

VIZAG SEAPORT PRIVATE LIMITED

VISAKHAPATNAM-530035

DIRECTORS' REPORT TO THE SHAREHOLDERS

Your Directors have pleasure in presenting their 15th Annual Report on the business and operations of the company together with the Audited Statement of Accounts for the financial year period of eighteen months ended 31st March'2016. The Directors report is presented under Section 134 of the Companies Act, 2013 from this financial year.

1. FINANCIAL RESULTS:

Your Company's last financial year was a period of nine months ended 30th September, 2014. In order to align its financial year for a 12 months period of April to March from 1st April'16 pursuant to section 2(41) of the Companies Act, 2013, your company has prepared the Statement of Accounts for eighteen months period from October'14 to March'16 for review. Comparatives are furnished accordingly.

PARTICULARS (Rs. In Lakhs)	2015-16 (18 Months ended 31.3.2016)	2014-15(18months ended 30.9.2014)
Operational Revenue	17999.24	17306.81
Other Revenue	2278.70	2664.33
Total Revenue	20277.94	19971.14
Expenditure	13414.88	11452.04
Profit/(Loss) Before Tax	(476.34)	967.30
Profit after Tax	(351.72)	751.90
Balance as per last Balance Sheet	633.19	(118.71)
Adjustment of prior period item for Rs.16.71 Lakhs against Reserves	(16.71)	NIL
Balance carried to Balance Sheet	264.75	633.19
Cargo Volume in Metric Tons	69,83,440	82,00,295

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During the period under review, your company has incurred a loss of Rs.4.76 Cr which is mainly attributed to non-operation of both the berths EQ-8 and EQ-9 for at least 50 % of the berth days in the review period on account of delay in completion of Capital Dredging undertaken by Visakhapatnam Port Trust for increasing the draft to -16.10 Meters at the entrance channel, Turning Circle and the Inner Harbour berths. This Capital dredging scheduled for completion by May'15 by the Port was unduly delayed owing to various technical constraints faced in Rock dredging at the Visakhapatnam Port channels especially at the intersection of EQ-7 and EQ-8 berths. Further, Your Company had to keep both the berths idle for considerable period to facilitate navigation of Dredgers of Dredging Corporation of India at various point of time.

Your Directors are happy to inform that your company has now crossed all the hurdles pertaining to Dredging which was pending since 2005 and the Visakhapatnam Port Trust has declared both our berths EQ-8 and EQ-9 for handling fully laden Panamax vessels arriving at a draft of 14.5 Meters on high tide from 25.2.2016. Your directors feel proud for having achieved this milestone event of your company which will be the main growth driver henceforth in achieving the planned future growth of your Company.

2. Future Outlook and Investment Programme:

a) Future Outlook

Achievement of draft of 14.5 Meters is a major boost to the competitive strength of your Company which is the only multipurpose terminal at Vizag Port to handle fully laden Panamax vessels. The unhealthy competition from Stevedores operating at VPT's berths using the Port infrastructure paying lower rates of Plot rentals, Berth hire and Wharfage besides no payment of Royalty to the Port would be addressed with the proposed enhancement of Berth hire and Wharfage rates of Visakhapatnam Port Trust(VPT) by about 50% by TAMP. The Plot rentals of VPT have been already raised upwards by 3.4 times from 06.5.2016. Further, as per the new Stevedoring Policy of the Government, Stevedores are required to pay revenue share fetched in the bid for getting Stevedoring License from VPT. The tariff collected by Stevedores at VPT will also be regulated by the Tariff Authority for Major Ports(TAMP) and VPT has issued a circular already to this effect.

Your company has also requested for allotment of additional land of 20 Acres in the vicinity of the terminal which is under active consideration of the VPT.

b) Marketing Policies:

In order to leverage all these favourable developments and achieve the maximum throughput, 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

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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.

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. With the existing four Harbour Mobile Cranes, your company will be fully equipped to achieve the overall cargo handling capacity of 8.5 Million Tons from next year.

3. **Dividend:** In view of the absence of profit in the review period, your directors are not recommending any dividend.

4. Extract of Annual Return:

The extract of Annual Return in format MGT-9, for the Financial year 2015-16 has been enclosed with this report as Annexure-I.

5. Number of Board Meetings:

During the Financial year under review, eight board meetings were held on 7.11.14, 23.11.14, 31.1.15, 24.4.15,7.8.15, 27.10.15,10.2.16 and 16.2.16 and five Committee meetings were held on 24.4.15, 31.7.15, 27.10.15,10.2.16 (2)

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

Name of the Director	No.of Board Meetings Attended	No.of Committee Meetings Attended
Abhijit Rajan	5	N.A
Kishore Kumar Mohanty	4	N.A
Kirit c Shah	5	N.A
Kishalay Bhandopadhyay	5	2
R.kishore	6	N.A
Homai daruwalla	5	5
Chandrasah Charandas Dayal	5	5
Shoumik Bose	4	N.A
Monesh Bhansali	4	2
Atulesh Sharma	2	N.A
Sanjay Abhaychandra Chaudhary	2	N.A

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

7. Particulars of Contracts or Arrangements with Related Parties:

The particulars of Contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 for the financial year 2015-16 in the prescribed format, AOC-2 has been enclosed with the report.

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

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

9. Directors' Responsibility Statement:

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

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

10. Risk Management Framework:

The Company is following a Risk Management framework under which the risks covering the entire operations are identified and categorized as High, Medium and Low. All such risks are discussed periodically in the periodical meetings with Senior management team and appropriate pro-active actions taken. High risks impacting

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our major operations are informed to board by circulation indicating the action plan for further advice or action. The risk details and mitigation plans are also discussed periodically in the Audit Committee and the board meetings. In the opinion of the board, the elements of risk threatening the company's existence is very minimal.

11. Details of Directors and Key Managerial Personnel:

Following directors have joined the board of your company during the year under review:

Mr. Atulesh Sharma with effect from 26.3.15

Mr. Sanjay Chaudhary with effect from 26.3.15

Following directors have resigned from the board of your company as furnished below:

- | | |
|------------------------------|-----------------------------|
| 1. Mr. Subhrarabinda Birabar | with effect from 29.01.2015 |
| 2. Mr. Himanshu Parikh | with effect from 23.09.2015 |
| 3. Mr. Sathish Chandran | with effect from 07.04.2015 |
| 4. Mr. Monesh Bhansali | with effect from 18.04.2016 |
| 5. Mr. Athulesh Sharma | with effect from 06.04.2016 |

Mr. Kirit C Shah, Mr. Kishalay Bandopadhyay, Mr. Sanjay Chaudhary and Mr. Shoumik Bose will retire in the ensuing A.G.M and being eligible offers themselves for re-appointment.

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

Mr. S. Ravikiran, joined as Company Secretary from 1.2.2015.

Mr. A.V. Vaitheeswaran, C.F.O retired from the Services of the Company on Superannuation with effect from 20.4.2016.

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

Conservation of Energy in all possible ways especially by savings in electricity, fuel and power consumption receive due attention of the Management and the same pursued on continuous basis. The company is also considering the feasibility of setting up a 5 MW Solar Power Plant. Information on Technology Absorption is Nil as the company is engaged in port services.

Foreign Exchange earned: NIL

Foreign Exchange Outflow towards Technical Services- Rs 9,41,904

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13. Statement on adequacy of Internal Financial Control (IFC) with reference to the Financial Statements:

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

14. Declaration by Independent Directors:

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

15. Secretarial Audit report

Secretarial Audit Report in form MR 3 given by the Practising Company Secretary, has been annexed to this report.

With respect to the remark that approval of ROC for extension of financial year of the company is awaited, it was verified with the ROC office, Hyderabad who informed that nor formal communication to the company will be sent and approval of the e-form filed for extension of the Financial year with ROC may be treated as sufficient compliance.

16. Corporate Social Responsibility (CSR) policy:

The provisions regarding CSR under section 135 of the Companies Act, 2013 are not applicable to your company during the year under review.

17. 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.

18. Nomination and Remuneration Committee policy:

The Board on the recommendation of the Nomination and Remuneration Committee of the Company has framed a policy for selection and appointment of directors, senior management and their Remuneration. Same is attached to this report.

19. Disclosure on Establishment of a Vigil mechanism

The Company has framed a vigil Mechanism/whistle blower policy and communicated the same to all employees. The details of such policy are also posted on the Company's website.

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

21. Details of significant and material orders passed by the regulators or courts or tribunal impacting the going concern status and Company's operation in future are NIL.

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

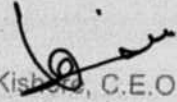
23. Statutory Auditors: M/S BSR & Associates LLP (FRN No.116231W/W-100024) retires in the ensuing Annual general meeting and being eligible offers themselves for re-appointment.

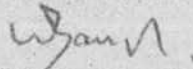


24. Acknowledgements

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

For and on behalf of the Board of Directors

1.  (R. Kishore, C.E.O & Director)

2.  (Kishalay Bhandopadhyay)
Director

Place: Visakhapatnam,

Date: 20/07/2016

APPENDIX II

Form No. AOC-2

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

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

1. Details of material contracts or arrangement or transactions at arm's length basis
 - a.) Name(s) of the related party and nature of relationship
Eversun Marine Trade Private Limited,(EMT), a company in which Mr.R.kishore, C.E.O & Director is interested as his relative being a director and shareholder.
 - b.) Nature of contracts/arrangements/transactions:
Contract of Stevedoring at other Port berths, Deployment of Equipment, Supply of Man power for cargo handling operations and Cargo storage services.
 - c.) Duration of the Contract/arrangement/transactions
Five years except for Supply of man power supply which is two years.
 - d.) Salient terms of the Contracts or arrangements or transactions including the value, if any:
To overcome the storage constraint, cargo storage service availed utilizing their storage plots. The equipment and man power requirements of the company will fluctuate depending on the operational requirements. In order to avoid full dependence on existing Service provider whose rates were fixed based on the market bids, Equipment and Manpower services are availed from the said company at the same rate paid to the existing Service provider fetched through bid. This arrangement ensures availability of equipment and man power without any interruption to day to day business operations and loss of business for want of equipment/man power.

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- e.) Details of approval by the Board, if any:
Storage service and manpower approved by the board on 8.5.14 and 31.1.15.
- f.) Amount paid as advances, if any – Nil

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

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

Eversun Sparkle Maritime Services Private Limited, (ESMS) a company in which the C.E.O & Director is interested as his relative being a director.

b.) Nature of contracts/arrangements/transactions:

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

c.) Duration of the Contract/arrangement/transactions

Four years.

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

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

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

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

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

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

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

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

b.) Nature of contracts/arrangements/transactions:

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

c.) Duration of the Contract/arrangement/transactions

Five years.

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d.) Salient terms of the Contracts or arrangements or trans-actions including the value, if any.

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

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

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

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

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



Appendix III

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

- | | |
|--|--|
| 1. Name of the employee | : R.kishore |
| 2. Designation | : C.E.O & Director |
| 3. Remuneration received | : Rs.1,44,00,000 |
| 4. Nature of employment | : Contractual |
| 5. Qualification and experience | : M.Sc., 33 Years |
| 6. Date of commencement of Employment | : 15 th September, 2001 |
| 7. Age of the employee | : 59 years |
| 8. Last Employment held | : Assistant General manager,
Steel Authority of India Limited |
| 9. Percentage of equity shares held | : Nil |
| 10. Whether a relative of any director or
Manager | |

Place: Visakhapatnam

Date: 20/07/2016

For and on behalf of the Board


(R.kishore)

C.E.O & Director


(Kishalay Bhandpophadhyay)
Director

**VIZAG SEAPORT PRIVATE LIMITED
REMUNERATION POLICY**

1. PREAMBLE:

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

2. AIMS & OBJECTIVES:

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

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

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

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

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

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

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

- (i) Evaluation process must precede renewal of contracts. Self-evaluation is not recommended. Directors' performance, including that of independent directors' performance, must be evaluated by the Chairman of the Board who may seek advice from other Board members before making a recommendation.
- (ii) Performance of Key Managerial Personnel should be made by the Committee in a meeting, the Committee will be guided by the evaluation of the performance by the C.E.O & Whole-time Director or as the case may be, CFO of the Company.
- (iii) While recommending renewal of the term, the Committee will follow the remuneration policy and evaluation process enunciated above.
- (iv) An Exit interview by NRC or at least one of its members is recommended particularly when the NRC has been intimated of the

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resignation of a Director or a KMP in order to understand the reasons for leaving the Company before the expiry of his/her term.

6. AMENDMENTS TO THIS POLICY:

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

7. APPROVAL AND PUBLICATION:

The remuneration policy as framed and or amended by the Committee shall be recommended to the Board of Directors for its approval.

The policy shall be disclosed in the Directors' report to be issued by the Board of Directors in terms of the requirements of Companies Act, 2013



Appendix I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on

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

REGISTRATION AND OTHER DETAILS :

- (i) CIN : **U45203AP2001PTC038955**
- (ii) Registration date : 24.04.2001
- (iii) Name of the company : Vizag Seaport Private Limited
- (iv) Category/sub-category of the company : **Company Limited by Shares**
- (v) Address of the registered office and contact details :

Administrative Block
S4 Gallery, Near GFCL
Port Area, Visakhapatnam – 530035.

- (vi) Whether listed company Yes/No : **NO**
- (vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : **NO**

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The business activities contributing 10 per cent or more of the total turnover of the company shall stated :-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1.	PORT OPERATION		100%
2.			
3.			

Public Shareholding									
Institutions									
Mutual Funds									
Banks/FI									
Central Govt.									
State Govt(s)									
(e) Venture Capital Funds									
(f) Insurance Companies									
FIs									
(h) Foreign Venture Capital Funds									
(i) Others (specify) Sub-total(B)(1) :									
Non- Institutions									
Bodies Corp.									
Indian									
Overseas									
Individuals									
(i) Individual shareholders holding nominal share capital upto Rs. 1 lakh									
(ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh									
Others (specify) Sub-total(B)(2) :									
Total Public Shareholding (B) = (B)(1) + (B)(2)									
Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	64,313,847	22,877,417	87,191,264	100%	64,313,847	22,877,417	87,191,264	100%	0%

Referencer on Board's Report (ii) Shareholding of promoters

Sl. No.	Shareholder's name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged/encumbered to total shares	
1	Gammon Infrastructure Projects	64,313,847	73.76%	NIL	64,313,847	73.76%	NIL	0%
2	Lastin Holdings Limited:	22877417	26.24%	NIL	22877417	26.24%	NIL	0%
3								
	Total							

(iii) Change in Promoters' Shareholding (please specify, if there is no change) **NO CHANGE**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g., allotment/ transfer/ bonus/sweat equity, etc):				
	At the End of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

NO CHANGE

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	At the beginning of the year				
	Date wise Increase/ Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g., allotment/ transfer / bonus/ sweat equity, etc.):				
	At the End of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel - **NIL**

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	For Each of the Director and KMP				
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase/de- crease (e.g., allot- ment/transfer/ bonus/ sweat equity, etc.):				
	At the End of the year				

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

SL No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable Section
1.	N.A	N.A	N.A	N.A	N.A
2.					

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

i) Category-wise share holding

Category of shareholders	No. of shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
Promoters									
Indian									
Individual/ HUF									
(b) Central Govt									
(c) State Govt(s)									
(d) Bodies Corp.	64,313,847	NIL	64,313,847	73.76%	64,313,847	NIL	64,313,847	73.76%	
Banks/FI									
Any Other... Sub-total(A)(1):									0%
Foreign									
(a) NRIs - Individuals									
(b) Other - Individuals	NIL	22,877,417	22,877,417	26.24%	NIL	22,877,417	22,877,417	26.24%	
(c) Bodies Corp.									
Banks/FI									
Any Other... Sub-total (A)(2) :-									
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	64,313,847	22,877,417	87,191,264	100%	64,313,847	22,877,417	87,191,264	100%	

Referencer on Board's Report

V. INDEBTEDNESS

Indebtedness of the company including interest outstanding/ accrued but not due for payment

Rs in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
(i) Principal Amount	286.09	—	—	286.09
(ii) Interest due but not paid				
(iii) Interest accrued but not due				
Total (i+ii+iii)	286.09	—	—	286.09
Change in Indebtedness during the financial year				
• Addition	12.10			
• Reduction	31.435			
Net Change	266.75			286.09
Indebtedness at the end of the financial year				
(i) Principal Amount	266.75			266.75
(ii) Interest due but not paid	2.77			
(iii) Interest accrued but not due	2.74			
Total (i+ii+iii)	272.265			266.75

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		— — — —	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites under section 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	RAHAM KISHORE Salary 8,00,000 X 18 months	1,44,00,000

2.	Stock option					
3.	Sweat equity					
4.	Commission - as % of profit - others, specify...					
5.	Others, please specify					
	Total (A)					1,44,00,000
	Ceiling as per the Act					

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors	Total Amount
1.	Independent Directors		
	• Fee for attending Board/ committee meetings	Homai daruwalla	2,20,000
		Chandahas Charandas	2,20,000
		Dayal	
	• Commission		
	• Others, please specify		
	Total (1)		4,40,000
2.	Other Non-Executive Directors		
	• Fee for attending Board / committee meetings		
	• Commission		
	• Others, please specify		
	Total (2)		
	Total (B) = (1 + 2)		4,40,000
	Total Remuneration <small>Managerial</small>		4,40,000
	Overall Ceiling as per the Act		20,000 per meeting

Referencer on Board's Report

C. Remuneration to key managerial personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites under section 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	1,44,00,000	9,67,355	47,68,050	2,01,35,405
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify.				
5.	Others, please specify				
	Total	1,44,00,000	9,67,355	47,68,050	2,01,35,405

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES **NIL**

Type	Section of the Companies Act	Brief Description	Details of Penalty/Punishment/Compounding fees imposed	Authority [RD/NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

B S R & Associates LLP

Chartered Accountants

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Independent Auditor's Report To the Members of Vizag Seaport Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Vizag Seaport Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss, the cash flow statement for the period then ended, and a summary of the significant accounting policies and other explanatory information (collectively referred as to the 'financial statements').

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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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 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, to the extent applicable.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the 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 financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal control system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

Vizag Seaport Private Limited
Independent Auditor's Report on the Financial Statements (continued)

Auditors Responsibility (continued)

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the said order to the extent applicable.
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, and the cash flow statement dealt with by this report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

Vizag Seaport Private Limited
Independent Auditor's Report on the Financial Statements (continued)

Report on Other Legal and Regulatory Requirements (continued)

(f) 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 as at 31 March 2016 on its financial position in its financial statements - Refer Note 2.23 to the financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration No. : 11623W/ W-100024



Hemant Maheshwari

Partner

Membership No. 096537

Place : Hyderabad

Date : 19 May 2016

Vizag Seaport Private Limited

Annexure to the Independent Auditor's Report on the Financial Statements

The annexure referred to in our Report of even date to the Members of Vizag Seaport Private Limited ("the Company") on the financial statements for the period ended 31 March 2016, we report that:

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a regular programme of physical verification of its fixed assets by which all the fixed assets are verified annually. In our opinion, the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, fixed assets were physically verified during the period. No material discrepancies were noticed on such verification.
- ii. (a) The inventory has been physically verified by the Management during the period. In our opinion, the frequency of such verification is reasonable.
- (b) In our opinion, the procedures for the physical verification of inventory followed by the Management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company is maintaining proper records of inventory and the discrepancies noticed on verification between the physical stock and book records were not material and have been properly dealt with in the books of account.
- iii. The Company has granted unsecured loan to one company covered in the register maintained under Section 189 of the Act.
 - (a) In respect of the aforesaid loan, the borrower has not been regular in repaying the principal and interest, as stipulated. However, the interest due has been fully repaid as at 31 March 2016.
 - (b) In respect of the aforesaid loan, where the overdue amount is more than Rupees one lakh, in our opinion, reasonable steps have been taken by the Company for the recovery of the principal amounts and interest.
- iv. In our opinion and according to the information and explanations given to us, and having regard to the explanation that purchase of certain items of inventories and services are for the Company's specialised requirements and similarly sale of certain services are for the specialised requirements of the buyer and suitable alternative sources are not available to obtain comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchase of inventories and fixed assets and with regard to the sale of services. The activities of the Company do not involve the sale of goods. We have not observed any major weakness in the internal control system during the course of the audit.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the rules framed there under to the extent notified.
- vi. We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for the maintenance of cost records under Section 148 (1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

Vizag Seaport Private Limited
Annexure to the Independent Auditor's Report on the Financial Statements

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

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, duty of Customs, Value added tax and other material statutory dues were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable. As explained to us, the Company did not have any dues on account of duty of Excise and Cess.

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

Name of the statute	Nature of the dues	Amount in Rupees	Period to which the amount relates	Forum where the dispute is pending
Income-tax Act, 1961	Penalty	59,009,685	2007-08	Commissioner of Income-tax (Appeals), Mumbai
Income-tax Act, 1961	Penalty	51,335,425	2010-11	Commissioner of Income-tax (Appeals), Mumbai

As explained to us, the Company did not have any dues on account of duty of Excise and Cess.

- (c) According to the information and explanations given to us, there are no amounts required to be transferred by the Company to the Investor Education and Protection Fund in accordance with the provisions of the Companies Act, 1956 and the rules made thereunder.
- viii. The Company does not have any accumulated losses at the end of the financial period and has not incurred cash losses in the financial period and in the immediately preceding financial period.
- ix. In our opinion and according to the information and explanations given to us, the Company has delayed in repayment of dues to its bankers and financial institutions as mentioned in the Appendix to this report. The Company did not have dues to debenture holders during the period.
- x. In our opinion and according to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks or financial institutions.
- xi. In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised.

B S R & Associates LLP

Vizag Seaport Private Limited
Annexure to the Independent Auditor's Report on the Financial Statements

xii. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the course of our audit.

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration No. : 116231W /W-100024



Hemant Maheshwari

Partner

Membership No. 096537

Place : Hyderabad

Date : 19 May 2016

Vizag Seaport Private Limited
Annexure to the Independent Auditor's Report on the Financial Statements

Appendix to Annexure to the Independent Auditors' Report:

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

(Amounts in ₹)

Name of the bank/financial institutions	Due Date	Delay Amount	Delay in days	Payment date
IDFC	01 October 2014	18,604,992	30	31 October 2014
IDFC	01 November 2014	10,104,872	56	26 November 2014
IDFC	01 January 2015	10,106,378	4	05 January 2015
IDFC	01 January 2015	15,649,265	29	30 January 2015
IDFC	01 January 2015	7,394,928	55	25 February 2015
IDFC	01 April 2015	1,482,823	57	28 May 2015
IDFC	01 April 2015	10,000,000	58	29 May 2015
IDFC	01 April 2015	33,188,168	66	06 June 2015
IDFC	01 July 2015	22,755,688	52	22 August 2015
IDFC	01 July 2015	23,857,519	62	01 September 2015
IDFC	01 October 2015	46,439,294	91	31 December 2015
IDFC	01 January 2016	46,439,294	90	31 March 2016

Vizag Seaport Private Limited
Annexure to the Independent Auditor's Report on the Financial Statements

Appendix to Annexure to the Independent Auditors' Report (continued):

Details of delays in repayment of interest amount for loans obtained from banks/financial institutions:

Name of the bank/ financial institutions	Due Date	Delay Amount	Delay in days	Payment date
IDFC	01 December 2014	10,047,129	31	01 January 2015
IDFC	01 February 2015	7,605,072	24	25 February 2015
IDFC	01 February 2015	20,298,537	57	30 March 2015
IDFC	01 March 2015	23,993,008	57	27 April 2015
IDFC	01 April 2015	20,000,000	56	27 May 2015
IDFC	01 April 2015	8,517,177	57	28 May 2015
IDFC	01 May 2015	3,133,900	36	06 June 2015
IDFC	01 May 2015	24,412,652	59	29 June 2015
IDFC	01 June 2015	5,587,348	28	29 June 2015
IDFC	01 June 2015	23,009,032	59	30 July 2015
IDFC	01 July 2015	65,590	29	30 July 2015
IDFC	01 July 2015	27,244,374	52	22 August 2015
IDFC	01 August 2015	15,000,000	91	31 October 2015
IDFC	01 August 2015	11,888,025	121	30 November 2015
IDFC	01 September 2015	3,111,975	90	30 November 2015
IDFC	01 September 2015	24,868,950	121	31 December 2015
IDFC	01 October 2015	26,104,993	91	31 December 2015
IDFC	01 November 2015	26,407,132	60	31 December 2015
IDFC	01 December 2015	25,444,026	121	31 March 2016
IDFC	01 January 2016	26,407,132	90	31 March 2016
IDFC	01 February 2016	25,625,372	59	31 March 2016
IDFC	01 March 2016	24,266,217	79	Not yet paid*
IDFC	01 April 2016	25,939,749	48	Not yet paid*

*as on reporting date

Vizag Seaport Private Limited**Balance sheet**

(All amounts in Indian rupees, except share data and where otherwise stated)

	Note	As at 31 March 2016	As at 30 September 2014
EQUITY AND LIABILITIES			
Shareholders' funds			
(a) Share capital	2.1	871,912,640	871,912,640
(b) Reserves and surplus	2.2	26,475,636	63,319,762
		<u>898,388,276</u>	<u>935,232,402</u>
Non-current liabilities			
(a) Long-term borrowings	2.3	2,371,446,933	2,680,259,432
(b) Deferred tax liabilities (net)	2.31	9,078,066	21,539,929
(c) Long-term provisions	2.4	12,101,675	6,522,670
		<u>2,392,626,674</u>	<u>2,708,322,031</u>
Current liabilities			
(a) Short-term borrowings	2.5	80,500,000	-
(b) Trade payables			
- total outstanding dues of micro enterprises and small enterprises		-	-
- total outstanding dues of creditors other than micro and small enterprises	2.6	137,699,480	63,285,884
(c) Other current liabilities	2.7	375,227,193	370,135,672
(d) Short-term provisions	2.8	864,351	468,992
		<u>594,291,024</u>	<u>433,890,548</u>
		<u>3,885,305,974</u>	<u>4,077,444,981</u>
ASSETS			
Non-current assets			
(a) Fixed assets			
- Tangible assets	2.9	2,088,544,006	2,143,014,351
- Intangible assets		1,046,101	1,530,049
- Capital work-in-progress		29,488,114	24,722,140
(b) Long-term loans and advances	2.10	319,324,634	253,050,889
		<u>2,438,402,855</u>	<u>2,422,317,429</u>
Current assets			
(a) Inventories	2.11	27,970,638	29,042,452
(b) Trade receivables	2.12	208,474,213	177,468,844
(c) Cash and bank balances	2.13	34,339,227	146,543,398
(d) Short-term loans and advances	2.14	1,155,082,760	1,192,825,644
(e) Other current assets	2.15	21,036,281	109,247,214
		<u>1,446,903,119</u>	<u>1,655,127,552</u>
		<u>3,885,305,974</u>	<u>4,077,444,981</u>

Significant accounting policies

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for B S R & Associates LLP

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024


Hemant Maheshwari

Partner

Membership No.: 096537



for and on behalf of the Board of Directors of

Vizag Seaport Private Limited

CIN: U45203AP2001PTC038955


R Kishore

CEO and Whole Time Director

DIN: 00344011


Kishalay Bandopadhyay

Director

DIN: 00255055


Ravi Kiran

Company Secretary

Membership No: 31937

Place: Hyderabad

Date: 19 May 2016

Place: Visakhapatnam

Date: 16 May 2016

Vizag Seaport Private Limited**Statement of profit and loss**

(All amounts in Indian rupees, except share data and where otherwise stated)

	Note	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
Revenue from operations			
Revenue from port operations	2.16	1,754,714,321	814,671,428
Other operating revenues	2.17	45,210,168	35,266,726
		1,799,924,489	849,938,154
Other income	2.18	227,870,052	142,715,605
Total revenue		2,027,794,541	992,653,759
Expenses			
Operating expenses	2.19	1,176,735,367	504,469,365
Employee benefits	2.20	93,423,570	35,275,303
Finance costs	2.21	507,265,842	259,329,211
Depreciation and amortisation	2.9	226,273,055	103,218,711
Other expenses	2.22	71,730,900	33,083,852
Total expenses		2,075,428,734	935,376,442
(Loss) / Profit before tax		(47,634,193)	57,277,317
Tax expense:			
- Current tax		12,650,000	11,760,000
- Tax related to earlier period		520,000	-
- Minimum alternative tax entitlement		(13,170,000)	(11,760,000)
- Deferred tax (gain)/ expense	2.31	(12,461,863)	20,749,553
		(12,461,863)	20,749,553
(Loss) / Profit for the period		(35,172,330)	36,527,764
Earnings per share - par value of Rs.10 per share			
- Basic and diluted	2.34	(0.40)	0.42
Number of shares used in computing earnings per share			
- Basic and diluted		87,191,264	87,191,264
Significant accounting policies	1		
The notes referred to above form an integral part of the financial statements			
As per our report of even date attached			

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



Hemant Maheshwari
Partner
Membership No.: 096537



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



R Kishore
CEO and Whole Time Director
DIN: 00344011



Kishalay Bandopadhyay
Director
DIN: 00255055



Ravi Kiran
Company Secretary
Membership No: 31937

Place: Hyderabad
Date: 19 May 2016

Place: Visakhapatnam
Date: 16 May 2016

Vizag Seaport Private Limited**Cash flow statement**

(All amounts in Indian rupees, except share data and where otherwise stated)

	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
Cash flows from operating activities:		
(Loss) / Profit before tax	(4,76,34,193)	5,72,77,317
Adjustments:		
Depreciation and amortisation expense	22,62,73,055	10,32,18,711
Interest income	(22,71,86,042)	(11,32,74,859)
Interest expense	50,72,65,842	25,81,13,322
Loss on sale of fixed assets	3,26,014	-
Liabilities no longer required written back	(6,84,010)	(2,94,40,746)
Provision for doubtful advances	51,68,748	-
Provision for doubtful trade receivables	45,71,931	14,75,090
Operating cash flow before working capital changes	46,81,01,345	27,73,68,835
Increase in trade receivables	(3,55,77,300)	(3,45,00,357)
Decrease in inventories	10,71,814	24,95,522
(Increase)/ decrease in loans and advances	3,66,45,549	(6,12,84,935)
Increase in liabilities and provisions	1,40,94,831	8,63,71,404
Cash generated from operations	48,43,36,239	27,04,50,469
Income taxes paid (net)	(7,67,14,602)	(2,26,81,122)
Net cash generated from operating activities	40,76,21,637	24,77,69,347
Cash flows from investing activities:		
Purchase of fixed assets	(16,74,33,890)	1,36,47,391
Proceeds from sale of fixed assets	8,60,000	-
Loan repaid by holding company	97,61,355	-
Bank balances to the extent not considered in cash and cash equivalents	8,07,48,003	5,03,00,597
Interest received	31,03,30,244	3,70,14,029
Net cash from investing activities	23,42,65,712	10,09,62,017
Cash flows from financing activities:		
Repayment of long-term borrowings	(27,38,52,595)	(10,68,21,932)
Repayment of short-term borrowings	14,10,00,000	-
Proceeds from short-term borrowings	(6,05,00,000)	-
Interest paid	(47,99,90,922)	(28,96,94,840)
Net cash used in financing activities	(67,33,43,517)	(39,65,16,772)
Net decrease in cash and cash equivalents	(3,14,56,168)	(4,77,85,408)
Cash and cash equivalents at the beginning of the period	6,57,95,395	11,35,80,803
Cash and cash equivalents at the end of the period (Refer note 2.13)	3,43,39,227	6,57,95,395

Significant accounting policies

The notes referred to above form an integral part of the financial statements
As per our report of even date attached

for **B S R & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024


Hemant Maheshwari

Partner

Membership No.: 096537

I
For and on behalf of the Board of Directors of

Vizag Seaport Private Limited

CIN: U45203AP2001PTC038955


R Kishore

CEO and Whole Time Director

DIN: 00344011


Kishalay Bandopadhyay

Director

DIN: 00255055


Ravi Kiran

Company Secretary

Membership No: 31937

Place: Hyderabad

Date: 19 May 2016

Place: Visakhapatnam

Date: 16 May 2016

Vizag Seaport Private Limited

Notes to financial statements

1. Significant accounting policies

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 30 September 2014 and 31 March 2016 Gammon Infrastructure Project Services Limited holds 74% equity shareholding in the Company.

1.2 Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 (‘the Act’) read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted (GAAP) in India. The financial statements are presented in Indian Rupees, unless otherwise stated.

The Board of Directors of the Company vide resolution dated 24 April 2015, approved to change the financial year of the Company to period of eighteen months from 01 October 2014 to 31 March 2016. (During the previous year financial year changed to a period of 9 months from 01 January 2014 to 30 September 2014). Accordingly, the annual accounts of the Company are prepared for the period of eighteen months from 1 October 2014 to 31 March 2016.

1.3 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from these estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

1.4 Current-non-current classification

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

Assets:

- i. 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.



Vizag Seaport Private Limited

Notes to financial statements (continued)

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

Liabilities:

- i. 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.
- ii. Current liabilities include current portion of non-current financial liabilities. All other liabilities are classified as non-current.

Operating cycle:

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

1.5 Inventories

Inventories are valued at cost. 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.

1.6 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.

1.7 Revenue recognition

Revenue from 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.

Revenue from integrated terminal services is recognized on an accrual basis as per the terms of the agreement with the customers.

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

Income from interest on deposits and interest bearing securities is recognised on the time proportionate method taking into account the amount outstanding and the rate applicable.



Vizag Seaport Private Limited

Notes to financial statements (continued)

1.8 Fixed assets and depreciation

Tangible fixed assets

Fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes purchase price, taxes, duties, freight and any other directly attributable costs of bringing the assets to their working condition for their intended use. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalized.

The cost of tangible fixed assets under construction / acquired, but not ready for their intended use as at balance sheet date are disclosed as capital work-in-progress. Indirect expenditure including borrowing cost to the extent incidental to construction activity is disclosed under Expenditure during construction and will be allocated to fixed assets on being put to use.

Until 30 September 2014, the Company was charging depreciation on tangible fixed assets, other than project berths, under straight-line method based on the rates specified in Schedule XIV to the Companies Act, 1956 or the remaining license period whichever is earlier.

With effect from 1 October 2014, the Management has re-assessed and revised the estimated useful life of the tangible fixed assets, other than project berths, as specified in Schedule II to the Companies Act, 2013. Where cost of a part of the asset is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately.

Project berths are depreciated over the life of the agreement between the Company and VPT.

Individual assets costing less than Rs 5,000 are depreciated in full in the year of purchase.

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. Computer software is amortised on straight line basis over a period of 6 years.

1.9 Foreign currency transactions

Foreign currency transactions are recorded using the exchange rates prevailing on the date of the respective transactions. Exchange differences arising on foreign currency 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, not covered by forward exchange contracts, are translated at year-end rates. The resultant exchange differences are recognised in the statement of profit and loss. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.



Vizag Seaport Private Limited

Notes to financial statements (continued)

1.10 Retirement benefits

Contributions payable to the recognised provident fund, which is a defined contribution scheme, are charged to the statement of profit and loss on accrual basis.

Employee gratuity and long-term compensated absences, which are defined benefit schemes, are accrued based on actuarial valuation at the balance sheet date, carried out by an independent actuary and are charged to statement of profit and loss. All actuarial gains and losses arising during the year are recognised in the statement of profit and loss.

1.11 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 on a straight line basis over the lease term.

1.12 Earnings per share

Basic earnings per share is computed by dividing the net profit / (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. For the purpose of calculating diluted earnings per share, net profit / (loss) after tax for the year and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares. Dilutive potential equity shares are deemed to be converted as of the beginning of the period, unless they have been issued at a later date.

1.13 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.

1.14 Taxation

Income tax expense comprises current tax and deferred tax.

Current tax

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the year. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realised in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and is written-down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company has



Vizag Seaport Private Limited

Notes to financial statements (continued)

a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternate Tax (MAT) Credit entitlement

Minimum Alternative Tax ('MAT') under the provisions of the Income Tax Act, 1961 is recognised as current tax in the statement of profit and loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

1.15 Impairment of 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 recognised

1.16 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.

1.17 Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents



Vizag Seaport Private Limited**Notes to financial statements**

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2016	As at 30 September 2014
2.1: Share Capital		
<i>Authorised</i>		
125,000,000 (previous period: 125,000,000) equity shares of Rs.10 each	1,250,000,000	1,250,000,000
<i>Issued, subscribed and paid - up capital</i>		
87,191,264 (previous period: 87,191,264) equity shares of Rs.10 each, fully paid-up	871,912,640	871,912,640

i) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

Name of the share holder	As at 31 March 2016	As at 30 September 2014
<i>Number of shares:</i>		
Opening at the beginning of the period	87,191,264	87,191,264
Movement during the period	-	-
Closing at the end of the period	87,191,264	87,191,264
<i>Amount:</i>		
Opening at the beginning of the period	871,912,640	871,912,640
Movement during the period	-	-
Closing at the end of the period	871,912,640	871,912,640

ii) Rights, preferences and restrictions attached to shares:

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

iii) Equity shares of Rs. 10 each held by the holding company:

Name of the shareholder	As at 31 March 2016	As at 30 September 2014
Gammon Infrastructure Projects Limited:		
Number of shares	64,313,847	64,313,847
% of shares held	73.76%	73.76%

iv) The details of shareholders holding more than 5% shares in the Company:

Name of the shareholder	As at 31 March 2016	As at 30 September 2014
Gammon Infrastructure Projects Limited:		
Number of shares	64,313,847	64,313,847
% of shares held	73.76%	73.76%
Lastin Holdings Limited:		
Number of shares	22,877,417	22,877,417
% of shares held	26.24%	26.24%



Vizag Seaport Private Limited**Notes to financial statements (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2016	As at 30 September 2014
2.2: Reserves and surplus		
Surplus/ (Debit) balance in the statement of profit and loss:		
Balance as at the beginning of the period	63,319,762	26,791,998
Less: Adjustment for previous periods (Refer Note 2.33)	(1,671,796)	-
Add: (Loss) / Profit for the period	(35,172,330)	36,527,764
Balance as at the end of the period	26,475,636	63,319,762
2.3: Long-term borrowings		
Secured		
Term loan from banks (refer note below)		
Term loan -1	2,362,599,107	2,680,259,432
Term loan -2	8,847,826	-
	2,371,446,933	2,680,259,432

Notes:

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

2. The Company had delayed in creation of mortgage of immovable properties in favour of IDFC on account of delay in obtaining no objection certificate (NOC) from old lenders i.e. State Bank of Patiala (SBP) and Punjab National Bank (PNB). As per the sanction letter with IDFC, securities were required to be mortgaged by the Company by 28 July 2012, otherwise additional interest of 1% p.a was required to be payable on the loan outstanding. Total penal interest payable upto 31 March 2014 was Rs. 45,155,223 and the same was unpaid as at 31 March 2014. During the previous period, the Company has created the mortgage in favour of IDFC and the Company has obtained wavier from payment of penal interest on account of non-creation of securities. As a result, the Company reversed the liability created upto 31 December 2013 in the previous period.

3. Term loan 1: Repayment of loan started from 1 July 2012 and is payable in structured quarterly installments up to 1 April 2027. Rate of interest applicable to IDFC is equivalent to 2.25% p.a over and above the benchmark.

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



Vizag Seaport Private Limited**Notes to financial statements (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2016	As at 30 September 2014
2.4: Long-term provisions		
Provision for employee benefits:		
- Gratuity (non-funded) (refer note 2.30)	4,889,785	3,080,579
- Compensated absences (non-funded)	7,211,890	3,442,091
	<u>12,101,675</u>	<u>6,522,670</u>
2.5: Short-term borrowings		
Secured (refer note 2.3)		
Working capital loan (refer note below)	80,500,000	-
	<u>80,500,000</u>	<u>-</u>
Notes:		
The loan is repayable on demand. However, the cash credit limit will be repaid in equal periodic bimonthly reduction in drawing power, i.e., Rs. 16,700,000 every two months. Interest is charged at 13.15% - 13.20% p.a during the period.		
2.6: Trade payables		
- due to micro and small enterprises (refer note 2.32)	-	-
- due to other than micro and small enterprises	137,699,480	63,285,884
	<u>137,699,480</u>	<u>63,285,884</u>
2.7: Other current liabilities		
Current maturities of long-term debt (refer note 2.3)	215,586,083	180,626,179
Interest accrued and due on borrowings	27,769,363	27,864,242
Interest accrued and not due on borrowings	27,369,799	-
Advances from customers	29,929,030	90,130,392
Capital creditors	27,752,320	17,918,484
Accrued salaries and benefits	5,330,290	812,520
Retention money payable	1,524,007	1,916,463
Provision for expenses	7,330,146	27,845,309
Unearned revenue	4,883,970	7,050,060
Other liabilities	27,752,185	15,972,023
	<u>375,227,193</u>	<u>370,135,672</u>
2.8: Short-term provisions		
Provision for employee benefits:		
- Gratuity (non-funded) (refer note 2.30)	321,521	209,910
- Compensated absences (non-funded)	542,830	259,082
	<u>864,351</u>	<u>468,992</u>



Vizag Seaport Private Limited

Notes to financial statements (continued)

(All amounts in Indian rupees, except share data and where otherwise stated)

2.9: Fixed assets

Fixed assets	Gross block				Accumulated depreciation and amortisation				Net block	
	As at 01 October 2014	Additions	Disposals	As at 31 March 2016	As at 01 October 2014	Charge for the period	Disposals	As at 31 March 2016	As at 31 March 2016	As at 30 September 2014
Tangible (Owned)										
Project berths (Refer note below)	2,280,268,497	169,539,851	-	2,449,808,348	776,028,275	132,908,083	-	908,936,358	1,540,871,990	1,504,240,222
Plant and machinery	980,652,486	272,000	-	980,924,486	354,061,939	85,706,376	-	439,768,315	541,156,171	626,590,547
Office equipment	6,833,361	302,895	-	7,136,256	1,387,678	3,852,844	-	5,240,522	1,895,734	5,445,683
Computer equipment	7,888,907	398,529	-	8,287,436	5,425,713	2,567,622	-	7,993,335	294,101	2,463,194
Furniture and fixtures	2,933,505	87,840	-	3,021,345	1,603,016	855,814	-	2,458,830	562,515	1,330,489
Vehicles	5,065,212	2,855,340	1,995,000	5,925,552	2,120,996	850,047	808,986	2,162,057	3,763,495	2,944,216
Total tangible assets	3,283,641,968	173,456,455	1,995,000	3,455,103,423	1,140,627,617	226,740,786	808,986	1,366,559,417	2,088,544,006	2,143,014,351
Previous period	3,283,024,920	617,048	-	3,283,641,968	1,037,544,082	103,083,535	-	1,140,627,617	2,143,014,351	
Intangible:										
Computer software	1,665,225	720,117	-	2,385,342	135,176	1,204,065	-	1,339,241	1,046,101	1,530,049
Total intangible assets	1,665,225	720,117	-	2,385,342	135,176	1,204,065	-	1,339,241	1,046,101	1,530,049
Previous period	-	1,665,225	-	1,665,225	-	135,176	-	135,176	1,530,049	

Notes:

Projects berths were constructed by the Company on lease hold land owned by Visakhapatnam Port Trust (VPT) and are transferrable to VPT after the concession period of 30 years from 28 November 2001.



Vizag Seaport Private Limited**Notes to financial statements (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2016	As at 30 September 2014
2.10: Long-term loans and advances <i>(Unsecured, considered good)</i>		
Loan to a related party	-	10,133,764
Capital advances	-	1,674,819
Security deposits	23,719,023	22,351,297
Other loans and advances:		
- Rental advance	13,200,858	13,200,858
- MAT credit entitlement	117,178,491	104,008,491
- Advance Income-tax (net of provisions)	165,226,262	101,681,660
	<u>319,324,634</u>	<u>253,050,889</u>
2.11: Inventories <i>(At lower of cost or net realisable value)</i>		
Stores and spares	27,970,638	29,042,452
	<u>27,970,638</u>	<u>29,042,452</u>
2.12: Trade receivables <i>(Unsecured)</i>		
Outstanding for a period exceeding six months from the date they are due for payment:		
- Considered doubtful	-	4,456,101
- Considered good	40,907,030	30,914,689
Less: Provision for doubtful trade receivables (refer note below)	-	(4,456,101)
	<u>40,907,030</u>	<u>30,914,689</u>
Other receivables (considered good)	167,567,183	146,554,155
	<u>208,474,213</u>	<u>177,468,844</u>

Provision for doubtful trade receivables:

Periodically, the Company evaluates all customer dues to the Company for collectability. The need for provision 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.

The details of changes in provision for doubtful trade receivables are as follows:

Particulars	As at 31 March 2016	As at 30 September 2014
Balance at the beginning of the period	4,456,101	2,981,011
Provision made during the period	4,571,931	1,475,090
Trade receivables written off during the period	(9,028,032)	-
Balance at the end of the period	-	4,456,101



Vizag Seaport Private Limited**Notes to financial statements (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

	As at 31 March 2016	As at 30 September 2014
2.13: Cash and bank balances		
Cash and cash equivalents:		
Cash on hand	1,473	6,102
Balance with banks:		
- in current accounts	<u>34,337,754</u>	<u>65,789,293</u>
	34,339,227	65,795,395
Other bank balances:		
Bank deposits for more than three months but less than twelve months*	-	80,748,003
	<u>34,339,227</u>	<u>146,543,398</u>
*Represents balances with banks held as Debt Service Reserve Account ("DSRA") against borrowing availed by the Company		
2.14: Short-term loans and advances <i>(Unsecured, considered good)</i>		
Loan to holding company	1,105,338,645	1,115,100,000
Advances recoverable in cash or in kind or for value to be received	20,474,337	59,476,929
Prepaid expenses	12,772,773	14,691,118
Cenvat receivable	21,665,753	3,557,597
Less: Provision for doubtful advances	<u>(5,168,748)</u>	-
	<u>1,155,082,760</u>	<u>1,192,825,644</u>
2.15: Other current assets		
Unbilled revenue	16,494,955	7,892,620
Accrued interest	1,252,693	84,396,895
Due from customers	<u>3,288,634</u>	<u>16,957,699</u>
	<u>21,036,281</u>	<u>109,247,214</u>



Vizag Seaport Private Limited**Notes to financial statements (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
2.16: Revenue from port operations		
Cargo handling services	1,217,808,572	582,145,097
Cargo handling services outside the terminal	132,573,851	81,646,679
Wharfage	44,913,265	66,750,302
Berth hire charges	134,112,017	32,023,998
Plot rentals	223,169,399	48,837,603
Dust suppression charges	2,137,217	3,267,749
	1,754,714,321	814,671,428
2.17: Other operating revenues		
Weighment charges	2,888,207	4,186,905
Scrap sales	21,050,931	30,203,488
Other miscellaneous activities	21,271,030	876,333
	45,210,168	35,266,726
2.18: Other income		
Interest income:		
- On deposits	3,263,865	7,335,732
- Others	223,922,177	105,939,127
Liabilities no longer required written back	684,010	29,440,746
	227,870,052	142,715,605



Vizag Seaport Private Limited**Notes to financial statements (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
2.19: Operating expenses		
Cargo handling charges	537,375,489	167,995,097
Cargo handling charges outside the terminal	96,864,770	65,136,337
Bulk material handling system maintenance	59,850,000	29,925,000
Repairs and maintenance:		
- Plant and machinery	148,222,794	69,211,565
- civil projects	9,936,565	4,591,452
Power and fuel	71,305,372	44,620,425
Royalty on revenue	65,968,675	29,021,830
Labour charges	57,342,025	19,324,610
Lease rentals (refer note 2.27)	11,382,299	5,083,928
Stevedoring charges	6,351,738	3,916,983
Insurance premium	9,533,971	3,544,664
Dredging expenses	3,323,070	3,153,251
Survey charges	9,824,930	4,858,143
Railway staff charges	13,443,326	6,393,164
Railway siding and haulage charges	15,959,542	15,181,753
Charges for wagons demurrage and idle freight	21,876,672	10,177,935
Charges for shortfall in committed discharge	28,139,246	19,288,516
Water charges to terminal	10,034,883	3,044,712
	1,176,735,367	504,469,365
2.20: Employee benefits		
Salaries, wages and bonus (refer note 2.30)	70,793,048	25,151,306
Managerial remuneration	14,400,000	7,200,000
Contribution to provident fund and other funds (refer note 2.30)	4,171,879	1,722,354
Staff welfare expenses	4,058,643	1,201,643
	93,423,570	35,275,303



Vizag Seaport Private Limited**Notes to financial statements (continued)**

(All amounts in Indian rupees, except share data and where otherwise stated)

	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
2.21: Finance costs		
Interest expense	504,734,055	258,113,322
Other borrowing costs	2,531,787	1,215,889
	507,265,842	259,329,211
2.22: Other expenses		
Legal and professional charges (refer note 2.25)	14,911,067	7,547,824
Security charges	10,459,958	6,999,231
Repairs and maintenance - others	12,208,348	4,496,243
Travelling and conveyance	6,072,907	3,958,493
Communication expenses	1,675,717	1,274,482
Vehicle hire charges	4,795,574	1,692,781
Advertisement expenses	970,249	202,550
Insurance premium	1,729,048	729,063
Membership and other subscription	1,011,563	354,985
Office maintenance	1,963,028	1,109,962
Donations		
Provision for doubtful receivables (refer note 2.12)	4,571,931	1,475,090
Provision for doubtful advances (refer note 2.14)	5,168,748	-
Foreign exchange loss, net	-	54,925
Loss on sale of fixed asset (net)	326,014	-
Miscellaneous expenses	5,866,748	3,188,224
	71,730,900	33,083,852



Vizag Seaport Private Limited

(All amounts in Indian rupees, except share data and where otherwise stated)

2 Notes to financial statements (continued)**2.23 a) Contingent Liabilities**

	As at 31 March 2016	As at 30 September 2014
a. Bank guarantees	13,474,000	14,474,000
Bank guarantee against DSRA	-	96,000,000
b. Claims against the Company not acknowledged as debt in respect of:		
Disputed claims of VPT	142,148,964	-
Disputed claims and other matters	82,389,793	82,389,793

b) Pending litigations:

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

Name of the statute	Nature of the dues	Amount in Rupees	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Penalty	59,009,685	2007-08	Commissioner of Income-tax (Appeals), Mumbai
Income Tax Act, 1961	Penalty	51,335,425	2010-11	Commissioner of Income-tax (Appeals), Mumbai

2.24 Commitments

	As at 31 March 2016	As at 30 September 2014
a Estimated amount of contracts, net of advances, remaining to be executed on capital account and not provided for	1,438,650	14,938,650
b Export commitments under EPCG scheme (Net of discharge report filed)	228,966,912	228,966,912

2.25 Legal and Professional charges includes auditor's remuneration (excluding service tax) as given below:

	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
Audit fees	1,000,000	700,000
Tax audit services	500,000	200,000
Other services	1,000,000	400,000
	2,500,000	1,300,000



Vizag Seaport Private Limited

(All amounts in Indian rupees, except share data and where otherwise stated)

2 Notes to financial statements (continued)

2.26 Segment information

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 clients. Further, the Company provides services only in one location.

Accordingly, pursuant to the clarification issued by the ICAI, no segment information has been disclosed in these financial statements, as the Company has only one geographical and business segment.

2.27 Leases

The Company leases land from VPT under non-cancellable operating lease agreements and temporary housing from others under cancellable operating lease agreements. Total rental expense under non-cancellable operating leases was 8,783,028 (previous period: Rs. 4,368,423) and under cancellable operating leases was Rs. 2,599,271 (previous period: Rs. 715,505) which has been disclosed as lease rentals in the statement of profit and loss. Lease rentals are payable to VPT as per the annual scale of rates.



Vizag Seaport Private Limited

(All amounts in Indian rupees, except share data and where otherwise stated)

2 Notes to financial statements (continued)**2.28 Related party disclosure****a. Parties where control exists**

- Gammon India Limited - Ultimate holding company
- Gammon Infrastructure Projects Limited – Holding Company

b. Enterprises where significant influence exists

- Ripley & Company (Stevedoring and handling) Pvt Ltd
- Eversun Marine Trade Private Limited
- Eversun Sparkle Maritime Services Private Limited

c. Key managerial personnel (KMP)

- Mr. R Kishore – Whole Time Director and Chief Executive Officer
- A V Vaitheeswaran - Chief Financial Officer (till 19 April 2016)
- Ravi Kiran - Company Secretary

d. The following is the summary of significant transactions with related parties during the period:

SI No	Name of the transacting party	Relationship	Nature of transactions	31 March 2016		30 September 2014	
				Volume of transactions for the eighteen months period ended	Amount receivable/ (payable)	Volume of transactions for the nine months period ended	Amount receivable/ (payable)
1	Gammon Infrastructure Projects Limited	Holding company	Repayment of loan	9,761,355	1,105,338,645	-	1,115,100,000
			Interest income	22,19,24,767	-	104,814,170	81,194,061
			Bank guarantee against DSRA	9,60,00,000	-	96,000,000	(96,000,000)
2	Gammon India Limited	Ultimate holding company	Capital creditors	521,972	(9,512,968)	-	(10,034,940)
3	Eversun Marine Trade Private Limited (EMTPL)	Company in which director's relative is interested	Stevedoring and labour supply charges	310,503,419	(59,293,593)	20,991,273	1,019,152
			Reimbursement of expenses to EMTPL	5,365,032		8,779,180	
			Revenue from port operations	3,317,781		3,541,509	



Vizag Seaport Private Limited

(All amounts in Indian rupees, except share data and where otherwise stated)

2 Notes to financial statements (continued)

SI No	Name of the transacting party	Relationship	Nature of transactions	31 March 2016		30 September 2014	
				Volume of transactions for the eighteen months period ended	Amount receivable/ (payable)	Volume of transactions for the nine months period ended	Amount receivable/ (payable)
			Expenses incurred by the Company	10,562,360		3,990,838	
4	Eversun Sparkle Maritime Services Private Limited	Company in which a director's relative is interested	Loan received back	-	(4,101,597)	-	10,133,764
			Interest income	1,997,410		903,672	
			Cargo handling charges	78,885,158		6,233,557	
			Dumpers maintenance charges	11,306,183		3,359,322	(7,109,373)
			Expenses incurred by the Company	2,807,291		-	
5	Ripley & Company (Stevedoring & Handling) Pvt ltd	Company in which a director's relative is interested	Handling equipment charges	147,011,485	(36,900,414)	-	-
			Revenue from port operations	24,285,323		-	-
			Expenses incurred by the Company	3,155,662		-	-
6	R Kishore	KMP	Remuneration *	14,400,000	(795,258)	7,200,000	(759,210)
7	A V Vaitheeswaran	KMP	Remuneration *	4,768,000	(189,566)	2,362,350	(176,700)
8	Ravi Kiran	KMP	Remuneration *	967,355	(62,250)	-	-

* 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.

Note: Related party relationships have been identified by the management and relied upon by the auditors.



Vizag Seaport Private Limited

(All amounts in Indian rupees, except share data and where otherwise stated)

2 Notes to financial statements (continued)**2.29 Expenditure in foreign currency**

	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
Technical services (net of taxes)	-	1,918,910
Purchase of spare items	941,903	-
	941,903	1,918,910

2.30 Employee benefits:**a) Defined Benefit Plan - Gratuity**

The following table sets out the status of gratuity scheme as required under AS 15 (Revised):

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

Particulars	As at 31 March 2016	As at 30 September 2014
Opening balance	3,290,489	3,619,168
Current service cost	632,387	181,489
Interest cost	394,859	252,437
Actuarial loss/(gains)	1,287,580	(720,143)
Benefits paid	(394,009)	(42,462)
Closing balance	5,211,306	3,290,489

Change in the fair value of plan assets

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

Amount recognised in the balance sheet

Particulars	As at 31 March 2016	As at 30 September 2014
Present value of funded obligations	5,211,306	32,90,489
Fair value on plan assets	-	-
Net liability	5,211,306	32,90,489
Amounts in the balance sheet		
Net liability under long-term provisions	4,889,785	3,080,579
Net liability under short-term provisions	321,521	209,910

Expense recognised in the statement of profit and loss

Particulars	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
Current service cost	632,387	181,489
Interest on defined benefit obligation	394,859	252,437
Past service cost	-	-
Net actuarial (gain)/loss recognized in the period	1,287,580	(720,143)
Amount included in "Employee benefits (gain)/expense"	2,314,826	(286,217)



Vizag Seaport Private Limited

(All amounts in Indian rupees, except share data and where otherwise stated)

2 Notes to financial statements (continued)**2.30 Employee benefits (continued):****Summary of Actuarial Assumptions**

Particulars	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
Discount rate	8%	9.30%
Salary escalation rate	7%	7%
Attrition Rate	2%-5%	2%-5%

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

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Experience adjustment table for five periods:

	Period ended				
	31-Mar-12	31-Mar-13	31-Dec-13	30-Sept-2014	31-Mar-16
Defined Benefit Obligation	2,205,604	2,870,648	3,619,168	3,290,489	5,211,306
Surplus/ (Deficit)	(2,205,604)	(2,870,648)	(3,619,168)	(3,290,489)	(5,211,306)
Exp. Adj. on Plan Liabilities	209,363	187,837	321,710	(720,143)	1,287,580

b) Defined contribution plan

Particulars	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
Employers contribution to Provident fund	3,732,539	1,633,553
Employers contribution to ESI	439,340	88,801
Total	4,171,879	1,722,354

2.31 Deferred tax:

Deferred tax liability (net) included in the balance sheet comprises the following:

	As at 31 March 2016	As at 30 September 2014
Deferred tax assets		
Unabsorbed loss and depreciation as per Income-tax law	257,631,845	249,318,351
Provision for employee benefits, provision for expenses covered under Section 43B of Income tax Act, 1961 and provision for doubtful advances	6,092,090	3,714,227
Deferred tax liability		
Excess of depreciation allowable under Income-tax law over depreciation provided in accounts	(272,802,001)	(274,572,507)
Deferred tax liability, net	(9,078,066)	(21,539,929)



Vizag Seaport Private Limited

(All amounts in Indian rupees, except share data and where otherwise stated)

2 Notes to financial statements (continued)

- 2.32 The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2016 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

Particulars	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting period;	Nil	Nil
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the period;	Nil	Nil
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the period) but without adding the interest specified under this Act;	Nil	Nil
The amount of interest accrued and remaining unpaid at the end of the period;	Nil	Nil
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	Nil	Nil

- 2.33 Pursuant to the notification of Schedule II of the Companies Act, 2013 ("the Act") by the Ministry of Corporate Affairs effective from accounting periods started on or after 1 April 2014, the Management has internally reassessed and changed, wherever necessary the useful life to compute depreciation, to conform to the requirements of the Act. Since the accounting period has commenced from 1 October 2014, this requirement is applicable to the Company w.e.f. 1 October 2014. Consequently, the carrying amount as at 1 October 2014 is being depreciated over the revised remaining useful life of the asset. The carrying value of Rs. 1,671,796 in case of assets with nil revised remaining useful life as at 1 October 2014 is reduced from the retained earnings as at such date.



Vizag Seaport Private Limited

(All amounts in Indian rupees, except share data and where otherwise stated)

2 Notes to financial statements (continued)**2.34 Earnings per share ('EPS')**

Particulars	For the eighteen months period ended 31 March 2016	For the nine months period ended 30 September 2014
Net (loss) / profit attributable to equity shareholders	(35,172,330)	36,527,764
Weighted number of equity shares outstanding during the period	87,191,264	87,191,264
Earnings per share		
Basic and diluted - par value of Rs 10 each	(0.40)	0.42

- 2.35** The Board of Directors of the Company vide resolution dated 24 April 2015, approved to change the financial year of the Company to period of eighteen months from 01 October 2014 to 31 March 2016. (During the previous year financial year changed to a period of nine months from 01 January 2014 to 30 September 2014). Accordingly, the annual accounts of the Company are prepared for the period of eighteen months from 1 October 2014 to 31 March 2016. Further, the statement of profit and loss comparative numbers are given for the period of nine months from 1 January 2014 to 30 September 2014. Hence, the numbers for the current period are strictly not comparable with those of the previous period. Previous period figures have been regrouped / reclassified, where necessary, to confirm to current year's classification.

As per our report of even date attached

for **B S R & Associates LLP**
Chartered Accountants

ICAI Firm Registration Number: 116231W/ W-100024



Hemant Maheshwari
Partner
Membership No.: 096537



for and on behalf of the Board of Directors of
Vizag Seaport Private Limited
CIN:U45203AP2001PTC



R Kishore
CEO and Whole Time
Director

DIN: 00344011



Kishalay Bandopadhyay
Director

DIN: 00255055



Ravi Kiran
Company Secretary
Membership No.: 31937

Place: Hyderabad
Date: 19 May 2016

Place: Visakhapatnam
Date: 16 May 2016