DIRECTORS' REPORT TO THE SHAREHOLDERS 2017-18

To,

The Members,

Your Directors have pleasure in presenting their 17th Annual Report on the Business and Operations of the Company together with the Accounts for the Financial Year ended 31st March'2018.

1) FINANCIAL RESULTS:

Your Company's financial performance for the year under review has been encouraging. Key aspects of Financial Performance of VSPL for the current financial year 2017-18 along with the previous financial year 2016-17 are tabulated below :

Stand-alone Financial Statement (Figures in lakhs)

Particulars (Rs. In Lakhs)	2017-18 (12 Months ended 31.3.2018)	2016-17(12 months ended 31.3.2017)
Operational Revenue	16,250.86	13,736.72
Other Revenue	1,385.42	1,474.49
Total Revenue	17,636.28	15,211.21
Expenditure before Interest ,Tax and Depreciation	12,174.92	10,026.86
Earnings before Interest, Depreciation and Tax	5,461.36	5,184.35
Finance cost	2,511.19	3,124.96
Depreciation & Amortisation	1.466.20	1,411.41
Profit/Loss before Tax	1,483.97	647.97
Profit/Loss after Tax	844.21	445.72
Reserves & Surplus	1300.52	455.41
Cargo Volume in lakhs(Tons)	71.42	63.24
Growth % in Turnover	17.90	10.31
Growth % in Net Profit	88.91	151.55

2) FINANACIAL REVIEW :

Your Company has achieved 128% increase in Profit and 13% growth in Cargo Volume compared to previous year. This is mainly attributed to the following factors:

a) Handling of fully laden Panamax Vessels upon completion of dredging to -16.10 Mtr at both the berth and the Inner Harbour.

b) Change in operational strategies – adopting competitive pricing vis-à-vis competing Port terminals to attract more cargo ..

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.

d) signing of 3 years take or pay Contract w.e.f. August'17 with SAIL for a committed volume of 6.0 MnMts.

Following features of our Operations in the year under review are noteworthy :

- All time Cargo Handling in One Financial Year 7.1 MMts.
- Record Cargo Handling Volume of 8.79 lakhs Mts in Jan'18.

1. Future Outlook and Investment Programme:

a.) 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 w.e.f. 29.7.2015. The lease rentals were substantially increased by VPT based on market value of the lands as per the Land Policy Guidelines 2014 of the Government. Hence, as a prudent measure, your Company has surrendered 21 Acres of Land out of 30 Acres occupied , w.e.f. 1.4.2017 and represented to the VPT for allotment of 20 Acres of land in the vicinity of the terminal. Your Company has been given allotment letter for additional land of 1.84 acres just adjacent to the VSPL Terminal based on e-auction and the said area will be occupied for use by June'18.

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 2018-19 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 13 % 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 has also made alternate option of mobilizing a LIEBHERR Harbour Mobile Crane of higher capacity, LHM 550 Model on operational lease basis. With the existing Five 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 2017-18 and desire to defer the same to the next financial year 2018-19 in view of the liquidity constraints.

4. Share Capital :

The Paid Up Equity Share Capital of the Company as on March 31, 2017 was Rs.87.19 Crores. There has been no change in the Equity Share Capital of the Company during the year.

5. Extract of Annual Return:

The extract of Annual Return in format MGT-9, for the Financial year 2017-18 has been prepared. The same can be accessed on the Company's website http://www.vizagseaport.com

6. Number of Board Meetings:

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

No.	Type of Meeting	Date of Meeting
1	BOARD MEETING	09-06-2017
		15-09-2017
		15-11-2017
		14-03-2018
2	AUDIT COMMITTEE MEETING	09-06-2017
		15-09-2017
		15-11-2017
3	REMUNERATION COMMITTEE MEEETING	09-06-2017
		15-09-2017
4	Annual General Meeting 2016-17	15-09-2017
5	Extra Ordinary General Meeting (EGM)	15-11-2017
		14-03-2018

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	2	N.A
Kishore Kumar Mohanty	3	N.A
Kirit c Shah	4	N.A
Kishalay Bhandophadhyay	2	1+1
Ragam Kishore	4	N.A
Homai A.Daruwalla	3	3+2
Chandrahas Charandas Dayal	1(*)	1+1
Shoumik Bose	2	N.A
Sanjay Abhay Chandra Chaudhary	2	N.A.
Shirz Erach Poonevala	4	N.A.
A.V. Vaitheeswaran	1	N.A.
Sudhakar Roy	1	N.A.

(*) Resigned from 8th September 2017

7. 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.

8. 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 2017-18 in the prescribed format, AOC-2 has been enclosed with the report. (**Annexure-I**)

9. 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.

10. 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.

11. 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.

12. Details of Change in Directorship and Key Managerial Personnel:

The details of New Directors /KMP joined during the year under review is as under:

No.	Name of the Director	Designation	Din No.	Effective Date	KMP
	Mr.				
1	Ragam Kishore	CEO & Director(*)	344011	1.9.2017	Yes
2	V.V. Sudhakar Roy	Director(Technical)	996953	1.1.2018	Yes
3	A.V. Vaitheeswaran	CFO & Director	2267381	1.1.2018	Yes
4	Shiraz Erach Poonevala	Independent Director	2133897	14.3.2018	No

(*) Re-appointed.

Mr. Rambabu Gandeti, CFO (Key Managerial Personnel) have been re-designated as General Manager (Fin) w.e.f. 1.1.2018.

Mr. C.C. Dayal, Independent Director resigned from the post of Directorship w.e.f. 8th September 2017

13. Board of Directors :

As on 31st March 2018, your Company's Board has a strength of 11 (Eleven) Directors including 1(one) Women Director. The composition of the Board is as below :

No.	Category	No. of Directors
1	Executive Directors	3 (Three)
2	Non-Executive Directors	6 (Six)
3	Independent Directors	2(Two)
	Total	11 (Eleven)

14. Appointment of Independent Directors :

Your Company has appointed Ms. Homai A. Daruwalla as Independent Director to hold office for a period of 5(five years) w.e.f. 31.1.2015 and Mr. Shiraz Erach Poonavalla as Independent Director to hold office for a period of 5 (five) years w.e.f. 14.3.2018, pursuant to Section 149(4) of the Companies Act, 2013.

15. Constitution of Audit Committee :

Your Company has constituted an Audit Committee pursuant to Section 177 of the Companies Act, 2013 with the following Directors :

No.	Name of the Director – Mr/Ms	Designation
1	Homai A.Daruwalla	Independent Director
2	Shiraz Earch Poonevalla	Independent Director
3	Kishalay Bandopadhyay	Director

16. Constitution of Nomination and Remuneration Committee :

Purusant to Section 178 of the Companies Act, 2013, your Company has constituted a Nomination and Remuneration Committee with the following Directors.

No.	Name of the Director – Mr/Ms	Designation
1	Homai A. Daruwalla	Independent Director
2	Shiraz Earch Poonevalla	Independent Director
3	Kishalay Bandopadhyay	Director

17. Key Managerial Personnel :

No.	Name of the Directors (Mr)	Designation
1	Ragam Kishore	CEO & Director
2	V. V. Sudhakar Roy	Director (Technical)
3	A.V. Vaitheeswaran	CFO & Director
4	N. Subbaraman	Company Secretary

18. 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 38,40,163 /-

19. 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.

20. 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. During the year, all the recommendations by the Audit Committee were accepted by the Board.

21. Secretarial Auditor :

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Sekhar Babu, Practising Company Secretary, Vizag, to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report in form MR 3, as per Section 204(1) submitted by them is attached as **Annexure –II** which forms part of this report. The Secretarial Report does not contain any qualification, reservation, adverse remarks or disclaimer.

22. Cost Auditors :

Pursuant to notification issued by Ministry of Corporte Affairs, regarding the Companies (Cost Records & Audit) Rules, 2014 , your Company has appointed M/s DZR & Company, Cost & Management Accountants, Hyderabad, as Cost Auditors of the Company to conduct the Cost Audit for the financial year 2017-18.

The Cost Audit Report for the financial year 2016-17 was filed with Ministry of Corporate Affairs.

Your Company maintains cost records as specified by the Central Government under sub-section(1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.

23. Statutory Auditors:

M/s BSR & Associates (FRN No. 116231(W) have completed the maximum tenure prescribed u/s 139 (2) of the Companies Act, 2013. In the AGM of the Company held on 15 9 2017, the Shareholders appointed M/s Natvarlal Vepari & Company, (Firm No. 106971 W) Chartered Accountants, were appointed as Statutory Auditors of the Company for a period of 5 years. As per Companies Amendment Act 2017 in respect of Section 139, effective from 7th May 2018, no ratification of Auditor would be required in the AGM of your Company henceforth, once the Auditor have been appointed for a term of 5 years by the Shareholders.

The Statutory Auditors' Report on the accounts of the Company for the financial year ended 31 3 2018 is placed at **Annexure-III** which forms part of this report. There are no adverse remarks or qualification in the Auditors' Report for the year 2017-18.

24. Corporate Social Responsibility (CSR) policy:

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

1. Mr.Shiraz Erach Poonevala, Independent Director & Chairperson of the Committee.
2. Ms.Homai A.Daruwalla, Independent Director- 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-IV). CSR Policy can be accessed on the Company's website http://www.vizagseaport.com.

The details of CSR amount to be spent since the year 2015-16 upto 2017-18 are as follows :

No.	Financial Year	CSR Amount to be spent (in lakhs)	Reasons for not spent
1	2014-16 (18 months)	14.74	Process involved for selection of right project and due diligence
2	2016-17 (12 months)	3.38	Process involved for selection of right projects and due dilgence
3	2017-18 (12 months)	4.95	
	Total	23.07	Amount spent during July18

Your Company could not spend the said amount of Rs.23.07 Lakhs on account of time and process involved in selection of right projects and due diligence during the year 2017-18. However, your Directors have spent the CSR amount for purchase of Portable Air Quality Monitoring System (AQMS 300) costing Rs. 21 lakhs during July'18. This system will be placed in the Visakhapatnam City Area under the control of APPCB (Andhra Pradesh Pollution Control Board)to monitor Ambient Air Quality Standards in Vizag so as to ensure environmental sustainability. (Refer Annexure V)

22. 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.

25. Nomination and Remuneration Committee policy:

The Board based 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 followed. This policy can be accessed on the Company's website http://www.vizagseaport.com.

26. 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 can be accessed on the Company's website : http://www.vizagseaport.com.

27. Disclosure of Particulars of Remuneration under Rule 5 of Companies (Appointment & Remuneration) Rules, 2014 (Appendix-iii) is attached to this report. (**Annexure- III**)

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

29. Industrial Relations :

The Company maintained healthy, cordial and harmonious industrial relations at all levels. The enthusiasm and unstinting effors of the Employees have enabled the Company to sustain its competitive edge in the Industry.

30. Appreciation :

The Board wishes to place on record its appreciation of the contribution made by all employees of the Company during the year under review.

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, Bankers, and all other stakeholders. Your Company looks forward to their continued support in the future.

For and on behalf of the Board of Directors

Sd/- Ragam Kishore. CEO & Director.	Sd/- Kishalay Bandopadhyay. Director.

Place: Mumbai.
Date: 08th June 2018.

INDEPENDENT AUDITOR'S REPORT

To the Members of Vizag Seaport Private Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Vizag Seaport Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as Standalone "Ind AS Financial Statement").

Management's Responsibility for the 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 Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Companies (Indian Accounting Standards) Rules, 2015 (Ind AS) specified under Section 133 of the Act, read with relevant rules thereon.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records relevant to the preparation and presentation of the Standalone 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 Standalone 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 in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit

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procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's directors, as well as evaluating the overall presentation of the Standalone 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 Standalone Ind AS Financial Statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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 March 31, 2018, its financial performance including other comprehensive income, its cash flows and the statement of 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 of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A , a statement on the matters specified in paragraphs 3 and 4 of the said 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 purposes 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 Statements 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 Accounting Standards specified under Section 133 of the Act, read with relevant rules thereon.

   (e) On the basis of written representations received from the directors as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of section 164(2) of the Companies Act except for Mr Abhijit Rajan who is disqualified under section 164(2) of the Companies Act 2013.

   (f) With respect to the adequacy of the internal financial controls with reference to Financial Statements of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

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(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 No.28 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 are no amounts that are required to be transferred to the Investor Education and Protection Fund during the year.

For Natvarlal Vepari & Co.
Chartered Accountants
Firm Registration No.106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

N Jayendran
Partner
Membership No. 040441
Mumbai, Dated: June 8, 2018

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ANNEXURE A
To the Independent Auditors' Report on the Standalone IND AS Financial Statements of Vizag Seaport Private Limited

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

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

(c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, in case of immovable properties (assets covered under the License Agreement) as disclosed in note 4 to the IND AS financial statements, the title deeds and lease agreements are held in the name of the company.

(ii) (a) In our opinion, the management has conducted physical verification of inventory at reasonable intervals during the period;

(b) In our opinion and according to the information and explanations given to us, the procedures of physical verification on inventory followed by the management were reasonable and adequate in relation to the size of the company and the nature of its business;

(c) In our opinion and according to the information and explanation given to us, the company has maintained proper records of inventory. No material discrepancies were noticed on physical verification of inventory as compared to book records.

(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 loan, the terms and the 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.

(c) In respect of the aforesaid loan, the total amount overdue for more than 90 days as at March 31, 2018 on account of principal is Rs.10,977.41 lakhs and on account of overdue interest is Rs 263.66 lacs. In such instances in our opinion, reasonable steps have been taken by the Company for the recovery of the principal amounts. Subsequent to March 31, 2018, the Company has entered into an agreement with the aforesaid Company dated June 8, 2018 in which moratorium is granted on ICD till March 2019 and moratorium of accrued interest till December 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 Companies Act, 2013 with respect to loan given to the extent applicable. However the Company has not provided any guarantees or security to the parties covered under section 185 and 186 of the Act.

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(v) The Company has not accepted any deposit from the public pursuant to sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed thereunder. As informed to us, there is no order that has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal in respect of the said sections.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to port operations, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) According to information and explanation given to us and on the basis of our examination of records of the Company, amount deducted or accrued in the books of accounts in respect of undisputed statutory dues including Provident fund, Employees State Insurance, Income Tax, Sales Tax, Service Tax, Goods and Service Tax, Cess, Goods and Service tax and other statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there were slight 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 amount payable in respect of the aforesaid dues were outstanding as at March 31, 2018 for a period of more than six months from the date of becoming payable

(b) According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income tax, Sales tax, Service tax, duty of Customs, duty of excise, Value added tax, Goods and Service Tax dues which have not been deposited on account of any dispute except for the following dues of Income Tax:

Name of the Statute	Nature of Dues	Amount (Rs in lacs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act	Penalty	590.10	2007-08	Income Tax Appellate Tribunal, Mumbai
Income Tax Act	Penalty	513.35	2010-11	Income Tax Appellate Tribunal, Mumbai
Income Tax Act	Penalty	26.82	2012-13	Income Tax Appellate Tribunal, Mumbai

(viii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has during the year defaulted in repayment of interest to bank and Financial Institutions as mentioned in Note 12(d) to the Financial Statements, the same were made good as on March 31, 2018 and there were no outstanding dues as on March 31, 2018 The Company did not have any dues to Government and debenture holders during the year.

(ix) The Company has not raised any money by way of initial public offer and further public offer (including debt instrument). According to the information and explanations given to us and based on the documents and records produced to us, the Company has not taken any term loan during the year and therefore provision of clause 3(ix) of Companies (Auditors Report) Order 2016 is not applicable to the Company.

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(x) According to the information and explanations given to us and to the best of our knowledge and belief no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company is not a public company and hence clause 3(xi) of Companies (Auditor's Report) Order, 2016 relating to Managerial Remuneration is not applicable to the Company

(xii) The Company is not a Nidhi Company hence clause 3(xii) of Companies (Auditors Report) Order 2016 is not applicable to the Company.

(xiii) All transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 in so far as our examination of the proceedings of the meetings of the ACM and Board of Directors are concerned. The details of related party transactions have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standard.

(xiv) The company has not made any preferential allotment / private placement of shares or fully or partly convertible debentures during the year under review and hence the clause 3(xiv) of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.

(xv) The company has not entered into any non-cash transactions with directors or persons connected with him and hence the clause 3(xv) of the Companies (Auditors Report) Order, 2016 is not applicable to the Company.

(xvi) The nature of business and the activities of the Company are such that the Company is not required to obtain registration under section 45-IA of the Reserve Bank of India Act 1934.

For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No.106971W

NATVARLAL VEPARI & CO. * CHARTERED ACCOUNTANTS * Mumbai

N Jayendran
Partner
Membership No. 040441
Mumbai, Dated: June 8, 2018

Natvarlal Vepari & Co.
CHARTERED ACCOUNTANTS
Oricon House, 4th Floor, 12, K. Dubash Marg, Mumbai-400 023. • Tel : 6752 7100 • Fax : 6752 7101 • E-Mail : nvc@nvc.in

Annexure - B

To the Independent Auditors' Report on the Standalone IND AS Financial Statements of Vizag Seaport Private Limited

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

We have audited the internal financial controls with reference to Financial Statements of Vizag Seaport Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS Financial Statement of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to Financial Statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Financial Statements based on our audit. We conducted our audit in accordance with the Guidance Note 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to Financial Statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system with reference to Financial Statements and their operating effectiveness. Our audit of internal financial controls with reference to Financial Statements included obtaining an understanding of internal financial controls with reference to Financial Statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

NATVARLAL VEPARI & CO. * CHARTERED ACCOUNTANTS * Mumbai

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 with reference to Financial Statements.

Meaning of Internal Financial Controls with reference to Financial Statements

A company's internal financial control with reference to Financial Statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Financial Statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with 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 financial statements.

Inherent Limitations of Internal Financial Controls with reference to Financial Statements.

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system with reference to Financial Statements and such internal financial controls with reference to Financial Statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Natvarlal Vepari & Co
Chartered Accountants
Firm Registration No.106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

N Jayendran
Partner
Membership No. 040441
Mumbai, Dated: June 8, 2018

Vizag Seaport Private Limited
CIN : U45203AP2001PTC038955
Balance Sheet as at March 31, 2018
(All figures are Rupees in lacs unless otherwise stated)

Particulars	Note Ref	As at March 31, 2018	As at March 31, 2017
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	3	145.08	68.89
(b) Intangible Assets	4	19,697.15	20,678.43
(c) Intangible Assets Under development	5	-	306.50
(d) Financial Assets			
(i) Trade receivables	6.1		-
(ii) Loans and Advances	6.3	93.47	56.80
(iii) Other Financial Assets	6.4	-	-
(e) Deferred Tax Asset, Net	7	452.24	776.85
(f) Other non current assets	8	1,516.37	1,617.67
		21,904.32	**23,505.14**
(2) Current Assets			
(a) Inventories	9	604.01	412.63
(b) Financial Assets			
(i) Trade receivables	6.1	1,488.06	2,039.62
(ii) Cash and cash equivalents	6.2	267.27	218.39
(iii) Bank balances	6.2	-	-
(iv) Loans and Advances	6.3	11,091.67	11,091.67
(v) Others Financial Assets	6.4	551.21	177.86
(c) Other current assets	8	582.25	249.72
		14,584.47	**14,189.89**
Total Assets		**36,488.79**	**37,695.03**
EQUITY & LIABILITIES			
Equity			
(a) Equity Share capital	10	8,719.13	8,719.13
(b) Other Equity	11	1,300.52	455.41
		10,019.64	**9,174.54**
Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12.1	18,825.45	21,468.46
(ii) Other financial liabilities	12.2	-	-
(b) Provisions	13	1,914.72	1,589.02
(c) Other Non-current liabilities	14	-	-
		20,740.17	**23,057.48**
Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	12.1	-	-
(ii) Trade payables	12.3	1,682.37	1,414.22
(iii) Other financial liabilities	12.2	2,723.49	3,260.34
(b) Provisions	13	182.26	49.02
(c) Current Tax Liabilities (Net)		-	-
(d) Other current liabilities	14	1,140.81	739.40
		5,728.93	**5,462.98**
Total Equity and Liabilities		**36,488.79**	**37,695.03**

As per our report of even date attached.

For Natvarlal Vepari and Co.
Chartered Accountants
Firm Registration No. : 106971W

N Jayendran
Partner
M.No.40441

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

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

R Kishore
CEO & Whole time Director
DIN: 0000344011

Kishalay Bandopadhyay
Director
DIN: 0000255055

A V Vaitheeswaran
CFO & Director
DIN: 0002267381

Subbaraman Natarajan
Company Secretary
M No: 6616

Dated: June 8,2018
Place: Mumbai

Dated: June 8,2018
Place: **Mumbai**

Vizag Seaport Private Limited
CIN : U45203AP2001PTC038955
Statement of Profit & Loss for year ended March 31, 2018
(All figures are Rupees in lacs unless otherwise stated)

	Particulars	Note Ref	Year ended March 31, 2018	Year ended March 31, 2017
I	Revenue from Operations	15	16,250.86	13,736.72
II	Other Income	16	1,385.42	1,474.49
III	Total Income (I +II)		**17,636.28**	**15,211.21**
IV	**Expenses:**			
	Purchase of traded goods	17	144.20	-
	Changes in Inventory of traded goods	18	(144.20)	-
	Operating expenses	19	10,539.09	8,640.43
	Employee benefit expenses	20	729.93	612.74
	Finance Costs	21	2,511.19	3,124.96
	Depreciation & amortization	22	1,466.20	1,411.41
	Other expenses	23	905.90	773.69
	Total Expenses		**16,152.31**	**14,563.23**
	Profit before exceptional Item and tax (III-IV)		**1,483.97**	**647.97**
	Exceptional items		-	-
	Profit / (Loss) before tax		**1,483.97**	**647.97**
	Tax expenses	24		
	Current Tax		310.00	77.76
	Short provision of earlier years		5.63	-
	Deferred Tax:		**324.13**	**124.49**
	MAT Entitlement		(315.63)	(77.76)
	Deferred Tax		639.76	202.25
V	**Total tax expenses**		**639.76**	**202.25**
VI	**Profit for the period**		**844.21**	**445.72**
VI	**Other Comprehensive Income**			
	Items that will not be reclassified subsequently to profit or loss:			
	Remeasurement gain of defined benefit plans		1.38	4.23
	Tax effect thereon		(0.48)	(1.46)
	Other Comprehensive Income for the year, net of tax		**0.90**	**2.77**
VII	**Total comprehensive income for the year**		**845.11**	**442.95**
VIII	**Earnings per equity share**	25		
	Nominal Value		10.00	10.00
	Basic		0.97	0.51
	Diluted		0.97	0.51

As per our report of even date attached

For Natvarlal Vepari and Co.
Chartered Accountants
Firm Registration No. : 106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

N Jayendran
Partner
M.No.40441

Dated: June 8,2018
Place: Mumbai

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

R Kishore
CEO & Whole time Director
DIN: 0000344011

Kishalay Bandopadhyay
Director
DIN: 0000255055

A V Vaitheeswaran
CFO & Director
DIN: 0002267381

Subbaraman Natarajan
Company Secretary
M No: 6616

Dated: June 8,2018
Place: **Mumbai**

Vizag Seaport Private Limited
CIN : U45203AP2001PTC038955
Cash Flow Statement for the period ended March 31, 2018
(All figures are Rupees in lacs unless otherwise stated)

Particulars	Year ended March 2018		Year ended March 2017	
Cash flows from operating activities				
Profit /(loss) before tax		1,483.97		647.97
Adjustments:				
Depreciation & amortisation	1,466.20		1,411.41	
Re-measurement of defined benefit obligation	1.38		4.23	
Interest expense	2,511.19		3,124.96	
Interest income	(1,277.72)		(1,455.95)	
Liabilities no longer required written back	(16.30)		-	
Allowance on impariment of trade receivables	80.62		8.22	
Provision for replacement cost	326.02		276.85	
Loss on sale of property, plant and equipment	5.21		0.21	
		3,096.59		3,369.93
Operating cash flows before working capital changes and other assets		**4,580.56**		**4,017.91**
(Increase) / decrease in inventories	(191.38)		(132.92)	
Decrease/ (increase) in trade receivables	470.95		36.90	
Decrease/ (increase) in financial and other Assets	(871.72)		599.45	
(Decrease) / increase in liabilities and Provisions	532.13		513.70	
		(60.03)		1,017.13
Cash generated from operations		**4,520.53**		**5,035.04**
Income taxes refund / (paid), net		(85.15)		95.82
Net cash generated from in operating activities		**4,435.38**		**5,130.87**
Cash flows from investing activities				
Purchase of property, plant and equipment	(122.41)		(26.80)	
Proceeds from sale of property, plant and equipment	14.62		0.17	
Purchase of intangible assets	(152.04)		(366.36)	
Loan repaid by Holding Company	-		75.98	
Investment in Bank Deposits	(800.00)		-	
Proceeds from Bank deposits	800.00		-	
Interest received	1,277.72		1,455.95	
		1,017.89		**1,138.94**
Cash flows from financing activities		**5,453.28**		**6,269.81**
Proceeds from long-term borrowings	80.00		-	
Repayment of long-term borrowings	(2,733.28)		(2,155.86)	
Repayment of short -term borrowings	-		(805.00)	
Interest paid	(2,751.11)		(3,433.95)	
		(5,404.40)		(6,394.81)
Net cash used in financing activities		**48.88**		**(125.00)**
Net increase / decrease in cash and cash equivalents				
Cash and cash equivalents at the beginning of the period		218.39		343.39
Cash and cash equivalents at the end of the period		267.27		218.39
		48.88		**(125.00)**

As per our report of even date
For Natvarlal Vepari and Co.
Chartered Accountants
Firm Registration No. : 106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

N Jayendran
Partner
M.No.40441

Dated: June 8,2018
Place: Mumbai

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

R Kishore
CEO & Whole time Director
DIN: 0000344011

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CFO & Director
DIN: 0002267381

Subbaraman Natarajan
Company Secretary
M No: 6616

Dated: June 8,2018
Place: **Mumbai**

Statement of Changes in Equity

A **Equity**

Particulars	As at March 31, 2018 Number of Shares	Rs. in lacs	As at March 31, 2017 Number of Shares	Rs. in la
Equity shares of INR 10 each issued, subscribed and fully paid				
Balance at the beginning of the reporting period	87,191,264	8,719.13	87,191,264	8,719.1
Changes in equity share capital during the year	-	-	-	-
Balance at the end	**87,191,264**	**8,719.13**	**87,191,264**	**8,719.1**

B **Other Equity**

Particulars	Retained Earnings
Opening balance as on March 31, 2016	6.92
Profit for the year	445.72
Remeasurement (gain)/loss on defined benefit plans	4.23
Less deferred tax liability on above	(1.46)
Balance as at 31 March 2017	**455.41**
Profit for the year	844.21
Remeasurement gain/(loss) on defined benefit plans	1.38
Less deferred tax liability on above	(0.48)
Balance as at 31 March 2018	**1,300.52**

As per our report of even date
For Natvarlal Vepari and Co.
Chartered Accountants
Firm Registration No. : 106971W

N Jayendran
Partner
M.No.40441

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

Dated: June 8,2018
Place: Mumbai

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

R Kishore
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CFO & Director
DIN: 0002267381

Subbaraman Natarajan
Company Secretary
M No: 6616

Dated: June 8,2018
Place: **Mumbai**

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 2018 & 31 March 2017, Gammon Infrastructure Project Services Limited holds 74% equity shareholding in the Company.

2. Basis of preparation

2.1 New standards and interpretations not yet adopted

a. Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

b. Ind AS 115- Revenue from Contract with Customers: On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:
• Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors

• Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018.

The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

VIZAG SEAPORT PVT. LTD. VIZAG

2.2 Statement of compliance responsibility statement

These financial statements are Standalone Financial Statements and are prepared in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

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

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 as disclosed in Financial statements.	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 defer 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.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

VIZAG SEAPORT PVT. LTD. VIZAG

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 than 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.

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.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

VIZAG SEAPORT PVT.LTD. VIZAG

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.

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.

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.

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

VIZAG SEAPORT PVT. LTD. VIZAG

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.

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

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Asset category	**Estimated useful life**
Computer Software	3 years
Service concession arrangement	Life of licensing agreement (30 years)

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.

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

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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.

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. Acturial 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 (Upto June 2017) & Goods and Service Tax (GST) w.e.f July 2017 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.

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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.

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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.

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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.

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3 Property Plant and Equipment

Details of Additions, Adjustments, Depreciation and Net Block - Asset class wise for 2017-18

Particulars	Furniture & Fixtures	Office Equipments	Computers	Motor Vehicles	Total
Cost					
As at Apr 1, 2016	14.18	57.49	28.63	38.04	138.34
Additions	2.53	9.19	3.18	11.90	26.80
Sales/Disposals/Adjustments	-	-	-	0.57	0.57
As at 31 March 2017	16.71	66.68	31.81	49.37	164.57
Additions	2.31	12.89	8.33	98.88	122.41
Sales/Disposals/Adjustments				28.55	28.55
As at March 31, 2018	19.02	79.57	40.14	119.70	258.43
Depreciation					
As at Apr 1, 2016	8.56	38.53	25.68	0.41	73.18
Charge for the period (note 1)	3.28	10.44	2.47	6.50	22.69
Sales/Disposals/Adjustments	-	-	-	0.19	0.19
As at 31 March 2017	11.84	48.97	28.15	6.72	95.68
Charge for the period	1.10	10.16	3.59	11.53	26.38
Sales/Disposals/Adjustments				8.72	8.72
As at March 31, 2018	12.94	59.13	31.74	9.53	113.34
Net Block Value					
As at March 31, 2018	6.08	20.44	8.40	110.17	145.08
As at 31 March 2017	4.87	17.71	3.66	42.65	68.89

4 Intangible Assets:

Particulars	Service concession assets*	Computer software	Total
Cost			
As at Apr 1, 2016	23,914.07	22.50	23,936.57
Additions	404.93	-	404.93
Sales/Disposals/Adjustments	309.77	-	309.77
As at 31 March 2017	24,009.23	22.50	24,031.73
Additions	458.54	-	458.54
Sales/Disposals/Adjustments	-	-	-
As at March 31, 2018	24,467.77	22.50	24,490.27
Accumulated Amortisation			
As at Apr 1, 2016	1,952.54	12.04	1,964.58
Charge for the year	1,380.22	8.50	1,388.72
On Sale/Disposals	-	-	-
As at 31 March 2017	3,332.76	20.54	3,353.30
Charge for the period	1,437.86	1.96	1,439.82
On Sale/Disposals	-	-	-
As at March 31, 2018	4,770.62	22.50	4,793.12
Net Block			
As at March 31, 2018	19,697.15	-	19,697.15
As at 31 March 2017	20,676.47	1.96	20,678.43

5 Intangible Assets under development

Particulars	Service Concession Asset
As at Apr 1, 2016	294.88
Addition during the year	410.33
Capitalised during the year	(398.71)
As at March 31, 2017	306.50
Addition during the year	122.43
Capitalised during the year	(428.93)
As at March 31, 2018	-

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	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Non- Current		Current	
6 Financial Assets				
6.1 Trade Receivables				
(Unsecured, at amortised cost)				
i) Considered good	-	-	1,488.06	2,039.62
ii) Considered doubtful	-	-	-	-
Less : Expected credit Loss	-	-	-	-
Total	-	-	**1,488.06**	**2,039.62**

A Expected Credit Loss:

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 impariment 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.
The Life time credit loss write off during the year arises more out of the disputes or charges rather than credit impairment.

Movement in the expected credit loss allowance

Particulars	March 31, 2018	March 31, 2017
Balance at the beginning of the period	-	-
Impairment loss recognised	80.62	8.22
Amount written off during the period	(80.62)	(8.22)
Provision at the end of the period	-	-

	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Non- Current		Current	
6.2 Cash and Bank Balances				
A Cash and cash equivalents				
i) Balances with banks	-	-	267.05	218.25
ii) Cash on hand	-	-	0.22	0.14
Total	-	-	**267.27**	**218.39**

	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Non- Current		Current	
6.3 Loans and Advances (at amortised cost)				
(Unsecured, Considered good)				
i) Security Deposit	93.47	56.80	114.26	114.26
ii) Loan to Related party:				
Gammon Infrastructure Projects Limited	-	-	10,977.41	10,977.41
Total	**93.47**	**56.80**	**11,091.67**	**11,091.67**

Terms of Loan to Related Party:

Based on the revised agreement between the Company and GIPL vide agreement dated June 8, 2018 , the Company has further allowed moratorium in repayment of principal and interest which is as follows:
Principal overdue of Rs 109,77.41 lacs as on March 31, 2018 - Moratorium granted upto March 31, 2019
Accrued interest up to March 31, 2018 and for the period April 18 to December 2018 - Moratorium granted up to December 31, 2018 .
Rate of Interest on ICD is charged @ IDFC interest rate plus a markup of 0.5%p.a

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		As at		As at	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Non- Current		Current	
6.4	Other Financial Assets				
	(Unsecured, Considered good)				
i)	Interest accrued receivable	-	-	327.55	12.53
ii)	Unbilled Revenue	-	-	223.66	163.97
iii)	Dues receivable from Customers	-	-	-	1.36
	Total	-	-	**551.21**	**177.86**

		As at	
		March 31, 2018	March 31, 2017
7	Deferred Tax Assets		
a)	**Deferred Tax Liability on account of :**		
i)	Depreciation due to timing difference	3,427.67	3,399.37
ii)	Other Comprehensive income	0.48	-
		3,428.15	**3,399.37**
b)	**Deferred Tax Asset on account of :**		
i)	Unabsorbed depreciation	1,631.66	2,352.20
ii)	Other Disallowance- 43B	53.75	60.55
iii)	Provision for replacement	629.82	510.93
iv)	Mat Credit Entitlement	1,565.17	1,249.54
v)	Other Comprehensive income	-	3.00
		3,880.40	**4,176.22**
	Deferred Tax Asset, net	**452.24**	**776.85**

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.

		As at		As at	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Non- Current		Current	
8	Other Assets				
i)	Prepayments	49.01	44.65	97.91	73.65
ii)	Capital advances	16.57	25.46	-	-
iii)	Statutory and other receivables	-	-	333.69	66.69
iv)	Advance Income Tax (Net of Provision for Taxation)	1,248.19	1,478.68	-	-
v)	Advance recoverable in cash or in kind				
	- Considered good	2.11	-	74.87	85.94
	- Considered doubtful	-	-	-	51.69
	Less: Provision for Advances	-	-	-	(51.69)
vii)	Advance to Vendors	-	-	75.78	23.45
viii)	Deposit with Customs	200.49	68.88	-	-
	Total	**1,516.37**	**1,617.67**	**582.25**	**249.72**

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	As at		As at	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	Non- Current		Current	
9 Inventories				
i) Consumable Stores and Spares	-	-	459.81	412.63
ii) Stock of Trading goods	-	-	144.20	-
Total	-	-	604.01	412.63

Valuation Methedology:

i) Consumable Stores and Spares — At Cost computed at weighted average method or Net realisable value

ii) Stock of Trading goods — At Cost computed at weighted average method or Net realisable value

	As at	
	March 31, 2018	March 31, 2017
10 Equity Share capital		
i) Authorised shares :		
March 31, 2018: 12,50,00,000 Equity shares of Rs 10/- each March 31, 2017 : 12,50,00,000 Equity shares of Rs 10/- each	12,500.00	12,500.00
Total	12,500.00	12,500.00
ii) Issued and subscribed share and paidup :		
March 31, 2018: 87,191,264 Equity shares of Rs 10/- each March 31, 2017 : 87,191,264 Equity shares of Rs 10/- each	8,719.13	8,719.13
Total	8,719.13	8,719.13
Total paid-up share capital	8,719.13	8,719.13

a) Reconciliation of the equity shares outstanding at the beginning and at the end of the period

	As at		As at	
	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
	Number	Amount	Number	Amount
Balance, beginning of the period	87,191,264	8,719.13	87,191,264	8,719.13
Issued during the period	-	-	-	-
Balance, end of the period	87,191,264	8,719.13	87,191,264	8,719.13

b) Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The shareholders are entitled to dividend in the proportion of their shareholding. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company, after payment of all external liabilities. The distribution will be in proportion to the number of equity shares held by the shareholders.

c) Details of Shareholding more than 5%

	As at		As at	
	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
	Number	Amount	Number	Amount
Equity shares of Rs. 10/- each fully paid up				
Gammon Infrastructure Projects Limited	64,313,847	73.76	64,313,847	73.76
Lastin Holdings Limited	22,877,417	26.24	22,877,417	26.24
	87,191,264	100.00	87,191,264	100.00

d) As per the records of the Company, including its register of shareholders/members and other declarations received from shareholders, the above shareholding represents legal ownerships of the shares.

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	As at March 31, 2018	As at March 31, 2017
11 Other Equity		
i) Retained Earnings	1,300.52	455.41
	1,300.52	**455.41**

	Non- Current As at March 31, 2018	Non- Current As at March 31, 2017	Current Maturities As at March 31, 2018	Current Maturities As at March 31, 2017
12 Financial Liabilities (at amortised cost)				
12.1 Borrowings				
Term Loans:				
i) Term loan from Bank	18,687.21	21,388.17	2,167.17	2,186.52
ii) Term loan from Financial Institution	70.14	80.29	8.12	8.19
Other:				
iii) Vehicle Loan from Bank	68.10	-	9.15	-
Less: Disclosed in Other Financial Liabilities			(2,184.43)	(2,194.71)
Total	**18,825.45**	**21,468.46**	-	-
The break-up of above:				
Secured	18,825.45	21,468.46	2,175.28	2,194.71
Unsecured	-	-	-	-

a) **Terms and nature of security of secured term loans [including current maturities]:**
Term loan from bank and financial insitution is secured by way of first charge on the movable and immovable properties of the Company, both present and
IDFC Bank Loan: Repayment of loan started from 1 July 2012 and is payable in structured quarterly installments up to 1 April 2027. Rate of interest
Housing Development Finance Corporation Limited : Repayment of loan started from 1 October 2015 and is payable in structured quarterly installments

b) **Vehicle Loan from Bank**
The Vehicle loan is taken for a tenure of eight years , repayable in EMI of Rs 125000/- per month.
There is no Continuing default as at March 31, 2018 , however there were delays in payments of Interest and Principal during the year.

c) **Marurity Profile of Term Loans:**

Ageing	As at March 2018	As at March 2017
Within One year	2,184.43	2,194.71
Two to Five years	9,581.43	9,109.00
More than Five years	9,287.33	12,410.77
Total	21,053.20	23,714.47

Maturity profile given is as per Loan repaymnet schedule of the bank and the same is not adjusted for INDAS adjustmment done in the financials.

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d) Loan Default and Delay Disclosure

As on March 31,2018

Term Loan from Bank

Name of the Bank	Amount	Nature of Payment	Due Date	Date of payment	Delay in days
IDFC Bank	324.00	Principal	01-Apr-17	29-May-17	58
IDFC Bank	237.14	Principal	01-Apr-17	30-May-17	59
IDFC Bank	238.76	Interest	01-Apr-17	04-May-17	33
IDFC Bank	233.75	Interest	01-May-17	27-Jun-17	57
IDFC Bank	241.19	Interest	01-Jun-17	26-Jul-17	55
IDFC Bank	220.38	Principal	01-Jul-17	28-Aug-17	58
IDFC Bank	150.00	Principal	01-Jul-17	05-Sep-17	66
IDFC Bank	100.00	Principal	01-Jul-17	08-Sep-17	69
IDFC Bank	71.42	Principal	01-Jul-17	14-Sep-17	75
IDFC Bank	179.62	Interest	01-Jul-17	28-Aug-17	58
IDFC Bank	28.58	Interest	01-Aug-17	14-Sep-17	44
IDFC Bank	192.02	Interest	01-Aug-17	18-Sep-17	48
IDFC Bank	220.23	Interest	01-Sep-17	18-Sep-17	17
IDFC Bank	300.00	Principal	01-Oct-17	01-Nov-17	31
IDFC Bank	150.00	Principal	01-Oct-17	02-Nov-17	32
IDFC Bank	91.79	Principal	01-Oct-17	16-Nov-17	46
IDFC Bank	207.15	Interest	01-Oct-17	25-Oct-17	24
IDFC Bank	108.21	Interest	01-Nov-17	16-Nov-17	15
IDFC Bank	104.88	Interest	01-Nov-17	17-Nov-17	16

Term Loan from Financial Institutions

Name of the Financial Institution	Amount	Nature of Payment	Due Date	Date of payment	Delay in days
Housing Development Finance Corporation Limited	2.10	Principal	01-Apr-17	04-Apr-17	3
Housing Development Finance Corporation Limited	0.89	Interest	01-Apr-17	04-Apr-17	3
Housing Development Finance Corporation Limited	0.84	Interest	01-May-17	04-May-17	3
Housing Development Finance Corporation Limited	2.03	Principal	01-Jul-17	13-Jul-17	12
Housing Development Finance Corporation Limited	0.84	Interest	01-Jul-17	13-Jul-17	12
Housing Development Finance Corporation Limited	0.85	Interest	01-Sep-17	04-Sep-17	3
Housing Development Finance Corporation Limited	2.03	Principal	01-Oct-17	04-Oct-17	3
Housing Development Finance Corporation Limited	0.82	Interest	01-Oct-17	05-Oct-17	4
Housing Development Finance Corporation Limited	2.03	Principal	01-Jan-18	04-Jan-18	3
Housing Development Finance Corporation Limited	0.81	Interest	01-Feb-18	02-Feb-18	1

As on March 31,2017

Term Loan from Bank

Name of the Financial Institution	Amount	Nature of Payment	Due Date	Date of payment	Delay in days
IDFC Bank	464.39	Principal	01-Apr-16	28-Jun-16	88
				29-Jun-16	89
IDFC Bank	561.14	Principal	01-Jul-16	28-Sep-16	89
				29-Sep-16	90
IDFC Bank	561.14	Principal	01-Oct-16	13-Dec-16	73
				27-Dec-16	87
IDFC Bank	561.14	Principal	01-Jan-17	30-Jan-17	29
				03-Feb-17	33
				06-Feb-17	36

Term Loan from Financial Institutions

Name of the Financial Institution	Amount	Nature of Payment	Due Date	Date of payment	Delay in days
Housing Development Finance Corporation Limited	1.74	Principal	01-Apr-16	04-Apr-16	3
Housing Development Finance Corporation Limited	2.10	Principal	01-Jul-16	08-Jul-16	7
Housing Development Finance Corporation Limited	2.10	Principal	01-Jan-17	25-Jan-17	24

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(All figures are Rupees in lacs unless otherwise stated)

		As at		As at	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Non- Current		Current	
12.2	**Other Financial Liabilities (at amortised cost)**				
i)	Current maturity of Long term borrowings	-	-	2,184.43	2,194.71
ii)	Interest accrued and not due on borrowings (Refer Note 12(d))	-	-	-	239.92
iii)	Other Liabilities	-	-	377.39	522.12
iv)	Employee Liabilities	-	-	50.56	54.24
v)	Capital Creditors	-	-	111.11	249.35
	Total	-	-	**2,723.49**	**3,260.34**

		As at		As at	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
12.3	**Trade Payables (at amortised cost)**	Non- Current		Current	
i)	Trade payables - Micro, small and medium enterprises	-	-	-	-
ii)	Trade payables -Related Party	-	-	1,018.66	1,072.42
iii)	Trade payables - Others	-	-	663.72	341.80
	Total	-	-	**1,682.37**	**1,414.22**

a) Amounts due to Micro, Small and Medium Enterprises

As per the information available with the Company, there are no Micro, Small and Medium Enterprises, as defined in the Micro, Small, Medium Enterprises Development Act, 2006, to whom the Company owes dues on account of principal amount together with interest and accordingly no additional disclosures have been made.

The above information regarding Micro, Small and Medium Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This is relied upon by the auditors.

		As at		As at	
		March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
		Non- Current		Current	
13	**Provisions**				
i)	Provision for employee benefits :				
	Gratuity	52.79	45.83	5.89	3.05
	Leave Encashment	59.57	66.85	35.55	5.04
ii)	Provision for replacement cost	1,802.36	1,476.34	-	-
iii)	Provision for demurage charges	-	-	140.81	40.93
	Total	**1,914.72**	**1,589.02**	**182.26**	**49.02**

a) Disclosure under IND AS 37 " Provisions, Contingent Liabilities and Contingent Assets"

i) 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	Opening	Addition on account of Finance charges	Utilisation	Closing
March 2018	1,476.34	326.02	-	**1,802.36**
March 2017	1,199.49	276.85	-	**1,476.34**

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ii) **Provision for demurage charges**

Based on the Contractual agreement with the parties the Company has provided for demurrage charges.

Particulars	Opening	Addition	Utilisation	Closing
March 2018	40.93	109.58	9.71	**140.81**
March 2017	41.75	43.65	44.47	**40.93**

b) **Disclosure in accorance with Ind AS – 19 "Employee Benefits", of the Companies (Indian Accounting Standards) Rules, 2015.**

The company has carried out the actuarial valuation of Gratuity and Leave Encashment liability under actuarial principle, in accordance with Ind AS 19 - Employee Benefits.

Gratuity is a defined benefit plan under which employees who have completed five years or more of service are entitled to gratuity on departure from employment at an amount equivalent to 15 days salary (based on last drawn salary) for each completed year of service restricted to Rs 20 lacs (previous year Rs 10 lacs) The Company's gratuity liability is unfunded.

i) **The amount recognised in the balance sheet and the movements in the net defined benefit obligation of Gratuity over the year is as follow:**

	Particulars	As on March 31, 2018	As on March 31, 2017
(a)	**Reconciliation of opening and closing balances of Defined benefit Obligation**		
	Defined Benefit obligation at the beginning of the year	48.88	52.11
	Current Service Cost	7.26	3.47
	Interest Cost	3.91	4.17
	Actuarial (Gain) /Loss-Other Comprehensive Income	(1.38)	(4.23)
	Benefits paid		(6.64)
	Defined Benefit obligation at the year end	**58.68**	**48.88**
(b)	**Reconciliation of opening and closing balances of fair value of plan assets**		
	Fair Value of plan assets at the beginning of the year	-	-
	Expected return on Plan Assets	-	-
	Actuarial Gain/ (Loss)	-	-
	Employer Contribution	-	-
	Benefits Paid	-	-
	Fair Value of Plan Assets at the year end	-	-
	Actual Return on Plan Assets	**-**	**-**
(c)	**Reconciliation of fair value of assets and obligations**		
	Fair Value of Plan Assets	-	-
	Present value of Defined Benefit obligation	58.68	48.88
	Liability recognized in Balance Sheet	**58.68**	**48.88**
(d)	**Expenses recognized during the year (Under the head " Employees Benefit Expenses)**		
	Current Service Cost	7.26	3.47
	Interest Cost	3.91	4.17
	Expected Rate of return on Plan Assets	-	-
	Net Cost	**11.17**	**7.64**
(e)	**Actuarial (Gain)/Loss- Other Comprehensive Income**	**(1.38)**	**(4.23)**
(f)	**Net liabilities recognised in the balance sheet**		
	Long-term provisions	52.78	45.83
	Short-term provisions	5.89	3.05
		58.68	**48.88**

ii) **Actuarial Assumptions**

Particulars	As on March 31, 2018	As on March 31, 2017
Discount rate (per annum)	8.00%	8.00%
Attriation rate	2 % - 5%	2 % - 5%
Rate of escalation in salary (per annum)	7%	7%

The estimates of rate of escalation in salary considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is certified by the actuary.

There is no minimum funding requirement for a gratuity plan in India and there is no compulsion on the part of the company fully or partially pre-fund the liabilities under the plan. Since the liabilities are un funded there is no asset liability matching strategy devised for the plan.

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iii) Sensitivity analysis

A quantitative Sensitivity analysis for significant assumption

Particulars	Discount Rate	Salary Growth Rate	Attriation Rate
Changes in Assumption			
March 31, 2018	1%	1%	1%
March 31, 2017	1%	1%	1%
Increase in assumption			
March 31, 2018	53.51	65.01	59.01
March 31, 2017	44.13	44.90	54.42
Decrease in assumption			
March 31, 2018	64.68	53.14	58.31
March 31, 2017	54.42	52.57	44.13

	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	Non- Current		Current	
14 Other Liabilities				
i) Duties and Taxes payable	-	-	166.48	116.14
ii) Advance from customers	-	-	418.66	565.43
iii) Unearned Revenue	-	-	48.19	16.55
iv) Other Payables	-	-	507.49	41.29
Total	-	-	**1,140.81**	**739.40**

	Period ended March 31, 2018	Period ended March 31, 2017
15 Revenue from Operations		
a) Revenue from port operations		
Cargo Related income	12,730.58	11,238.95
Cargo Related income Outside terminal	178.33	-
Berth hire charges	1,984.29	1,729.76
Dust suppression charges	29.98	12.75
b) Revenue as per INDAS 11-" Construction Contracts"	152.04	416.55
c) ***Other operating revenues***		
Scrap sales	904.53	198.03
Other miscellaneous activities	271.11	140.68
Total	**16,250.86**	**13,736.72**

I Disclosures as required by Appendix B of Ind AS 11 relating to "Service Concession Arrangements: Disclosures"

a) Description of the Arrangement along with salient features of the project:

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 Company has received rights to carry out cargo related activity over the license period. The premature termination is permitted only upon the happening of force majeure events or upon the parties defaulting on their respective obligations.

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b) Obligations of Operations and maintenance

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 at 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.

c) Changes to the Concession during the period

There are no chnages to construction period during the year

d) Classification of the Concession

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.

e) Recognition of Construction services revenue and costs:

Particulars	Period ended March 31, 2018	Period ended March 31, 2017
Revenue recognised on additional infrastructure facilities	152.04	416.55
Development cost incurred during the period	152.04	416.55

		Period ended March 31, 2018	Period ended March 31, 2017
16	**Other Income**		
i)	Interest Income on Financial Assets at amortised cost	1,277.72	1,372.75
ii)	Unwinding of discount on Security deposit	2.00	1.85
iii)	Insurance Claim	-	16.69
iv)	Liabilities no longer required	16.30	-
v)	Interest income Others	89.39	83.20
	Total	**1,385.42**	**1,474.49**

		Period ended March 31, 2018	Period ended March 31, 2017
17	**Purchase of traded goods**		
i)	Purchase of Coal	144.20	-
	Total	**144.20**	**-**

		Period ended March 31, 2018	Period ended March 31, 2017
18	**Changes in Inventory (traded goods)**		
i)	Opening Stock	-	-
ii)	Less: Closing Stock	144.20	-
	Total	**(144.20)**	**-**

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		Period ended March 31, 2018	Period ended March 31, 2017
19	**Operating expenses**		
i)	Cargo Related Expenses	4,822.91	3,940.98
ii)	Construction Cost	152.04	416.55
iii)	Cargo handling charges outside the terminal	652.62	429.25
iv)	Bulk material handling system maintenance	475.20	432.39
v)	**Repairs and maintenance:**		
	- Plant and machinery	807.38	539.14
	- Project berths	98.59	80.15
vi)	**Power and fuel:**		
	- Diesel expense	348.84	247.60
	- Electricity	250.19	239.74
vii)	Royalty on revenue	791.82	693.96
viii)	Labour charges	604.55	503.00
ix)	Lease rentals to VPT	251.55	478.88
x)	Insurance premium	71.53	63.45
xi)	Dredging expenses	142.12	13.50
xii)	Survey charges	161.18	121.33
xiii)	Railway staff charges	88.59	81.71
xiv)	Railway siding and haulage charges	73.97	49.66
xv)	Tarpaulin covering charges	146.62	83.34
xvi)	Charges for wagons demurrage	73.59	151.38
xvii)	Reimbursement of Customs Staff cost	448.10	-
xviii)	Water charges to terminal	77.70	74.42
	Total	**10,539.09**	**8,640.43**

		Period ended March 31, 2018	Period ended March 31, 2017
20	**Employee benefit expenses**		
i)	Salaries, wages and bonus	614.28	554.35
ii)	Contributions to Provident Fund	28.80	26.48
iii)	Staff Welfare Expenses	40.25	17.02
iv)	Expenses related to compensated absences	35.43	7.26
v)	Expenses related to defined benefit plans	11.17	7.64
	Total	**729.93**	**612.74**

		Period ended March 31, 2018	Period ended March 31, 2017
21	**Finance Costs:**		
i)	Interest expenses on Financial liabilities at amortised cost	2,486.14	3,075.19
ii)	Interest on others	-	27.56
iii)	Other finance costs	25.05	22.21
	Total	**2,511.19**	**3,124.96**

		Period ended March 31, 2018	Period ended March 31, 2017
22	**Depreciation & amortization**		
i)	Depreciation	26.38	22.69
ii)	Amortisation	1,439.82	1,388.72
	Total	**1,466.20**	**1,411.41**

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		Period ended March 31, 2018	Period ended March 31, 2017
23	**Other expenses**		
i)	Legal and professional fee	185.41	119.80
ii)	Auditors Remuneration	9.00	23.25
iii)	Rates and taxes	11.28	53.40
iv)	Security charges	68.79	47.86
v)	Provision for replacement cost	326.02	276.85
vi)	Repairs and maintenance - others	24.06	16.94
vii)	Travel and conveyance	56.04	48.00
viii)	Communication expenses	15.46	13.91
ix)	Vehicle hire charges	36.36	29.22
x)	Business promotion expenses	4.03	23.11
xi)	Membership and Subscription	9.75	9.79
xii)	Insurance premium	12.45	15.60
xiii)	Office maintenance	15.47	14.27
xiv)	Donations	1.40	0.25
xv)	Allowance on impairment of trade receivables	80.62	8.22
xvi)	Loss on sale of property, plant and equipment (net)	5.21	0.21
xvii)	Miscellaneous expenses	44.55	73.01
	Total	**905.90**	**773.69**

		Period ended March 31, 2018	Period ended March 31, 2017
a)	**Payment to auditors**		
i)	Statutory Audit	7.50	21.25
ii)	Tax Audit	1.50	2.00
	Total payments to auditors	**9.00**	**23.25**

		Period ended March 31, 2018	Period ended March 31, 2017
24	**Tax Expense**		
a)	**Income tax expense in the statement of profit and loss consists of:**		
	Current Tax	310.00	77.76
	Tax Related to earlier years	5.63	-
		315.63	**77.76**
	Minimum alternative tax entitlement	(315.63)	(77.76)
	Attributable to origination and reversal of temporary differences	639.76	202.25
		324.13	**124.49**
	Income tax recognised in statement of profit or loss	**639.76**	**202.25**
	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	**(0.48)**	**(1.46)**
		(0.48)	**(1.46)**

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b) The reconciliation between the provision of income tax of the Company and amounts computed by applying the Indian statutory income tax rate to profit before taxes is as follows

	Particulars	Period ended March 31, 2018	Period ended March 31, 2017
A	**Current Tax**		
	Accounting profit before income tax	1,483.97	647.97
	Enacted tax rates in India (%)	34.608%	34.608%
	Computed expected tax expenses	**513.57**	**224.25**
	Net changes on account of disallowances	228.19	147.12
	Net tax	**741.77**	**371.37**
	Set off of unabsorbed tax depreciation	(741.77)	(371.37)
	Income tax expenses - Net	-	-
	Tax liability as per Minimum Alternate Tax on book profits	1,483.97	647.97
	Minimum Alternate Tax rate	21.342%	20.39%
	Computed tax liability on book profits	316.71	132.11
	Tax effect on adjustments:		
	On account of Opening INDAS Adjustments	(11.00)	(48.73)
	Others	4.29	(5.63)
	Minimum Alternate Tax on Book Profit	**310.00**	**77.76**

B Deferred Tax

Deferred tax assets/(liabilities) in relation to:-

Particulars	Opening	Recognised in profit and loss	Recognised in O C I	Closing
Property, Plant and Equipment	(3,479.99)	80.62		(3,399.37)
Employee benefits	60.52	0.03		60.55
Unabsorbed depreciation & Losses	2,729.40	(377.20)		2,352.20
Provision for replacemnet cost	415.12	95.81		510.93
MAT Credit Entitlement	1,171.78	77.76		1,249.54
Others	1.51	(1.51)		-
Acturial Valuation- OCI	4.46		(1.46)	3.00
As at March 31, 2017	**902.80**	**(124.49)**	**(1.46)**	**776.85**
Property, Plant and Equipment	(3,399.37)	(28.30)		(3,427.67)
Employee benefits	60.55	(9.80)		50.75
Unabsorbed depreciation & Losses	2,352.20	(720.54)		1,631.66
Provision for replacemnet cost	510.93	118.89		629.82
MAT Credit Entitlement	1,249.54	315.63		1,565.17
Acturial Valuation- OCI	3.00	-	(0.48)	2.52
As at March 31, 2018	**776.85**	**(324.13)**	**(0.48)**	**452.24**

25 Disclosure as required by Accounting Standard – IND AS 33 "Earning Per Share" of the Companies (Indian Accounting Standards) Rules 2015.

Net Profit / (loss) attributable to equity shareholders and the weighted number of shares outstanding for basic and diluted earnings per share are as summarised below:

Particulars	Period ended March 31, 2018	Period ended March 31, 2017
Net Profit / (Loss) as per Statement of Profit and Loss	844.21	445.72
Outstanding equity shares at period end	87,191,264	87,191,264
Weighted average Number of Shares outstanding during the period – Basic	87,191,264	87,191,264
Weighted average Number of Shares outstanding during the period - Diluted	87,191,264	87,191,264
Earnings per Share - Basic (Rs.)	0.97	0.51
Earnings per Share - Diluted (Rs.) *	0.97	0.51

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Reconciliation of weighted number of outstanding during the period:

Particulars	Period ended March 31, 2018	Period ended March 31, 2017
Nominal Value of Equity Shares (Rs per share)		
For Basic EPS :		
Total number of equity shares outstanding at the beginning of the period	87,191,264	87,191,264
Add : Issue of Equity Shares		-
Total number of equity shares outstanding at the end of the period	87,191,264	87,191,264
Weighted average number of equity shares at the end of the period	87,191,264	87,191,264

The Company has not issued any potential dilutive equity share and therefore the Basic and Dilutive earning per Share will be the same. The earning per share is calculated by dividing the profit after tax by weighted average no. of shares outstanding.

26 Expenditure incurred on Corporate Social Responsibility

a) 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 4.95 lakhs (previous period INR 3.38 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.

27 Commitments

Particulars	March 31, 2018	March 31, 2017
Capital Commitments	-	65.91
Other Commitments:		
Export Commitments under EPCG Scheme (*)	-	2,289.67
Total	-	2,355.58

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

28 Contingent Liabilities

Particulars	March 31, 2018	March 31, 2017
Bank Guarantees	268.24	134.74
Claims not acknowledged as debts		
Disputed Claims of VPT	1,009.41	1,009.41
Disputed Claims of Lease rentals	2,029.03	559.24
Disputed Claims and other matters	686.13	823.9

Pending Litigations

	Particulars	March 31, 2018	March 31, 2017
i)	Disputed Tax demand against which the Company has preferred appeals	1,130.27	1,103.45

29 In the opinion of the Board of Directors, all assets other than fixed assets and non-current investments have a value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet.

30 **Disclosure in accordance with Ind AS – 17 "Leases", of the Companies (Indian Accounting Standards) Rules, 2015.**

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.

31 **Disclosure in accordance with Ind AS – 108 "Operating Segments", of the Companies (Indian Accounting Standards) Rules, 2015.**

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.

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Entity level disclosure as required in IND AS 108

a) **Major Services**
The Companies major service is Bulk handling of Cargo and the revenue from the same during the period is Rs 16,250.86 lacs (Previous period: Rs.13,736.72 lacs).

b) **Major Customers**
The top four customers account for 52.32% of the total revenue earned during the year ended March 31,2018 (Previous period:Top four customers accounted for 56.01% of the total revenue earned).

c) **Information about Geographical areas**
Company's operation are confined in Vishakapatnam only. All its revenue are generated in the said geographical location.

32 **Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015**
Details are given in Annexure -1

33 **Derivative Instruments and Unhedged Foreign Currency Exposure**
Advance payment for imports - USD 32300 (Rs 2115650/-)

34 **Significant accounting judgements, estimates and assumptions**
The financial statements require management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosures of contingent liabilities. Uncertainity about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods .

Judgements
In the process of applying the company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the separate financial statements.

Taxes
Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Defined benefit plans (gratuity benefits)
The cost of the defined benefit gratuity plan and the present value of the gratuity obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. For plans operated outside India, the management considers the interest rates of high quality corporate bonds in currencies consistent with the currencies of the post-employment benefit obligation with at least an 'AA' rating or above, as set by an internationally acknowledged rating agency, and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

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35 **Financial Instruments**

i) The carrying value and fair value of financial instruments by categories as at March 31, 2018, and March 31, 2017 is as follows:

	Carrying Value		Fair Value	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
a) Financial Assets				
Amortised Cost				
Loans	11,185.14	11,148.47	11,185.14	11,148.47
Others	551.21	177.86	551.21	177.86
Trade receivables	1,488.06	2,039.62	1,488.06	2,039.62
Cash and cash equivalents	267.27	218.39	267.27	218.39
Total Financial Assets	**13,491.68**	**13,584.34**	**13,491.68**	**13,584.34**
b) Financial Liabilities				
Amortised Cost				
Borrowings	18,825.45	21,468.46	18,825.45	21,468.46
Trade payables	1,682.37	1,414.22	1,682.37	1,414.22
Others	2,723.49	3,260.34	2,723.49	3,260.34
Total Financial Liabilities	**23,231.32**	**26,143.01**	**23,231.32**	**26,143.01**

The management assessed that fair value of cash and short-term deposits, trade receivables, trade payables, and other current financial assets and liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

36 **Fair value hierarchy**

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

37 **Financial Risk Management**

Risk management framework:

The Company's activites 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.

38 **Financial risk factors**

i) **Business / 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.

ii) **Capital and Interest rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of 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 2018		As at 31 March 2017	
	Average interest rate	**Balance outstanding**	**Average interest rate**	**Balance outstanding**
Financial liabilites (Variable rate instruments)	%	Rs in lacs	%	Rs in lacs
Term loans	10.75	20,932.64	11.85	25810.69
Other Loans	8.05	77.25	-	-
Financial assets (Variable rate instruments)				
Loan to related parties	11.5	10,977.41	12.35	10,977.41

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iii) Interest rate sensitivity

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:

Particulars	Changes in basis points	Effect on profit before tax	Effect on profit before tax
		2017-18	2016-17
Financial liabilites			
Interest rates - increase	100	(210.10)	(276.82)
Interest rates - decrease	-100	210.10	276.82
Financial assets			
Interest rates - increase	100	109.77	117.05
Interest rates - decrease	-100	(109.77)	(117.05)

iv) 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.

a) Trade and Other Receivables

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 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 impariment 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.

Other receivable :

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.

(v) 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 2018, the Company's working capital is at Rs 8997.76 lacs (P Y: Rs 8852.99 lacs).

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(All figures are Rupees in lacs unless otherwise stated)

The Working Capital Position of the Company is given below:

Particulars	March 31, 2018	March 31, 2017
Cash and Bank Balance	267.27	218.39
Trade Receivable	1,488.06	2,039.62
Loans and Advances	11,091.67	11,091.67
Other Financial Assets	551.21	177.86
Total	13,398.21	13,527.54
Less:		
Trade payables	1,682.37	1,414.22
Other financial liabilities	2,723.49	3,260.34
	4,405.86	4,674.55
Net Working Capital	8,992.35	8,852.99

The table below provides details regarding the contractual maturities of significant financial liabilities :

Particulars	Less than 1 year	2-5 years	More than 5 years	Total
As at March 31, 2018				
Borrowings	2,184.43	9,581.43	9,287.33	21,053.20
Trade Payables	1,682.37			1,682.37
Other Current Financial Liabilities	539.06			539.06
Total	**4,405.86**	**9,581.43**	**9,287.33**	**23,274.62**
As at March 31, 2017				
Borrowings	2,194.71	9,109.00	12,410.77	23,714.47
Trade Payables	1,414.22			1,414.22
Other Current Financial Liabilities	1,065.63			1,065.63
Total	**4,674.55**	**9,109.00**	**12,410.77**	**26,194.32**

39 **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	March 31, 2018	March 31, 2017
Gross Debt	21,053.20	23,714.47
Less: Cash and Cash Equivalent	267.27	218.39
Net debt (A)	**20,785.93**	**23,496.08**
Total Equity (B)	**10,019.64**	**9,174.54**
Gearing ratio (A/B)	**0.48**	**0.39**

40 The balance sheet, statement of profit and loss, cash flow statement, statement of changes in equity, statement of significant accounting policies and the other explanatory notes forms an integral part of the financial statements of the Company for the year ended March 31, 2018.

As per our report of even date
For Natvarlal Vepari and Co.
Chartered Accountants
Firm Registration No. : 106971W

NATVARLAL VEPARI & CO. Mumbai CHARTERED ACCOUNTANTS

N Jayendran
Partner
M.No.40441

Dated: June 8,2018
Place: Mumbai

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

R Kishore
CEO & Whole time Director
DIN: 0000344011

Kishalay Bandopadhyay
Director
DIN: 0000255055

A V Vaitheeswaran
CFO & Director
DIN: 0002267381

Subbaraman Natarajan
Company Secretary
M No: 6616

Dated: June 8,2018
Place: Mumbai

Annexure -1 (Note No.32)

Disclosure in accordance with Ind AS - 24 "Related Party Disclosures", of the Companies (Indian Accounting Standards) Rules, 2015

A Related Party Disclosure

Parties where control exists

- Gammon India Limited - Ultimate holding company (Upto 7th September 2017)
- Gammon India Limited - Entity having Significant Influence (Wef 8th September 2017)
- Gammon Infrastructure Projects Limited – Holding Company

Enterprises where significant influence exists

- Ripley & Company (Stevedoring and handling) Pvt Ltd
- Eversun Marine Trade Private Limited
- Eversun Sparkle Maritime Services Private Limited
- Srivatsa Techo Corporation LLP
- Pinnacle Hospitals India Private Limited
- International seaport (Haldia) Pvt Limtied

Key managerial personnel (KMP)

- R Kishore – Whole Time Director and Chief Executive Officer
- A V Vaitheeswaran - Chief Financial Officer (w.e.f January 1, 2018)
- Rambabu Gandeti - Chief Finance Officer (upto December 31, 2017)
- V V Sudhakar Roy (w.e.f January 1, 2018)

B **The following are the transactions with related parties**

Related party transactions

Sl No	Name of the transacting party	Relationship	Nature of transactions	31-Mar-18		31-Mar-17	
				Amounts	Amount receivable/ (payable) as at	Amounts	Amount receivable/ (payable) as at
				31-Mar-18		31-Mar-17	
1	Gammon Infrastructure Projects Ltd	Holding Company	Repayment of loan	-	1,097.74	75.98	10,977.41
			Interest income	1,275.37	263.66	1,368.86	-
2	Gammon India Limited	Entity having significant influence	Capital creditors	-	(95.13)	-	(95.13)
3	Eversun Marine Trade Private Limited	Enterprises where significant influence exists	Stevedoring with Harbour Mobile Cranes, onboard equipment and Labour supply charges	3,013.65	(290.13)	2,836.11	(519.00)
			Reimbursement of expenses to EMTPL	17.09		5.76	
			Revenue from port operations	113.62		70.82	
			Reimbursement of expenses from EMTPL	1.98		-	
4	Eversun Sparkle Maritime Services Private Limited	Enterprises where significant influence exists	Dumpers maintainance charges	85.57	(180.74)	72.58	(147.47)
			Cargo Handling charges	592.97		504.03	
			Expenses incurred by the Company	0.75		2.60	
5	Ripley and Stevedoring Pvt Limited	Enterprises where significant influence exists	Handling equipment charges	1,976.81	(483.08)	1,564.11	(296.44)
			Revenue from port operations	-		32.18	
			Expenses incurred by the Company	29.00		0.77	
6	Srivatsa Techo Corporation LLP	Enterprises where significant influence exists	Operation and Maintenance of equipment	748.52	(61.71)	513.91	(180.71)
			Capital creditors	54.59		122.74	
			Expenses incurred by the Company	5.01		0.18	

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Vizag Seaport Pvt. Ltd. Vizag

Sl No	Name of the transacting party	Relationship	Nature of transactions	31-Mar-18		31-Mar-17	
				Amounts	Amount receivable/ (payable) as at	Amounts	Amount receivable/ (payable) as at
					31-Mar-18		31-Mar-17
7	Pinnacle Hospitals India Private Limited	Enterprises where significant influence exists	Medical expenditure	3.86	-	1.00	
8	International seaport (Haldia) Pvt Limtied	Enterprises where significant influence exists	Other finance charges	5.36	(1.35)	5.24	(1.31)
9	R Kishore	KMP	Remuneration	110.00	(1.02)	96.00	6.62
			Sale of Motor Car	14.62			
10	V V Sudhakar Roy	KMP	Remuneration	16.50	(3.90)		
11	A V Vaitheeswaran	KMP	Remuneration	13.50	(3.15)	12.85	-
			Contribution to provident and other funds	-		0.11	
12	Rambabu Gandeti	KMP	Remuneration	9.18		7.08	(0.61)
			Contribution to provident and other funds	0.46		0.29	(0.05)

* 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 balance is secured.

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