Vizag General Cargo Berth Private Limited

Board of Directors

1. Mr. D D Jalan
2. Mr. M Siddiqi
3. Mr. Pratik Agarwal
4. Mr. Venkatesan S

Management team

1. Mr. D K Manral - Chief Executive Officer
2. Mr. TPK Patro - AVP - Finance

Auditors

Deloitte Haskins & Sells
Chartered Accountants

Bankers

1. Axis Bank Ltd.
2. ICICI Bank Ltd.

Contents of Report:

Notice of Fourth Annual General Meeting

Notice is hereby given that the Fourth Annual General Meeting of the Shareholders of VIZAG GENERAL CARGO BERTH PRIVATE LIMITED will be held on Thursday the 26th day of June, 2014 at 02.00 PM at SIPCOT Industrial Complex, Madurai By Pass Road, Tuticorin to transact the following business:

As ordinary business

1. To receive, consider and adopt the audited Balance Sheet as at March 31, 2014 and the Profit & Loss Account for the year ended as on that date and the Report of the Directors and Auditors thereon.

2. To appoint a Director in place of Shri Pratik Agarwal, who retires by rotation and being eligible offers himself for re-appointment.

3. To appoint M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of the Company to hold office from the conclusion of the 4th Annual General Meeting to the conclusion of the 5th Annual General meeting, in place of retiring auditors M/s. Deloitte Haskins & Sells who have expressed its unwillingness for re-appointment as statutory auditors of the Company.

By Order of the Board
For Vizag General Cargo Berth Private Limited

Place: Mumbai **sd/-**
Date: April 18, 2014 **Director**

NOTES:

a) A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member. A blank proxy form is enclosed, which if used, should be deposited with the Company duly executed not less than 48 hours before the commencement of the General Meeting.

VIZAG GENERAL CARGO BERTH PRIVATE LIMITED
Regd. Office: SIPCOT Industrial Complex, Madurai By Pass Road,
T V Puram P.O., Tuticorin (Tamilnadu) - 628 002

PROXY FORM

Member's Folio No. ……………

I/We .... of .... in the district of .... being a member of VIZAG GENERAL CARGO BERTH PRIVATE LIMITED, hereby appoint .... of .... or failing him/her .... of .... as my/our proxy to vote for me/us and on my/our behalf at the FOURTH ANNUAL GENERAL MEETING of the Company to be held on Thursday, June 26, 2014 at 2.00 P.M. at the Registered Office of the Company at SIPCOT Industrial Complex, Madurai By Pass Road, T V Puram P.O., Tuticorin (Tamilnadu) - 628 002 and at every adjournment thereof.

Signed this .... day of 2014

Proxy form must reach the Company's Regd. Office, at SIPCOT Industrial Complex, Madurai By Pass Road, T V Puram P.O., Tuticorin (Tamilnadu) - 628002, not less than 48 hours before the commencement of the meeting.

Affix Rs.1
Revenue
Stamp

Signature

REPORT OF THE BOARD OF DIRECTORS

To
The Members
Vizag General Cargo Berth Private Limited

The Directors have pleasure in presenting the Fourth Annual Report together with the audited accounts for the year ended March 31, 2014.

1. Financial Performance

During FY 2014 the Company's total income was Rs. 110.46 crore as against Rs. 0.53 crore for FY 2013. The earnings before interest, depreciation and taxes for the FY 2014 were Rs. 34.73 crore and earnings after taxes were negative Rs. 36.36 crore. The previous year figures cannot be compared with current year figures since the Company started its commercial operations only on March 15, 2013.

Dividend

In view of losses during the year, your directors do not recommend any dividend for the year under review.

2. Management Discussion and analysis

Indian Economy and Infrastructure sector

During FY 2014, the Indian economy has had to overcome varied challenges including unsupportive external environment, domestic structural constraints, growth slowdown and inflationary pressures in its resolve to sustain its economic success. The growth slowdown in India is broadly in sync with trends in similar emerging economies. The slowdown manifested in the decline in the growth of GDP from 6.7 per cent in 2011-12 and 4.5 per cent in 2012-13. With the economy estimated to have registered a growth rate of 4.9 per cent in 2013-14 and further expected to grow at 5 percent in 2014-2015, the declining trend in growth seems to have reversed.

The efforts of sustaining growth of the economy has placed increasing stress on physical infrastructure i.e. electricity, railways, roads, ports, irrigation, water supply and sanitation, all of which already suffer from deficit in terms of capacities as well as efficiencies. Although Government opened up the infrastructure sector for private sector participation, a slowdown in GDP growth, rising inflation and interest rates, a depreciating currency and a negative investment climate diluted sponsors' ability to support projects. Further inadequacy of regulatory framework and inefficiency in the approval process delayed the implementation of infrastructure projects. However, off late, the government is considering the policy measures for reviving the growth of sector.

Port Sector in India

Ports in India play a vital role in the economic development of the country. They facilitate international trade and commerce by providing an interface between the ocean transport and land-based transport. Maritime transport caters to about 95 per cent by volume and 70 per cent by value of the country's international trade. With a coastline of more than 7,517 km in length, the Indian port sector encompasses 13 major (12 government and 1 corporate) and about 200 non-major ports.

A rising need for robust port infrastructure, strong growth potential and sops provided by State Governments provide private players opportunities to venture into the sector. The Government of India introduced the performance based tariff structure which is expected to pave way for increased investment flows into the port sector. The Maritime Agenda 2010–2020 is an initiative of the Shipping Ministry to outline the framework for the development of the port sector with a target capacity of over 3 billion tonnes by 2020, largely through private sector participation. However the Ports in India are stuck with delayed projects as a number of major project tenders collapsed due to prolonged tendering process and delays in granting clearances to developers severally affecting the viability of projects. The inordinate delays have derailed the Union government's plans to triple cargo-handling capacity at Indian ports by attracting private investments and have met limited success.

India's major ports, which look after approximately 61 per cent of the country's total cargo traffic, handled 555.50 million metric tonnes (MMT) of cargo during FY 14 (tentative as published by Indian Ports Association) as compared to 545.79 MMT over the corresponding FY 13, registering a growth of 1.78 per cent. The growth was marginal mainly on account of unprecedented decrease in volumes of Iron Ore and Fertilizers over the previous year.

3. Business Overview

The Company was incorporated on April 20, 2010 pursuance to the Letter of Award by Vishakhapatnam Port Trust (VPT) a major port, for the purpose of Mechanizing and Modernizing the General Cargo Berth at the outer Harbor of Vishakhapatnam Port. The Company entered into Concession Agreement with Vishakhapatnam Port Trust on June 10, 2010 for strengthening of Berth for 200,000 DWT capacity vessels and mechanization of complete Coal based Cargo handling facilities for General Cargo Berth (GCB) at Vizag Port, Visakhapatnam. The Company has been awarded Concession effective from October 08, 2010 for a period of 30 years.

The Company started its commercial operations post obtaining provision COD in January 2013 which was subsequently issued with a final COD in April 2013. Although the Company started its commercial operations post COD, various internal as well as external factors affected the operations of the Company during the year. The initial bottlenecks in the systems affecting the continuous operations were attended to on priority, however the external factors inter alia non-completion of dredging of approach/entrance channel to handle the 200,000 DWT vessels, which was critical rationale behind the project, severally affected the cargo throughput, inspite of systems being ready to handle better volumes. The Company pursued the matter with VPT repeatedly but with no significant progress. In such case, in order to bring the severity of issues to VPT notice, the Management was constrained to issue notice for termination of concession agreement for VPT's events of default under Concession Agreement. Subsequently VPT hold various rounds of discussions with VGCB management and finally completed the dredging in January 2014. Subsequent to completion of dredging the Company handled its first cape vessel in the Month of March 2014.

Barring the external impediments faced by the Company, during the year the Company set various records including discharge of 1,08,050 MT of steam coal in a day highest ever in the east coast of India, dispatch of 155 number of rakes in the month of March 2014 highest ever by any terminal in Visakhapatnam Port. The Visakhapatnam Port appreciated the Company's efforts for bringing operational efficiencies in environmental friendly way in the Port. The Management of Company is hopeful that on the strength of its handling systems and operational efficiencies, the Company shall achieve better throughput in the year ahead.

4. Corporate Social Responsibility

Being the responsible corporate citizen the Company undertook various CSR activities during FY 2014. The blood donation camp was organized by the Company and participation of employees was overwhelming. Further the Company donated bore well alongwith submersible pump to Queens Merry Girls High School one of biggest schools in Visakhapatnam and located near to the Port and further carried out necessary repair works of electricity fittings of such school which were causing severe safety threat of girl student and staff. The team participated in the rally organized by the BOT operators in Vizag Port for celebrating the Word Water Day.

5. Issue of Non-Convertible Debentures by Company

The Company, in order to reduce its high cost of debt, issued Non-Convertible Debentures (NCD's) for Rs. 300 crore in the month of May 2013 with coupon rate of 9% payable annually for a period of 3 years with put and call option at the end of 2nd year and partially repaid its debt to the extent borrowed from Axis Bank. The issue of NCD's has substantially reduced the finance cost of the Company. The NCD's are secured by pari passu charge on all the assets of the Company and further secured by unconditional corporate guarantee issued by holding Company 'Sesa Sterlite Limited'. The NCD's are listed on the Bombay Stock Exchange of India. There are no matters, during the year, for reporting as required by Clause 28 of the Listing Agreement with Stock Exchange.

6. Directors

Mr. Pratik Agarwal retires by rotation at the ensuing Annual General Meeting and being eligible offer himself for re-appointment.

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

Conservation of Energy

The Company stressed the need for conservation of energy and in its efforts to reduce the consumption of energy installed the improved capacitor banks for improvement of power factor. The Company efforts successfully improved the power factor from 0.89 to 0.96 which has resulted in substantial reduction in consumption of power. Further the Company planned the effective utilization of power and implemented the power reduction measures.

There was no technology absorption during FY 2014. The details of foreign exchange earnings and outgo is given below:

Foreign Exchange Earnings and Outgo:

a) Total foreign exchange earnings for the year : Nil*
b) Total foreign exchange outflow for the year : Rs. 0.69 crore.

*The Company has earned Rs. 11.30 crore towards the berth hire charges received from foreign vessels owners which are remitted to Company by such owners, denominated in Indian currency, through authorized agents in India. The authorized agents of the foreign vessels owners received the charges from such vessel owners denominated in foreign currencies.

8. Particulars of Employees

No employee of the category mentioned in the Companies (Particulars of Employees) Rules, 1975, is employed in the Company.

9. Directors' Responsibility Statement

As required under Section 217 of the Companies Act, 1956, the Directors hereby confirm that:-

i. In the preparation of the annual accounts, applicable accounting standards have been followed along with proper explanation relating to material departures.

ii. Selected accounting policies were applied consistently. Reasonable and prudent judgment and estimates were made to give a true and fair view of the state of affairs of the Company as on March 31, 2014, and of the loss for the year ended on that date.

iii. Proper and sufficient care has been taken in maintaining adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv. The annual accounts of the Company have been prepared on a going concern basis.

10. Auditors' Report

The observations made in the Auditors' Report are dealt with separately in the notes to the Profit and Loss Account and the Balance Sheet. These are self-explanatory and do not call for any further comments.

Acknowledgement

Your Directors gratefully acknowledge the co-operation and assistance received from the Central and State Governments and various departments, Independent Engineer, financial institutions, banks and suppliers. Further your directors wish to place on record its appreciation towards the services rendered by the Employees of the Company.

For and on behalf of the Board

Place : Mumbai	**sd/-**	**sd/-**
Date : April 18, 2014	**Director**	**Director**

INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
VIZAG GENERAL CARGO BERTH PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **VIZAG GENERAL CARGO BERTH PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for 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 Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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

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:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March, 2014;

(b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and

(c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

2. As required by Section 227(3) of the Act, we report that:
   - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   - In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   - The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   - In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
   - On the basis of the written representations received from the directors as on 31 March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **Deloitte Haskins & Sells**
Chartered Accountants
(Firm Registration No. 302009E)
Sd/-

Ketan Vora
Partner
(Membership No. 100459)

MUMBAI, April 18, 2014

ANNEXURE TO THE AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

i. Having regard to the nature of the Company's business/ activities/ results, clause 4(vi), (x), (xii), (xiii), (xiv), (xv), (xviii) and (xx) of the Order are not applicable.

ii. In respect of its fixed assets:

a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

c. The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

iii. In respect of its inventory:

a. As explained to us, the inventories were physically verified during the year by the management at reasonable intervals.

b. In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.

c. In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventory and no material discrepancies were noticed on physical verification.

iv. The Company has neither granted nor taken any loans, secured or unsecured, to/from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. Accordingly, the provisions of clause 4(iii) of the Order are not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of special nature and suitable alternative sources are not readily available for obtaining comparable quotation, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to the purchases of inventory and fixed assets and the sale of services. During the course of our audit, we have not observed any major weakness in such internal control system.

vi. In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:

- The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.

- Where each of such transaction is in excess of Rs. 5 lakhs in respect of any party, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time.

vii. In our opinion, the internal audit functions carried out during the year by firm of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.

viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that prima facie the prescribed cost records have been maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete

ix. According to the information and explanations given to us in respect of statutory dues:

a. The Company has been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.

We are informed that the provisions of 'Employees' State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company during the year did not give rise to any liability for Investor Education and Protection Fund, Sales Tax, Wealth Tax and Excise Duty.

b. There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Service Tax, Customs Duty, Cess and other material statutory dues in arrear as at 31 March, 2014 for a period of more than six months from the date they became payable.

We are informed that the provisions of 'Employees' State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company during the year did not give rise to any liability for Investor Education and Protection Fund, Sales Tax, Wealth Tax and Excise Duty.

c. We were informed that there are no dues in respect of Income Tax, Sales Tax, Service Tax, Customs Duty and Cess which have not been deposited on account of any dispute.

We are informed that the operations of the Company during the year did not give rise to any liability for liability for Investor Education and Protection Fund, Wealth Tax and Excise Duty.

x. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks and debenture holders. The Company has not taken loans from financial institutions.

xi. In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.

xii. According to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short term basis aggregating to Rs. 668,682,610 have been used for long term investment, comprising of fixed assets and accumulated losses.

xiii. According to the information and explanations given to us, during the period covered by our audit report, the Company had issued 3,000,000 debentures of Rs. 1,000 each. The Company has created security in respect of the debentures issued.

xiv. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **Deloitte Haskins & Sells**

Chartered Accountants

(Firm Registration No. 302009E)

Sd/-

Ketan Vora

Partner

(Membership No. 100459)

MUMBAI, April 18, 2014

Balance Sheet as on March 31, 2014

	Note No.	As at 31.03.2014 (Rupees)	As at 31.03.2013 (Rupees)
A EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	3	100,000	100,000
(b) Reserves and surplus	4	(514,879,641)	(151,263,578)
2 Share application money pending allotment		167,980,000	167,980,000
3 Non-current liabilities			
(a) Long-term borrowings	5	5,441,162,869	5,205,949,487
4 Current liabilities			
(a) Short-term borrowings	6	25,522,836	23,097,734
(b) Trade payables	7	69,581,483	-
(c) Other current liabilities	8	1,085,953,409	1,001,642,128
(d) Short-term provisions	9	5,294,067	-
		6,280,715,023	**6,247,505,771**
B ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	10	5,800,363,618	5,904,110,254
(ii) Intangible assets	10	3,722,715	5,374,612
(iii) Capital work-in-progress		22,379,440	7,055,688
(b) Long-term loans and advances	11	28,996,907	8,191,046
2 Current assets			
(a) Current investments	12	214,630,610	80,125,031
(b) Inventories	13	3,219,721	-
(c) Trade receivables	14	80,649,694	13,250,604
(d) Cash and cash equivalent	15	6,828,803	205,410
(e) Short-term loans and advances	16	109,392,805	229,193,126
(f) Other current assets	17	10,530,710	-
		6,280,715,023	**6,247,505,771**
See accompanying notes forming part of the financial statements	1-23		

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
sd/-
Ketan Vora
Partner
Place: Mumbai
Date : April 18, 2014

For and on behalf of the Board of Directors

sd/-	sd/-
Pratik Agarwal	**M. Siddiqi**
Director	**Director**

Statement of Profit & Loss Account for the period ended March 31, 2014

		Note No.	Year ended 31.03.2014 (Rupees)	Year ended 31.03.2013 (Rupees)
1	**Income**			
	(a) Revenue from operations	18	1,001,968,546	3,973,753
	(b) Other income	19	102,606,932	1,362,924
	Total Revenue		**1,104,575,478**	**5,336,677**
2	**Expenses:**			
	(a) Employee benefits expense	20	73,955,287	2,071,562
	(b) Finance costs	21	359,471,203	15,167,312
	(c) Depreciation and amortization expense	10	351,435,959	17,116,868
	(d) Other expenses	22	683,329,092	86,376,441
	Total expenses		**1,468,191,541**	**120,732,183**
3	**Profit/(Loss) before tax**		(363,616,063)	(115,395,506)
4	**Tax expense**		-	-
5	**Profit /(Loss) for the year**		**(363,616,063)**	**(115,395,506)**
	Earnings per equity share	23.11		
	Nominal value of share Rs. 10			
	(1) Basic		(36,361.61)	(11,539.55)
	(2) Diluted		(36,361.61)	(11,539.55)
	See accompanying notes forming part of the financial statements	1-23		

For Deloitte Haskins & Sells
Chartered Accountants
sd/-
Ketan Vora
Partner
Place: Mumbai
Date : April 18, 2014

For and on behalf of the Board of Directors

sd/-
Pratik Agarwal
Director

sd/-
M. Siddiqi
Director

Cash flow statement for the year ended March 31, 2014

	Note No.	Year ended 31.03.2014	Year ended 31.03.2013
		(Rupees)	(Rupees)
A. Cash flows from operating activities			
Net Profit (loss) before tax		(363,616,063)	(115,395,506)
Adjustment for :			
Depreciation		351,435,959	17,116,868
Finance Cost		359,471,203	15,167,312
Unrealised Exchange Gain		-	(754,842)
Loss on Damage to asset		1,226,410	-
Mark to Market Gain/(Loss) on Derivative (Forward Cover)		(69,162,887)	43,866,809
Mark to Market Gain on Investment		-	(125,031)
Profit on sale of investment		(10,318,240)	(355,531)
Operating profit before working capital changes		**269,036,382**	**(40,479,921)**
Adjustments for (increase) / decrease in operating assets:			
Inventories		(3,219,721)	-
Trade receivables		(67,399,090)	(13,250,604)
Short-term loans and advances		119,800,321	(137,989,415)
Long-term loans and advances		(20,805,861)	-
Other current assets		(10,530,710)	-
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		69,581,488	-
Other current liabilities		20,415,987	59,631,980
Short-term provisions		5,294,067	-
Net cash flow from / (used in) operating activities (i)		**382,172,863**	**(132,087,960)**
B. Cash flows from investing activities			
Purchase of Fixed Assets including capital work in progress		(92,871,449)	(2,359,588,505)
Purchase of Investments		(949,861,884)	(268,732,446)
Sale of Investments		825,674,546	196,147,204
Rollover gain on forward cover		-	27,446,645
Net cash flow from / (used in) investing activities (ii)		**(217,058,787)**	**(2,404,727,102)**
C. Cash flows from financing activities			
Proceeds from issue of Equity Share Capital		-	167,980,000
Proceeds from long-term borrowings		3,084,471,347	792,080,539
Proceeds from short-term borrowings		2,425,102	-
Proceeds from long-term borrowings		-	1,846,953,375
Interest and finance charges paid		(350,075,015)	(277,902,445)
Repayment of other long-term borrowings		(2,926,740,106)	-
Rollover gain/(loss) on Forward Cover (Net)		31,427,989	7,353,440
Net cash flow from / (used in) financing activities (iii)		**(158,490,683)**	**2,536,464,909**
Net (decrease)/increase in cash and cash equivalent (i+ii+iii)		**6,623,393**	**(350,153)**
Cash and cash equivalents at beginning of the year		**205,410**	**555,563**
Cash and cash equivalents at the end of the year	**15**	**6,828,803**	**205,410**

In terms of our report attached
For Deloitte Haskins & Sells
Chartered Accountants
sd/-
Ketan Vora
Partner
Place: Mumbai
Date : April 18, 2014

For and on behalf of the Board of Directors

sd/-
Pratik Agarwal
Director

sd/-
M. Siddiqi
Director

Notes forming part of the financial statements

1. Company's overview :

Vizag General Cargo Berth Private Limited (the “Company”) has been set up to develop, establish, construct, operate and maintain a project related to mechanization of Coal Handling Facilities and Upgradation of General Cargo Berth at outer harbour of Visakhapatnam port (the “Project”) under Design, Build, Finance, Operate and Transfer (“DBFOT”) basis. A 'Concession Agreement' entered into between the Company and Board of Trustees for Vishakhapatnam Port (the “Concessioning Authority”) granted the Company an exclusive licence for designing, engineering, financing, constructing, equipping, operating and maintaining the Project.

The Concession is granted for a period of 30 years commencing from 8 October, 2010 i.e. Date of Award of Concession. The Company started its commercial operations effective 15 March, 2013. The Company is entitled to recover tariff notified from time to time by the Tariff Authority for Major Ports, from the users of Project Facilities and Services. On the expiry of the Concession period the Company shall transfer the Project Assets to the Concessioning Authority in accordance with the Concession Agreement.

2. Significant Accounting Policies:

(a) Basis of Accounting:

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards notified under Section 211(3C) of the Companies Act, 1956 (“the 1956 Act”) (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 (“the 2013 Act”) in terms of General Circular 15/2013 dated 13 September, 2013 of the Ministry of Corporate Affairs) and the relevant provisions of the 1956 Act/ 2013 Act, as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. Accounting policies not stated explicitly otherwise are consistent with those followed in the previous year.

(b) Use of Estimates:

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

(c) Fixed Assets:

Fixed assets are stated at cost of acquisition/construction (exclusive of available Central and State VAT credit) less accumulated depreciation/amortization and impairment loss if any. Costs include non-refundable taxes and duties, borrowing costs and other expenses incidental to acquisition.

(d) Borrowing Cost:

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are is added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

(e) Depreciation:

The carrying amounts of the tangible fixed assets are depreciated to their estimated residual value over the "estimated useful lives of the assets or balance concession period from commencement of operations whichever is lower", using Straight Line Method subject to the minimum rates specified in Schedule XIV to the Companies Act, 1956. Depreciation on additions to / deletions from fixed assets is provided on pro-rata basis from / upto the date of such addition / deletion as the case may be. Depreciation on additions to assets due to exchange variation is provided over the remaining useful lives of the assets. Useful lives considered for the purpose of depreciation rates are as follows:

Assets	Depreciated Life	Rate of Depreciation
Tangible Assets		
Buildings, Office Buildings, Factory Buildings and Berth	27 Years	3.70%
Plant and Machinery	3-27 Years	4.75% - 33.33%
Office Equipment	5 Years	20%
Furniture and Fittings	5-10 Years	10% - 20%
Intangible Assets		
Computer Software	3-5 Years	28.57%

(f) Impairment of Assets:

The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognized in Profit and Loss Account wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is higher of the assets' net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using weighted average cost of capital. The impairment loss recognized in prior accounting years is reversed if there has been change in the estimate of recoverable amount.

(g) Investments:

Current Investments are stated at lower of cost and fair value. Dividend Income is accounted when the right to receive dividend is established.

(h) Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company. Revenue is recognized only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue on transactions of rendering services is recognised to the extent the services are actually rendered.

Dividend Income is accounted when the right to receive dividend is established.

(i) Foreign Currency Transactions:

Initial Recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement at the balance sheet date:

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

Exchange Differences:

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

Exchange difference on long-term foreign currency monetary items:

The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalised as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary items, whichever is earlier, and charged to the Statement of Profit and Loss.

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

A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is neither recognized nor disclosed.

(k) Taxes on Income:
Tax expense comprises of current tax and deferred tax. 'Current tax' is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabosrbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

(l) Derivative Financial Instruments:
In order to hedge its exposure to foreign exchange, the Company enters into forward and other derivative financial instruments. The Company does not hold any derivative financial instruments for speculative purposes.

Derivative financial instruments are initially recorded at their fair value on the date of the derivative transaction and are re-measured at their fair value at subsequent balance sheet dates.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Profit and Loss Account. The hedged item is recorded at fair value and any gain or loss is recorded in the Profit and Loss Account and is offset by the gain or loss from the changes in fair valuation of hedging instrument.

Changes in the fair value of derivatives that are designated and qualify as cash flow hedges and are determined to be an effective hedge are recognized in equity in the hedging reserve account. The gain or loss relating to the ineffective portion is recognized in the Profit and Loss Account. Amounts accumulated in the equity are recycled to the Profit and Loss Account in the periods when the hedged item affects profit and loss.

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised directly in equity are removed, and are included in the initial cost or other carrying amount of the asset or liability.
Derivative financial instruments that do not qualify for hedge accounting are marked to market at the Balance Sheet date and gains or losses are recognized in the Profit and Loss Account immediately.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss on the hedging instrument recognized in equity is kept in equity until the forecast transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognized in equity is transferred to the Profit and Loss Account.

(m) Cash and cash equivalents (for purposes of Cash Flow Statement)
Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

(n) Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

3 Share capital

	As at 31.03.2014		As at 31.03.2013	
	Number of shares	Rupees	Number of shares	Rupees
Authorised				
Equity shares of Rs. 10 each with voting	50,000,000	500,000,000	50,000,000	500,000,000
Issued Subscribed and fully Paid up				
Equity shares of Rs.10 each with voting rights	10,000	100,000	10,000	100,000
	10,000	**100,000**	**10,000**	**100,000**

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

Particulars	Equity Shares	
	Number of shares	Amount in Rupees
Shares outstanding as on 1 April, 2013	10,000	100,000
Shares issued during the year	-	-
Shares outstanding as on 31 March, 2014	10,000	100,000

(ii) Details of shares held by the holding Company , the ultimate holding Company , their subsidiaries and associates :

Of the above, 74% of the equity shares are held by the Holding Company Sesa Sterlite Limited (Formerly Sesa Goa Limited) and 26% of the equity share are held by Leighton Welspun Contractors Private Limited. The ultimate holding Company Volcan Investments Limited does not hold any equity in the Company.

(iii) Details of shares held by each shareholder holding more than 5% shares :

Name of Shareholder	As at 31.03.2014		As at 31.03.2013	
	Number of shares held	% of Holding	Number of shares held	% of Holding
(a) Sesa Sterlite Limited	7,400	74	7,400	74
(b) Leighton Welspun Contractors Private Limited	2,600	26	2,600	26

(iv) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

		As at 31.03.2014 (Rupees)	As at 31.03.2013 (Rupees)
4	**Reserves and Surplus**		
(a)	**Hedging Reserve**		
	Balance at the beginning of the year	-	27,720,760
	Add: Movement for the year	-	18,647,291
	Less: Adjusted in the initial cost of the assets	-	46,368,051
	Closing Balance at the end of the year	**-**	**-**
(b)	**Surplus/(Deficit) in the Statement of Profit and Loss**		
	Balance at the beginning of the year	(151,263,578)	(35,868,072)
	Add: Profit/(Loss) for the current year	(363,616,063)	(115,395,506)
	Closing Balance at the end of the year	**(514,879,641)**	**(151,263,578)**
		(514,879,641)	**(151,263,578)**
5	**Long -term Borrowings**		
	Secured:		
(i)	**Rupee Term Loan from Axis Bank Limited:** (See note (i) below for security created on Rupee Term Loan and note (ii) for terms of repayment)	-	2,926,740,106
(ii)	**Non Convertible Debentures** (See note (v) below for terms of repayment)	3,000,000,000	-
(iii)	**Buyers credit from Axis Bank Limited** (See note (i) below for security created on Buyers Credit and note (iii) below for terms of repayment)	941,162,869	780,758,400
	Unsecured :		
	Compulsory Convertible Debenture 1,500,000, 0.1% Compulsory Convertible Debentures of Rs. 1,000 each fully paid up. (See note (iv) below)	1,500,000,000	1,498,450,981
		5,441,162,869	**5,205,949,487**

Note (i) : Rupee Term Loan from Axis Bank Limited, Secured by (i) a first Pari passu floating charge / assignment of all revenues and receivables of the Company from the Project or otherwise; (ii) first paripasu floating charge on all the Company's immovable and movable assets (excluding Project Site as defined in Concession Agreement (CA)); (iii) a first paripasu floating charge on all intangible assets (other than project site as defined in CA) including but not limited to the goodwill, undertaking, uncalled capital, and Intellectual Property Rights of the Company; (iv) a first paripasu floating charge on the Escrow Account (v) Secured by

Note (ii) : This loan is repayable in 45 unequal quarterly installments commencing with the first repayment in December 2014 and last repayment in December 2025. The rate of interest is Axis Bank Base Rate + 1.25% (Presently 11.25%) per annum payable monthly.

Note (iii) : The rate of interest ranging from 0.85 % to 2.24 % and other terms of repayment for these buyer's credit are based on the agreement ranging from 15 month to 36 month with the respective banks and the nature of such buyer's credit.

Note (iv) : The Company had issued 0.1% Unsecured Compulsorily Convertible Debentures ("CCDs")' of Rs. 1,000 each to Sesa Sterlite Limited (the "Subscriber"). The CCDs were allotted to the Subscriber on March 28, 2011 at Rs. 650 called up per CCD. At the end of the 7th year from the date of allotment each of the CCDs shall be compulsorily convertible into equity shares of the Company of Rs. 11.10 each i.e. each CCD shall be converted into 90 equity shares of Rs. 10 each at a premium of Rs. 1.10 per share.

Note (v) : The Company has issued 9% Secured Non Convertible Debentures ("NCDs")' of Rs. 1,000,000 each to IDFC Limited (the "arranger"), in the month of May 2013 amounting to Rs. 300 Crore for refinancing of Rupee Term Loan and for other general corporate purposes. The NCD's carry coupon rate of 9% which is payable annually. The NCD's are redeemable at the end of the 3rd years from the date of allotment i.e. 6 May, 2013, earlier redemption of these debentures can happen by way of exercising put and call option at the end of 2nd year i.e 6th May, 2015. The NCD's are listed on Bombay Stock Exchange of India Ltd.

6 Short Term Borrowings		
Buyers credit		
For security created on Buyers Credit see See note 5(i) and also see note 5(iii) for rate of interest	**25,522,836**	**23,097,734**
7 Trade Payables		
Other than acceptances	**69,581,483**	**-**
8 Other Current Liabilities		
(a) Interest accrued but not due on borrowings	245,107,443	4,161,621
(b) Other payables :		
-Statutory dues (Withholding taxes, Sales tax, Service tax,Works contract tax etc.)	9,491,939	4,619,656
-Payables for Capital Goods (including retention money)	719,226,322	859,403,299
-Due to Related Parties (See Note 16.6)	2,105,051	5,320,063
-Other Liabilities (including provision for capex	-	70,411,567
-Other Financial Liabilities-Derivatives	63,419,936	45,177,090
-Royalty (Payable to Vishakhapatnam Port Trust)	46,602,718	12,548,832
	1,085,953,409	**1,001,642,128**
9 Short Term provisions		
Provision for employee benefits	**5,294,067**	**-**
13 Current Assets - Inventories		
Stores and spares	3,219,721	-
14 Trade Receivables		
(Unsecured, considered good)		
Outstanding for a period less than six months from the date they are due for payment	80,649,694	13,250,604
15 Cash and cash equivalent		
Balances with banks in current account	6,828,803	205,410

16 Short term loans and advances
(Unsecured, considered good)

(a)	Prepaid expenses	8,161,635	36,040,128
(b)	Due from related parties	-	71,992
(c)	Advances to employees	8,640	27,500
(d)	Security deposits	17,330,844	17,180,844
(e)	Balance with central excise/Service Tax authorities	83,891,686	175,872,662
		109,392,805	**229,193,126**

17 Other Current Assets

(a)	Unamortised expense - Ancillary borrowing costs	7,823,978	-
(b)	Unamortized Forward Premium	2,706,732	
		10,530,710	-

	Year ended 31.03.2014 (Rupees)	**Year ended 31.03.2013 (Rupees)**
18 Revenue from operations		
Sale of services :		
Income from Port Operations	1,001,968,546	3,973,753
19 Other Income		-
(a) Gain on mark to market of Investments	-	125,031
(b) Profit on sale of current investments	10,318,245	355,530
(c) Other non operating income	3,520,329	-
(d) Net gain/(loss) on foreign currency transactions and	88,768,358	882,363
	102,606,932	**1,362,924**
20 Employee Benefits expense		
(a) Salaries and incentives	63,131,376	2,071,562
(b) Contributions to provident and other funds	8,903,957	-
(c) Staff welfare expenses	1,919,954	-
	73,955,287	**2,071,562**
21 Finance Cost		
(a) Interest expense		
(i) on Loans	54,412,826	14,554,164
(ii) on Debentures	244,939,432	-
(b) Other borrowing costs	39,517,235	613,148
(c) Net loss on foreign currency transaction and translation (Including Forward Premium Amortized)	20,601,710	-
	359,471,203	**15,167,312**

22 Other Expenses

(a)	Consumption of stores and spare parts	8,355,067	-
(b)	Repairs and maintenance - Machinery	393,160	-
(c)	Repairs and maintenance - Others	2,776,097	-
(d)	Royalty	380,683,028	1,388,160
(e)	Power and fuel	95,473,422	-
(f)	Material handling expenses	36,616,123	-
(g)	Demmurage charges	14,131,669	-
(h)	Port operation and maintenance expenses	44,655,122	2,980,710
(i)	License Fees for Land	27,189,640	33,272,172
(j)	Professional and consultation fee	16,817,355	653,710
(k)	Security expenses	4,017,390	-
(l)	Insurance	9,984,869	409,865
(m)	Miscellaneous expenses	7,790,733	2,904,423
(n)	Travelling and conveyance	5,109,598	-
(o)	Audit Fees (See Note (i) below)	1,411,408	900,592
(p)	Rates and taxes	986,315	-
(q)	Net loss on foreign currency transactions and translation	26,938,096	43,866,809
		683,329,092	**86,376,441**

Note (i) :

Auditors Remuneration (excluding service tax):

Statutory Audit Fees	650,000	650,000
Tax Audit Fees	350,000	120,000
For others services -certification	97,000	130,000
Out of Pocket Expenses	314,408	592
Total	**1,411,408**	**900,592**

10 Non Current Assets - Fixed Assets

(Amount in Rupees)

Particulars	Gross Block				Accumulated Depreciation			Net Block	
	Balance as at 1.04.2013	Additions / adjustments	Deductions / adjustments	As at 31.03.2014	Balance as at 1.04.2013	Depreciation / amortisation expense for the year	As at 31.03.2014	Balance as at 31.03.2014	Balance as at 31.03.2013
A. Tangible Assets									
(a) Land	-	734,000	-	734,000	-	-	-	734,000	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(b) Buildings	252,062,678	6,964,789	1,226,410	257,801,057	435,553	9,436,594	9,872,147	247,928,910	251,627,125
	(-)	(252,062,678)	(-)	(252,062,678)	(-)	(435,553)	(435,553)	(251,627,125)	(-)
(c) Berth	1,349,403,923	31,018,675	-	1,380,422,598	2,331,696	50,243,126	52,574,822	1,327,847,776	1,347,072,227
	(-)	(1,349,403,923)	(-)	(1,349,403,923)	(-)	(2,331,696)	(2,331,696)	(1,347,072,227)	(-)
(d) Railway siding	136,534,118	-	-	136,534,118	302,058	6,485,371	6,787,429	129,746,689	136,232,060
	(-)	(136,534,118)	(-)	(136,534,118)	(-)	(302,058)	(302,058)	(136,232,060)	(-)
(e) Plant and Equipment	4,172,421,183	186,760,195	-	4,359,181,378	12,635,165	278,435,302	291,070,467	4,068,110,911	4,159,786,018
	(-)	(4,172,421,183)	(-)	(4,172,421,183)	(-)	(12,635,165)	(12,635,165)	(4,159,786,018)	(-)
(f) Furniture and Fixtures	6,780,478	2,379,041	-	9,159,519	753,188	1,315,355	2,068,543	7,090,976	6,027,290
	(1,367,893)	(5,412,585)	(-)	(6,780,478)	(446,063)	(307,125)	(753,188)	(6,027,290)	(921,830)
(g) Vehicles	-	1,274,250	-	1,274,250	-	37,477	37,477	1,236,773	-
	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)	(-)
(h) Office equipment	4,320,406	18,132,886	-	22,453,292	954,872	3,830,837	4,785,709	17,667,583	3,365,534
	(1,695,315)	(2,625,091)	(-)	(4,320,406)	(256,918)	(697,954)	(954,872)	(3,365,534)	(1,438,396)
Total Tangible Assets	**5,921,522,786**	**247,263,836**	**1,226,410**	**6,167,560,212**	**17,412,532**	**349,784,062**	**367,196,594**	**5,800,363,618**	**5,904,110,254**
	(3,063,208)	(5,918,459,578)	(-)	(5,921,522,786)	(702,981)	(16,709,551)	(17,412,532)	(5,904,110,254)	
B. Intangible Assets									
Computer software	**5,781,929**	-	-	**5,781,929**	**407,317**	**1,651,897**	**2,059,214**	**3,722,715**	**5,374,612**
	(-)	(5,781,929)	(-)	(5,781,929)	(-)	(407,317)	(407,317)	(5,374,612)	
Grand Total	**5,927,304,715**	**247,263,836**	**1,226,410**	**6,173,342,141**	**17,819,849**	**351,435,959**	**369,255,808**	**5,804,086,333**	**5,909,484,866**
	(3,063,208)	(5,924,241,507)	(-)	(5,927,304,715)	(702,981)	(17,116,868)	(17,819,849)	(5,909,484,866)	

Notes :

i) Assets costing less than Rs. 5,000 are depreciated at 100% in the year of acquisition.
ii) Depreciation on additions/deductions to fixed assets made during the year is provided on a pro-rata basis from/upto the date of such additions/deductions, as the case may be.
iii) Figures given in brackets pertain to the previous year.

		As at 31.03.2014 (Rupees)	As at 31.03.2013 (Rupees)
11	**Long Term Loans and Advances (Unsecured, considered good)**		
	(a) Capital Advances	-	490,350
	(b) Advance Tax	19,649,507	675,696
	(c) Security Deposits	9,347,400	7,025,000
		28,996,907	**8,191,046**

12 Current Investments # -
Investments in Mutual Funds-Unquoted

Fund Particulars	**Face value (Rupees)**	**Units holding as at 31.03.2014 Number**	**Units holding as at 31.03.2013 Number**	**Value of Investment as at 31.03.2014 (Rupees)**	**Value of Investment as at 31.03.2013 (Rupees)**
Birla Sun Life Cash Plus -Growth	100	193,557	-	39,369,361	-
ICICI Pru Liquid Plan Reg-Growth	100	266,425	-	50,125,607	-
Kotak Liquid Plan A-Growth	1,000	18,510	-	47,647,981	-
Reliance Liquidity-Growth	1,000	24,300	-	46,547,199	-
Religare Liquid Fund-Growth	1,000	-	49,680	-	80,125,031
SBI Premier Liquid Fund Plan - Growth	1,000	42	-	81,726	-
UTI Liquid Cash Inst-Growth	1,000	14,981	-	30,858,736	-
		517,815	**49,680**	**214,630,610**	**80,125,031**

Investments are lien marked to Axis Bank Limited, Dwaraka Nagar Branch,Visakhapatnam, as per the escrow agreement.

23 Additional information to the Financial Statements:

23.1 Share application money pending allotment

During previous year, the Company has received, from Sesa Sterlite Limited, an amount of Rs. 167,980,000 towards share application money towards 33,596,000 equity shares of Rs. 10 each at a premium of Rs. 1, out of which Rs. 5 per share towards share application money has been called for. The Company has sufficient authorised capital to cover the allotment of these shares. Pending approval from Vishakhapatnam port Trust ('VPT') the Company has not yet alloted the share.

23.2 Contingent liabilities and Commitments:

	As at 31.03.2014 (Rupees)	As at 31.03.2013 (Rupees)
Contingent Liability: The Company has export obligations of Rs. 3,058,807,433 (previous year Rs. 3,058,807,433) against the import licenses taken for import of capital goods under Export Promotion Capital Goods and Advance Licenses. In case the Company does not meet the required export obligation it has to pay the duty saved amount against the said import licenses along with interest.	382,350,929	382,350,929
Commitments: Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances).	32,461,392	16,456,771

23.3 The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta Resources Plc (The Vedanta Resources Long-Term Incentive Plan ("LTIP") and Employee Share Ownership Plan ("ESOP").

The LTIP is the primary arrangement under which share-based incentives are provided to the defined management group. The maximum value of shares that can be awarded to members of the defined management group is calculated by reference to the balance of basic salary and share-based remuneration consistent with local market practice. The performance condition attaching to outstanding awards under the LTIP is that of Vedanta's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period with the performance of the companies as defined in the scheme from the date of grant. Under this scheme, initial awards under the LTIP were granted in February 2004 and subsequently further awards were granted in the respective years. The awards are indexed to and settled by Vedanta shares. The awards provide for a fixed exercise price denominated in Vedanta's functional currency at 10 US cents per share, the performance period of each award is three years and the same is exercisable within a period of six months from the date of vesting beyond which the option lapse.

Vedanta has also granted a ESOP schemes that shall vest based on the achievement of business performance in the performance period. The vesting schedule is staggered over a period of three years. During the year, Vedanta has granted ESOP schemes that shall vest based on the achievement of business performance in the performance period. The vesting schedule is staggered over a period of three years from the date of grant with 70% vesting based on the achievement of business performance and the remaining 30% based on continued employment with the group till the end of third year. Under these

Amount recovered by Vedanta and recognised by the Company in the statement of profit and loss is Rs. 10,110,279 (previous year Rs. 163,844) net of capitalisation of Rs. nil (previous year Rs. 6,067,640). The Company considers these amounts as not material and accordingly has not provided further disclosure.

23.4 During the year, the Company in order to align its accounting policy in accordance with that followed by its Holding Company, to partially adopt Accounting Standard (AS) 30 - Financial Instruments: Recognition and Measurement, to the extent the provisions of AS-30 do not contravene the notified accounting standards. However, the impact of such change is not material.

23.5 Value of Imports calculated on CIF Basis

	As at 31.03.2014 (Rupees)	As at 31.03.2013 (Rupees)
Capital Goods	-	1,432,890,000

23.6 Expenditure in Foreign Currency (on accrual basis)

	Year ended 31.03.2014 (Rupees)	Year ended 31.03.2013 (Rupees)
Travel	-	381,572
Professional fee payment to foreign consultants	6,795,461	-
Interest on Buyers' Credit	20,785,370	13,937,247
	27,580,831	**14,318,819**

Note : The above expenditure in foreign currency pertaining to financial year 2012-13 was capitalised and pertaning to financial year 2013-14 is charged to profit & loss account

23.7 Employee benefit plans

Defined contribution plans

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs. 1,537,869 (previous year Rs. nil) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

Defined benefit plans (Gratuity)

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary plus dearness allowance) for each completed year of service subject to completion of five years service.

The present value of the defined benefit obligation and the related current service costs were measured using the projected unit credit method with actuarial valuations being carried out at each balance sheet date. The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements:

Components of employer expense

	Year ended 31.03.2014 (Rupees)	Year ended 31.03.2013 (Rupees)
Current service cost	456,781	-
Interest cost	-	-
Expected return on plan assets	(19,955)	
Past service cost	-	-
Actuarial (gain)/loss recognised during the year	2,324,099	-
		-
Total expense recognised in the Statement of Profit and Loss	2,760,925	-

Change in defined benefit obligations (DBO) during the year

Present value of DBO at beginning of the year	-	-
Current service cost	456,781	-
Interest cost	-	-
Actuarial (gains) / losses	2,304,144	-
Past service cost	-	-
Benefit payments	(79,038)	-
Present value of DBO at the end of the year	2,681,887	-

Principal actuarial assumptions		
Discount rate per annum*	9.19%	NA
Salary escalation rate per annum**	15.00%	NA
Expected return on plan assets	9.00%	NA
Attrition (Past Service (PS))	PS: 0 to 12 : 3% PS: 12 to 26 : 2% PS: 26 to 40 : 1%	NA

*The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

**The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors.

Demographic assumptions:

Particulars	**As at 31.03.2014**
Retirement age	58 years
Mortality rate	Published rates under Indian Assured Life Mortality (2006-08) ultimate tables

23.8 Related party

(a) Names of the related parties and nature of relationship where control exists:

(i) Holding Companies:

Sesa Sterlite Limited (Formerly Sesa Goa Limited)

(ii) Ultimte holding company

(i) Volcan Investments Limited*

(iii) Fellow Subsidiaries

Bharat Aluminium Company Limited
Talwandi Sabo Private Limited
Maritime Ventures Private Limited

(iv) Associates

Sterlite Technologies Limited

(v) **Key Managerial Personnel**

Mr. Pratik Agarwal **
Mr. M. Siddiqi **
Mr. DD Jalan **
Mr. Venkatesan S #

* No transactions with these parties during the year
** On deputation from Sesa Sterlite Limited
# On deputation from Leighton Welspun Contractors Private Limited

(b) **Details of related party transactions (Excluding taxes, appliable if any) during the year ended 31 March, 2014 and balances outstanding as at 31 March, 2014 :**

	As at 31.03.2014 (Rupees)	As at 31.03.2013 (Rupees)
1) Share Application money pending allotment		
Sesa Sterlite Limited	-	167,980,000
2) Loan Balances		
Sesa Sterlite Limited- Compulsory Convertible Debentures	1,500,000,000	1,500,000,000
3) Rendering of services *		
(i) Sesa Sterlite Limited (Power Division)	15,360,734	9,359,448
(ii) Maritime Ventures Private Limited	210,968,261	-
4) Salary,Personnel services and apportionment of corporate expenses charged by *		
(i) Sterlite Industries (India) Limited	-	46,940,682
(i) Vedanta Aluminium Limited	-	22,051,439
(iii) Sterlite Energy Limited	-	502,056
(iv) Sesa Goa Limited	-	133,321
(v) Bharat Aluminium Company Limited	1,044,382	-
(vi) Sesa Sterlite Limited	38,815,809	-
5) Salary,Personnel services and apportionment of expenses Charged *		
Sesa Sterlite Limited	553,349	-
6) Interest and Corporate Guarantee comission charged by Sesa Sterlite Limited *		
(i) Interest on Compulsory Convertible Debentures	1,500,000	1,500,000
(ii) Corporate Guarantee commission	13,375,669	13,399,413

7) Reimbursement of expenses to/(from) -Net *		
(i) Sterlite Industries (India) Limited	-	7,071,987
(ii) Vedanta Aluminium Limited	-	114,225
(iii) Sesa Goa Limited	-	(191,537)
(iv) Talwandi Saboo Private Limited	57,783	291,896
(v) Sterlite Technologies Limited	(350,000)	-
(vi) Westeren Cluster Limited	-	(71,992)
(vi) Sesa Sterlite Limited	1,931,803	-
8) Corporate Guarantee issued on our behalf by		
Sesa Sterlite Limited (Copper Division)	5,222,351,500	5,422,351,500
9) Credit Balances outstanding at the end of the year		
(i) Sterlite Industries (India) Limited	-	2,635,627
(ii) Vedanta Aluminium Limited	-	2,634,922
(iii) Sterlite Energy Limited	-	-
(iv) Sesa Goa Limited	-	49,514
(v) Bharat Aluminium Company Limited	5,356	-
(vi) Sesa Sterlite Limited	2,099,698	-
10) Debit Balances outstanding at the end of the year		
(i) Sterlite Energy Limited	-	106,850
(ii) Maritime Ventures Private Limited	44,331,542	-

*** Details of related party transactions are reported by excluding taxes, if any**

23.9 Financial and Derivative Instruments

a) Derivative contracts entered into by the Company and outstanding as at the balance sheet date a For hedging currency and interest rate related risks: - Nominal amounts of outstanding derivatives contracts entered into by the Company, along with Marked to Market (MTM) loss/(gain) are as follows:

	As at 31.03.2014 (Rupees)	As at 31.03.2013 (Rupees)
Nominal value of Forward Cover outstanding	1,093,287,030	868,467,658
MTM Loss/(Gain)	61,159,666	45,177,090

Derivative and financial instruments acquired by the Company are for hedging purposes only.

b) **Unhedged foreign currency exposure as at the balance sheet date are as follows:**

	31.03.2014		31.03.2013	
	USD	Rupees	USD	Rupees
Capital Creditors	-	-	3,942,166	214,411,642

23.10 The Company is primarily engaged in the business of coal handling facility at the General Cargo Berth in the outer Harbour of Visakhapatnam. As the Company operates in a single business and geographical segment, the reporting requirements for primary and secondary segment disclosure prescribed by paragraphs 39 to 51 of Accounting Standard 17–Segment Reporting have not been provided in these financial statements.

23.11 Earnings per share (EPS):

	Year ended 31.03.2014	Year ended 31.03.2013
	(In Rupees except for share data and EPS)	
Net loss after tax attributable to equity shareholders	(363,616,063)	(115,395,506)
Nominal value per share	10	10
Weighted average number of equity shares for basic earnings per share	10,000	10,000
Weighted average number of equity shares for diluted earnings per share	10,000	10,000
Basic earnings per share (in Rs.)	(36,361.61)	(11,539.55)
Diluted earnings per share (in Rs.)*	(36,361.61)	(11,539.55)

* Since the Company has Net loss after tax, Compulsory Convertible Debenture ('CCD') have not been considered for the purpose of computing Diluted earning per share as it will be Anti-dilutive.

23.12 Component of Deferred Tax as under

Particulars	As at 31.03.2014 (Rupees)	As at 31.03.2013 (Rupees)
Deferred tax Asset		
Unabsorbed business loss/Depreciation*	82,902,236	148,636,006
Deferred tax Liability		
Depreciation	82,902,236	148.636.006
Deferred tax Asset (Net)		

*Recognized to the extent of Deferred tax liability

23.13 Based on the information available with the Company, the balance due to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 is Rs. Nil (Previous year Rs. Nil) and no interest has been paid or is payable during the year under the terms of the MSMED Act, 2006. This has been relied upon by the auditors.

23.14 Previous year's figures have been regrouped/ reclassified wherever necessary to correspond with the current year's classification/disclosure.

For and on behalf of the Board of Directors

sd/-	sd/-
Pratik Agarwal	**M. Siddiqi**
Director	**Director**

Place: Mumbai
Date : April 18, 2014

Vizag General Cargo Berth Private Limited
CIN: U35100TN2010PTC075408
Registered Office: SIPCOT Industrial Complex, Madurai By Pass Road, T V Puram P.O., Tuticorin (Tamilnadu) - 628 002

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