Promoter	Shareholding at the beginning of the year		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company				No of Shares	% of total shares of the Company
1		-	0.00%				-	0.00%
2		-	0.00%				-	0.00%
3		-	0.00%				-	0.00%
4		-	0.00%				-	0.00%
5		-	0.00%				-	0.00%
6		-	0.00%				-	0.00%
		-	0.00%				-	0.00%

iv) Shareholding pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)
 NO CHANGE

S No	Name of the Share Holder	Shareholding at the beginning of the year		Date	Increase/Decrease	Reason	Cumulative Shareholding during the year	
		No of Shares	% of total shares of the Company				No of Shares	% of total shares of the Company
1		-	0.00%				-	0.00%
2		-	0.00%				-	0.00%
3		-	0.00%				-	0.00%
4		-	0.00%				-	0.00%
5		-	0.00%				-	0.00%
6		-	0.00%				-	0.00%
7		-	0.00%				-	0.00%
8		-	0.00%				-	0.00%
9		-	0.00%				-	0.00%

V. INDEBTEDNESS		RS. IN CRORES			(Amount in Rs.)
Indebtedness of the Company including interest outstanding / accrued but not due for payment		Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year					
i. Principal Amount	272.26	-	-	-	272.26
ii. Interest due but not paid	-	-	-	-	-
iii. Interest accrued but not due	-	-	-	-	-
Total (i)+(ii)+(iii)	272.26	-	-	-	272.26
Change in Indebtedness during the financial year					
Addition	-	-	-	-	-
Reduction	30.490	-	-	-	30.490
Net Change	241.770	-	-	-	241.770
Indebtedness at the end of the financial year					
i. Principal Amount	214.680	-	-	-	214.680
DO	21.950	-	-	-	21.950
DO	-	-	-	-	-
ii. Interest due but not paid	-	-	-	-	-
iii. Interest accrued but not due	2.400	-	-	-	2.400
Total (i)+(ii)+(iii)	239.030	-	-	-	239.030

VII. Penalties / Punishments / Compounding of Offences:

NIL

Type	Section of the companies Act	Brief Description	Details of Penalty/ Punishment / Compound Fees imposed	Authority (RD/NCLT/ COURT)	Appeal made, if any (give details)
A. Company Penalty Punishment Compounding			Nil Nil Nil		
B. Directors Penalty Punishment Compounding			Nil Nil Nil		
C. Other Officers in Default Penalty Punishment Compounding			Nil Nil Nil		

VI. Remuneration of Directors and Key Managerial Personnel (Managing Director, Whole time Director and / or Manager):

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S.No	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
1	Gross Salary				
a.	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	RAGAM KISHORE (12 MONTHS)	-	-	9,600,000
b.	Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-
c.	Profits in lieu of salary u/s 17(3) of the Income tax Act, 1961	-	-	-	-
2	Stock Options	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify.	-	-	-	-
5	Others - (please specify)	-	-	-	-
	Total	-	-	-	9,600,000
	Ceiling as per the Act				

Note: However, the Company has paid the managerial remuneration in accordance with Section II of Part II of Schedule V of the Companies Act, 2013

B. Remuneration to other directors:

S. No	Particulars of Remuneration	Name of the Directors			Total Amount
	Independent Directors				
	- Fee for attending board/ committee meetings	-	HOMAI DARUWALA	-	160,000
	- Commission	-	-	-	-
	- Others, Pls Specify	-	CHANDRAHAS CHARANDAS DAYAL	-	180,000
	Total (1)	-	-	-	340,000
	Other Non Executive Directors				
	- Fee for attending board/ committee meetings	-	-	-	-
	- Commission	-	-	-	-
	- Others, Pls Specify	-	-	-	-
	Total (2)	-	-	-	340,000
	Total (1+2)	-	-	-	340,000
	Total Managerial Remuneration Overall Ceiling as per the Act			Rs.20000 per meeting	

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

	Key Managerial Personnel				Total
	CEO	CFO	CS		
1	Gross Salary				
	Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	9,600,000	2,033,101	684,449	12,317,550
	a. Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-	-
	b. Profits in lieu of salary u/s 17(3) of the Income tax Act, 1961	-	-	-	-
	c. Stock Options	-	-	-	-
2	Sweat Equity	-	-	-	-
3	Commission	-	-	-	-
4	- as % of profit	-	-	-	-
	- others, specify.	-	-	-	-
5	Others - (please specify)	-	-	-	-
	Total	9,600,000	2,033,101	684,449	12,317,550

APPENDIX II

ANNEXURE-II

Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section(1) of Section 188 of the Companies Act,2013 including certain arms length transactions under third proviso thereto

- 1. Details of material contracts or arrangement or transactions at arm's length basis**
 - a.) Name(s) of the related party and nature of relationship
Eversun Marine Trade Private Limited,(EMT), a company in which Mr.R.kishore, C.E.O & Director is interested as his relative being a Director and Shareholder.**
 - b.) Nature of contracts/arrangements/transactions:
Contract of Stevedoring at other Port berths, Deployment of Equipment, Supply of Man power for cargo handling operations and Cargo storage services.**
 - c.) Duration of the Contract/arrangement/transactions
On going contract, renewable from time to time as per the terms of the Contract.**
 - d.) Salient terms of the Contracts or arrangements or transactions including the value, if any:**

To overcome the storage constraint, cargo storage service availed utilizing their storage plots. The equipment and man power requirements of the company will fluctuate depending on the operational requirements. In order to avoid full dependence on

existing Service provider whose rates were fixed based on the market bids, Equipment and Manpower services are availed from the said company at the same rate paid to the existing Service provider fetched through bid. This arrangement ensures availability of equipment and man power without any interruption to day to day business operations and loss of business for want of equipment/man power.

e.) Details of approval by the Board, if any:

Storage service and manpower approved by the board on 8.5.14 and 31.1.15.

f.) Amount paid as advances, if any – Nil

2. Details of material contracts or arrangement or transactions at arm's length basis:

a.) Name(s) of the related party and nature of relationship

Eversun Sparkle Maritime Services Private Limited,(ESMS) a company in which the C.E.O & Director is interested as his relative being a Director. This Company is also associate company of our Holding Company.

b.) Nature of contracts/arrangements/transactions:

Deployment of two Payloaders and ten dumpers, Maintenance of ten dumpers of the company.

c.) Duration of the Contract/arrangement/transactions

Four years.

d.) Salient terms of the Contracts or arrangements or transactions including the value, if any:

In order to avoid full dependence on existing Service provider whose rates were fixed based on the market bids, Equipment and Manpower services are availed from the said company at the same rate paid to the existing Service provider fetched through bid. This arrangement ensures availability of equipment and man power without any interruption to day to day business operations and loss of business for want of equipment/man power. Further, the company is relieved from the burden of maintaining the handling equipments.

e.) Date of approval by the Board, if any:

Approved by the board on 11.7.14 on arm's length basis.

f) Amount paid as advances, if any – Nil

3. Details of material contracts or arrangement or transactions at arm's length basis:

a.) Name(s) of the related party and nature of relationship

Ripley&Co(Stevedoring&Handling) Private Limited; the Mother of Mr.Shoumik Bose, Director is a shareholder.

b.) Nature of contracts/arrangements/transactions:

Contract for Shorehandling operations by deployment of all Shorehandling equipments with man power.

c.) Duration of the Contract/arrangement/transactions

Five years.

d.) Salient terms of Contracts or arrangements or transactions including the value, if any.

The Contract involves permanent deployment of sizeable Number of Shorehandling equipments to perform Shore Handling operations in all the three shifts. The rates were Fixed on arms length basis based on the L1 rates fetched in the tenders floated for the purpose. No contract value fixed as the payment is made only to the extent of usage of equipment i.e. on tonnage basis.

e.) Date of approval by the Board, if any:

Approved by the board on 31.1.2015 on arm's length basis.

f.) Amount paid as advances, if any – Nil

By the abovesaid contracts, the company is relieved from the burden of sizeable man power and maintenance of handling equipments to enable focusing on its core activity of handling of vessels at its berths.

Annexure-IV
(To Directors Report)

INDEPENDENT AUDITORS' REPORT AND MANAGEMENT'S REPLIES:

ANNEXURE-A.

Auditors' Comments	Management's Replies
<p>(iii) The Company has granted unsecured loan to one Company covered in the register maintained under Section 189 of the Companies Act, 2013('the Act').</p> <p>a) In respect of the aforesaid loans, the terms and conditions under which such loan was granted are not prejudicial to the Company's interest.</p> <p>b) In respect of the aforesaid loan, the schedule of repayment of principal and payment of interest has been stipulated. The borrower has not been regular in repaying the principal and interest. However interest due has been fully repaid as at 31st March 2017.</p> <p>c) In respect of the aforesaid loan, the total amount overdue for more than ninety days as at 31st March 2017 is INR 10,977.41 lakhs. In such instances, in our opinion, reasonable steps have been taken by the Company for the recovery of the principal amounts. Subsequent to 31st March 2017, the Company has entered into an agreement with the aforesaid Company dated 09th June 2017, as per which the entire loan is repayable by 31st March 2018.</p>	<p>With reference to the Audit Para (iii)(b) regarding non-regular in repayment of Principal, it is informed that as noted in the Audit Report itself under para (iii)(c) , the Company has entered into an agreement for recovery of the entire principal outstanding by 31 3 2018 and as such it is expected that the Loan will be repaid on or before 31.3.2018.</p>
<p>(viii) In our opinion and according to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted the repayment of dues to its Bankers and financial institutions as mentioned in the Appendix to this report. The Company did not have any dues to Government and depenture holders during the year.</p>	<p>With reference to this para VIII (Annexure-A) of the audit report, regarding default in repayment of the term loan dues to IDFC Bank, it is informed that the Company has taken necessary steps to enhance the Cash Flow position in the Current financial year to ensure that the loan dues are paid in time without any default.</p>



July 07, 2017

The Company Secretary,
Vizag Seaport Private Limited,
Administrative Block, S4 Gallery, Near GFCL, Port Area,
Visakhapatnam – 530 035

Dear Sir,

Ref: Your letter dated 30th June 2017 with reference no. - Accounts:2017:06:IDFC:510

We refer to your letter mentioned as above, regarding the consent required from Secured Creditor for re-appointment of the CEO of Vizag Seaport Private Limited (VSPL). In this regard we wish to inform that we have no objection for the re-appointment of Mr.R Kishore as CEO & Director of the Company as detailed in the above mentioned letter.

Yours faithfully,

For IDFC Bank Limited

Authorised Signatory



Noted on
12/7/17
[Signature]

IDFC Bank Limited

Naman Chambers, C-32, G-Block, Bandra-Kurla Complex, Bandra (E), Mumbai 400 051 Tel: + 91 22 4222 2000/ 6147 8383

Registered Office: KRM Towers, 7th Floor, No.1, Harrington Road, Chetpet, Chennai 600 031 Tel: + 91 44 4564 4000 Fax: + 91 44 4564 4022

CIN: L65110TN2014PLC097792 bank.info@idfcbank.com www.idfcbank.com



A.V.V.S.S.Ch.B. SEKHAR BABU
COMPANY SECRETARY

Flat No. 104,
Lakshmi Apartments,
Kailashmetta, Waltair Uplands
Visakhapatnam - 530 003
Tel : 0891-2536431
Telefax : 0891-2793783
E-mail : allachandrasedkhar@gmail.com

Date 31/5/2017

Form No.MR-3

SECRETARIALAUDITREPORT

FORTHE FINANCIAL YEAR ENDED 31st MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
Vizag Seaport Private Limited

I/We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vizag Seaport Private Limited (herein after called the company). Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion there on.

Based on my/our verification of the Vizag Seaport Private Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I/We hereby report that in my/our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I/we have examined the books, papers, minute books, forms and returns filed and other records maintained by Vizag Seaport Private Limited ("the Company") for the financial year ended on 31st March, 2017 according to the provisions of:

- I. The Companies Act, 2013 (the Act) and the rules made there under;
- II. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;



III. Indian Ports Act, 1908; Major Ports Act, 1963 (Industry specific laws applicable to the company)

I/we have also examined compliance with the applicable clauses of the following:

- (i) Companies Act 2013 and rules made there under
- (ii) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (iii) Various Economic, Labour and other legislations specifically applicable to the company in relation to the activities being carried on are enclosed as Annexure - 1.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above .

I/we further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

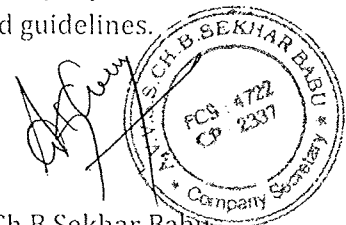
Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I/we further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Place : Visakhapatnam

Date : 31.5.2017

Signature:



A.V V S S Ch B Sekhar Babu
Practising Company Secretary

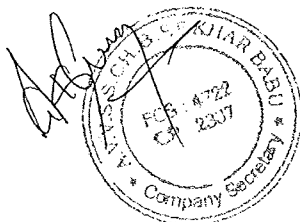
FCS No. 4722

C P No.: 2337

ANNEXURE 1

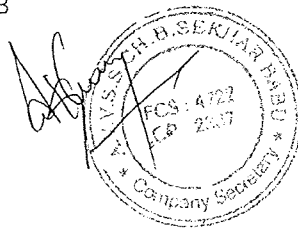
Various legislations specifically applicable to the company:

1. Air (Prevention and Control of Pollution) Act, 1981
2. Air (Prevention and Control of Pollution) Rules, 1983
3. National Ambient Air quality Standards (Revised), 2009
4. Water (Prevention and Control of Pollution) Act, 1974
5. Water (Prevention and Control of Pollution) Rules 1975
6. Water (Prevention and Control of Pollution) Cess Act, 1977
7. Water (Prevention and Control of Pollution) Cess Rules 1978
8. Environment (Protection) Act, 1986
9. Environment (Protection) Rules, 1986
10. The Noise Pollution (Regulation & Control) Rules 2000 (Revised by SO 50 E dt 11.1.2010)
11. The Hazardous Wastes (Management & Handling) and Trans boundary Movement Rules, 2008 And 1 Sep 2010)
12. The Batteries (Management & Handling) Rules, 2001 (Revision by SO 1002 E dated 04.05.2010)
13. Ozone Depleting Substances (Regulation & Control) Rules, 2000
14. Electronic Waste Handling (2013)
15. Dock Safety Acts/Rules
16. Indian Dock Labourers Act
17. Dock Workers (safety ,health & welfare Scheme)
18. Electricity Act, 2003/Rules
19. Energy Conservation Act, 2001/Rules 2003
20. The Standards of Weights & Measures Act, 1976
21. The Standards of Weights & Measures (Enforcement) Act, 1985
22. Gas Cylinder Rules 2004
23. Competition Act, 2002
24. Consumer Protection Act, 1986 Rules 2005
25. Copy Right Act 1957
26. Trade Marks Act, 1999
27. Income Tax Act
28. Service Tax Act
29. Central Excise & Customs Act
30. Payment of Local Taxes like Professional Tax, Land Tax etc.



Compliance of Statutes relating to Human Resources:

1. Payment of Wages Act
2. Payment of Bonus Act, 1965
3. Payment of Gratuity Act, 1972 /Rules 1972
4. The Maternity Benefit Act 1961/Rules 1963
5. The Industrial Establishment (Conferment of Permanent Status) Act, 1981
6. Industrial Establishment (National& Festival Holidays) Act, 1985
7. The Employment Exchange (Compulsory Notification of Vacancies)Act, 1959
8. Labour Welfare Fund Act /Payment of Bonus Act 1965
9. Employee Compensation Act, 1923
10. The Apprentices Act, 1961
11. The Industrial Employment (Standing Orders)Act, 1946
12. The Minimum Wages Act, 1948/Rules 1950
13. The Contract Labour (Regulation & Abolition) Act, 1970/Rules 1971
14. The Payment of Wages Act, 1936/Rules 1937
15. The Employees Provident Fund & Miscellaneous Provisions Act 1952
16. The Industrial Disputes Act, 1947/Rules 1957
17. The Equal Remuneration Act, 1976
18. Interstate Migrant Workers (Regulation of employment and conditions of service Act)
1979 revised in 2011
19. Workers Compensation Act 1923



ANNEXURE - V



VIZAG SEAPORT
PRIVATE LIMITED

CORPORATE SOCIAL RESPONSIBILITY POLICY

Approved By

“Until you spread your wings, you will have no idea how far you can fly. Life is not about finding yourself, life is about creating yourself for the happiness of many “

1) CONTEXT :

VSPL (Vizag Seaport Private Limited) is a SPV formed for the purpose of implementing and operating two Multi cargo Berths under a BOT license issued by Visakhapatnam Port Trust for a period of 30 years as per the PPP Policy of the Government of India. VSPL is a subsidiary company of Gammon Infrastructure Projects Limited (GIPL), Mumbai, a Listed Public Company engaged in promotion of various Infrastructure Projects across the country under BOT mode.

The Company's focus has always been to contribute to the sustainable development of the society and environment and to make our planet a better place for future generations.

1. OBJECTIVES :

VSPL CSR Policy indents to:

- Strive for economic development, provide employment opportunity that positively impacts the society at large with minimal resource footprint.
- Embrace responsibility for the Company's actions and encourage a positive impact through its activities on hunger, poverty, malnutrition, environment, communities, stakeholders and the society.

1. FOCUS AREAS :

In accordance with the requirements under the Companies Act, 2013, VSPL CSR activities, amongst others, will focus on

- EDUCATION :

Promoting education, including special education and employment-enhancing vocational skills especially among children, women, elderly and the differently abled, and livelihood enhancement projects.

- ENVIRONMENTAL SUSTAINABILITY :

Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining the quality of soil, air, purification of water, installation of Plants, Green belt development.

1. UNDERTAKING CSR ACTIVITIES :

VSPL will undertake its CSR activities, approved by the CSR Committee, through such other entity/organization /In-House, as approved by the CSR Committee.

1. LOCATION OF CSR EFFORTS :

The CSR Committee will decide on the locations of the CSR activities.

- GOALS

Our Goals include the following:

SL.NO.	GOAL AREA	Actions
1	Education	VSPL focus on education will be two fronts : a) To train students from under privileged backgrounds in its various developmental centers. b) Provide grants to various colleges in India for improving their infrastructure. Sponsor Chairs and create endowment funds for the college/universities to assist students with their studies. c) Adoption of villages/colleges d) Constructing Toilets in Schools/Colleges
2	Environmental sustainability.	Ensuring environmental sustainability, ecological balance protection of flora and fauna, save trees, water, earth, environment, and purification of water. Plantation of trees, Green Belt development, beautification of traffic spot, installation of Monitoring station to monitor the Pollution level in and around Vizag.

1. COMPOSITION OF CSR COMMITTEE.

The CSR Committee shall consist of the following Directors.

Ms. Homai Daruwalla	Chairperson
Mr. CC Dayal	Member
Mr. Ragam Kishore	CEO & Director

2. RESPONSIBILITIES OF THE COMMITTEE

The responsibilities of the CSR committee include:

- Formulating and recommending to the Board of Directors the CSR Policy and indicating activities to be undertaken.
- Recommending the amount of expenditure for the CSR activities, and
- Monitoring CSR activities from time to time.

3. GOVERNANCE :

VSPL will work closely with and support the Board and the CSR Committee in implementing CSR activities of the Company. The Company can also undertake CSR activities as per the provisions of the Companies Act, 2013 through a registered trust or Registered Society. VSPL will assist the CSR Committee in identifying the areas of CSR activities, programs and execution of initiatives as per defined guidelines. VSPL will also assist the Board and the CSR Committee in reporting the progress of deployed initiatives and in making appropriate disclosures (internal/external) on a periodic basis.

4. FUNDING, SELECTION AND MONITORING PROCESS.

The Budget for the CSR projects will be decided by the CSR Committee in accordance with the provisions of the Act and the CSR rules.

VSPL with the help of internal management will focus areas and projects for implementation, prioritize the same and will then forward its recommendations to the CSR Committee. The CSR Committee will deliberate on the proposals and approve proposals for implementation at its discretion.

VSPL representatives will monitor the status of the project and will report its compliance/findings to the CSR Committee periodically.

Any or all the provisions of this CSR Policy may be amended by the Board based on the recommendations of the CSR Committee or in accordance with any statutory guidelines that may be issued from time to time.

5. EFFECTIVE DATE :

- This Policy is effective from 1st June 2017.

6. CONTACT :

For queries related to the CSR Policy, please write to us at: info@vizagseaport.com



REMUNERATION POLICY

ANNEXURE-VI

1. PREAMBLE:

The Remuneration policy provides a framework for remuneration paid to the members of the Board of Directors ("Board") and for Key Managerial Personnel ("KMP") and the Senior Management ("SM") of the Company. The expression KMP shall have the same meaning as defined under the Companies Act, 2013. "Senior Management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of Management one level below the executive directors, including the functional heads.

2. AIMS & OBJECTIVES:

- (1) To identify persons who are qualified to become Directors and who may be appointed in Senior management as well as devising a policy on Board diversity.
- (2) To lay down criteria for such appointment;
- (3) Recommend to the Board, their appointment and renewal and
- (4) To evaluate performance of every Director including the Independent Directors.

3. Formulation of Criteria for identification of persons qualified to become Directors or occupy Senior Management positions and devising a policy on Board diversity:

- (i) Well considered Organogram of the Company must be made and reviewed from time to time so that the vacancy slots, Seniority and position in the Company are well defined and clear before the selection process is initiated.
- (ii) The incumbents must have qualifications and experience in the field that has relevance to the Company's functions and working. The incumbents should have personal attributes such as personality, Seniority, articulation, decision making, team building, management skills, leadership skills and ability to participate in meetings with peers and Seniors.
- (iii) Such appointments may be made after considering recommendations from reliable and knowledgeable sources and/or outcome of a selection process which could be based on Head hunters' short listings or direct



recruitment and advertisements, and/or promotions of the present cadre of Managerial personnel.

- (iv) There should be proper mix of technical skills, financial acumen and expertise such as in the fields of HR and commercial, Marine Laws fairly represented at the Board level.
- (v) The Chief Executive Officer and Whole-time Director shall report to the Board. The Key Managerial Personnel other than the C.E.O and Whole-time Director shall report to the C.E.O and Whole-time Director on day to day operations. However, on all the matters, which in the opinion of the Key Managerial Personnel are important and critical or are required to be reported to the Board to comply with the prevailing laws and Statutes, the Key Managerial Personnel shall report to the Board.

4. Policy relating to the remuneration of the Directors and Key Managerial Personnel:

- (i) The level and composition of the remuneration should be reasonable and sufficient to attract, retain and motivate the incumbent.
- (ii) Committee's recommendation to the Board or the Management, as the case may be, must include remuneration based on age, experience and qualification of the incumbent.
- (iii) Remuneration should have two components, one Fixed and the other Incentives, which as far as feasible, should be based on factors such as growth and performance of the Company without considering exceptional items, Interest and depreciation and or as may be advised by NRS and decided by the Board. The Board shall have full discretion in the matter. Such Incentives should be based on the performance of the incumbent and/or the performance/growth of the Company. Contract should be made in a manner that a deterrent clause is included to restrict employees leaving the organization to join a competitor.

5. Renewal of Contracts and evaluation of Directors and Senior Personnel:

- (i) Evaluation process must precede renewal of contracts. Self-evaluation is not recommended. Directors' performance, including that of independent directors' performance, must be evaluated by the Chairman of the Board who may seek advice from other Board members before making a recommendation.



- (ii) Performance of Key Managerial Personnel should be made by the Committee in a meeting, the Committee will be guided by the evaluation of the performance by the C.E.O & Whole-time Director or as the case may be, CFO of the Company.
- (iii) While recommending renewal of the term, the Committee will follow the remuneration policy and evaluation process enunciated above.
- (iv) An Exit interview by NRC or at least one of its members is recommended particularly when the NRC has been intimated of the resignation of a Director or a KMP in order to understand the reasons for leaving the Company before the expiry of his/her term.

6. AMENDMENTS TO THIS POLICY:

The Nomination and Remuneration Committee is entitled to amend this policy including amendment or discontinuance of one or more incentive programmes introduced in accordance with this policy.

B S R & Associates LLP

Chartered Accountants

8-2-618/2, Reliance Humsafar,
4th Floor, Road, No. 11,
Banjara Hills
Hyderabad - 500 034. India.

Telephone +91 40 3046 5000
Fax +91 40 3046 5299

Independent Auditors' Report

To the Members of Vizag Seaport Private Limited

Report on the Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying Ind AS financial statements of Vizag Seaport Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flows Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authorities pronouncements issued by Institute of Chartered Accountants of India (ICAI). Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

B S R & Associates (a partnership firm with
Registration No. BA69226) converted into
B S R & Associates LLP (a Limited Liability
Partnership with LLP Registration No. AAB-8182)
with effect from October 14, 2013

Registered Office:
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011.

Vizag Seaport Private Limited
Independent Auditors' Report on the Ind AS financial statements (continued)

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS 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 Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the 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 Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs of the Company as at 31 March 2017, its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in the 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act; read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017, from being appointed as a director in terms of Section 164(2) of the Act;

B S R & Associates LLP

Vizag Seaport Private Limited

Independent Auditors' Report on the Ind AS financial statements (continued)

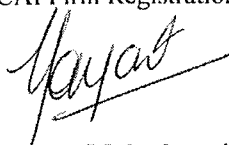
Report on Other Legal and Regulatory Requirements (continued)

- f) 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 B'; and
- 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 information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 4.25 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts that were required to be transferred to the Investor Education and Protection Fund by the Company; and
 - iv. the Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company – Refer Note 4.9 to the Ind AS financial statements.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024



Hemant Maheshwari

Partner

Membership No: 096537

Place: Hyderabad

Date: 09 June 2017

Vizag Seaport Private Limited

Annexure- A to the Independent Auditors' Report on the Ind AS Financial Statements

The Annexure-A referred to in the Independent Auditors' Report of even date to the Members of Vizag Seaport Private Limited ('the Company') on the Ind AS financial statements for the year ended 31 March 2017, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified annually. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noted on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in case of, immovable properties (assets covered under License agreement) as disclosed in the Note 4.1 (b) to the Ind AS financial statements, the title deeds and lease agreements are held in the name of the Company.
- (ii) Physical verification of inventories have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventories as compared to book records were not material.
- (iii) The Company has granted unsecured loan to one Company covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act').
 - (a) In respect of the aforesaid loans, the terms and conditions under which such loan was granted are not prejudicial to the Company's interest.
 - (b) In respect of the aforesaid loan, the schedule of repayment of principal and payment of interest has been stipulated. The borrower has not been regular in repaying the principal and interest. However, interest due has been fully repaid as at 31 March 2017.
 - (c) In respect of the aforesaid loan, the total amount overdue for more than ninety days as at 31 March 2017 is INR 10,977.41 lakhs. In such instances, in our opinion, reasonable steps have been taken by the Company for the recovery of the principal amounts. Subsequent to 31 March 2017, the Company has entered into an agreement with the aforesaid Company dated 09 June 2017, as per which the entire loan is repayable by 31 March 2018.
- (iv) In our opinion, and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act, with respect to the loan given, to the extent applicable. However, the Company has not provided any guarantee or security to the parties covered under Section 185 and 186 of the Act.
- (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 thereunder.

Vizag Seaport Private Limited
Annexure- A to the Independent Auditors' Report on the Ind AS Financial Statements
(continued)

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India, for maintenance of cost records as specified under Section 148(1) of the Act, in respect of port operations and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Value added tax, Professional Tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been slight delay in few cases and in respect of service tax dues there are significant delays. As explained to us, the Company does not have any dues on account of duty of Customs and duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales-tax, Value added tax, Professional Tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable except as mentioned below:

Nature of statute	Nature of dues	Amount (in INR lakhs)	Period to which the amount relates	Paid subsequent to the year end
Finance Act, 1994	Interest on service tax	4.61	2016-17	08 June 2017

(b) According to the information and explanations given to us, there are no dues of Sales tax, Service tax and Value added tax which have not been deposited with the appropriate authorities on account of any dispute except for the following dues of Income tax:

Name of the statute	Nature of the dues	Amount (in INR lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Penalty	590.10	2007-08	Income-tax Appellate Tribunal, Mumbai
Income-tax Act, 1961	Penalty	513.35	2010-11	Income-tax Appellate Tribunal, Mumbai

As informed to us, the Company does not have any dues on account of duty of Customs and duty of Excise.

(viii) In our opinion and according to the records of the Company examined by us and the information and explanations given to us, the Company has defaulted in repayment of dues to its bankers and financial institutions as mentioned in the Appendix to this report. The Company did not have any dues to Government and debenture holders during the year.

Vizag Seaport Private Limited
Annexure- A to the Independent Auditors' Report on the Ind AS Financial Statements
(continued)

- (ix) The Company has not raised any moneys by way of initial public offer and further public offer (including debt instruments). According to the information and explanations given to us, the moneys raised by way of term loans have been applied, on an overall basis, for the purposes for which they were obtained.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) The Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- (xii) The Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable. Accordingly, the provisions of paragraph 3(xii) of the Order are not applicable to the Company.
- (xiii) The Company has entered into transactions with related parties in compliance with the provisions of Section 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (IAS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with its directors or persons connected with him as contemplated under the provisions of Section 192 of the Act. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-1A of the Reserve Bank of India Act, 1934. Accordingly, the provisions of paragraph 3(xvi) of the Order is not applicable to the Company.

for B S R & Associates LLP
Chartered Accountants
ICAI Firm Registration Number : 116231W/ W-100024



Hemant Maheshwari
Partner
Membership No: 096537

Place: Hyderabad
Date: 09 June 2017

Appendix to Annexure - A to the Independent Auditors' Report on the Ind AS Financial Statements

Details of delays in repayment of principal amount for loans obtained from banks:

Name of the bank	Due date	Delay amount (In INR lakhs)	Delay in days	Date of payment	Amount paid (In INR lakhs)
IDFC	01 April 2016	464.39	88	28 June 2016	233.77
			89	29 June 2016	230.62
IDFC	01 July 2016	561.14	89	28 September 2016	42.16
			90	29 September 2016	518.98
IDFC	01 October 2016	561.14	73	13 December 2016	86.90
			87	27 December 2016	474.24
IDFC	01 January 2017	561.14	29	30 January 2017	45.52
			33	03 February 2017	200.00
			36	06 February 2017	315.62

Details of delays in repayment of principal amount for loans obtained from financial institutions:

Name of the financial institution	Due date	Delay amount (In INR lakhs)	Delay in days	Date of payment	Amount paid (In INR lakhs)
HDFC	01 April 2016	1.74	3	04 April 2016	1.74
HDFC	01 July 2016	2.10	7	08 July 2016	2.10
HDFC	01 January 2017	2.10	24	25 January 2017	2.10

B S R & Associates LLP
Vizag Seaport Private Limited

Annexure- B to the Independent Auditors' Report on the Ind AS Financial Statements
(continued)

The Annexure B referred to in our Report of even date to the Members of Vizag Seaport Private Limited ("the Company") on the Ind AS financial statements for the year ended 31 March 2017.

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

We have audited the internal financial controls over financial reporting of Vizag Seaport Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control 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 ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls 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, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Vizag Seaport Private Limited

Annexure- B to the Independent Auditors' Report on the Ind AS Financial Statements
(continued)

Meaning of Internal Financial Controls Over Financial Reporting

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 Ind AS 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 Ind AS 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 Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

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 31 March 2017, 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 ICAI.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024



Hemant Maheshwari

Partner

Membership No: 096537

Place: Hyderabad

Date: 09 June 2017

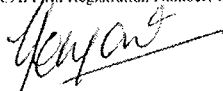
Vizag Seaport Private Limited
Balance sheet
(Rupees in lakhs, unless otherwise stated)

	Note No.	As at 31 March 2017	As at 31 March 2016	As at 01 October 2014
ASSETS				
Non-current assets				
Property, plant and equipment	4.1 (a)	68.89	65.16	121.84
Other intangible assets	4.1 (b)	20,678.43	21,971.99	22,231.25
Intangible assets under development	4.1 (c)	306.50	294.88	247.22
Financial assets				
Loans	4.2 (a)	-	-	101.34
Other financial assets	4.3 (a)	74.21	169.22	153.08
Deferred tax assets (net)	4.4	776.85	902.80	751.19
Other tax assets	4.5	1,478.68	1,652.26	1,016.82
Other non-current assets	4.6 (a)	138.95	179.90	201.53
Total non-current assets		23,522.51	25,236.21	24,824.27
Current assets				
Inventories	4.7	412.63	279.71	290.42
Financial assets				
Trade receivables	4.8	2,039.62	2,084.74	1,774.69
Cash and cash equivalents	4.9 (a)	218.39	343.39	657.95
Other bank balances	4.9 (b)	-	-	807.48
Loans	4.2 (b)	10,977.41	11,053.39	11,151.00
Other financial assets	4.3 (b)	177.86	210.36	1,092.47
Other current assets	4.6 (b)	346.61	436.51	707.63
Total current assets		14,172.52	14,408.10	16,481.64
Total assets		37,695.03	39,644.31	41,305.91
EQUITY AND LIABILITIES				
Equity				
Equity share capital	4.10	8,719.13	8,719.13	8,719.13
Other equity	4.11	455.43	6.92	588.79
Total equity		9,174.56	8,726.05	9,307.92
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	4.12	21,468.46	23,654.83	26,732.32
Provisions	4.13 (a)	1,589.02	1,320.51	926.76
Total non-current liabilities		23,057.48	24,975.34	27,659.08
Current liabilities				
Financial liabilities				
Borrowings	4.14	-	805.00	-
Trade payables	4.15	1,398.30	1,376.99	632.86
Other financial liabilities	4.16	3,201.53	3,192.31	2,355.41
Other current liabilities	4.17	855.07	559.98	1,345.95
Provisions	4.13 (b)	8.09	8.64	4.69
Total current liabilities		5,462.99	5,942.92	4,338.91
Total equity and liabilities		37,695.03	39,644.31	41,305.91


Significant accounting policies and notes to the Ind AS financial statements 3 & 4
The explanatory notes referred to above form an integral part of the Ind AS financial statements

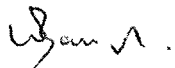
As per our report of even date attached

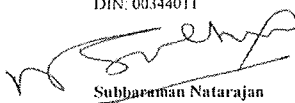
for BSR & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 116231W/ W-100024

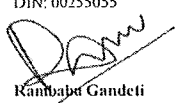

Homant Maheshwari
Partner
Membership No.: 096537

for and on behalf of the Board of Directors of
Vizag Seaport Private Limited
CIN: U45203AP2001PTC038955


R Kishor
CEO and Whole Time Director
DIN: 00344011


Kishalay Bandopadhyay
Director
DIN: 00255055


Subraman Natarajan
Company Secretary
Membership No.: 6616


Rambabu Gandeti
Chief Financial Officer

Place: Hyderabad
Date: 09 June 2017

Place: Visakhapatnam
Date: 09 June 2017

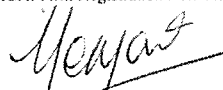
Vizag Seaport Private Limited
Statement of profit and loss
(Rupees in lakhs, unless otherwise stated)

	Note No.	For the year ended 31 March 2017	For the eighteen months period ended 31 March 2016
Revenue			
Revenue from operations	4.18	13,783.03	19,745.02
Other income	4.19	1,474.49	2,281.16
Total revenue		15,257.52	22,026.18
Expenses			
Operating expenses	4.20	8,686.72	13,574.46
Employee benefits expense	4.21	612.75	921.36
Finance costs	4.22	3,124.96	5,074.55
Depreciation and amortisation expense	4.1 (a & b)	1,411.41	2,045.85
Other expenses	4.23	773.69	998.86
Total expenses		14,609.53	22,615.08
Profit / (loss) before tax		647.99	(588.90)
Tax expense			
- Current tax	4.24	77.76	126.50
- Tax related to earlier period		-	5.20
- Deferred tax (including minimum alternative tax entitlement)		124.49	(147.15)
Profit / (loss) for the period		445.74	(573.45)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement (gains) / loss on defined benefit plans		(4.23)	12.88
Income tax effect of re-measurement of defined benefit plans		1.46	(4.46)
Net other comprehensive income not to be reclassified subsequently to profit or loss		(2.77)	8.42
Total comprehensive income / (loss) for the period		448.51	(581.87)
Earnings per equity share (face value of INR 10 each)			
Basic and diluted	4.26	0.05	(0.07)


Significant accounting policies and notes to the Ind AS financial statements 3 & 4
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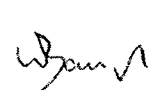
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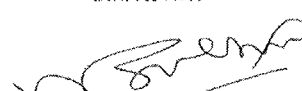
for BSR & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 116231W/ W-100024


Hemant Maheshwari
Partner
Membership No.: 096537

for and on behalf of the Board of Directors of
Vizag Seaport Private Limited
CIN: U45203AP2001PTC038955


P. Vishnu
CEO and Whole Time Director
DIN: 00344011


Kishalay Bandopadhyay
Director
DIN: 00255055


Subbaraman Natarajan
Company Secretary
Membership No.: 6616


Rambabu Gandeti
Chief Financial Officer

Place: Hyderabad
Date: 09 June 2017

Place: Visakhapatnam
Date: 09 June 2017

Vizag Seaport Private Limited
Statement of changes in equity
(Rupees in lakhs, unless otherwise stated)


Particulars	Equity share capital	Other equity		Total
		Retained earnings	Other items of other comprehensive income	
Balance as on 01 October 2014	8,719.13	588.79	-	9,307.92
Loss for the period	-	(573.45)	-	(573.45)
Re-measurement of defined benefit liability	-	-	(12.88)	(12.88)
Income tax relating to re-measurement of defined benefit liability	-	-	4.46	4.46
Balance as at 31 March 2016	8,719.13	15.34	(8.42)	8,726.05

Particulars	Equity share capital	Other equity		Total
		Retained earnings	Other items of other comprehensive income	
Balance as on 01 April 2016	8,719.13	15.34	(8.42)	8,726.05
Profit for the year	-	445.74	-	445.74
Re-measurement of defined benefit liability	-	-	4.23	4.23
Income tax relating to re-measurement of defined benefit liability	-	-	(1.46)	(1.46)
Balance as on 31 March 2017	8,719.13	461.08	(5.65)	9,174.56

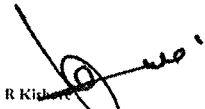
Significant accounting policies and notes to the Ind AS financial statements 3 & 4
The explanatory notes referred to above form an integral part of the Ind AS financial statements


As per our report of even date attached

for BSR & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 116231W/W-106024


Hemant Maheshwari
Partner
Membership No.: 096537

for and on behalf of the Board of Directors of
Vizag Seaport Private Limited
CIN: U45203AP2001PTC038955


R Kishore
CEO and Whole Time Director
DIN: 00344011


Kishalay Bandopadhyay
Director
DIN: 00255055


Subhraman Natarajan
Company Secretary
Membership No.: 6616


Rambhar Gandeti
Chief Financial Officer

Place: Hyderabad
Date: 09 June 2017

Place: Visakhapatnam
Date: 09 June 2017

Vizag Seaport Private Limited
Cash Flow Statement
(Rupees in lakhs, unless otherwise stated)

	For the year ended 31 March 2017	For the eighteen months period ended 31 March 2016
Cash flows from operating activities		
Profit/(loss) before tax	647.99	(588.90)
Adjustments:		
Depreciation and amortisation	1,411.41	2,045.85
Re-measurement of defined benefit obligation	4.23	(12.88)
Interest expense	3,124.96	5,074.55
Interest income	(1,455.95)	(2,271.86)
Liabilities no longer required written back	-	(6.84)
Allowance on impairment of trade receivables (refer Note 4.8)	-	45.72
Provision for replacement cost (refer Note 4.34)	276.85	337.96
Bad debts written off (refer Note 4.8)	8.22	-
Allowance on impairment of advances (refer Note 4.3 (b))	-	51.69
Loss on sale of property, plant and equipment (net)	0.21	3.26
Operating cash flows before working capital changes and other assets	4,017.92	4,678.55
(Increase) / decrease in inventories	(132.92)	10.71
Decrease/ (increase) in trade receivables	36.90	(355.77)
Decrease/ (increase) in financial and other assets	599.45	368.93
(Decrease) / increase in financial liabilities and provisions	513.70	140.95
Cash generated from operations	5,035.05	4,843.37
Income taxes refund / (paid), net	95.82	(767.14)
Net cash generated from in operating activities	5,130.87	4,076.23
Cash flows from investing activities		
Purchase of property, plant and equipment	(26.80)	(36.45)
Proceeds from sale of property, plant and equipment	0.17	8.60
Purchase of intangible assets	(366.36)	(1,637.89)
Loan repaid by holding company	75.98	97.61
Proceeds from sale of other investments	-	807.48
Interest received	1,455.95	3,103.30
Net cash generated from investing activities	1,138.94	2,342.65
Cash flows from financing activities		
Repayment of long-term borrowings	(2,155.86)	(2,738.53)
Proceeds from short-term borrowings	-	1,410.00
Repayment of short-term borrowings	(805.00)	(605.00)
Interest paid	(3,433.95)	(4,799.91)
Net cash used in financing activities	(6,394.81)	(6,733.44)
Net increase / decrease in cash and cash equivalents	(125.00)	(314.56)
Cash and cash equivalents at the beginning of the period	343.39	657.95
Cash and cash equivalents at the end of the period (refer Note 4.9 (a))	218.39	343.39
Cash and cash equivalents comprises		
Balance with banks:		
- in current accounts	218.25	343.38
Cash on hand	0.14	0.01
	218.39	343.39

Significant accounting policies and notes to the Ind AS financial statements
The explanatory notes referred to above form an integral part of the Ind AS financial statements


3 & 4

As per our report of even date attached

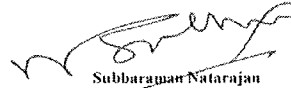
for BSR & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 116231W/W-100024


Hemant Maheshwari
Partner
Membership No.: 096537

for and on behalf of the Board of Directors of
Vizag Seaport Private Limited
CIN: U45203AP2001PTC038955


R. K. Srinivas
CFO and Whole Time Director
DIN: 00344011


Kishalay Bandopadhyay
Director
DIN: 00255055


Subburaman Natarajan
Company Secretary
Membership No.: 6616


Ganesh Ganapati
Chief Financial Officer

Place: Hyderabad
Date: 09 June 2017

Place: Visakhapatnam
Date: 09 June 2017

Vizag Seaport Private Limited
Notes to the financial statements for the year ended 31 March 2017

1. Corporate Information

1.1 Company overview

Visakhapatnam Port Trust (VPT) has awarded a 30 year concession (including construction period of two years) to a consortium of companies of the Gammon group, Portia Management Services Ltd, UK and Lastin Holdings Private Limited, UK for constructing, equipping, operating, managing and maintaining two multi-purpose berths in the inner harbour of VPT on a build, operate, transfer (BOT) basis. The consortium has promoted Vizag Seaport Private Limited (“the Company”) as a special purpose vehicle for implementing the project. Vizag Seaport Private Limited was incorporated as a private limited company on 24 April 2001 and the Company started its commercial operations in July 2004. The license agreement with VPT was signed on 28 November 2001 for a period of 30 years. As on 31 March 2017, 31 March 2016 and 1 October 2014 Gammon Infrastructure Project Services Limited holds 74% equity shareholding in the Company.

2. Basis of preparation

2.1 Statement of compliance responsibility statement

The financial statements are prepared and comply in all material aspects with the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act 2013 (“the Act”) read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rule, 2016 and other relevant provisions of the Act.

The financial statements up to and for the period ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules, 2014 and other accounting principles generally accepted in India (IGAAP), notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the company’s first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First time adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance and cash flows of the Company is provided in Note 4.33.

The financial statements were authorised for issue by the Company’s Board of Director on 09 June 2017.

Details of the accounting policies of the Company are included in Note 3.

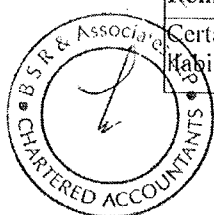
2.2 Functional and presentation currency

The Financial statements are prepared in Indian Rupees (INR), which is also the Company’s functional currency. These financial statements are presented in Indian Rupees (rounded off to nearest lakhs, unless otherwise stated)

2.3 Basis of measurement

The financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting except for the following:

Items	Measurement basis
Certain financial assets and liabilities	Fair value



2.4 Use of judgments, estimates and assumptions

In preparing these financial statements, Management has made judgements, estimates and assumptions that affect the accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively in current and future periods.

Estimates

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustments to the carrying amounts of assets and liabilities within the next financial year are discussed below:

a) Useful lives of property, plant and equipment assets

The charge in respect of periodic depreciation is derived after estimating the asset's expected useful life and the expected residual value at the end of its life. The depreciation method, useful lives and residual values of Company's assets are estimated by Management at the time the asset is acquired and reviewed during each financial year.

b) Valuation of deferred tax assets

The Company reviews the carrying amount of deferred tax assets at the end of each reporting period. The policy for the same has been explained under Note 3.1(j)

c) Provisions and contingent liabilities

A provision is recognised when the Company has a present obligation as a result of past event and 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 (excluding retirement benefits and compensated absences) are not discounted to its 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 adjusted to reflect the current best estimates. Contingent liabilities are not recognised in the financial statements. A contingent asset is neither recognised nor disclosed in the financial statements.

d) Employee Benefit Plans

The cost of defined benefit plans and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These includes the determination of the discount rate, future salary increases and mortality rates. However, any changes in these assumptions may have impact on the reported amount of obligation and expenses.

e) Taxes

Significant judgements are involved in determining the provision for income taxes and deferred taxes including the amount expected to be paid or involved expected to be paid or recovered in connection with uncertain tax positions.



2.4 Use of judgments, estimates and assumptions (continued)

f) Financial assets and Financial liabilities

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

3.1 Summary of significant accounting policies

a. Current-non-current classification

All assets and liabilities are classified into current and non-current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- a. it is expected to be realised in, or is intended for sale or consumption in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is expected to be realised within 12 months after the reporting date; or
- d. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non-current financial assets. All other assets are classified as non-current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a. it is expected to be settled in the Company's normal operating cycle;
- b. it is held primarily for the purpose of being traded;
- c. it is due to be settled within 12 months after the reporting date; or
- d. the company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include current portion of non-current financial liabilities.

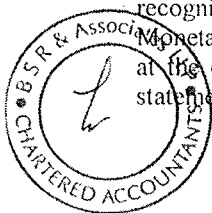
Deferred tax assets are classified as non-current assets.

Operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

b. Foreign exchange transactions

Foreign currency transactions are recorded at the rates of exchange prevailing on the dates of the respective transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognised in the statement of profit and loss.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at the closing exchange rates on that date, the resultant exchange differences are recognised in the statement of profit and loss.



Vizag Seaport Private Limited
Notes to the financial statements for the year ended 31 March 2017

c. Property, plant and equipment

Property, plant and equipment (PPE) are measured at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. The cost of PPE includes freight, duties, taxes and other incidental expenses related to the acquisition or construction of those PPE. Likewise, when a major inspection is performed, its costs are recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in statement of profit or loss in the year the asset is derecognized.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its PPE recognised as at 01 October 2014, measured as per the IGAAP, and use that carrying value as the deemed cost of such PPE. (Refer Note 4.34)

Subsequent measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company. All other repairs and maintenance costs are recognised in statement of profit and loss as incurred.

Depreciation

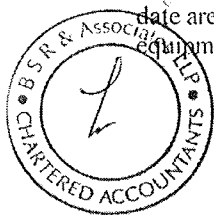
Depreciation is provided on the straight line method over the estimated useful life of the assets, which are equal/lower than the rates prescribed under Schedule II of the Companies Act, 2013. In order to reflect the actual usage of assets, the estimated useful lives of the assets is based on a technical evaluation.

Asset category	Estimated useful life (Years)
Office equipment	5 years
Computer equipment	3-5 years
Furniture and fixtures	10 years
Vehicles	8 -10years

Depreciation is charged on a proportionate basis for all assets purchased and sold during the year.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date are shown as capital advances under long-term loans and advances and the cost of property, plant and equipment not ready for their intended use before such date are disclosed under capital work-in-progress.



d. Intangible assets

Intangible assets are recorded at the consideration paid for cost of acquisition or development less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an internally generated asset comprises all expenditure that can be directly attributed, or allocated on a reasonable and consistent basis, to create, produce and make the asset ready for its intended use. Intangible assets under development are capitalized only if the Company is able to establish control over such assets and expects future economic benefit will flow to the Company.

Intangible assets are amortised over their estimated useful life, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset.

Gains or losses arising from decommissioning of an intangible asset are measured at the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Service concession arrangements:

The Company recognises an intangible asset arising from a service concession arrangement to the extent it has a right to charge for use of the concession infrastructure. The fair value, at the time of initial recognition of such an intangible asset received as consideration for providing construction or upgrade services in a service concession arrangement, is regarded to be its cost. Subsequent to initial recognition the intangible asset is measure at cost, less any accumulated amortisation and accumulated impairment losses.

Transition to Ind AS:

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 01 October 2014, measured as per the previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Subsequent measurement

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

Amortisation:

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight line method, and is included in depreciation and amortisation in Statement of Profit and loss

Asset category	Estimated useful life
Computer Software	3 years
Service concession arrangement	Life of licensing agreement

The estimated useful life of an intangible asset in a service concession arrangement is the period from when the company is able to charge the public for the use of the infrastructure to the end of the concession period.



Vizag Seaport Private Limited
Notes to the financial statements for the year ended 31 March 2017

e. Inventories

Inventories are valued at the lower of cost and net realisable value. Cost of inventories comprises cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined under the weighted average method.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

f. Impairment of assets

Impairment of non-financial assets

The Company assesses at each balance sheet date whether there is any indication that an asset or a group of assets comprising a cash generating unit may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash generating 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 is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a 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 depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognized

g. Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus and other benefits. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post-employment benefits

i. Defined contribution plans

A defined contribution plan is a post-employment benefit plan where the company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the statement of profit and loss during the period in which the employee renders the related service.

ii. Defined benefit plans

Gratuity

In accordance with the applicable Indian laws, the Company provides for gratuity, defined benefit retirement plan ("the Gratuity plan") covering eligible employees. The Gratuity plan provides a lump-sum payment to eligible employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment.



g. **Employee benefits (continued)**

Liabilities with regard to the Gratuity plan are determined by actuarial valuation, performed by an independent actuary, at each reporting date using the projected unit credit method. Actuarial gains and losses are recognised in full in the other comprehensive income for the period in which they occur. Current service cost and the interest cost on obligation related to defined benefit plans are recognised in the statement of profit or loss.

Compensated absences

The employees of the Company are entitled to compensated absences. The employees can carry forward a portion of the unutilized accumulating compensated absences and utilize it in future periods or encash the leaves during the period of employment or retirement or at termination of employment. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement. The Company measures the expected cost of compensated absences as the additional amount that the Company expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period. The Company recognises accumulated compensated absences based on actuarial valuation using the projected unit credit method. Non-accumulating compensated absences are recognised in the period in which the absences occur. The Company recognises actuarial gains and losses immediately in the statement of profit or loss.

h. **Revenue recognition**

Revenue from integrated terminal services, berth hire charges, dust suppression charges, cargo handling charges, plot rent, wharfage, barge freight and other miscellaneous charges is recognized on an accrual basis as per the terms of the contract with the customers as the related services are performed and is measured at fair value of the consideration received or receivable.

Service tax is collected on the services rendered by the Company on behalf of the Government. Accordingly, it is excluded from revenue.

Earnings in excess of billing are classified as unbilled revenue while billings in excess of cost and earnings are classified as deferred revenue.

Interest income is recognised using the effective interest rate method.

Service concession arrangements:

Revenue related to construction or upgrade services provided under a service concession arrangement is recognised based on the stage of completion of the work performed. Operation or service revenue is recognised in the period in which the work is performed.

i. **Leases**

Assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss as per the terms of the agreement.



Vizag Seaport Private Limited
Notes to the financial statements for the year ended 31 March 2017

j. Taxation

Income tax expense comprises current tax and deferred tax charge or credit. Income tax expenses is recognized in statement of profit or loss except to the extent that it relates to items recognized in other comprehensive income (OCI) or directly in equity.

Current tax

Current tax is the tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of the previous year. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net asset basis.

Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each balance sheet date and are recognised/ reduced to the extent that it is probable / no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax relating to items recognised outside statement of profit or loss is recognised outside statement of profit or loss (either in OCI or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

k. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/ (loss) before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from regular revenue generating, investing and financing activities of the Company are segregated.

l. Earnings per share

Basic earnings per share are computed by dividing profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. The Company did not have any potentially dilutive securities in any of the periods presented.



m. Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions for onerous contracts i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event, based on a reliable estimate of such obligation.

n. Borrowing costs

Borrowing cost directly attributable to acquisition of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Finance expenses consist of interest expense on loans and borrowings. Borrowing costs are recognized in the statement of profit and loss using the effective interest method

o. Financial Instruments

i. Initial recognition of financial instruments:

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition.

A financial asset and liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

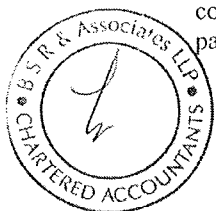
ii. Subsequent measurement of financial assets:

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.



Vizag Seaport Private Limited
Notes to the financial statements for the year ended 31 March 2017

o. Financial Instruments (continued)

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

iii. Subsequent measurement of Financial liability

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

iv. Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

v. Fair value measurement

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices and dealer quotes. All methods of assessing fair value result in general approximation of value, and such value may never actually be realized.

For all other financial instruments the carrying amounts approximates fair value due to the short maturity of those instruments.



Vizag Seaport Private Limited
Notes to the financial statements for the year ended 31 March 2017

p. New standards and interpretations not yet adopted

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. The amendment is in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

4.1 (a) Property, plant and equipment

	Computers	Vehicles	Office equipments	Furniture and fixtures	Total
Gross carrying amount					
Cost/ Deemed cost:					
Carrying value as at 01 October 2014	24.64	29.44	54.46	13.30	121.84
Additions during the period	3.99	28.55	3.03	0.88	36.45
Disposals during the period	-	(19.95)	-	-	(19.95)
As at 31 March 2016	28.63	38.04	57.49	14.18	138.34
Additions during the year	3.18	11.90	9.19	2.53	26.80
Disposals during the year	-	(0.57)	-	-	(0.57)
As at 31 March 2017	31.81	49.37	66.68	16.71	164.57
Accumulated depreciation:					
Charge for the period	25.68	8.50	38.53	8.56	81.27
Disposals during the period	-	(8.09)	-	-	(8.09)
As at 31 March 2016	25.68	0.41	38.53	8.56	73.18
Charge for the year	2.47	6.50	10.44	3.28	22.69
Disposals during the year	-	(0.19)	-	-	(0.19)
As at 31 March 2017	28.15	6.72	48.97	11.84	95.68
Carrying amount (net)					
As at 31 March 2017	3.66	42.65	17.71	4.87	68.89
As at 31 March 2016	2.95	37.63	18.96	5.62	65.16
As at 01 October 2014	24.64	29.44	54.46	13.30	121.84

- Refer Note 4.12 for pledge details



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

4.1 (b) Intangible assets

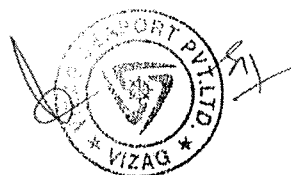
	Service concession assets*	Computer software	Total
Cost/ Deemed cost:			
Carrying value as at 01 October 2014	22,215.95	15.30	22,231.25
Additions during the period	1,698.12	7.20	1,705.32
Disposals / Adjustments during the period	-	-	-
As at 31 March 2016	23,914.07	22.50	23,936.57
Additions during the period	404.93	-	404.93
Adjustments during the year	(309.77)	-	(309.77)
As at 31 March 2017	24,009.23	22.50	24,031.73
Accumulated amortisation:			
Charge for the period	1,952.54	12.04	1,964.58
Disposals / Adjustments during the period	-	-	-
As at 31 March 2016	1,952.54	12.04	1,964.58
Charge for the year	1,401.80	8.50	1,410.30
Adjustments during the year	(21.58)	-	(21.58)
As at 31 March 2017	3,332.76	20.54	3,353.30
Carrying amount (net)			
As at 31 March 2017	20,676.47	1.96	20,678.43
As at 31 March 2016	21,961.53	10.46	21,971.99
As at 01 October 2014	22,215.95	15.30	22,231.25

- Refer Note 4.12 for pledge details

4.1 (c) Intangible assets under development

	Service concession assets*
Carrying value as at 01 October 2014	247.22
Additions during the period	47.66
Capitalised during the period	-
As at 31 March 2016	294.88
Additions during the year	410.33
Capitalised during the year	(398.71)
As at 31 March 2017	306.50

* Refer Note 4.34 for service concession assets.



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 October 2014
4.4 Deferred tax assets (net)			
The balance comprises temporary differences attributable to:			
Deferred tax assets			
Minimum alternative tax	1,249.54	1,171.78	1,040.08
Unabsorbed loss and depreciation as per Income-tax law	2,352.20	2,729.40	2,493.18
Provision for employee benefits, provision for expenses covered under Section 43B of Income tax Act, 1961 and provision for doubtful advances	63.55	64.98	37.14
Provision for replacement cost	510.93	415.12	279.52
Others		1.51	7.02
Deferred tax liabilities			
Excess depreciation reversed	-	-	(360.02)
Excess of depreciation allowable under Income-tax law over depreciation provided as per books of account	(3,399.37)	(3,479.99)	(2,745.73)
Deferred tax asset (net)	<u>776.85</u>	<u>902.80</u>	<u>751.19</u>
Movement in deferred tax assets (net)			
	As at 31 March 2017	As at 31 March 2016	
Opening balance	902.80	751.19	
Credited / (charged)			
- to profit or loss	(124.49)	147.15	
- to other comprehensive income	(1.46)	4.46	
Closing balance	<u>776.85</u>	<u>902.80</u>	

In assessing the realisability of deferred income tax assets, Management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred income tax assets, projected future taxable income, and tax planning strategies in making this assessment. Based on the level of historical taxable income and projections for future taxable income over the periods in which the deferred income tax assets are deductible, Management believes that the Company will realise the benefits of those deductible differences. The amount of the deferred income tax assets considered realisable, however, could be reduced in the near term if estimates of future taxable income during the carry forward period are reduced.



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 October 2014
4.5 Other tax assets			
Advance income-tax (net of provisions)	1,478.68	1,652.26	1,016.82
	<u>1,478.68</u>	<u>1,652.26</u>	<u>1,016.82</u>
4.6 Other assets			
(a) Non-current <i>(Unsecured, considered good)</i>			
Capital advances	25.46	-	16.75
Rental advance	-	132.01	132.01
Deposit with customs authorities	68.88	-	-
Prepayments	44.61	47.89	52.77
	<u>138.95</u>	<u>179.90</u>	<u>201.53</u>
(b) Current <i>(Unsecured, considered good)</i>			
Advances recoverable in kind or for value to be received	109.42	84.17	525.89
Security deposits	96.85	-	-
Deposit with customs authorities	-	68.88	68.88
Prepayments	73.65	66.80	77.28
Convat receivable	66.69	216.66	35.58
	<u>346.61</u>	<u>436.51</u>	<u>707.63</u>
4.7 Inventories <i>(at lower of cost or net realisable value)</i>			
Stores and spares	412.63	279.71	290.42
	<u>412.63</u>	<u>279.71</u>	<u>290.42</u>
4.8 Trade receivables <i>Unsecured</i>			
(a) Considered good	2,039.62	2,084.74	1,774.69
(b) Considered doubtful	-	-	44.56
	<u>2,039.62</u>	<u>2,084.74</u>	<u>1,819.25</u>
Less : Allowance on impairment of trade receivables	-	-	(44.56)
	<u>2,039.62</u>	<u>2,084.74</u>	<u>1,774.69</u>

- (i) No trade or other receivable are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
(ii) The Company's exposure to credit risks and loss allowances related to trade receivables are disclosed in Note 4.30

The movement in the allowances for impairment in respect of trade receivable during the period was as follows:

Particulars	As at	As at
	31 March 2017	31 March 2016
Balance at the beginning of the period	-	44.56
Impairment loss recognised	8.22	45.72
Amount written off during the period	(8.22)	(90.28)
Balance at the end of the period	-	-



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 1 October 2014
4.9 Cash and bank balances			
(a) Cash and cash equivalents			
Balance with banks:			
- in current accounts	218.25	343.38	657.89
Cash on hand	0.14	0.01	0.06
	<u>218.39</u>	<u>343.39</u>	<u>657.95</u>
(b) Other bank balances			
Deposit with banks			
(due to mature within twelve months of the reporting date) *	-	-	807.48
	<u>-</u>	<u>-</u>	<u>807.48</u>

*Represents balances with banks held as Debt Service Reserve Account ("DSRA") against borrowing availed by the Company

Disclosure on Specified Bank Notes (SBNs):

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 30 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below

Particulars	SBNs*	Other Denomination Notes	Total
Closing cash in hand as on 8 November 2016	0.02	0.18	0.20
Add: permitted receipts	-	1.26	1.26
Less: permitted payments	0.02	1.30	1.32
Less: amounts deposited in banks	-	-	-
Closing cash in hand as on 30 December 2016	<u>-</u>	<u>0.14</u>	<u>0.14</u>

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 08 November 2016.



	As at 31 March 2017	As at 31 March 2016	As at 01 October 2014
4.10 Equity share capital			
Authorised capital			
125,000,000 (31 March 2016 and 01 October 2014: 125,000,000) equity shares of INR 10 each	12,500.00	12,500.00	12,500.00
	<u>12,500.00</u>	<u>12,500.00</u>	<u>12,500.00</u>
Issued, subscribed and fully paid up			
87,191,264 (31 March 2016 and 01 October 2014: 87,191,264) equity shares of INR 10 each, fully paid-up	8,719.13	8,719.13	8,719.13
	<u>8,719.13</u>	<u>8,719.13</u>	<u>8,719.13</u>

Of the above 64,313,847 (31 March 2016: 64,313,847 and 1 October 2014: 64,313,847) equity shares of INR 10 each fully paid up are held by Gammon Infrastructure Projects Limited, the holding company. The Ultimate holding company is Gammon India Limited.

(i) The reconciliation of equity shares outstanding at the beginning and at the end of reporting period:

Particulars	Number of shares	Amount in INR
Shares outstanding at 01 October 2014	87,191,264	8,719.13
Shares issued during the year	-	-
Shares outstanding at 31 March 2016	87,191,264	8,719.13
Shares issued during the year	-	-
Shares outstanding at 31 March 2017	87,191,264	8,719.13

(ii) The details of shareholder holding more than 5% shares along with number of equity shares held is set below:

Equity shares	Gammon Infrastructure Projects Limited		Lastin Holdings Limited	
	Number of shares	% of holding	Number of shares	% of holding
As at 1 October 2014	64,313,847	73.76%	22,877,417	26.24%
As at 31 March 2016	64,313,847	73.76%	22,877,417	26.24%
As at 31 March 2017	64,313,847	73.76%	22,877,417	26.24%

(iii) Rights, preferences and restrictions attached to equity shares:

The Company has only one class of equity shares having par value of INR 10 each. Each shareholder is eligible for one vote per share held. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by equity shareholders.

(iv) No shares have been allotted without payment being received in cash or by way of bonus shares during the period of five years immediately preceding the balance sheet date.

(v) There was no buy back of shares for the period of five years immediately preceding the balance sheet date.

4.11 Other equity

Retained earnings

Retained earnings mainly represent all current and prior year profits as disclosed in the statement of profit or loss.

Remeasurement of defined benefit liability

Comprises of actuarial gains / losses excluding interest income.



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 October 2014
4.12 Borrowings			
Term loans (secured)			
From banks			
Term loan -1	21,388.17	23,566.35	-
From financial institutions			
Term loan -1 *	-	-	26,732.32
Term loan -2	80.29	88.48	-
	<u>21,468.46</u>	<u>23,654.83</u>	<u>26,732.32</u>

Notes:

(i) Terms and nature of security of secured term loans [including current maturities]:

1. Term loan from bank and financial institution is secured by way of first charge on the movable and immovable properties of the Company, both present and future, subject to the provisions of the License Agreement with the Concessionaire, first charge on the entire cash flows, receivables, book debts and revenues of the Company of whatsoever nature and whenever arising, both present and future subject to the provisions of the License Agreement and first charge on all the Trust and Retention Account, DSR and any other reserves and other bank accounts. Pledge of 50.2% of paid-up share capital of the Company held by Gammon Infrastructure Projects Limited. Also secured by way of assignment of all project contracts (including license agreement, documents, insurance policies relating to all assets of the project, rights, titles, permits/approvals, clearances and interests of the Company).

2. Term loan 1: Repayment of loan started from 1 July 2012 and is payable in structured quarterly installments up to 1 April 2027. Rate of interest applicable to IDFC is equivalent to 2.25% p.a over and above the benchmark. Effective interest rate 11.90% p.a. (previous year: 11.90% p.a.)

3. Term loan 2: Repayment of loan started from 1 October 2015 and is payable in structured quarterly installments up to 1 April 2027. Rate of interest applicable to HDFC is equivalent to 2.25% p.a over and above the benchmark.

4. The Company's exposure to liquidity risk and interest risk changes related to borrowings are disclosed in Note 4.30

* With effect from 01 October 2015, the IDFC ('financial institution') is converted to a Bank.



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 1 October 2014
4.13 Provisions			
(a) Non-current			
Provision for employee benefits			
Gratuity (refer Note (i) below)	45.83	48.90	30.81
Compensated absences	66.85	72.12	34.42
Provision for replacement cost (refer Note 4.34)	1,476.34	1,199.49	861.53
	<u>1,589.02</u>	<u>1,320.51</u>	<u>926.76</u>
(b) Current			
Provision for employee benefits			
Gratuity (refer Note (i) below)	3.05	3.21	2.10
Compensated absences	5.04	5.43	2.59
	<u>8.09</u>	<u>8.64</u>	<u>4.69</u>

(i) Provision for employee benefits

Post employment obligations

a. Gratuity

The Company has a defined benefit retirement (unfunded) plan ('The Gratuity Plan') covering eligible employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The Gratuity plan provides for a lumpsum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment of amount that are based on one-half month's salary for each year of completed service (service of six months and above is rounded off as one year) restricted to INR 10 lakhs. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

The following table summarises the component of net benefit expense recognised in the Statement of Profit and Loss and amounts recognised in the balance sheet:

A. Reconciliation of present value of the defined benefit obligation

	As at 31 March 2017	As at 31 March 2016
Balance at the beginning of the year	52.11	32.90
Included in Statement of Profit and Loss		
Current service cost	3.47	6.32
Interest cost	4.17	3.95
Included in other comprehensive income		
Actuarial (gain) / loss	(4.23)	12.88
Others		
Benefits paid	(6.64)	(3.94)
Balance at the end of the year	<u>48.88</u>	<u>52.11</u>

B. Reconciliation of fair value of plan assets

The Company does not have any plan assets for the gratuity liability

C. Amount recognised in the balance sheet

	As at 31 March 2017	As at 31 March 2016	As at 1 October 2014
Present value of defined benefit obligations (unfunded)	48.88	52.11	32.90
Fair value of plan assets	-	-	-
Defined benefit liability	<u>48.88</u>	<u>52.11</u>	<u>32.90</u>
Net liabilities recognised in the balance sheet			
Long-term provisions	45.83	48.90	30.81
Short-term provisions	3.05	3.21	2.10
	<u>48.88</u>	<u>52.11</u>	<u>32.91</u>



4.13 Provisions (continued)

(i) Provision for employee benefits (continued)

E. Actuarial assumptions

Particulars	As at	As at	As at
	31 March 2017	31 March 2016	1 October 2014
Discount Rate (p.a.)	8.00%	8.00%	9.30%
Salary escalation rate (p.a.)	7.00%	7.00%	7.00%
Attrition rate (p.a.)	2%-5%	2%-5%	2%-5%

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered taking into account the inflation, seniority, promotion and

The weighted duration of the defined benefit obligation on 31 March 2017 is 19 years (31 March 2016: 20 years, 1 October 2014: 22 years).

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	As at 31 March 2017		As at 31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (- / + 1% movement)	44.13	54.42	47.38	57.64
Salary escalation rate (+ / - 1% movement)	52.57	44.90	55.45	48.50
Attrition rate (+ / - 1% movement)	44.13	54.42	47.38	57.64

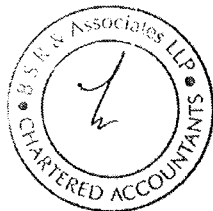
Although the analysis does not take into account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumption given.

b. Compensated absences

The accrual for unutilised leave is determined for the entire available leave balance standing to the credit of the employees at the year end. The value of such leave balances that are eligible for carry forward, is determined by an actuarial valuation as at the end of the year and is charged to the statement of profit and loss.

c. Defined contribution plan

The Company makes contributions, determined as a specified percentage of employee salaries, in respect of qualifying employees towards provident fund and employee state insurance, which is a defined contribution plan. The contributions are charged to the Statement of Profit and Loss as they accrue. The amount recognised as an expense towards contribution to provident fund for the year aggregated to INR 23.64 lakhs (Previous period: INR 37.33 lakhs) and employee state insurance for the year aggregated to INR 2.84 lakhs (Previous period: INR 4.39 lakhs)



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 October 2014
4.14 Borrowings			
Secured			
- Working capital loans from bank (refer note below)	-	805.00	-
	<u>-</u>	<u>805.00</u>	<u>-</u>

Note:

Terms and nature of security of working capital loans:

1 Working capital loan from bank is secured by way of parri passu first charge on the movable properties, receivables and assignments including all receivables and intangibles, subject to prior charge on specific movable assets in favour of the Company's bankers both present and future, of the Company. Also secured by way of assignment of all project contracts (including license agreement, documents, insurance policies relating to all assets of the project, rights, titles, permits/approvals, clearances and interests of the Company). Charge on all the company's bank accounts, including but not limited to the Trust & Retention Account (TRA) and the Debt Service Reserve Account and each of the other accounts required to be created by the company under any project document or contract.

2. The loan is repayable on demand. However, the cash credit limit will be repaid in equal periodic bimonthly reduction in drawing power, i.e., INR 167.00 lakhs every two months. Interest is charged at 13.15% - 13.20% p.a during the period. The loan was entirely repaid during the period.

4.15 Trade payables

- dues to micro and small enterprises (refer Note 4.37)	-	-	-
- dues to related parties (refer Note 4.29)	962.90	1,002.96	60.90
- other trade payables	435.40	374.03	571.96
	<u>1,398.30</u>	<u>1,376.99</u>	<u>632.86</u>

The Company's exposure to liquidity risk related to the above financial liabilities is disclosed in Note 4.30

4.16 Other financial liabilities

Related parties (refer Note 4.29)

Capital creditors	95.13	95.13	100.35
Employee liabilities	7.71	10.47	7.59

Others

Current maturities of long-term borrowings (refer Note 4.12)	2,194.71	2,155.86	1,806.26
Interest accrued and due on borrowings	-	277.69	278.64
Interest accrued and not due on borrowings	239.92	273.70	-
Capital creditors	154.22	182.39	78.84
Employee liabilities	46.53	42.83	0.54
Other liabilities	450.53	139.00	64.03
Retention money payable	12.78	15.24	19.16
	<u>3,201.53</u>	<u>3,192.31</u>	<u>2,355.41</u>

The Company's exposure to liquidity risk related to the above financial liabilities is disclosed in Note 4.30

4.17 Other current liabilities

Provision for expenses	82.22	73.30	278.45
Unearned revenue	16.55	48.84	70.50
Advance from customers	640.16	299.29	901.30
Statutory liabilities	116.14	138.55	95.70
	<u>855.07</u>	<u>559.98</u>	<u>1,345.95</u>



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	For the year ended 31 March 2017	For the eighteen months period ended 31 March 2016
4.18 Revenue from operations		
<i>Revenue from port operations</i>		
Cargo handling services	10,123.36	12,178.09
Cargo handling services outside the terminal	-	1,325.74
Wharfage	259.24	449.13
Berth hire charges	1,729.76	1,341.12
Plot rentals	898.18	2,231.69
Dust suppression charges	12.75	21.37
	<u>13,023.29</u>	<u>17,547.14</u>
Service concession revenue (refer Note 4.34)	416.55	1,745.78
<i>Other operating revenues</i>		
Weighment charges	4.48	28.88
Scrap sales	198.03	210.51
Other miscellaneous activities	140.68	212.71
	<u>343.19</u>	<u>452.10</u>
	<u>13,783.03</u>	<u>19,745.02</u>
4.19 Other income		
Interest income		
- on bank deposits	-	32.64
- others	1,455.95	2,239.22
- Unwinding of discount on security deposits	1.85	2.46
Liabilities no longer required, written back	-	6.84
Other non operating income	16.69	-
	<u>1,474.49</u>	<u>2,281.16</u>
4.20 Operating expenses		
Cargo handling charges	3,899.82	5,373.75
Cost of service concession developments (refer Note 4.34)	416.55	1,745.78
Cargo handling charges outside the terminal	429.25	968.65
Bulk material handling system maintenance	432.39	598.50
Repairs and maintenance		
- Plant and equipment	539.14	1,482.23
- Project berths and buildings	80.15	99.37
Power and fuel	487.34	713.05
Royalty on revenue	693.96	659.69
Labour charges	503.00	573.42
Lease rentals	478.88	118.72
Stevedoring charges	41.15	63.52
Insurance premium	63.45	95.34
Dredging expenses	13.50	33.23
Survey charges	121.33	98.25
Railway staff charges	81.71	134.43
Railway siding and haulage charges	49.66	159.60
Tarpaulin covering charges	83.34	56.42
Charges for wagons demurrage and idle freight	151.38	218.77
Charges for shortfall in committed discharge	46.30	281.39
Water charges to terminal	74.42	100.35
	<u>8,686.72</u>	<u>13,574.46</u>



Vizak Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	For the year ended 31 March 2017	For the eighteen months period ended 31 March 2016
4.21 Employee benefits expense		
Salaries, wages and bonus	554.35	781.48
Contribution to provident and other funds	26.48	41.72
Expenses related to defined benefit plans	7.64	10.27
Expenses related to compensated absences	7.26	47.30
Staff welfare expenses	17.02	40.59
	<u>612.75</u>	<u>921.36</u>
4.22 Finance costs		
Interest expense on financial liabilities measured at amortised cost	3,075.19	5,047.34
Interest on others	27.56	-
Other borrowing costs	22.21	27.21
	<u>3,124.96</u>	<u>5,074.55</u>
4.23 Other expenses		
Legal and professional fee (refer note (i) below)	143.05	149.11
Rates and taxes	53.40	0.28
Security charges	47.86	104.60
Provision for replacement cost (refer Note 4.34)	276.85	337.96
Repairs and maintenance - others	16.94	65.66
Travel and conveyance	48.00	60.73
Communication expenses	13.91	16.76
Vehicle hire charges	29.22	47.96
Business promotion expenses	23.11	9.70
Insurance premium	15.60	17.29
Membership and other subscription	9.79	10.12
Office maintenance	14.27	19.63
Donations	0.25	2.15
Allowance on impairment of trade receivables (refer Note 4.8)	-	45.72
Bad debts written off	8.22	-
Allowance for impairment of advances (refer Note 4.3 (b))	-	51.69
Loss on sale of property, plant and equipment (net)	0.21	3.26
Miscellaneous expenses	73.01	56.24
	<u>773.69</u>	<u>998.86</u>

[Note (i) : Legal and professional fee include auditors' remuneration as given below: (excluding service tax)]

As auditor		
Statutory audit	21.25	12.00
Tax audit	2.00	3.00
Other services	-	10.00
	<u>23.25</u>	<u>25.00</u>



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	For the year ended 31 March 2017	For the eighteen months period ended 31 March 2016
4.24 Tax expenses		
Amount recognised in statement of profit and loss		
Current tax:		
Current income tax charge	77.76	126.50
Tax related to earlier period	-	5.20
	<u>77.76</u>	<u>131.70</u>
Deferred tax:		
Minimum alternative tax credit entitlement	(77.76)	(131.70)
Attributable to origination and reversal of temporary differences	202.25	(15.45)
Income tax expense reported in the statement of profit and loss	<u><u>202.25</u></u>	<u><u>(15.45)</u></u>
Recognised in other comprehensive income		
Deferred tax related to items recognised in OCI during the year		
Net loss / (gain) on remeasurement of defined benefit plans	1.46	(4.46)
	<u>1.46</u>	<u>(4.46)</u>
Reconciliation of effective tax rate		
Accounting profit / (loss) before taxes	647.99	(588.90)
Enacted tax rates	34.61%	34.61%
Tax expense at enacted rates	224.27	(203.81)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income		
Temporary differences	(22.70)	186.84
Permanent differences	0.68	1.52
	<u><u>202.25</u></u>	<u><u>(15.45)</u></u>



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

	As at 31 March 2017	As at 31 March 2016	As at 01 October 2014
4.25 Commitments and contingent liabilities			
i. Commitments			
a. Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	65.91	14.39	149.39
b. Export commitments under EPCG scheme (Net of discharge report filed) *	2,289.67	2,289.67	2,289.67
ii. Contingent liabilities			
a. Bank guarantees	134.74	134.74	144.74
Bank guarantees against DSRA			960.00
b. Claims against the Company not acknowledged as debt in respect of:			
Disputed claims of VPT	1,568.65	1,553.50	
Disputed claims and other matters	823.90	823.90	823.90

* On 25 May 2017, the Company has received redemption letter from Ministry of Commerce and Industry stating export obligation has been fully discharged.

iii. Pending litigations:

The Company has dispute with the Income tax authorities for the assessment year 2007-08 and 2010-11. The Company has preferred an appeal to the Commissioner of Income-tax (Appeals), Mumbai, against the notice. The details are as given below:

Name of the statute	Nature of the dues	Amount (rupees in lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Penalty	590.10	2007-08	Income-tax Appellate Tribunal, Mumbai
Income-tax Act, 1961	Penalty	513.35	2010-11	Income-tax Appellate Tribunal, Mumbai

4.26 Earnings per share (EPS)

The computation of EPS is set out below:

	For the year ended 31 March 2017	For the eighteen months period ended 31 March 2016
<i>Earnings</i>		
Profit / (loss) after tax	445.74	(573.45)
<i>Shares</i>		
Weighted average number of equity shares outstanding during the year	8,719	8,719
Basic and Diluted EPS of par value of INR 10	0.05	(0.07)

The Company has no potentially dilutive equity shares outstanding during the year

4.27 Leases

Operating lease

The Company leases land from VPT under non-cancellable operating lease agreements and temporary housing from others under cancellable operating lease agreements. Lease rentals are payable to VPT as per the annual scale of rates.



4.28 Segment Information

Ind AS 108 establishes standards for the way that business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. As the Company is engaged in providing only one type of service (port management services) to its customers, there are no differing risks and returns attributable to the Company's services to its customers. Further, the Company provides services only in one location. Therefore, no segment information has been disclosed in these financial statements, as the Company has only one geographical and business segment.

4.29 Related parties

- a. Parties where control exists
- Gammon India Limited - Ultimate holding company
 - Gammon Infrastructure Projects Limited - Holding Company
- b. Enterprises where significant influence exists
- Ripley & Company (Stevedoring and handling) Pvt Ltd
 - Eversun Marine Trade Private Limited
 - Eversun Sparkle Maritime Services Private Limited
- c. Key managerial personnel (KMP)
- R Kishore - Whole Time Director and Chief Executive Officer
 - A V Vaitheeswaran - Chief Financial Officer (till 19 April 2016)
 - Ravi Kiran - Company Secretary (till 30 June 2016)
 - Rambabu Gandeti - Chief Finance Officer (from 10 October 2016)
 - Subbaraman Natarajan - Company Secretary (from 05 October 2016)

C) The following are the transactions with related parties

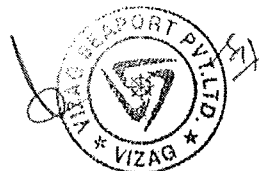
Related party transactions

S.No	Name of the transacting party	Relationship	Nature of transactions	31 March 2017		31 March 2016		01 October 2014
				Volume of transactions	Amount receivable/ (payable) as at	Volume of transactions	Amount receivable/ (payable) as at	Amount receivable/ (payable) as at
1	Gammon Infrastructure Projects Ltd	Holding company	Repayment of loan	75.98	10,977.41	97.61	11,053.39	11,151.00
			Interest income	1,368.86	-	2,219.25	-	811.94
			Bank guarantee against DSRA	-	-	960.00	-	(960.00)
2	Gammon India Limited	Ultimate holding company	Capital creditors	-	(95.13)	5.22	(95.13)	(100.35)
3	Eversun Marine Trade Private Limited (EMTPL)	Enterprises where significant influence exists	Stevedoring and labour supply charges	2,836.11	-	3,105.03	-	-
			Reimbursement of expenses to EMTPL	5.76	(519.00)	53.65	(592.94)	10.19
			Revenue from port operations	70.82	-	33.18	-	-
			Expenses incurred by the Company	-	-	105.62	-	-
4	Eversun Sparkle Maritime Services Private Limited	Enterprises where significant influence exists	Loan repaid	-	-	101.34	-	101.34
			Interest income	-	-	19.97	-	-
			Cargo handling charges	504.03	-	788.85	-	-
			Dumpers and maintenance charges	72.58	(147.47)	113.06	(41.02)	(71.09)
			Expenses incurred by the Company	2.60	-	28.07	-	-
5	Ripley & Company (Stevedoring & Handling) Pvt Limited	Enterprises where significant influence exists	Handling equipment charges	1,564.11	-	1,470.11	-	-
			Revenue from port operations	32.18	(296.44)	242.85	(369.00)	-
			Expenses incurred by the Company	0.77	-	31.56	-	-
			Short term employee benefits	96.00	(6.62)	144.00	(7.95)	(7.59)
7	A V Vaitheeswaran	KMP*	Short term employee benefits	12.85	-	47.68	(1.90)	-
			Contribution to provident and other funds	0.11	-	3.11	(0.17)	-
			Short term employee benefits	2.10	-	9.67	(0.62)	-
8	Ravi Kiran	KMP*	Contribution to provident and other funds	0.13	-	0.61	(0.04)	-
			Short term employee benefits	7.08	(0.61)	-	-	-
9	Rambabu Gandeti	KMP*	Contribution to provident and other funds	0.29	(0.05)	-	-	-
			Short term employee benefits	4.61	(0.48)	-	-	-
10	Subbaraman Natarajan	KMP*	Short term employee benefits	-	-	-	-	-

* The managerial personnel are eligible for retirement benefits viz., gratuity and compensated absences in accordance with the policy of the Company. The proportionate retirement benefit expense pertaining to the managerial personnel has not been included in the aforementioned disclosures as this is provided in the books of account on the basis of actuarial valuation for the Company as a whole and hence individual amount cannot be determined.

Terms and conditions

All transactions with these related parties are priced on an arm's length basis. None of the balances are secured.



4.30 Financial risk management

Risk management framework

The Company's activities is exposed to variety of financial risks: market risk, credit risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Company's exposure to credit risk is influenced mainly by the individual characteristic of each customer and the concentration of risk from the top few customers.

a) Credit Risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligation leading to financial loss. The Company is exposed to credit risk from its operating activities (primarily for trade and other receivables) and from its financing activities, including loans, short-term deposits with banks and other financial assets.

The carrying amounts of the financial assets as disclosed in Note 4.2, 4.3, 4.8 and 4.9 represent the maximum credit risk exposure.

Trade receivable

The Company has exposure to credit risk from a limited customer group on account of specialised nature of business, i.e., port services provided by the Company. The Company ensures concentration of credit does not significantly impair the financial assets since the customers to whom the exposure of credit is taken are well established and reputed industries mostly being public sector undertakings which are sovereign backed and other large corporates.

Trade receivables and unbilled revenue are unsecured and are derived from revenue earned from customers primarily located in India. Periodically, the Company evaluates all customer dues to the Company for collectability. The need for impairment is assessed based on various factors including collectability of specific dues, risk perceptions of the industry in which the customers operates, general economic factors, which could affect the customer's ability to settle. More than 95% of the Company's customers have been transacting with the Company for over five years and none of these customers' balance are credit impaired. An impairment analysis is performed at each reporting date on invoice wise receivable balances.

As at 31 March 2017, the Company had 5 customers (31 March 2016: 6 customers) that owed the Company more than INR 10 million each and accounted for approximately 76% (31 March 2016: 78%) of all the trade receivable outstanding.

Other receivables

The credit risk for liquid funds and other current and non-current financial assets is considered negligible, since the counterparties are reputable public sector units with high quality external credit ratings, holding Company and enterprises where significant influence exists.

b) Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations associated with its financial liabilities that are settled by delivering cash or another financial asset as they fall due. The Company is exposed to this risk from its operating and financing activities. The Company's approach to managing liquidity is to ensure, as far as possible that it will have sufficient liquidity to meet its liability when they are due, under both normal and stressed condition, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company monitors its liquidity risk and maintains a level of cash and cash equivalents adequate to finance the operations and to mitigate the effects of fluctuations in cash flow. As at 31 March 2017, the Company has net current asset of INR 8,709.53 lakhs (31 March 2016: INR 8,465.18 lakhs, 01 October 2014: INR 12,142.73 lakhs)

Following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and includes contractual interest payments:

As at 31 March 2017		Contractual cash flows			
Particulars	Carrying amount	Total	Current		Non-current
			Within 12 months	More than 12 months	
Borrowings	23,663.17	23,663.17	2,194.71	21,468.46	
Trade payables	1,398.30	1,398.30	1,398.30	-	
Other financial liabilities	1,006.82	15,760.18	3,718.59	12,041.59	
	26,068.29	40,821.65	7,311.60	33,510.05	

As at 31 March 2016		Contractual cash flows			
Particulars	Carrying amount	Total	Current		Non-current
			Within 12 months	More than 12 months	
Borrowings	26,615.69	26,615.69	2,960.86	23,654.83	
Trade payables	1,376.99	1,376.99	1,376.99	-	
Other financial liabilities	1,036.45	18,763.96	4,010.60	14,753.36	
	29,029.13	46,756.64	8,348.45	38,408.19	

As at 01 October 2014		Contractual cash flows			
Particulars	Carrying amount	Total	Current		Non-current
			Within 12 months	More than 12 months	
Borrowings	28,538.58	28,538.58	1,806.26	26,732.32	
Trade payables	632.86	632.86	632.86	-	
Other financial liabilities	549.15	23,161.66	3,859.90	19,301.76	
	29,720.59	52,333.10	6,299.02	46,034.08	



4.30 Financial risk management (continued)

c) Market Risk

Market risk is the risk that change in market prices such as foreign exchange rates, interest rates and equity prices will effect the Company's income or the value of its holdings of financial instruments. Objective of market risk management is to manage and limit exposure of the Company's earnings and equity to losses.

- Interest Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long term and short term debt obligations and loan to holding Company with floating interest rates.

The interest rate profile of the Companies interest bearing financial instruments is as follows:

	As at 31 March 2017		As at 31 March 2016		As at 01 October 2014	
	Average interest rate	Balance outstanding	Average interest rate	Balance outstanding	Average interest rate	Balance outstanding
Financial liabilities (Variable rate instruments)	%		%		%	
Term loans	11.85	23,663.17	11.85	25,810.69	11.85	28,538.58
Working capital loans	13.15	-	13.15	805.00	-	-
Financial assets (Variable rate instruments)						
Loan to related parties	12.35	10,977.41	12.35	11,053.39	12.35	11,252.34

Sensitivity analysis

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

	Change in basis points	Effect on profit before tax/equity	
		For the year ended 31 March 2017	For the eighteen months period ended 31 March 2016
Financial liabilities			
Interest rates - increase	100	(276.82)	(352.72)
Interest rates - decrease	(100)	276.82	352.72
Financial assets			
Interest rates - increase	100	117.05	210.31
Interest rates - decrease	(100)	(117.05)	(210.31)



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in Lakhs, unless otherwise stated)

4.31 Capital management

The Company's policy is to maintain a strong capital base so as to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and for the future development of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans. The funding requirements are met through equity, external borrowings and operating cash flows generated.

The Company's adjusted net debt to equity ratio as follows:

Particulars	As at		
	31 March 2017	31 March 2016	1 October 2014
Total liabilities	28,520.47	30,918.26	31,997.99
Less: cash and cash equivalents	218.39	343.39	657.95
Adjusted net debt	28,302.08	30,574.87	31,340.04
Total equity	9,174.56	8,726.05	9,307.92
Adjusted net debt to equity ratio	3.08	3.50	3.37

4.32 Financial instruments

The carrying value and fair value of financial instruments by categories were as follows:

Particulars	Carrying value			Fair Value		
	As at 31 March 2017	As at 31 March 2016	As at 1 October 2014	As at 31 March 2017	As at 31 March 2016	As at 1 October 2014
Financial assets at amortised cost						
Non-current						
Loans to related party	-	-	101.34	-	-	101.34
Security deposits	74.21	169.22	153.08	74.21	169.22	153.08
Total non-current	74.21	169.22	254.42	74.21	169.22	254.42
Current						
Loans to related party	10,977.41	11,053.39	11,151.00	10,977.41	11,053.39	11,151.00
Trade receivables	2,039.62	2,084.74	1,774.69	2,039.62	2,084.74	1,774.69
Accrued interest	12.53	12.52	843.96	12.53	12.52	843.96
Unbilled revenue	163.97	164.95	78.93	163.97	164.95	78.93
Due from customers	1.36	32.89	169.58	1.36	32.89	169.58
Cash and cash equivalents	218.39	343.39	657.95	218.39	343.39	657.95
Other bank balances	-	-	807.48	-	-	807.48
Total Current	13,413.28	13,691.88	15,483.59	13,413.28	13,691.88	15,483.59
Total financial assets	13,487.49	13,861.10	15,738.01	13,487.49	13,861.10	15,738.01
Financial liabilities at amortised cost						
Non-current						
Borrowings	21,468.46	23,654.83	26,732.32	21,468.46	23,654.83	26,732.32
Total non-current	21,468.46	23,654.83	26,732.32	21,468.46	23,654.83	26,732.32
Current						
Borrowings	-	805.00	-	-	805.00	-
Trade payables	1,398.30	1,376.99	632.86	1,398.30	1,376.99	632.86
Current maturities of long-term borrowings	2,194.71	2,155.86	1,806.26	2,194.71	2,155.86	1,806.26
Interest accrued and due on borrowings	-	277.69	278.64	-	277.69	278.64
Interest accrued and not due on borrowings	239.92	273.70	-	239.92	273.70	-
Capital creditors	249.35	277.52	179.18	249.35	277.52	179.18
Employee liabilities	54.24	53.30	8.14	54.24	53.30	8.14
Other liabilities	450.53	139.00	64.03	450.53	139.00	64.03
Retention money payable	12.78	15.24	19.16	12.78	15.24	19.16
Total Current	4,599.83	5,374.30	2,988.27	4,599.83	5,374.30	2,988.27
Total financial liabilities	26,068.29	29,029.13	29,720.59	26,068.29	29,029.13	29,720.59

Fair value hierarchy

During the year, the Company has no financial assets and liabilities which are measured at fair value.



4.33 First time adoption of Ind AS

These financial statements of the Company for the year ended 31 March 2017 have been prepared in accordance with Ind AS. For the periods upto and including the period ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2006 (Indian GAAP). For the purpose of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101- First time adoption of Indian Accounting Standard, with 01 October 2014 as the transition date and Indian GAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 3.1 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's balance sheet and statement of profit or loss is set out in note 4.33B. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out below

A. Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions for the retrospective applications of certain requirements under Ind AS. The Company has applied the following exemptions:

A 1 - Optional exemptions

A 1.1 Deemed cost

Ind AS 101 permits a first - time adopter to continue with the carrying value for all its property, plant and equipment as recognised in the financial statements as at the date of transition after making necessary adjustments for de-commissioning liabilities.

Since there is no change in the functional currency, the Company has elected to continue with the carrying value for all of its property, plant and equipment as recognised in its Indian GAAP financials as deemed cost at the transition date.

A2 Mandatory exemptions

A 2.1 Estimates

The estimates as at 01 October 2014 and at 31 March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies).

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 01 October 2014, the date of transition to Ind AS and as of 31 March 2016.



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

4.33 First time adoption of Ind AS (continued)

B: Reconciliation between Indian GAAP and Ind AS

IND AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows from prior periods. The following tables represent the reconciliation from previous GAAP to Ind AS

Reconciliation of equity as at date of transition (01 October 2014)

	Foot notes	Indian GAAP	Effect of transition to Ind AS	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		121.84	-	121.84
Other intangible assets	1	21,323.61	907.64	22,231.25
Intangible assets under development		247.22	-	247.22
Financial assets				
Loans		101.34	-	101.34
Other financial assets	2	223.51	(70.43)	153.08
Deferred tax assets (net)	3	824.69	(73.50)	751.19
Other tax assets		1,016.82	-	1,016.82
Other non-current assets	4	148.76	52.77	201.53
Total non-current assets		24,007.79	816.48	24,824.27
Current assets				
Inventories		290.42	-	290.42
Financial assets				
Trade receivables		1,774.69	-	1,774.69
Cash and cash equivalents		657.95	-	657.95
Other bank balances		807.48	-	807.48
Loans		11,151.00	-	11,151.00
Other financial assets		1,092.47	-	1,092.47
Other current assets	5	777.26	(69.63)	707.63
Total current assets		16,551.27	(69.63)	16,481.64
Total assets		40,559.06	746.85	41,305.91
EQUITY AND LIABILITIES				
Equity				
Equity share capital		8,719.13	-	8,719.13
Other equity		633.20	(44.41)	588.79
Total equity		9,352.33	(44.41)	9,307.92
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	6	26,802.59	(70.27)	26,732.32
Provisions	7	65.23	861.53	926.76
Total non-current liabilities		26,867.82	791.26	27,659.08
Current liabilities				
Financial liabilities				
Borrowings		-	-	-
Trade payables		632.86	-	632.86
Other financial liabilities		2,355.41	-	2,355.41
Other current liabilities		1,345.95	-	1,345.95
Provisions		4.69	-	4.69
Total current liabilities		4,338.91	-	4,338.91
Total equity and liabilities		40,559.06	746.85	41,305.91



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

4.33 First time adoption of Ind AS (continued)
B: Reconciliation between Indian GAAP and Ind AS (continued)

Reconciliation of equity as at 31 March 2016

	Foot notes	Indian GAAP	Effect of transition to Ind AS	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		65.16	-	65.16
Other intangible assets	1	20,830.74	1,141.25	21,971.99
Intangible assets under development		294.88	-	294.88
Financial assets				
Other financial assets	2	237.19	(67.97)	169.22
Deferred tax assets (net)	3	1,081.01	(178.21)	902.80
Other tax assets		1,652.26	-	1,652.26
Other non-current assets	4	132.01	47.89	179.90
Total non-current assets		24,293.25	942.96	25,236.21
Current assets				
Inventories		279.71	-	279.71
Financial assets				
Trade receivables		2,084.74	-	2,084.74
Cash and cash equivalents		343.39	-	343.39
Other bank balances		-	-	-
Loans		11,053.39	-	11,053.39
Other financial assets		210.36	-	210.36
Other current assets	5	497.46	(60.95)	436.51
Total current assets		14,469.05	(60.95)	14,408.10
Total assets		38,762.30	882.01	39,644.31
EQUITY AND LIABILITIES				
Equity				
Equity share capital		8,719.13	-	8,719.13
Other equity		264.76	(257.84)	6.92
Total equity		8,983.89	(257.84)	8,726.05
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	6	23,714.47	(59.64)	23,654.83
Provisions	7	121.02	1,199.49	1,320.51
Total non-current liabilities		23,835.49	1,139.85	24,975.34
Current liabilities				
Financial liabilities				
Borrowings		805.00	-	805.00
Trade payables		1,376.99	-	1,376.99
Other financial liabilities		3,192.31	-	3,192.31
Other current liabilities		559.98	-	559.98
Provisions		8.64	-	8.64
Total current liabilities		5,942.92	-	5,942.92
Total equity and liabilities		38,762.30	882.01	39,644.31

*The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

4.33 First time adoption of Ind AS (continued)
B: Reconciliation between Indian GAAP and Ind AS (continued)

Reconciliation of total comprehensive income for the eighteen months period ended 31 March 2016

	Foot notes	Indian GAAP	Effect of transition to Ind AS	Ind AS
Revenue				
Revenue from operations	8	17,999.25	1,745.77	19,745.02
Other income	9	2,278.70	2.46	2,281.16
Total revenue		20,277.95	1,748.23	22,026.18
Expenses				
Operating expenses	10	11,823.77	1,750.69	13,574.46
Employee benefits expense	11	934.24	(12.88)	921.36
Finance costs	12	5,072.66	1.89	5,074.55
Depreciation and amortisation expense	13	2,279.45	(233.60)	2,045.85
Other expenses	14	660.89	337.97	998.86
Total expenses		20,771.01	1,844.07	22,615.08
Loss before tax		(493.06)	(95.84)	(588.90)
Income tax expense				
- Current tax		126.50	-	126.50
- Tax related to earlier period		5.20	-	5.20
- Deferred tax (including minimum alternative tax entitlement)		(256.32)	109.17	(147.15)
Loss for the period		(368.44)	(205.01)	(573.45)
Other Comprehensive Income	15	-	8.42	8.42
Total Comprehensive Income		(368.44)	(213.43)	(581.87)

*The Indian GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note

A) The effect of transition to Ind AS (increase) /decrease other equity as follows:

	Footnotes	As at 31 March 2016	As at 01 October 2014
Fair valuation of security deposits	2	19.29	19.00
Amortization of processing cost	6	4.52	2.63
Provision for replacement cost	7	1,199.49	861.53
Finance income arising on unwinding of discount	9	(2.43)	(4.61)
Impact on depreciation due to service concession accounting	13	(1,141.24)	(907.64)
Tax effect on adjustments	3	178.21	73.50
Decrease in other equity		257.84	44.41

Impact of Ind AS adoption on the Statement of cash flows for the year ended 31 March 2016

There were no significant reconciliation between cash flows prepared under IGAAP and those prepared under Ind AS.



4.33 First time adoption of Ind AS (continued)

C: Footnotes to first time adoption

1. Other intangible assets

Represents recognition of intangible asset arising from a service concession arrangement to the extent the Company has a right to charge for use of the concession infrastructure in accordance with Ind AS 11 (Appendix A).

2. Other financial assets

Represents fair valuation of interest free security deposits as per Ind AS 109.

3. Deferred tax assets (net)

Following adjustments made on account of the following:

- (a) Due to reclassification of MAT credit entitlement
- (b) On intangible assets recognised as explained in foot note 1.

4. Other non-current assets

Adjustments relating to processing fees of borrowings as per effective rate of interest method.

5. Other current assets

Prepaid rent

Represents current and non-current portion of the prepaid lease rentals arising on account of fair valuation of interest free security deposits (Refer foot note 2). The same will be charged to the statement of profit and loss over the period of the lease agreement.

6. Borrowings

As per Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

7. Provisions

Adjustments reflect provision for replacement cost in accordance with Ind AS 11 (Appendix A).

8. Revenue from operations

Represents revenue recognised on account of construction or upgrade services provided under a service concession arrangement is recognised based on the stage of completion of the work performed. Operation or service revenue is recognised in the period in which the work is performed in accordance with Ind AS 11 (Appendix A).

9. Other income

Recognition of finance income on account of unwinding of discounts on interest free security deposit given as explained in foot note 2.

10. Operating expenses

Adjustment relating to expense arising on account of fair valuation of interest free security deposits as explained in foot note 3.

11. Employee benefits expense

Actuarial gains and losses are recognized in other comprehensive income and not reclassified to profit and loss in a subsequent period as per Ind AS 19.

12. Finance costs

As per Ind AS 109, financial liabilities in the form of borrowings have been accounted at amortised cost using the effective interest rate method.

13. Depreciation and amortisation expense

Adjustments relating to depreciation as referred in foot note 1.

14. Other expenses

Adjustment as explained in foot note 7.

15. Other comprehensive income

Under Indian GAAP, the Company was not required to present other comprehensive income separately. Represents actuarial gain and income tax effect on the same recognised in other comprehensive income.



4.34 Service concession arrangement
(refer accounting policy 3.1 (d) and (h) for service concession arrangements accounting)

The Company entered into a license agreement ("the Agreement") with Visakhapatnam Port Trust (VPT) for construction and license out equipment operation management and maintenance of two multi purpose berths EQ 8 and EQ 9 in the northern arm of inner harbour at Visakhapatnam Port for handling Coal, Lime Stone, Rock Phosphate, Sulphur and other bulk cargo or General cargoes or container or liquid bulk cargo (non-hazardous) on Build, Operate and Transfer (BOT) basis for the period of 30 year concession (including construction period of two years). The license agreement with VPT was signed on 28 November 2001 for a period of 30 years. The premature termination is permitted only upon the happening of force majeure events or upon the parties defaulting on their respective obligations

The Company is required to handover the vacant and peaceful possession of project berths at the end of the license period and transfer all its rights, titles and interests in the assets comprised in the project facilities and services as specified in the license agreement to VPT at terminal value specified in the agreement.

The Company at its own cost has to replace the equipment well ahead of the due dates as per the equipment replacement plan given in the Agreement. The Company at its own cost, promptly and diligently repair, replace or restore any of the project facilities and services or part thereof which may be lost, damaged or destroyed.

The Company is entitled to collect the revenues from operating and maintenance of the project berths from user during the licensing period. The Company is required to pay the royalty to VPT at 17.111% of certain gross revenues on monthly basis during the licensing period. Having regard to the terms of the arrangement, the right to receive the revenues has been classified as an intangible assets/intangible assets under development (i.e. "Service concession assets") under the head intangible assets. The Company has recognized the following service concession revenue and development costs for increase in capacity:

Particulars	For the year ended 31 March 2017	For the eighteen months period ended 31 March 2016
Revenue recognised on additional infrastructure facilities	416.55	1,745.78
Development cost incurred during the period	416.55	1,745.78

Provision for replacement cost:

Provision for replacement cost represents the contractual obligation of the Company to restore the project facilities and services developed under the Agreement to a specified level of serviceability during and at the end of the licensing period. Estimate of the provision is measured using a number of factors, such as contractual requirements, technology, expert opinions and expected price levels. Movements in provision for replacement costs are tabulated below:

Particulars	As at 31 March 2017	As at 31 March 2016
Opening balance	1,199.49	861.53
Add: Provision made during the period	276.85	337.96
Less: Utilised during the period	-	-
Closing balance	1,476.34	1,199.49

4.35 The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income-tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company has proper records for the domestic transactions entered into with the associated enterprise during the financial year, as required by law. The Management is of the opinion that its domestic transactions are of arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expenses and that of provision for taxation.

4.36 Expenditure incurred on Corporate Social Responsibility

Pursuant to Section 135 of the Companies Act, 2013, a Corporate Social Responsibility ("CSR") Committee has been formed by the Company. The Committee has approved a CSR Policy listing out activities specified in Schedule VII of the Companies Act, 2013. The details of the amount to be spent is given below.

i. Gross amount required to be spent by the Company during the year: INR 2.23 lakhs (previous period INR 14.74 lakhs)

ii. Amount spent during the year is INR Nil (Previous period: INR Nil)

The Company has placed on record, the above fact to the Board of Directors who have agreed that the Company couldn't spend the amount on account of time and process involved in selection of right projects and due diligence.



Vizag Seaport Private Limited
Notes forming part of the Ind AS financial statements (continued)
(Rupees in lakhs, unless otherwise stated)

4.37 Amounts payable to Micro, Small and Medium enterprises

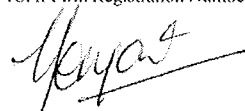
The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the year ended 31 March 2017	For the eighteen months period ended 31 March 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year is as follows:		
-Principal amount payable to suppliers as at the year-end	-	-
-Interest accrued on the above amount as at the year end	-	-
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
The amount of interest accrued and remaining unpaid at the end of the year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

4.38 The Board of Directors of the Company vide resolution dated 24 April 2015, approved to change the financial year of the Company to 01 April 2016 to 31 March 2017 to align its financial year as per the provisions of Companies Act, 2013. (During the previous period, the financial year changed to a period of eighteen months from 01 October 2014 to 31 March 2016). Accordingly, the annual accounts of the Company are prepared for year 01 April 2016 to 31 March 2017. Further, the Statement of Profit and Loss comparative numbers are given for the period of eighteen months from 01 October 2014 to 31 March 2016. Hence, the numbers for the current year are strictly not comparable with those of the previous period. Previous period figures have been regrouped / reclassified, where necessary, to conform to current year's classification.

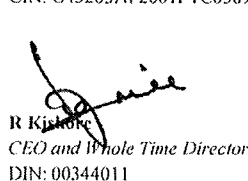
As per our report of even date attached.

for BSR & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: F16231W/ W-100024




Hemant Maheshwari
Partner
Membership No.: 096537

for and on behalf of the Board of Directors of
Vizag Seaport Private Limited
CIN: U45203AP2001PTC038955



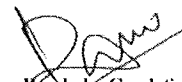
R Kishore
CEO and Whole Time Director
DIN: 00344011



Kishalay Bandopadhyay
Director
DIN: 00255055



Subbaraman Natarajan
Company Secretary
Membership No.: 6616



Kambabu Gandeti
Chief Financial Officer

Place: Hyderabad
Date: 09 June 2017

Place: Visakhapatnam
Date: 09 June 2017