

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**



**8<sup>TH</sup> ANNUAL REPORT**

**2017-2018**

## VIZAG GENERAL CARGO BERTH PRIVATE LIMITED

### Board of Directors and Management of the Company

Mr. GR. Arun Kumar	Non-Executive Director
Mr. Kishore Kumar Rajagopal	Non-Executive Director
Mr. A.R. Narayanaswamy	Non-Executive Independent Director
Mr. R. Kannan	Non-Executive Independent Director
Ms. Pooja Yadava	Non-Executive Woman Director

### Audit Committee

Mr. G.R. Arun Kumar  
Mr. A.R. Narayanaswamy  
Mr. R. Kannan

### Nomination and Remuneration Committee

Mr. G.R. Arun Kumar  
Mr. A.R. Narayanaswamy  
Mr. R. Kannan

### Bankers

AXIS Bank Limited  
Yes Bank Limited  
ICICI Bank Limited  
Pandurang Budhkar Marg  
Worli, Mumbai – 400 025

### Trustees

Axis Trustee Services Limited  
Axis House, 02<sup>nd</sup> Floor  
Bombay Dyeing Mills Compound,  
7<sup>th</sup> Floor, Tower 10B, DLF Cyber  
City, Phase-II, Gurgaon-122002

IDBI Trusteeship Services Limited  
Asian Building, Ground floor,  
17,R.Kamini marg,  
Ballard Estate, Mumbai - 400001

### Statutory Auditors

S.R. Batliboi & Co. LLP,  
Registration No.  
301003E/E300005  
Chartered Accountants

### Registered Office

SIPCOT Industrial Complex,  
Madurai Bypass Road,  
T. V. Puram P.O.,  
Tuticorin-628002  
Tamilnadu, India  
CIN: U35100TN2010PTC075408  
Website: www.vgcb.co.in

### Administrative Office

Vedanta, Administrative Building,  
Eastern Stack Yard, Visakhapatnam Port,  
Visakhapatnam-530035  
Andhra Pradesh, India  
Tel: 0891-279 5696, Fax: 0891-279 5698

## BOARD'S REPORT

To

The Members,

The Board of Directors presents the 8<sup>th</sup> Annual Report of Vizag General Cargo Berth Private Limited together with the Audited Statement of Accounts for the Financial Year ended 31<sup>st</sup> March, 2018.

### 1. Financial Results

Rs. In Crores

Particulars	2017-18	2016 -17
Gross Income	119.96	107.67
Profit before Interest and Depreciation	17.06	21.47
Finance Charges	43.47	32.52
Provision for Depreciation	25.12	25.21
Net Profit / (Loss) Before Tax	(51.53)	(36.26)
Provision for Tax	2.40	9.27
Net Profit / (Loss) After Tax	(53.93)	(45.33)
Balance of Profit brought forward	43.90	89.23
Deemed Equity Apportionment	(0.37)	-
Balance available for appropriation	(10.40)	43.90
Proposed Dividend on Equity Shares		-
Tax on proposed Dividend		-
Transfer to General Reserve		-
Surplus carried to Balance Sheet	(10.40)	43.90

### 2. Dividend

Your Directors do not recommend any dividend for the current year due to loss incurred by the Company.

### 3. Transfer of Unclaimed Dividend to Investor Education and Protection Fund

The provisions of Section 125 of the Companies, Act 2013 do not apply as no dividend was declared and paid for the previous year.

### 4. Transfer to Reserves

No amounts have been transferred to the Reserves during the year under review.

### 5. Review of Business Operations and Future Prospects – Management Discussion and Analysis

#### India Infrastructure sector 2018-2019

Infrastructure sector is a key driver for the Indian economy. The sector is highly responsible for propelling India's overall development and has intense focus from Government for initiating policies that would ensure time-bound creation of world class infrastructure in the country. Infrastructure sector includes power, bridges, dams, roads and urban infrastructure development. The Government of India is expected to invest highly in the infrastructure sector, mainly highways, renewable energy and urban transport in 2019. In the Union Budget 2018-2019 GoI has allotted US\$ 92.22 billion for the infrastructure sector with new initiatives viz., proposed smart cities, enhanced metro rail connectivity, river linking, focus on non-renewable power with more emphasis on solar power, efforts to restart the stalled projects shall optimistically lead to speedy progress and development of Infra sector which is directly related to the growth of Indian Economy.

#### Port Sector in India and Andhra Pradesh

Ports in India play a vital role in the economic development of the country and definitely forms an important component of Public Infrastructure. The same has been reinstated by GoI by including it in the Core Sectors for achieving its ambitious MAKE IN INDIA programme. Ports offer tremendous potential for development and growth of a wide spectrum of maritime activities such as international shipping, coastal shipping, ship repairs, fishing, captive ports for specific industries, all weather ports, tourism and sports.

Andhra Pradesh was amongst the first maritime states to recognize the imperative need for increased port infrastructure and the role that the private sector would be required to play in

developing the same.

Further, Government of Andhra Pradesh, is focusing on development of robust infrastructure across the state, including the ports of the State, where in your Company is operating and this will add thrust to the business of your Company.

India had been the largest importer of thermal coal in the world, however due to Ministry of Coal mission to reduce dependency on Imported Coal by enhancing the domestic production by Coal India to 630MMT in FY19, the reduction in coal imports of thermal coal to power plants is inevitable in near future. However with MAKE INDIA campaign and the government acute focus on infrastructure shall push the steel demand paving was for coking coal imports in the country.

#### **Business Overview**

The Company was incorporated on April 20, 2010 pursuant 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.

Against the volumes of 4.2 MMT of cargo in 2016-17, VGCB handled 5.5 MMT in 2017-18. The increase in volumes at VGCB is 31% and the increase in coal volumes due to sudden increase in thermal power generation in Aug '17 and Coal India was not in a position to deliver the requisite amount of coal, as the company had already lowered its monthly production to liquidate the excess coal at its pit-head mines. Consequently, coal stock at the

power plants had significantly fallen to 8 MnT in Sep'17, with many plants having critical stock of less than 7 days. In FY17-18 Coal India production of domestic coal has produced 567.37MMT against the target of 600MMT. The rake availability was the key constraint for both import coal movements and domestic coal movements.

#### **6. Material changes and commitments, if any, affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of the report.**

The Company issued 4250 (Four Thousand two hundred and Fifty only) Secured, Rated, Listed, Taxable, Redeemable Non-Convertible Debentures (NCDs), each of nominal value of Rs. 10,00,000 (Rupees Ten Lacs each) which amounts to Rs. 425 crores (Four Hundred and Twenty Five Crores only) having ISIN-INE905O07028 listed on Bombay Stock Exchange were issued on 17th May, 2017.

No other material changes and commitments affecting the financial position of the Company occurred between the end of the financial year to which this financial statements relate and the date of this report.

#### **7. Significant and Material orders passed by the Regulators or Courts or Tribunals impacting the going concern status and Company's operations in future**

There were no significant material orders passed by the Regulators / Courts /Tribunals which would impact the going concern status of the Company and its future operations.

#### **8. Safety**

The safety performance for the Financial Year 2017–2018 is as under:

<b>2017-18</b>	
FSI	0
LTIFR	0

F S I - Frequency severity incidence  
LTIFR - Lost Time Injury Frequency Rate

### **9. Internal Control Systems and their Adequacy**

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The Internal Auditors monitors and evaluates the efficacy and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies at all locations of the Company.

### **10. Subsidiary Companies, Joint Ventures and Associate Companies**

The Company has neither any subsidiary, Joint Venture, nor any Associate Company. During the year, neither any company become nor ceased to be subsidiary, joint venture, or associate company

### **11. Deposits**

The Company has not accepted deposit from the public falling within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014

### **12. Auditors**

#### **Statutory Auditors**

The Company's Auditors, M/s. S. R. Batliboi & Co. LLP, Chartered Accountants, were appointed, for a term of 5 years commencing from Financial Year 2016-2017 up to Financial Year 2020-2021 subject to ratification by shareholders at the ensuing Annual General Meeting.

#### **Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Amendment Rules, 2014, as amended from time to time, the cost audit records maintained by the Company in respect of its activity is required to be audited. Your

Directors had, on the recommendation of the Audit Committee, appointed CMA Prakash Uppalapathi, Cost & Management Accountants, as the Cost Auditor of the Company to audit the cost accounts of the Company for the financial year ended March 31, 2019 at a remuneration of Rs. 70,000/-. As required under the Companies Act, 2013, the remuneration payable to the cost auditor is required to be placed before the Members in a General Meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to CMA Prakash Uppalapathi, Cost & Management Accountants, is included at Item No. 4 of the Notice convening the Annual General Meeting.

#### **Secretarial Audit**

Secretarial Audit Report for the financial year 2017-18, as provided by Mr. Shivaram Bhat, Practicing Company Secretary, is annexed to this Report as "Annexure A".

The Company has appointed M/s Chandrashekar & Associates as Secretarial Auditor for the Financial Year 2018-19.

### **13. Auditor's Report on Accounts/ Secretarial Audit Report**

The Statutory Audit Report and Secretarial Audit Report are self-explanatory and therefore does not call for any further comments or explanations.

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Act, therefore no detail is required to be disclosed under Section 134 (3)(ca) of the Act.

### **14. Share Capital**

The paid up Equity Share Capital as on March 31, 2018 was Rs. 32,10,80,000/- (Rupees Thirty Two Crores Ten Lakhs Eighty Thousand only) During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity. As on March 31, 2018, none of the Directors of the

Company hold shares or convertible instruments of the Company.

### **15. Extract of Annual Return**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as “Annexure B”.

### **16. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3) (m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as “Annexure C”.

### **17. Directors & Key Managerial Personnel**

The present Board of Directors & Key Managerial Personnel (KMP) comprises of the following:

- a) Mr. Kishore Kumar Rajagopal-Director
- b) Mr. G R Arun Kumar-Director
- c) Mr. A.R. Narayanaswamy-Independent Director
- d) Mr. R. Kannan- Independent Director
- e) Ms. Pooja Yadava – Director
- f) Mr. Manish Gupta – Chief Executive Officer (CEO)
- g) Mr. Srikanth Gudivada – Chief Financial Officer (CFO)
- h) Mr. Kumar Ankit – Company Secretary (CS) & Compliance Officer

Mr. G. R. Arun Kumar, Director retires at rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. M. Siddiqi resigned as Director from the Company effective from 25<sup>th</sup> April 2017.

Mr. Kishore Kumar Rajagopal was appointed as an Additional Director of the Company by

the Board of Directors in its meeting held on 27<sup>th</sup> April 2017 and appointed as Director in the Annual General Meeting held on 24<sup>th</sup> August, 2017.

Mr. Biplab Ray resigned as CEO of the Company with effect from 30<sup>th</sup> June, 2017. Mr. Manish Gupta was appointed as CEO of the Company with effect from 22<sup>nd</sup> December, 2017.

No other Director or KMP was appointed by the Company in FY 2017-18.

### **18. Meetings & Attendance during the Year**

During the year five Board Meetings were held as under:

<b>Date of Board Meetings held during FY 2017-18</b>	
1.	27 <sup>th</sup> April, 2017
2.	21 <sup>st</sup> July, 2017
3.	26 <sup>th</sup> October, 2017
4.	22 <sup>nd</sup> December, 2017
5.	23 <sup>rd</sup> January, 2018
6.	27 <sup>th</sup> March 2018

The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

#### **Attendance**

<b>Names of the Director</b>	<b>No. of meetings during the year 2017-18</b>	
	<b>Held</b>	<b>Attended</b>
Mr. A R Narayanaswamy	6	6
Mr. R. Kannan	6	6
Mr. Kishore Kumar Rajagopal	5	4
Mr. G. R. Arun Kumar	6	4
Ms. Pooja Yadava	6	5

During the year four Audit Committee Meetings were held as under:

<b>Date of Audit Committee Meetings held during FY 2017-18</b>
----------------------------------------------------------------

1.	27 <sup>th</sup> April, 2017
2.	21 <sup>st</sup> July, 2017
3.	26 <sup>th</sup> October, 2017
4.	23 <sup>rd</sup> January, 2018
5.	27 <sup>th</sup> March, 2018

#### Attendance

Names of the Director	No. of meetings during the year 2017-18	
	Held	Attended
Mr. R. Kannan	5	5
Mr. A R Narayanaswamy	5	5
Mr. G R Arun Kumar	5	3

During the year Two Nomination and Remuneration Committee Meeting was held as under:

Date of Nomination and Remuneration Committee Meetings held during FY 2017-18	
1.	27 <sup>th</sup> April, 2017
2.	22 <sup>nd</sup> December, 2017

#### Attendance

Names of the Director	No. of meetings during the year 2017-18	
	Held	Attended
Mr. R. Kannan	2	2
Mr. A R Narayanaswamy	2	2
Mr. G R Arun Kumar	2	2

During the year a Committee of Directors Meeting formed for the purpose of Issuance and Allotment of Secured, Rated, Redeemable, Taxable, Non-Convertible Debentures (NCD) upto 425 Crores was held on 17<sup>th</sup> May, 2017.

#### Attendance

Names of the Director	No. of meetings during the year 2017-18	
	Held	Attended
Mr. GR Arun Kumar	1	1
Mr. Kishore Kumar	1	0
Ms. Pooja Yadava	1	1

#### 19. Disclosure of Composition of Audit Committee and Providing Vigil Mechanism

The Audit Committee consists of the following members:

- a) Mr. R. Kannan - Member
- b) Mr. A.R. Narayanaswamy - Member
- c) Mr. G. R. Arun Kumar - Member

The above composition of the Audit Committee consists of Independent Directors viz., Mr. R. Kannan and Mr. A.R. Narayanaswamy who form the majority.

Your Company has established a robust vigil mechanism for reporting of genuine concerns through the Whistle Blower Policy of the Group. As per the whistleblower policy adopted by various businesses in the group, all complaints are reported to Group Head – Management Assurance who is independent of operating management and businesses. In line with global practices, dedicated email IDs and centralized database have been created to facilitate receipt of complaints. A 24x7 whistle blower hotline cum web based portal was also launched during the year. All employees and stakeholders can register their integrity related concerns either by calling on a toll free number or by writing on the web based portal that is managed by a third party. The hotline provides multiple local language options. After the investigation, established cases are brought to Group Ethics Committee for decision making. All cases reported as part of whistle blower



mechanism are taken to their logical conclusion within a reasonable timeframe.

As part of the Code of Conduct, the Company has a Whistle blower Policy, where any instance of non-adherence to the Policy or any observed unethical behaviour is to be brought to the attention of the Head of Management Assurance Services/Audit Committee Chairman. During the year under review, there were no reports under the mechanism.

The Whistle Blower Policy is also posted on the website of the Company.

## **20. Disclosure of Composition of Nomination and Remuneration Committee**

The Nomination and Remuneration Committee consists of the following members:

- a) Mr. R. Kannan - Chairman
- b) Mr. A.R. Narayanaswamy - Member
- c) Mr. G. R. Arun Kumar – Member

## **21. Formal Annual Evaluation**

Globally, as part of good governance practice, Board evaluates its performance. The Companies Act, 2013 (Act) has mandated the need to ensure effectiveness of the Board governance and requires a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.

Structured questionnaires/ performance evaluation forms were prepared taking into consideration inputs received from the Directors for evaluation of the Board effectiveness which were broadly based on the parameters like Strategic and Operational Oversight, the Dynamics, Composition, Level of Expertise, Terms of Reference, Board support and processes, Governance etc. The Board evaluated the effectiveness of its functioning and that of the Committees and of individual directors by seeking their inputs on various aspects of Board/Committee

Governance.

The Board considered and discussed the inputs received from the Directors.

Further, the Independent Directors at their meeting, reviewed the performance of Board, and of other Non- Executive Directors.

## **22. Independent Directors Declaration**

The Company has received the necessary declaration from each of the Independent Directors in accordance with Section 149(7) of the Companies Act, 2013, that he/she meets the criteria of independence as laid out in sub-section (6) of Section 149 of the Companies Act, 2013.

## **23. Company's Policy Relating To Directors Appointment, Payment of Remuneration and Discharge of their Duties**

The Company's Policy relating to appointment of Directors, payment of Managerial remuneration, Directors' qualifications, positive attributes, independence of Directors and other related matters as provided under Section 178(3) of the Companies Act, 2013 is derived from its Nomination and Remuneration Policy, brief extracts of which are as under:

- a. Assist the Board in identifying persons who are qualified to become directors and who may be appointed in senior management.
- b. Formulate the criteria and to carry out evaluation of every director's performance, including Independent Directors and Board as a whole.
- c. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
- d. Formulate and recommend to the Board a policy, relating to the remuneration.
- e. Devising a policy on Board diversity.

## **24. Details relating to Remuneration of Directors/KMP's /Employees**

Directors of your Company do not draw



remuneration.

Below is the sitting fees being paid to Independent Directors of the Company:

Sl. No.	Name of the meeting	Sitting fees in Rs. (per meeting)
1.	Board Meeting	25,000/-
2.	Audit Committee Meeting	25,000/-
3.	Nomination and Remuneration Committee Meeting	10,000/-

The statement of Disclosure of Remuneration under Section 197 of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 'Rules', is appended as "Annexure D" to the Report.

There are no employees drawing remuneration exceeding the limit provided under Section 197 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

None of the above employees is a relative of any directors of the Company.

In terms of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company in this regard.

**25. Details of Policy developed and implemented by the Company on its Corporate Social Responsibility Initiatives**

The Company has not developed and implemented any Corporate Social Responsibility initiatives as the said provisions are not applicable.

**26. Particulars of Loans, Guarantees or Investments under Section 186**

There were no loans, guarantees or investments made by the Company under Section 186 of the Companies Act, 2013 during the year under review and hence the said provision is not applicable.

**27. Particulars of Contracts or Arrangements with Related Parties**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business.

All Related Party Transactions are placed before the Board for approval.

The Particulars of Related Party Transactions in AOC-2 is annexed herewith as "Annexure E".

**28. Risk Management Policy**

All the risks associated with the business are identified and allocated to respective designated owners to manage/control the risks and keep risk exposures within the acceptable limits.

Our risk management framework is designed to be a simple, consistent and clear for managing and reporting risks. Risk management is embedded in our critical business activities, functions and processes. This framework seeks to create transparency, minimize adverse impact on the business objectives and enhance the Company's competitive advantage.

Risk Management policy is designed/evaluated by Board of Directors through Audit Committee and policy is in alignment with the Vedanta Group's Risk Management Policy.

## **29. Shares**

### **a. Buy Back of Securities**

The Company has not bought back any of its securities during the year under review.

### **b. Sweat Equity**

The Company has not issued any Sweat Equity Shares during the year under review.

### **c. Bonus Shares**

No Bonus Shares were issued during the year under review.

### **d. Employees Stock Option Plan**

The Company has not provided any Stock Option Scheme to the employees.

## **30. Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013**

The Company has in place Policy on Prevention, Prohibition and Redressal of Sexual Harassment at workplace in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

The following is a summary of sexual harassment complaints received and disposed off during the year 2017-2018:

- No of complaints received: Nil
- No of complaints disposed off: Nil

## **31. Director's Responsibility Statement**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the

following statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended 31<sup>st</sup> March, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2018 and of the profit of the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## **32. Acknowledgements**

Your Directors place on record their sincere thanks to bankers, business associates, consultants, and various Government

Authorities for their continued support extended to your Companies activities during the year under review. Your Directors also acknowledges gratefully the shareholders for their support and confidence reposed on your Company.

**For and on behalf of the Board of Directors**

**Mr. G R Arun Kumar**  
**Director**

**Mr. Kishore Kumar Rajagopal**  
**Director**

Place: Mumbai  
Date: 20<sup>th</sup> April, 2018

**ANNEXURE 'A' TO BOARD'S REPORT**

**Annexure -I  
Form No. MR-3**

**SECRETARIAL AUDIT REPORT**

FOR THE FINANCIAL YEAR ENDED 31st MARCH, 2018

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

To,  
The Members,  
**Vizag General Cargo Berth Private Limited,**  
SIPCOT Industrial Complex, Madurai Bye Pass Road,  
T. V. Puram P.O Thoothukudi  
Tamil Nadu- 628002

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Vizag General Cargo Berth Private Limited (hereinafter called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2018 (hereinafter referred to as the " Audit Period") generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made there under;
- ii. The Securities Contracts (Regulation) Act, 1956 and the rules made there under;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment (*provisions of external commercial borrowing and Overseas Direct Investment not applicable to the Company during the Audit Period*) ;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(*Not applicable to the Company during the audit period*);

- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(*Not applicable to the Company during the audit period*);
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (*Not applicable to the Company during the audit period*);
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (*Not applicable to the Company during the audit period*); and h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (*Not applicable to the Company during the audit period*).

I further report that, based on the information provided by the company, its officers and authorised representatives during the conduct of the audit of the company, in my opinion, adequate systems and process and control mechanism exist in the company to monitor and ensure compliance with the laws specifically applicable to the company are –

- a) The Major Port Trusts Act, 1963.
- b) Dock Workers (Safety, Health And Welfare) Act,1986 And Dock Workers (Safety, Health And Welfare)Rules, 1990, Dock Workers (Safety, Health And Welfare) Regulations, 1990.
- c) The Visakhapatnam Port Trust (Licensing Of Stevedores And Allied Matters) Regulations, 1987.
- d) Coastal Regulation Zone, 1991

I have also examined compliance with the applicable clauses of the followi

- i. Secretarial Standards issued by The Institute of Company Secretaries of India.
- ii. The Listing Agreement entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

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

**I further report that -**

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining

further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority/unanimous decision is carried through and during the audit period there were no instances of dissenting members' views captured and recorded as part of the minutes.

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

**I further report that** during the audit period :

1. The Company has issued & allotted 4,250 Rated Taxable Secured Listed Redeemable Non-Convertible Debentures of Face Value of Rs. 10.00 lakhs each, aggregating to Rs. 425 Crores.
2. The members of the Company have pursuant to Section 180(1)(c) of the Act approved borrowing upto Rs.1000 Crores and also authorised creation of charge on the assets of the Company pursuant to Section 180(1)(a).
3. The members of the Company have approved extension of tenure of Unsecured Compulsory Convertible Debentures of Rs. 150 Crores (15 lakhs debentures of Rs. 1000/- each) up to January 28, 2021.

*Place* : Panaji, Goa

*Date* : 20<sup>th</sup> April, 2018

**Shivaram Bhat**  
**Practising Company Secretary**  
**ACS No. 10454 & CP No. 7853**

This Report is to be read with my letter of even date which is annexed as **Annexure A** and Forms an integral part of this report.



**‘ANNEXURE A’**

(My report of even date is to be read along with this Annexure.)

1. Maintenance of Secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

*Place* : Panaji, Goa

*Date* : 20<sup>th</sup> April, 2018

**Shivaram Bhat**  
**Practising Company Secretary**  
**ACS No. 10454 & CP No. 7853**

## ANNEXURE 'B' TO BOARD'S REPORT

### EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2018

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

### FORM NO. MGT – 9

#### I. REGISTRATION & OTHER DETAILS:

1	<b>CIN</b>	U35100TN2010PTC075408
2	<b>Registration Date</b>	20 <sup>th</sup> April, 2010
3	<b>Name of the Company</b>	Vizag General Cargo Berth Private Limited
4	<b>Category/Sub-category of the Company</b>	Public Company (by virtue of being a subsidiary of public company)/Limited by shares
5	<b>Address of the Registered office &amp; contact details</b>	SIPCOT Industrial Complex, Madurai Bypass Road, T.V. Puram P.O., Tuticorin - 628002 Email ID: kumar.ankit@vedanta.co.in Phone no.: 0891 279 5696
6	<b>Whether listed company</b>	Non-Convertible Debentures are listed on BSE
7	<b>Name, Address &amp; contact details of the Registrar &amp; Transfer Agent, if any.</b>	Karvy Computershare Private Limited, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500035

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY (All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main Products / Services	NIC Code of the Product/ Service	% to total turnover of the Company
1	Operation of Port Terminal Facility	52220	100%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND SUBSIDIARY COMPANIES

S. No.	NAME & ADDRESS OF COMPANY	CIN	HOLDING	% OF SHARES HELD	APPLICABLE SECTION
1.	Vedanta Limited (formerly known as Sesa Sterlite Ltd)	L13209MH1965PLC2 91394	Holding	100%	2(46)

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Break-up as percentage of Total Equity)

##### A. Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>	-	-	-	-	-	-	-	-	-
(1) <b>Indian</b>	-	-	-	-	-	-	-	-	-
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp- <b>VEDL(along with nominee shareholders)</b>	-	32108000	32108000	100	-	32108000	32108000	100	0
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A)</b>	-	32108000	32108000	100	-	32108000	32108000	100	0
<b>B. Public Shareholding</b>	-	-	-	-	-	-	-	-	-
1. Institutions	-	-	-	-	-	-	-	-	-
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks / FI	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-

i) Others	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	-	-	-	-	-	-	-	-	-
<b>2. Non-Institutions</b>	-	-	-	-	-	-	-	-	-
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	0	0	0	0		0	0	0	0
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital uptoRs. 1 lakh	-	-	-	-	-	-	-	-	-
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	-	-	-	-	-	-	-	-	-
Trusts	-	-	-	-	-	-	-	-	-
Foreign Bodies – D R	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	0	0	0	0	0	0	0	0
<b>C. Shares held by Custodian for GDRs &amp;</b>	-	-	-	-	-	-	-	-	-

<b>ADRs</b>									
<b>Grand Total (A+B+C)</b>	0	32108000	32108000	100	0	32108000	32108000	100	0

**B) Shareholding of Promoter-**

SN	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	VEDANTA LIMITED (along with Nominee Shareholders)	32108000	100	NA	32108000	100	NA	0
	Nominee of Vedanta Limited							
i	Pratik Agarwal	1000	0	0	0	0	0	0
ii	P. Ramnath	0	0	0	1	0	0	0
iii	Anshu Goel	0	0	0	1	0	0	0
iv	Anup Agarwal	0	0	0	1	0	0	0
v	Kamal Jain	0	0	0	1	0	0	0
vi	Sonica Muraleedharan	0	0	0	1	0	0	0
vii	C. Murugeswaran	0	0	0	1	0	0	0

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

S N	Particulars	Shareholding		Cumulative Shareholding	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	32108000	100	32108000	100

2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	0	0	0	0
2	At the end of the year	32108000	100	3210800	100

No other Director holds any shares in the Company.

**D) Shareholding Pattern of top ten Shareholders:  
(Other than Directors, Promoters and Holders of GDRs and ADRs): NIL**

SN	For Each of the Top 10 Shareholders – Leighton	Shareholding during 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 Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	-	-	-	-
	At the end of the year	-	-	-	-

**E) Shareholding of Directors and Key Managerial Personnel: NIL**

SN	Shareholding of each Directors and each Key Managerial Personnel	Shareholding during 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 Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the end of the year				

**V) INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment.



	<b>Secured Loans excluding deposits (in Cr.)</b>	<b>Unsecured Loans (in Cr.)</b>	<b>Deposits</b>	<b>Total Indebtedness (in Cr.)</b>
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	388.80	7.89	-	396.69
ii) Interest due but not paid	-	0.93	-	0.93
iii) Interest accrued but not due	2.62	-	-	2.62
<b>Total (i+ii+iii)</b>	<b>391.42</b>	<b>8.82</b>	<b>-</b>	<b>400.25</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	425.00	0.37	-	425.37
* Reduction	388.80	7.89	-	396.69
<b>Net Change</b>				
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	425.00	0.37	-	425.37
ii) Interest due but not paid	-	0.12	-	0.12
iii) Interest accrued but not due	30.64	-	-	30.64
<b>Total (i+ii+iii)</b>	<b>455.64</b>	<b>0.49</b>	<b>-</b>	<b>456.14</b>

## **VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-**

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

<b>SN.</b>	<b>Particulars of Remuneration</b>	<b>Total Amount (in Lacs)</b>
1	Gross salary	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil
	(c) Profits in lieu of salary under section 17(3) Income- tax	Nil

	Act, 1961	
2	Stock Option	Nil
3	Sweat Equity	Nil
4	Commission - as % of profit - others, specify...	Nil
5	Others, please specify	Nil
	Total (A)	Nil
	Ceiling as per the Act	Nil

### B. Remuneration to other directors

(Amt in Rs.)

SN.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	<b>Mr. R. Kannan</b>	<b>Mr. A R Narayanaswamy</b>	-	
	Fee for attending board committee meetings				
	Rs. 25,000 per BM	1,50,000	1,50,000		3,00,000
	Rs. 25,000 per ACM	1,25,000	1,25,000		2,50,000
	Rs. 10,000 per NRCM	20,000	20,000		40,000
	Commission	Nil	Nil		Nil
	Others, please specify	Nil	Nil		Nil
	<b>Total (1)</b>	<b>2,95,000</b>	<b>2,95,000</b>		<b>5,90,000</b>
	Overall Ceiling as per the Act	Sitting Fees: up to Rs. 1 lakh per board meeting or a committee meeting thereof			
2	Other Non-Executive Directors	<b>Ms. Pooja Yadava</b>	<b>Mr. GR. Arun Kumar</b>	<b>Mr. Kishore Kumar Rajagopal</b>	
	Fee for attending board committee meetings	Nil	Nil	Nil	Nil
	Commission	Nil	Nil	Nil	Nil
	Others, please specify	NA	NA	NA	Nil
	Total (2)	Nil	Nil	Nil	Nil
	Total (B)=(1+2)	Nil	Nil	Nil	Nil
	Total Managerial Remuneration	Nil	Nil	Nil	Nil
	Overall Ceiling as per the Act	NA	NA	NA	NA

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

(Amt in Rs.)

SN	Particulars of Remuneration	Key Managerial Personnel				
		Kumar	Srikanth	Biplab Ray	Manish	Total

		Ankit (CS)	Gudivada (CFO)	(CEO) (Till 30 <sup>th</sup> June, 2017)	Gupta (CEO)	
1	Gross salary	-	36,57,181	7,57,414	-	44,14,595
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					-
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961					-
2	Stock Option					-
3	Sweat Equity					
4	Commission					
	- as % of profit					
	Others, specify					
5	Others, please specify					
	Total		36,57,181	7,57,414	-	44,14,595

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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)
<b>A. COMPANY</b>					
Penalty					
Punishment			NONE		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NONE		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					

Penalty	NONE
Punishment	
Compounding	

**For and on behalf of the Board of Directors**

**Mr. G R Arun Kumar**  
**Director**

**Mr. Kishore Kumar Rajagopal**  
**Director**

Place: Mumbai  
Date: 20<sup>th</sup> April, 2018

**ANNEXURE 'C' TO BOARD'S REPORT**

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**1. Energy conservation Measures –**

- A. Installation of LED lamps.
- B. Modification of 7B conveyor discharge chute for minimizing reclaiming power consumption.
- C. Implementation of energy saver systems for Air conditioners.

**2. Technology Absorption Measures – Nil**

**3. Forex Earnings & outgo**

(in Crores)

<b>Total Foreign exchange earned and outgo</b>	<b>2017-18</b>	<b>2016-17</b>
i. CIF value of imports	-	-
ii. Expenditure in foreign currency	0.47	2.87
iii. FOB value of exports	-	-
iv. Foreign exchange earned - others	-	-

**For and on behalf of the Board of Directors**

**Mr. G R Arun Kumar**  
**Director**

**Mr. Kishore Kumar Rajagopal**  
**Director**

Place: Mumbai  
Date: 20<sup>th</sup> April, 2018

**ANNEXURE 'D' TO BOARD'S REPORT**

**Disclosure in Board's report as per provisions of Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2017**

<b>Sr. No.</b>	<b>Requirement</b>	<b>Disclosure</b>
1	The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year	NIL
2	The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager if any, in the financial year	
A	The percentage increase in remuneration of each director	NIL
B	The percentage increase in remuneration of CFO	8%
C	The percentage increase in remuneration of CEO	NA
D	The percentage increase in remuneration of CS	NA
3	The percentage increase in the median remuneration of employees in the financial year	8-10%
4	The number of permanent employees on the rolls of company	22
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	5%
6	Affirmation that the remuneration is as per the remuneration policy of the company	Yes, as per Group appraisal guidelines for the year

**For and on behalf of the Board of Directors**

**Mr. G R Arun Kumar**  
**Director**

**Mr. Kishore Kumar Rajagopal**  
**Director**

Place: Mumbai  
Date: 20<sup>th</sup> April, 2018



**ANNEXURE 'E' TO BOARD'S REPORT**

**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 arm's length transaction under third proviso thereto.

1. Details of contracts or arrangements or transactions not at Arm's length basis – NIL

SL. No.	Particulars	Details
1	Name (s) of the related party & nature of relationship	
2	Nature of contracts/arrangements/transaction	
3	Duration of the contracts/arrangements/transaction	
4	Salient terms of the contracts or arrangements or transaction including the value, if any	
5	Justification for entering into such contracts or arrangements or transactions'	
6	Date of approval by the Board	
7	Amount paid as advances, if any	
8	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	

2. Details of contracts or arrangements or transactions at Arm's length basis.

**Amt in Cr.**

SL. No.	Particulars	Details				
	Name (s) of the related party & nature of relationship	Nature of contracts/arrangements/transaction	Duration of the contracts/arrangements/transaction	Salient terms of the contracts or arrangements or transaction including the value, if any	Date of approval by the Board	Amount paid as advances, if any
1	Vedanta limited (Holding Company)	Cargo Handling services	6 mths contract	Cargo handling services (Rs.6.28 Crs)	Landscape approval in the year beginning	NIL
2	BALCO	Cargo Handling services	6 mths contract	Cargo handling services (Rs.3.89 Crs)	Landscape approval in the year beginning	NIL

**For and on behalf of the Board of Directors**

**Mr. G R Arun Kumar**  
**Director**

**Mr. Kishore Kumar Rajagopal**  
**Director**

Place: Mumbai  
Date: 20<sup>th</sup> April, 2018

## **INDEPENDENT AUDITOR'S REPORT**

To the Members of Vizag General Cargo Berth Private Limited

### **Report on the Ind AS Financial Statements**

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

### **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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

## **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;
  - (e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 26 to the Ind AS financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For S.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Naman Agarwal**

Partner

Membership Number: 502405

Place: New Delhi

Date: April 20, 2018

**Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date**

**Re: Vizag General Cargo Berth Private Limited** (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- (ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability Partnership or other parties covered in the register maintained under section 189 of the companies act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Act are applicable. Accordingly provisions of clause 3(iv) of the Order are not applicable and hence not commented upon.
- (v) According to information and explanations given to us, the Company has not accepted any deposit from the public during the year.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act, related to the port services, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company has been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, customs duty, value added tax, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to employees’ state insurance are not applicable to the company.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income-tax, sales tax, service tax, customs duty, value added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to employees’ state insurance are not applicable to the company.
- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, customs duty, excise duty and value added tax on account of any dispute, are as follows:

<b>Name of the Statute</b>	<b>Nature of the dues</b>	<b>Amount (in Rs. Crore) *</b>	<b>Period to which amount relates</b>	<b>Forum where the dispute is pending</b>
Finance Act, 1994	Service Tax	29,30,463	2012 and 2013-14	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service tax	47,074,941	2011-12 to 2014-15	Customs, Excise and Service Tax Appellate Tribunal

\*excluding interest and penalty

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to bank or debenture holders. The Company did not have any outstanding dues to financial institutions or government.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of debentures and term loans for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) The company has not paid managerial remuneration during the current year. Accordingly provisions of clause 3(xi) of the Order are not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per Naman Agarwal  
Partner  
Membership No: 502405  
Place: New Delhi  
Date: April 20, 2018



# **ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**

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

We have audited the internal financial controls over financial reporting of Vizag General Cargo Berth Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

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

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the internal control over financial reporting in COSO 2013 criteria , considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S.R. Batliboi & Co. LLP  
Chartered Accountants  
ICAI Firm Registration Number: 301003E/E300005

per Naman Agarwal  
Partner  
Membership Number: 502405  
Place: New Delhi  
Date: April 20, 2018

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**BALANCE SHEET AS AT March 31, 2018**

Particulars	Notes	As at March 31, 2018 (Rupees)	As at March 31, 2017 (Rupees)
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Property, Plant and Equipment	4A	10,617,583	14,613,589
(b) Capital Work in progress		1,600,000	-
(c) Intangible assets	4B	5,551,517,892	5,750,563,401
(d) Financial assets			
(i) Trade Receivables	5	17,022,351	17,022,351
(ii) Others financial assets	6	77,822,843	26,051,228
(e) Income tax assets (net of provisions)		31,023,522	103,736,704
<b>Total non current assets</b>		<b>5,689,604,191</b>	<b>5,911,987,273</b>
<b>2 Current assets</b>			
(a) Inventories	7	15,861,724	18,890,624
(b) Financial assets			
(i) Investments	8	281,158,611	-
(ii) Trade receivables	9	135,386,028	132,568,352
(iii) Cash and cash equivalents	10	7,742,269	35,028,597
(iv) Loans	11	-	62,252
(v) Other financial assets	6	74,527,139	1,156,589
(c) Other current assets	12	87,879,000	24,880,618
(d) Income tax assets (net of provisions)		46,732,302	-
<b>Total current assets</b>		<b>649,287,073</b>	<b>212,587,032</b>
<b>Total assets</b>		<b>6,338,891,264</b>	<b>6,124,574,305</b>
<b>EQUITY AND LIABILITIES</b>			
<b>1 EQUITY</b>			
(a) Equity share capital	13	321,080,000	321,080,000
(b) Other equity		(104,046,651)	438,967,702
<b>Total equity</b>		<b>217,033,349</b>	<b>760,047,702</b>
<b>2 LIABILITIES</b>			
<b>Non-current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	14	4,252,479,383	2,430,703,737
(b) Deferred tax liabilities (Net)	30	715,757,942	691,527,919
(c) Other non-current liabilities	15	300,297,469	314,290,790
(d) Provisions	19	3,303,258	895,394
<b>Total non current liabilities</b>		<b>5,271,838,052</b>	<b>3,437,417,840</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	16	-	77,500,000
(ii) Trade payables	17	137,832,182	73,965,740
(iii) Other financial liabilities	18	630,300,141	1,731,179,810
(b) Other current liabilities	15	75,170,642	37,764,626
(c) Provisions	19	6,716,898	6,698,587
<b>Total current liabilities</b>		<b>850,019,863</b>	<b>1,927,108,763</b>
<b>Total liabilities</b>		<b>6,121,857,915</b>	<b>5,364,526,603</b>
<b>Total equity and liabilities</b>		<b>6,338,891,264</b>	<b>6,124,574,305</b>

See accompanying notes to the financial statements

As per our report of even date

**For S.R Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

**For and on behalf of Board of Directors**

per **Naman Agarwal**

Partner

Membership No.: 502405

**GR Arun Kumar**

Director

DIN : 01874769

**Kishore Kumar**

Director

DIN : 07148888

**Srikanth Gudivada**

Chief Financial Officer

**Kumar Ankit**

Company Secretary

ICSI Membership

No. FCS 9077

**Manish Gupta**

Chief Executive Officer

Place: New Delhi

Date : April 20, 2018

Place: Mumbai

Date : April 20, 2018

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	Notes	Year ended March 31, 2018 (Rupees)	Year ended March 31, 2017 (Rupees)
<b>I Income</b>			
(a) Revenue from operations	20	1,166,094,232	1,057,517,413
(b) Other income	21	33,515,900	19,188,933
<b>Total income</b>		<u><b>1,199,610,132</b></u>	<u><b>1,076,706,346</b></u>
<b>II Expenses</b>			
(a) Employee benefits expense	22	40,751,511	51,661,651
(b) Royalty		586,684,452	489,915,521
(c) Finance costs	23	434,676,253	325,160,100
(d) Depreciation and amortization expense	4A & 4B	251,162,565	252,134,489
(e) Other expenses	24	401,676,882	320,397,046
<b>Total expenses</b>		<u><b>1,714,951,663</b></u>	<u><b>1,439,268,807</b></u>
<b>III Loss before tax</b>		<b>(515,341,531)</b>	<b>(362,562,461)</b>
<b>IV Tax expense</b>			
Deffered tax	30	24,230,022	92,689,898
		<u>24,230,022</u>	<u>92,689,898</u>
<b>V Loss after tax</b>		<u><b>(539,571,553)</b></u>	<u><b>(455,252,359)</b></u>
<b>VI Other comprehensive income</b>			
Items that will not be reclassified to profit or loss			
- Re-measurement gain on defined benefit obligations		255,141	1,924,373
<b>VII Total comprehensive income for the year</b>		<u><b>(539,316,412)</b></u>	<u><b>(453,327,986)</b></u>
<b>VIII Loss per equity share</b>			
(a) Basic -Face value 10 /-	25	(16.80)	(14.18)
(b) Diluted -Face value 10 /-	25	(16.80)	(14.18)

See accompanying notes to the financial statements

As per our report of even date

**For S.R Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

**For and on behalf of Board of Directors**

per **Naman Agarwal**  
Partner  
Membership No.: 502405

**GR Arun Kumar**  
Director  
DIN : 01874769

**Kishore Kumar**  
Director  
DIN : 07148888

**Srikanth Gudivada**  
Chief Financial Officer

**Kumar Ankit**  
Company Secretary  
ICSI Membership  
No. FCS 9077

**Manish Gupta**  
Chief Executive Officer

Place: New Delhi  
Date : April 20, 2018

Place: Mumbai  
Date : April 20, 2018

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2018**

**(a) Equity Share Capital**

Particulars	Number of shares	Amount in Rs
<b>As at March 31, 2017 and March 31, 2018</b>	32,108,000	321,080,000

**(b) Other Equity**

Particulars	Equity component of compound financial instrument - See Note 14(ii)	Retained earnings	Total equity
<b>Balance as at March 31, 2016</b>	<b>1,492,180,032</b>	<b>(599,884,344)</b>	<b>892,295,688</b>
Loss for the year	-	(455,252,359)	(455,252,359)
Other comprehensive income	-	1,924,373	1,924,373
<b>Balance as at March 31, 2017</b>	<b>1,492,180,032</b>	<b>(1,053,212,330)</b>	<b>438,967,702</b>
Reduction in Deemed equity	(3,697,941)	-	(3,697,941)
Loss for the year	-	(539,571,553)	(539,571,553)
Other comprehensive income	-	255,141	255,141
<b>Balance as at March 31, 2018</b>	<b>1,488,482,091</b>	<b>(1,592,528,742)</b>	<b>(104,046,651)</b>

See accompanying notes to the financial statements

As per our report of even date

**For S.R Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

**For and on behalf of Board of Directors**

per **Naman Agarwal**

Partner

Membership No.: 502405

**GR Arun Kumar**

Director

DIN : 01874769

**Kishore Kumar**

Director

DIN : 07148888

**Srikanth Gudivada**

Chief Financial Officer

**Kumar Ankit**

Company Secretary

ICSI Membership

No. FCS 9077

**Manish Gupta**

Chief Executive Officer

Place: New Delhi

Date : April 20, 2018

Place: Mumbai

Date : April 20, 2018

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2018**

Particulars	Year ended March 31, 2018 (Rupees)	Year ended March 31, 2017 (Rupees)
<b>A. Cash flows from operating activities</b>		
Net (Loss)/Profit before tax	(515,341,531)	(362,562,461)
<b>Adjustments for :</b>		
Depreciation and amortisation expense	251,162,565	252,134,489
Interest expense	434,676,253	325,160,100
Interest income	(12,298,570)	(4,259,760)
Gain on financial assets held for trading	(7,205,598)	(823,893)
Provision for doubtful debts	889,162	-
Deferred government grant	(13,993,322)	(13,968,052)
Non Moving Inventory provision	2,223,266	-
Loss on sale of Property, Plant and Equipment	14,831,906	53,636,429
	<b>154,944,132</b>	<b>249,316,852</b>
<b>Working capital adjustments</b>		
Decrease /(Increase) in inventories	805,634	(2,558,306)
(Increase) in trade receivables and loans	(3,644,586)	(35,281,186)
(Increase)/Decrease in other financial and non financial assets	(180,663,376)	(5,926,360)
(Decrease)/Increase in trade payable	63,866,442	(309,411)
Increase/(Decrease) in other liabilities and provisions	116,569,711	65,615,652
<b>Cash flow generated from operations</b>	<b>151,877,956</b>	<b>270,857,240</b>
Income tax refund/(paid) during year	25,980,880	5,451,067
<b>Net cash flow generated from operations (A)</b>	<b>177,858,836</b>	<b>276,308,307</b>
<b>B. Cash flows from investing activities</b>		
Purchase of property, plant and equipment including intangibles	(67,328,213)	(4,815,757)
Proceeds from sale of property, plant and equipment including intangibles	2,775,256	6,577,000
Purchases of short term investments	(2,190,200,000)	(552,600,000)
Proceeds from sale of short term investments	1,916,246,988	553,423,893
Interest received	4,821,401	4,297,873
<b>Net cash flow generated from/(used in) investing activities (B)</b>	<b>(333,684,568)</b>	<b>6,883,009</b>
<b>C. Cash flows from financing activities</b>		
Proceeds from term loans	-	2,695,000,000
Repayment of term loans	(3,888,083,971)	-
Proceeds from non-convertible debentures	4,250,000,000	-
Repayment of non-convertible debentures	-	(750,000,000)
Loan from related party	-	787,500,000
Repayment of loan from related parties	(77,500,000)	(2,645,000,000)
Interest and finance charges paid	(155,876,625)	(353,733,399)
<b>Net cash flow generated from /(used in) financing activities (C)</b>	<b>128,539,404</b>	<b>(266,233,399)</b>
<b>Net increase/(decrease) in cash and cash equivalent (A+B+C)</b>	<b>(27,286,328)</b>	<b>16,957,917</b>
<b>Cash and cash equivalents at beginning of the year (Refer note-10)</b>	<b>35,028,597</b>	<b>18,070,680</b>
<b>Cash and cash equivalents at the end of the year (Refer note -10)</b>	<b>7,742,269</b>	<b>35,028,597</b>

**Notes:**

- The figures in bracket indicates outflow
- The above cash flow has been prepared under the "indirect method" as set out in Indian Accounting Standard (Ind As) 7 - Statement of Cash Flows.

See accompanying notes to the financial statements

As per our report of even date

**For S.R Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

**For and on behalf of the Board of Directors**

**per Naman Agarwal**

Partner

Membership No.: 502405

**GR Arun Kumar**

Director

DIN : 01874769

**Kishore Kumar**

Director

DIN : 07148888

**Srikanth Gudivada**

Chief Financial Officer

**Kumar Ankit**

Company Secretary  
ICSI Membership No.  
FCS 9077

**Manish Gupta**

Chief Executive Officer

Place: New Delhi

Date : April 20, 2018

Place: Mumbai

Date : April 20, 2018

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2018**

**4A PROPERTY, PLANT AND EQUIPMENT**

Particulars	Land - freehold	Furniture and fixtures	Vehicles	Office equipment	Total
<b>GROSS BLOCK</b>					
<b>AT 1 APRIL 2016</b>	734,000	9,941,949	2,514,298	25,206,339	38,396,586
Additions	-	-	-	1,566,876	1,566,876
Deletions	-	153,742	1,274,250	83,900	1,511,892
<b>AT 31 MARCH 2017</b>	<b>734,000</b>	<b>9,788,207</b>	<b>1,240,048</b>	<b>26,689,315</b>	<b>38,451,570</b>
Additions	-	-	-	606,730	606,730
Deletions	-	-	1,240,048	45,000	1,285,048
<b>AT 31 MARCH 2018</b>	<b>734,000</b>	<b>9,788,207</b>	<b>-</b>	<b>27,251,045</b>	<b>37,773,252</b>
<b>ACCUMULATED DEPRECIATION</b>					
<b>AT 1 APRIL 2016</b>	-	3,858,141	404,010	15,317,101	19,579,252
Depreciation for the year	-	882,622	168,224	3,725,423	4,776,269
Depreciation on Deletions	-	133,582	372,335	11,623	517,540
<b>AT 31 MARCH 2017</b>	<b>-</b>	<b>4,607,181</b>	<b>199,899</b>	<b>19,030,901</b>	<b>23,837,981</b>
Depreciation for the year	-	878,411	64,982	2,639,176	3,582,569
Depreciation on Deletions	-	-	264,881	-	264,881
<b>AT 31 MARCH 2018</b>	<b>-</b>	<b>5,485,592</b>	<b>-</b>	<b>21,670,077</b>	<b>27,155,669</b>
<b>NET BOOK VALUE</b>					
AT 31 MARCH 2017	734,000	5,181,026	1,040,149	7,658,414	14,613,589
<b>AT 31 MARCH 2018</b>	<b>734,000</b>	<b>4,302,615</b>	<b>-</b>	<b>5,580,968</b>	<b>10,617,583</b>

**4B Intangible Assets**

Particulars	Port Concession Rights (Refer note 33)	Computer Software	Total
<b>GROSS BLOCK</b>			
<b>AT 1 APRIL 2016</b>	6,719,848,947	5,781,929	6,725,630,876
Additions	29,207,996	-	29,207,996
Effect of foreign currency exchange differences	38,980,872	-	38,980,872
Deletions	69,657,181	-	69,657,181
<b>AT 31 MARCH 2017</b>	<b>6,718,380,634</b>	<b>5,781,929</b>	<b>6,724,162,563</b>
Additions	7,784,203	-	7,784,203
Effect of foreign currency exchange differences	57,323,163	-	57,323,163
Deletions	19,725,696	-	19,725,696
<b>AT 31 MARCH 2018</b>	<b>6,763,762,304</b>	<b>5,781,929</b>	<b>6,769,544,233</b>
<b>ACCUMULATED DEPRECIATION</b>			
<b>AT 1 APRIL 2016</b>	730,560,079	5,363,006	735,923,085
Depreciation for the year	246,939,297	418,923	247,358,220
Depreciation on Deletions	9,682,143	-	9,682,143
<b>AT 31 MARCH 2017</b>	<b>967,817,233</b>	<b>5,781,929</b>	<b>973,599,162</b>
Depreciation for the year	247,579,996	-	247,579,996
Depreciation on Deletions	3,152,817	-	3,152,817
<b>AT 31 MARCH 2018</b>	<b>1,212,244,412</b>	<b>5,781,929</b>	<b>1,218,026,341</b>
<b>NET BOOK VALUE</b>			
AT 31 MARCH 2017	5,750,563,401	-	5,750,563,401
<b>AT 31 MARCH 2018</b>	<b>5,551,517,892</b>	<b>-</b>	<b>5,551,517,892</b>

Note:

Certain property, plant and equipment are pledged as collateral against borrowings, the details related to which have been described in Note 14 "Borrowings"

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

**13 Share capital**

	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Amount in Rupees	Number of shares	Amount in Rupees
<b>Authorised</b>				
Equity shares of Rs. 10 each with voting rights	50,000,000	500,000,000	50,000,000	500,000,000
<b>Issued, subscribed and fully paid up</b>				
Equity shares of Rs.10 each with voting rights	32,108,000	321,080,000	32,108,000	321,080,000
	<b>32,108,000</b>	<b>321,080,000</b>	<b>32,108,000</b>	<b>321,080,000</b>

(i) There has been no movement in the equity share capital for the year ended March 31, 2018 and March 31, 2017.

**(ii) Details of shares held by the holding Company (including nominee) :**

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Vedanta Limited, holding Company	32,108,000	100%	32,108,000	100%

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% of Holding	Number of shares held	% of Holding
(a) Vedanta Limited (including nominee)	32,108,000	100%	32,108,000	100%

(iv) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share and dividend as and when declared by the company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend which is paid as and when declared by Board of Directors. 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 amounts in proportion to their shareholding.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

<b>5 Non Current financial assets</b>	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
Unsecured, considered good Trade receivable (Also refer note 9)	17,022,351	17,022,351
Unsecured, considered Doubtful Trade receivable Less: Provision for doubtful Trade Receivables	889,162 (889,162) <b>17,022,351</b>	- - <b>17,022,351</b>
<b>6 Other financial assets</b>	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
<b>Non current</b> (Unsecured, considered good)		
(a) Security deposits	29,801,633	26,051,228
(b) Receivable from Vishakapatnam port trust	48,021,210	-
	<b>77,822,843</b>	<b>26,051,228</b>
<b>Current</b> (Unsecured, considered good)		
(a) Security Deposits	406,223	111,773
(b) Advance to Related Parties	14,026	-
(c) Advance to Others	2,115,898	-
<b>-Others</b>		
(d) Interest accrued on deposits measured at amortised cost	8,521,985	1,044,816
(e) Unbilled Revenue	29,051,871	-
(f) Export Incentive receivable	34,417,136	-
	<b>74,527,139</b>	<b>1,156,589</b>
<b>7 Inventories</b>	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
Stores and spares (For method of valuation of inventories refer note-3(f))	<b>15,861,724</b>	18,890,624
<b>8 Current Investments</b>	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
Investments in mutual funds carried at fair value through profit and loss (FVTPL)	<b>281,158,611</b>	-
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments	281,158,611	-
<b>9 Trade receivables</b>	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
Unsecured, considered good	<b>135,386,028</b>	132,568,352
Note:		
(i) Trade receivables from a related party (Refer note 29)	97,298,239	97,372,665

**Note:**

- i) Average credit period offered by the Company to customers is 30 days. In case credit period is to be extended over 30 days to any customer, prior approval from Chief Executive Officer and Chief Financial Officer shall be obtained. In case payment is not received even after 90 days, Company may suspend the operations on behalf of such client.
- ii) Non current receivables aggregating to Rs.17,022,351 as at March 31,2018 (March 31,2017 Rs.17,022,351) were held back by a customer owing to certain disputes relating to nature of services provided, in respect of which the company has proceeded legally for recovery. The company has obtained an independent legal advice in support of its claim and does not expect any material loss on ultimate settlement.

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

<b>10 Cash and cash equivalents</b>	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
Balances with banks in current accounts	<b>7,742,269</b>	35,028,597
<b>11 Loans (unsecured, considered good)</b>	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
Due from related parties [Refer note - 29]	-	<b>62,252</b>
<b>12 Other Current Assets</b>	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
(unsecured, considered good)		
(a) Advance to suppliers	330,890	-
(b) Prepaid expenses	3,384,415	3,096,036
(c) Balance with government authorities	49,870,008	21,784,582
(d) Licences in hand (Represent licences which the company has received as an export incentive and are freely tradable in the market.)	34,293,687	-
	<b>87,879,000</b>	<b>24,880,618</b>

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

<b>14 Non current borrowings</b>	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
<b>Secured (measured at amortised cost)</b>		
(a) Redeemable non convertible debentures [refer note (i)]	4,250,000,000	-
(b) Buyers' credit from banks [refer note (iii)]	-	1,183,757,936
(c) Term loan from banks [refer note (iv)]	-	2,704,326,035
<b>Unsecured (measured at amortised cost)</b>		
(a) Liability component of compound financial instruments (see note (ii) below)	3,688,014	1,377,702
<b>Financial liabilities - Borrowings</b>	<b>4,253,688,014</b>	<b>3,889,461,673</b>
Less: Current maturities of long term borrowings (Refer note 18(a))	(1,208,631)	(1,458,757,936)
<b>Total non-current financial liabilities - Borrowings (Net)</b>	<b>4,252,479,383</b>	<b>2,430,703,737</b>
<b>Total secured borrowings (long term)</b>	<b>4,250,000,000</b>	<b>3,888,083,971</b>
<b>Total unsecured borrowings (long term)</b>	<b>3,688,014</b>	<b>1,377,702</b>

**Notes:**

(i) In May 2017, the Company issued NCDs of Rs.425 crore at an interest rate of 8.25%. These NCDs are secured by way of first pari-passu charge on the specific movable and/or immovable property, plant and equipment, as may be identified and notified by the Issuer to the Security Trustee from time to time, with minimum asset coverage of 1 time of the aggregate face value of debentures outstanding at any point of time. The NCDs are due for repayment in September 2020.

(ii) Liability component of compound financial instruments represent the amortised cost of amounts payable on 1,500,000(Nos) 0.1% Unsecured Compulsorily Convertible Debentures ("CCDs") of Rs. 1,000 each issued by the Company to Vedanta Limited (the "Subscriber").The CCDs were allotted to the Subscriber on March 28, 2011 at Rs. 650 called up per CCD and the balance Rs. 350 was called upon during the year ending March 31, 2012. 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 at 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.

During the year the tenure of CCD's has been extended by a period of 2 years 10 months . The CCD's are due for conversion on January 28, 2021. Convertible debentures consists of liability and equity elements. The equity elements is presented in other equity as deemed equity contribution. Liability element was initially recognised at fair value using a 8.00% per annum discount rate.

	Amount (Rupees)
Proceeds of issue	1,500,000,000
Liability component of compounded financial instrument	11,517,909
Equity Component	1,488,482,091

(iii) As on April 1, 2015, Buyer credit was 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 pari passu floating charge on all the Company's immovable and movable assets (excluding Project Site as defined in Concession Agreement (CA)); (iii) a first pari passu 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 pari passu floating charge on the Escrow Account (v) Secured by Corporate Guarantee of the Vedanta Limited (Formerly Sesa Sterlite Limited) which was valid till the tenure of the buyers credit facility. Charge on assets was governed by terms of Concession Agreement (CA).

On May 29, 2015, the Company refinanced the buyers credit and rolled over the buyers credit for 2 more years ( i.e. from 3 years to 5 years) after considering the RBI Guidelines for Infrastructure companies. Buyers credit was further secured by corporate gurantee provided by Vedanta Limited.

The rate of interest on buyers credit ranges from 2.07% to 2.49%.Buyers Credit have been repaid during the year in May-2017.

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

- (iv) On July 11, 2016, term loan of Rs.275 Crore was obtained at an interest rate of 9.70% . The loan was repayable in 10 equal semi annual instalments beginning January 2018 i.e. after 1 year moratorium from date of draw down. Loan is secured by
- (a) unconditional and irrevocable corporate gurantee of Vedanta Limited;
  - (b) First pari passu charge on all movable and immovable fixed assets with a minimum cover of 1.25x;
  - (c) Vedanta Limited and Sesa Resources Limited to create third pary charge on dividend of Hindustan Zinc Limited and Cairn India Limited ;
  - (d) First pari passu charge with other term lenders on project assets.
- The loan has been refinanced in May 2017 through NCD's.

**15 Other liabilities**

	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Non Current</b>		
(a) Deferred government grant [refer note (i) below]	<b>300,297,469</b>	<b>314,290,790</b>
<b>Current</b>		
(a) Statutory liabilities	23,832,571	10,440,197
(b) Advance from customers	37,379,586	10,153,768
(c) Deferred government grant [refer note (i) below]	13,958,485	13,958,485
(d) Liability for Unpaid Waqes	-	3,212,176
	<b>75,170,642</b>	<b>37,764,626</b>

- (i) The Company has acquired certain plant and machinery on a concessional rate of duty as against which it has undertaken to make exports. The government grant is released to the statement of profit and loss on a systematic basis over a period of time.

**16 Current financial liabilities - Borrowings**

	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Unsecured (measured at amortised cost)</b>		
(a) Loan from related party Vedanta Limited (refer note below)	-	<b>77,500,000</b>

Note: The Company obtained inter-corporate loan of Rs. 225 Crore from Vedanta Limited (Formerly Sesa Sterlite Limited) on May 8, 2015 to honour put option exercised by the NCD debentures holders to the tune of Rs. 225 Crore on May 8, 2015. The interest rate on above loan is 9% p.a. The loan has been repaid through NCD's taken in May 2017.

**17 Current financial liabilities-Trade payables**

	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
(a) Trade payables	<b>137,832,182</b>	<b>73,965,740</b>

Note 1: There are no amounts due to micro and small enterprises.

Note 2: Trade payables are non-interest bearing and are normally settled in 30 days terms.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

<b>18 Other current financial liabilities</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
(a) Current maturities of long term borrowings (refer note below)	1,208,631	1,458,757,936
(b) Interest accrued but not due on borrowings	306,436,646	26,249,388
(c) Financial instruments derivatives	-	77,898,145
(d) Payables for capital goods	1,452,539	307,459
(e) Due to related parties (refer note - 29)	17,822,235	16,058,930
(f) Security deposit from vendors	4,160,789	6,140,800
(g) Royalty (payable to Vishakhapatnam Port Trust)	299,219,301	145,767,152
	<b>630,300,141</b>	<b>1,731,179,810</b>
Note: Current maturities of long term borrowings comprises of: (Also refer note 14)		
- Buyers' credit from banks	-	1,183,757,936
- Term Loan from banks	-	275,000,000
- Liability component of compound financial instruments	1,208,631	-
	<b>1,208,631</b>	<b>1,458,757,936</b>
<b>19 Provisions</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
<b>Non Current</b>		
(a) Provision for employee benefits (net)		
- Provision for gratuity (refer note 28)	<b>3,303,258</b>	<b>895,394</b>
<b>Current</b>		
(a) Provision for employee benefits (net)		
- Provision for compensated absences	<b>6,716,898</b>	<b>6,698,587</b>

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**Movement in borrowings during the year is provided below.**

<b>Particulars</b>	<b>Borrowings Due with in one year</b>	<b>Borrowings Due after in one year</b>	<b>Total</b>
Opening balance at April 1, 2016	2,685,000,000	1,214,566,465	3,899,566,465
Cash flow	(2,607,500,000)	2,695,000,000	87,500,000
Other non cash changes	1,458,757,936	(1,478,862,728)	(20,104,792)
<b>As at April 1, 2017</b>	<b>1,536,257,936</b>	<b>2,430,703,737</b>	<b>3,966,961,673</b>
Cash flow	(1,536,257,936)	1,820,673,965	284,416,029
Other non cash changes	1,208,631	1,101,681	2,310,312
<b>As at March 31, 2018</b>	<b>1,208,631</b>	<b>4,252,479,383</b>	<b>4,253,688,014</b>

Other non cash changes comprises of amortization of borrowing cost, foreign exchange difference on borrowings and reclaffication between borrowings due with in one year and borrowings due after one year.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

<b>20 Revenue from operations</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
(a) Sale of services - Income from port operations	1,097,347,296	1,057,468,956
(b) Other operating revenues - Export incentives - Scrap sales	68,710,821 36,115	- 48,457
	<b><u>1,166,094,232</u></b>	<b><u>1,057,517,413</u></b>
<p>Note - Revenue from one customer amounting to Rs. 288,456,538 (March 31, 2017 from two customers amounting to Rs. 253,985,503 and Rs. 428,565,504) exceeded 10% of the total revenue of company.</p>		
<b>21 Other income</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
(a) Fair value gain on financial assets carried at FVTPL	7,205,598	823,893
(b) Interest income from financial assets measured at amortised costs	12,298,570	4,259,760
(c) Liquidation damages	13,010	137,228
(d) Government grant (refer note 15)	13,993,322	13,968,052
(e) Miscellaneous income	5,400	-
	<b><u>33,515,900</u></b>	<b><u>19,188,933</u></b>
<b>22 Employee benefits expense</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
(a) Salaries and Wages	32,081,725	45,931,999
(b) Share based payment to employees (refer note 27)	3,457,563	(2,993,718)
(c) Contributions to provident and other funds (refer note 28)	1,451,571	3,059,909
(d) Staff welfare expenses	3,760,652	5,663,461
	<b><u>40,751,511</u></b>	<b><u>51,661,651</u></b>
<b>23 Finance Cost</b>	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
(a) Interest expense on financial liabilities at amortised cost	378,306,573	309,083,625
(b) Other borrowing costs	56,369,680	16,076,475
	<b><u>434,676,253</u></b>	<b><u>325,160,100</u></b>

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

**24 Other Expenses**

	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
	<b>(Rupees)</b>	<b>(Rupees)</b>
(a) Consumption of stores and spare parts	12,941,703	19,786,456
(b) Repairs and maintenance	7,707,701	10,012,122
(c) Power and fuel	106,717,014	67,914,794
(d) Material handling expenses	36,400,442	30,745,517
(e) Demurrage charges	41,735,109	-
(f) Port operation and maintenance expenses	83,057,260	57,479,620
(g) License fees for land	33,245,934	32,594,042
(h) Legal and professional	21,661,266	13,862,851
(i) Payment to auditors (refer note below)	995,000	957,000
(j) Security expenses	13,988,815	9,193,728
(k) Insurance	4,665,174	6,273,973
(l) Travelling and conveyance	4,193,662	4,970,724
(m) Rates and taxes	109,752	3,505,570
(n) Directors sitting fees	590,000	400,000
(o) Loss on Sale of Fixed assets (net)	14,831,906	53,636,429
(p) Net loss on foreign currency transactions and translation	40,744	503,148
(q) Provision for doubtful debts	889,162	-
(r) Miscellaneous expenses	17,906,238	8,561,072
	<b>401,676,882</b>	<b>320,397,046</b>

Note:

(a) Payment to auditors		
- For statutory audit (including quaterly reviews)	750,000	750,000
- For certification services	190,000	190,000
- Reimbursement of expenses	55,000	17,000
	<b>995,000</b>	<b>957,000</b>

(b) The Company was not required to spend any amounts on Corporate Social Responsibility (CSR) activities. The total actual expenditure on CSR activities is also nil.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

**25 Earnings per share (EPS):**

	<b>Units</b>	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
<b>Basic earnings per share (BEPS)</b>			
a.	Net loss after tax attributable to equity shareholders for BEPS	Rupees (539,571,553)	(455,252,359)
b.	Number of equity shares for BEPS	No. of shares 32,108,000	32,108,000
c.	Basic earnings per share	Rupees (16.80)	(14.18)
<b>Diluted earnings per share (DEPS)<sup>1</sup></b>			
a.	Diluted earnings per share	Rupees (16.80)	(14.18)
Note:			
1	For the year ended March 31, 2018, and March 31, 2017 the basic earnings per share and the diluted earnings per share are the same as the compulsory convertible debentures have an antidilutive impact and hence their effect has been ignored for the purpose of computing diluted EPS.		
2	Net profit after tax attributable to equity shareholders for BEPS	Rupees (539,571,553)	(455,252,359)
	Add: Interest on compulsory convertible debentures	Rupees <u>112,370</u>	<u>213,324</u>
	Net profit after tax attributable to equity shareholders for DEPS	Rupees <u>(539,459,183)</u>	<u>(455,039,035)</u>
3	Number of equity shares for BEPS	No. of shares 32,108,000	32,108,000
	Add: Effect of compulsory convertible debentures	No. of shares <u>135,000,000</u>	<u>135,000,000</u>
	Number of equity shares for DEPS	No. of shares <u>167,108,000</u>	<u>167,108,000</u>

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

**26 Contingent liabilities, Commitments and others:**

	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
<b>Contingent liability:</b>		
<b>i</b> The Company has received an order from the commissioner of Central Excise Customs & Service tax dated March 20,2017 for payment of service tax liability on account of incorrect availment of service tax credit on impugned capital goods and taxability of Berth hire charges in the hands of the Company during year 2013-14. Management considers these demands as not tenable against the company and therefore no provision for tax contingencies has been considered necessary.	50,005,404	50,005,404
<b>ii</b> The company has received a Show Cause Notice (SCN) from Commercial Tax Officer (CTO), Gajuwaka on November 02, 2017 asking for explanation for TDS deducted on rates different from those prescribed in the notification dated September 14, 2011 on Works Contract payment made between period November 14, 2011 to March 31,2015. The company had deducted the TDS at different rates ranging from 2.80% to 3.37% as against the statutory rate of 3.50%, thus resulting in lower deduction of TDS of Rs. 5,453,719. Management has filed replies with the CTO in respect of the above SCN and basis assessment of the internal legal counsel believes that probability of the liability devolving on the Company is low and accordingly no provision has been made in the financial statement in this regard.	5,453,719	-
<b>iii Claim against the Company not acknowledged as debt-</b>		
<b>a)</b> The Company has received correspondence from Vishakapatnam Port Trust (VPT) dated April 11,2016 claiming that the area of land under occupation of the Company is higher than the area on which rent is being paid by the company to VPT. The management believes that rent liability is being discharged on the actual area occupied.	47,467,232	43,967,744
<b>b)</b> The Company has received correspondence from Vishakapatnam Port Trust (VPT) claiming that additional license fee (i.e. land rent) is payable since 2013 based on the notification issued by TAMP vide No. TAMP/80/2015-VPT ('Notification') dated 16.12.2016 revising the 'Schedule of Rates' (SOR). The management based on legal opinion believes that the additional license fee liability due to retrospective revision in SOR is not tenable in law. In view of the legal opinion taken on this, no provision for additional liability has been made.	70,759,316	-
<b>c)</b> Claim for All India Engine Hire Charges (AIEHC): The Company has received a claim from Visakhapatnam Port Trust (VPT) claiming the AIEHC charges for the Engine provided for cargo dispatches through railway wagons. The claim is for the charges from Jan'13 to Aug'17. As per the Detailed Project Report (DPR) submitted by the Company, VPT had to Opt the EOL (Engine On Load) scheme in which the engine will be provided by Railways. As VPT had not electrified the Railway lines, the company had to use the VPT engines. Accordingly, Company had filed a writ petition for the claim by VPT contesting in the High court of Andhra Pradesh & Telangana. However, it was agreed to provide a Bank Guarantee for total value of claim/dispute till the case is resolved. In view of the legal opinion taken on this, no provision for additional liability has been made.	428,326,081	-
It has been agreed with VPT to refer all the above matter to a common agreed expert for opinion on this.		

**Other Commitments :**

**iv) Export Obligation :**

The company has export obligation of Rs. 3,075,385,819 (March 31,2017 Rs. 3,075,385,819) on account of concessional rates of import duties paid on capital goods under the Export Promotion Capital Goods scheme enacted by the Government of India which is to be fulfilled over a period of 6 - 8 years from the date of purchase. If the company is unable to meet these obligations, it would be liable for payment of duty of Rs. 385,167,327 (March 31, 2017 Rs. 385,167,327) plus interest which have not been provided for as the Company believes it has a reasonable possibility of meeting these obligations.

**v) Capital Commitment :**

The Company has Capital commitment amounting to Rs.860,000 which are yet to be executed and hence not provided for.

**27 Share based compensation plans**

The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta Resources Plc [Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Share Ownership Plan ("ESOP") and Performance Share Plan ("PSP")] collectively referred as 'VR PLC ESOP' scheme and Vedanta Limited [Vedanta Limited-Employee Stock Option Scheme ("Vedanta Limited-ESOS")].

The share-based incentives under VR PLC ESOP scheme and ESOS of Vedanta Limited(introduced effective September 2017 and December 2016) 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 individual fixed salary and share-based remuneration consistent with local market practice. ESOP scheme of VR Plc and Vedanta limited are both tenure and performance based share schemes. The awards are indexed to and settled by Parent shares(Vedanta Resources Plc shares or Vedanta Ltd shares as defined in the scheme).The awards have a fixed exercise price denominated in Parent's functional currency (10 US cents per share in case of Vedanta Resources Plc and Re.1 in case of Vedanta Limited), the performance period of each award is three years and is exercisable within a period of six months from the date of vesting beyond which the option lapse.

Further, in accordance with the terms of the agreement between the Parent and the Company, the cost recognized towards ESOP scheme is recovered by the parent from the Company.

Amount recovered by the Parent and recognized by the company in the statement of profit and loss account for the year ended March 31, 2018 was Rs 3,457,563 (Year ended March 31, 2017 was Rs (2,993,718)). The Company considers these amounts as not material and accordingly has not provided further disclosures.

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**28 Employee benefits**

**(i) Defined contribution plans**

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised Rs.1,106,051 (Previous year Rs. 1,686,178) for Provident Fund contributions in the Statement of Profit and Loss.

The Company has recognised Rs. 345,480 (Previous year Rs. 547,472) for Superannuation Fund contributions in the Statement of Profit and Loss.

**Central provident fund**

In accordance with the The Employees Provident Fund and Miscellaneous Provisions Act, 1952, employees are entitled to receive benefits under the Provident Fund Scheme. Both the employee and the employer make monthly contributions to the plan at a predetermined rate (12% for fiscal year 2018 and 2017) of an employee's basic salary. All employees have an option to make additional voluntary contributions. These contributions are made to the fund administered and managed by the Government of India (GOI). The Company has no further obligations under the fund managed by the GOI beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred.

**Superannuation**

Superannuation, another pension scheme applicable in India, is applicable only to senior executives. The Company holds a policy with Life Insurance Corporation of India ("LIC"), to which the Company contributes a fixed amount relating to superannuation and the pension annuity is met by LIC as required, taking into consideration the contributions made. The Company has no further obligations under the scheme beyond its monthly contributions which are charged to the statement of profit and loss in the period they are incurred.

**(ii) Defined benefit plans**

*Gratuity plan*

In accordance with the Payment of Gratuity Act of 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan") for employees who have completed 5 years of service. The Gratuity Plan provides a lump sum payment to vested employees at retirement, disability or termination of employment being an amount based on the respective employee's last drawn salary and the number of years of employment with the Company. The gratuity plan is a funded plan and the company makes contribution to recognized funds in India.

Based on actuarial valuations conducted as at year end, a provision is recognised in full for the benefit obligation over and above the funds held in the Gratuity Plan.

- Principal actuarial assumptions

Principal actuarial assumptions used to determine the present value of the defined benefit obligation are as follows:

	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
Discount Rate	7.70%	7.60%
Expected rate of increase in compensation level of covered employees	15%	15%
Expected return on plan asset	8.75%	8.75%
Retirement age	58 years	58 years
In Service Mortality	IALM (2006-08)	IALM (2006-08)
Withdrawal rates for:-		
Up to 30 years	3%	3%
From 31 to 44 years	2%	2%
Above 44 years	1%	1%

- Amount of obligation recognised in the balance sheet consists of:

	<b>Year ended March 31, 2018 (Rupees)</b>	<b>Year ended March 31, 2017 (Rupees)</b>
Fair value of plan assets	2,671,087	2,870,957
Present value of defined benefit obligations	<u>(5,974,345)</u>	<u>(3,766,351)</u>
	<b><u>(3,303,258)</u></b>	<b><u>(895,394)</u></b>

**28 Employee benefits**

- Amounts recognised in Statement of Profit and loss in respect of defined benefit plan are as follows:

	<b>Year ended March 31, 2018 (Rupees)</b>	<b>Year ended March 31, 2017 (Rupees)</b>
Current service cost *	2,814,955	673,393
Interest expenses on plan liabilities	286,243	340,748
Expected return on plan assets	(218,193)	(187,882)
	<b>2,883,005</b>	<b>826,259</b>

\* Includes Rs-2,001,827 being the increase in gratuity provision on account of enhancement of limit from Rs 10 lakh to 20 lakh with respect to past service cost upto 31 March 2017.

- Amounts recognised in the Other Comprehensive Income in respect of defined benefit plan are as follows:

<b>Remeasurement of net defined benefit obligation</b>	<b>Year ended March 31, 2018 (Rupees)</b>	<b>Year ended March 31, 2017 (Rupees)</b>
Actuarial loss/(gain) arising from changes in financial assumption	(106,286)	246,894
Actuarial (gain)/loss arising from changes in experience adjustment	(203,591)	(1,310,066)
Return on Plan asset excluding net interest	54,736	(50,617)
Components of defined benefit costs recognized in other comprehensive income	<b>(255,141)</b>	<b>(1,113,789)</b>

- The movement in present value of the defined benefit obligation is as follows:

	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
Balance at start of the year	3,766,351	4,703,324
Current service cost	2,814,955	673,393
Interest cost	286,243	340,748
Benefits paid	(583,327)	(887,942)
Actuarial (gain)/loss arising from changes in financial assumption	(106,286)	246,894
Actuarial (gain)/loss arising from changes in experience adjustment	(203,591)	(1,310,066)
Balance at end of year	<b>5,974,345</b>	<b>3,766,351</b>

- Movement in the fair value of plan assets is as follows:

	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
Balance at start of the year	2,870,957	2,072,225
Adjustments to opening fair value of plan assets	(6,596)	(7,630)
Contribution received	220,000	1,455,805
Interest income	224,789	187,882
Remeasurment gain arising from return on plan assets	(54,736)	50,617
Benefits paid	(583,327)	(887,942)
Balance at the end of year	<b>2,671,087</b>	<b>2,870,957</b>

**% allocation of plan assets  
Assets by category**

	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
Life insurance corporation of india	100%	100%

In absence of detailed information regarding plan assets which is funded with Life Insurance Corporation of India, the composition of each major category of plan assets and the percentage or amount for each major category to the fair value of total plan assets has not been disclosed.

The actuarial return on plan assets was Rs.163,457 for the year ended March 31,2018 and Rs.50,617 for year ended March 31,2017.

Weighted average duration of the defined benefit obligation	19.78	18.60
-------------------------------------------------------------	-------	-------

The company expects to contribute Rs. 1,188,848 to the funded defined benefit plan in fiscal year 2019.

**- Sensitivity analysis**

Below is the sensitivity analysis determined for significant actuarial assumptions for the determination of defined benefit obligations and based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant.

**28 Employee benefits**

	<b>Year ended March 31, 2018</b>	<b>Year ended March 31, 2017</b>
<b>Discount rate</b>		
PVO at the end of period (Discount rate - 0.5% )	65,37,370	4,107,244
PVO at the end of period (Discount rate - 0.25% )	62,55,758	3,932,068
PVO at the end of period Discount rate	59,74,345	3,766,351
PVO at the end of period (Discount rate + 0.25% )	57,21,974	3,609,518
PVO at the end of period (Discount rate + 0.5% )	54,69,549	3,461,034
<b>Expected rate of increase in compensation level of covered employees</b>		
PVO at the end of period (Salary Increase - 0.25% )	58,59,267	3,727,786
PVO at the end of period Salary increase	59,74,345	3,766,351
PVO at the end of period (Salary Increase + 0.25% )	60,29,299	3,799,320
<b>Return of planned assets</b>		
Fair value of plan assets -Expected rate -0.5%	28,48,799	2,859,214
Fair value of plan assets -Expected rate -0.25%	28,41,622	2,865,086
Fair value of plan assets - Base rate	26,71,087	2,870,957
Fair value of plan assets -Expected rate +0.25%	25,22,084	2,876,828
Fair value of plan assets -Expected rate +0.5%	25,14,907	2,882,700

The above sensitivity analysis may not be representative of the actual benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

In presenting the above sensitivity analysis, the present value of defined benefit obligation has been calculated using the projected unit credit method at the end of reporting period, which is the same as that applied in calculating the defined obligation liability recognized in the balance sheet.

**Risk analysis**

Company is exposed to a number of risks in the defined benefit plans. Most significant risks pertaining to defined benefits plans and management estimation of the impact of these risks are as follows:

**Investment risk**

Defined benefit plans are funded with Life Insurance Corporation of India (LIC). Company does not have any liberty to manage the fund provided to LIC.

The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to Government of India bonds . If the return on plan asset is below this rate, it will create a plan deficit.

**Interest risk**

A decrease in the interest rate on plan assets will increase the plan liability.

**Longevity risk/ Life expectancy**

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and at the end of the employment. An increase in the life expectancy of the plan participants will increase the plan liability.

**Salary growth risk**

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. An increase in the salary of the plan participants will increase the plan liability.

**Maturity Profile of Defined Benefit Obligation**

<b>Year</b>	<b>Amount March 31, 2018</b>
0 to 1 Year	74,059
1 to 2 Year	69,462
2 to 3 Year	71,869
3 to 4 Year	67,171
4 to 5 Year	68,655
5 to 6 Year	67,810
6 Year onwards	3,288,691

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**29 Related party transactions**

**(a) List of related parties and relationships**

**(i) Ultimate holding company**

Volcan Investments Limited

**(ii) Holding company:**

Vedanta Limited (Formerly Sesa Sterlite Limited)

**(iii) Fellow subsidiaries**

- Bharat Aluminium Company Limited
- Talwandi Sabo Private Limited
- Maritime Ventures Private Limited
- Black Mountain Mining (Proprietary) Limited
- Hindustan Zinc Limited

**(b) Details of related party transactions (Excluding taxes, applicable if any) and balances outstanding as at year end are as stated below.**

<b>Transactions during the year</b>	<b>Year ended March 31, 2018 (Rupees)</b>	<b>Year ended March 31, 2017 (Rupees)</b>
(i) Short-term borrowings taken during the year		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	-	787,500,000
(ii) Short-term borrowings repaid during the year	77,500,000	2,645,000,000
- Vedanta Limited (Formerly Sesa Sterlite Limited)		
(iii) Income from port operations *		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	62,783,099	522,000
- Bharat Aluminium Company Limited	38,887,155	757,900
- Maritime Ventures Private Limited	-	428,565,504
(iv) Employee benefit expenses (refunded)/charged by*		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	4,980,200	(2,993,718)
- Talwandi Saboo Private Limited	375,202	72,739
- Bharat Aluminium Company Limited	2,425	-
- Hindustan Zinc Limited	61,418	-
(v) Employee benefit expenses charged to *		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	593,419	1,806,768
- Maritime Ventures Private Limited	2,827,964	4,147,488
- Talwandi Saboo Private Limited	252,597	74,835
- Bharat Aluminium Company Limited	10,999	-
- Hindustan Zinc Limited	110,052	-
(vi) Finance cost charged by Vedanta Limited (Formerly Sesa Sterlite Limited) *		
- Interest on debentures measured at amortised cost	112,370	213,325
- Other borrowing costs	11,900,004	9,670,454
- Interest on short term borrowings	868,014	65,220,616
(vii) Reimbursement of expenses to/(from) net*		
- Talwandi Saboo Private Limited	-	20,601
- Vedanta Limited (Formerly Sesa Sterlite Limited)	(20,814)	(664,366)
- Sterlite Port Limited	-	172,462
- Bharat Aluminium Company Limited	5,492	-
(viii) Financial guarantees taken during the year		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	4,250,000,000	2,750,000,000
(ix) Financial guarantees relinquished during the year	4,000,000,000	750,000,000
- Vedanta Limited (Formerly Sesa Sterlite Limited)		
(x) Sitting fees		
- To Key Management Personnel	590,000	400,000

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

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

**29 Related party transactions**

**Outstanding balance at year end**

	<b>As at March 31, 2018 (Rupees)</b>	<b>As at March 31, 2017 (Rupees)</b>
(i) Liability component of compound financial instruments - Vedanta Limited (Formerly Sesa Sterlite Limited) - Liability component of compound financial instruments (See note 14).	3,688,014	1,377,702
(ii) Short term borrowings - Vedanta Limited (Formerly Sesa Sterlite Limited) - Short term borrowings (See note 16).	-	77,500,000
(iii) Corporate Guarantee issued on Company's behalf by - Vedanta Limited (Formerly Sesa Sterlite Limited)	4,832,351,500	4,582,351,500
(iv) Other current financial liabilities - Vedanta Limited (Formerly Sesa Sterlite Limited) - Talwandi Saboo Private Limited	17,822,237 -	15,999,350 59,580
(v) Other receivables - Vedanta Limited (Formerly Sesa Sterlite Limited)	14,031	62,255
(vi) Trade receivables - Vedanta Limited (Formerly Sesa Sterlite Limited) - Maritime Ventures Private Limited - Bharat Aluminium Company Limited	4,061,940 92,901,559 334,748	- 97,372,661 -

**Terms and conditions of transactions with related parties**

All transactions with related parties are made in ordinary course of business. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31 2018, the company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**30 Income tax**

The major components of income tax expense for the year ended March 31, 2018 are indicated below:

	<b>Year ended March 31, 2018 (Rupees)</b>	<b>Year ended March 31, 2017 (Rupees)</b>
Deferred tax liability arising on temporary differences	24,230,022	92,689,898
	<b>24,230,022</b>	<b>92,689,898</b>

A reconciliation of income tax expense applicable to accounting profits before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

	<b>Year ended March 31, 2018 (Rupees)</b>	<b>Year ended March 31, 2017 (Rupees)</b>
Net (Loss)/Gain before tax	(515,341,531)	(362,562,461)
Statutory tax rate	34.94%	34.61%
Tax at statutory income tax rate	(180,060,331)	(125,475,617)
Deffered tax on accelerated depreciation under income tax	23,547,694	92,689,898
Deffered tax on Fair valuation of Mutual Fund under income tax	682,328	-
Tax losses and depreciation reversing during tax holiday period	173,466,739	125,475,616
Change in deffered tax balances due to change in income tax rate from 34.61% to 34.94%	6,593,592	-
Tax charge for the year	<b>24,230,022</b>	<b>92,689,897</b>

**Sectoral Benefit - Port Operations**

To encourage the establishment of infrastructure, ports have been offered income tax exemptions of upto 100% of profits and gains for any ten consecutive years within the 15 year period following commencement of operations subject to certain conditions. However, such undertakings would continue to be subject to MAT provisions.



**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

**30 Income tax**

Deferred tax liabilities

The deferred tax liability represents accelerated tax relief for the depreciation of property plant and equipment and the amortisation of intangible assets and gain on the fair valuation of mutual fund. Significant components of liability recognized in the balance sheet are as follows:

<b>As at March 31, 2018</b>	<b>(all amounts in rupees)</b>			
<b>Significant components of deferred tax liabilities</b>	<b>Opening April 01, 2017</b>	<b>Charged / (credited) to Statement of profit or loss</b>	<b>Charged/ (credited) to OCI</b>	<b>Total as at March 31, 2018</b>
- Property, plant and equipment and intangible assets	691,527,919	23,547,694	-	715,075,614
- Fair valuation on mutual fund	-	682,328	-	682,328
	<u>691,527,919</u>	<u>24,230,022</u>	<u>-</u>	<u>715,757,942</u>
<b>As at March 31, 2017</b>	<b>(all amounts in rupees)</b>			
<b>Significant components of deferred tax liabilities</b>	<b>Opening April 01, 2016</b>	<b>Charged / (credited) to Statement of profit or loss</b>	<b>Charged/ (credited) to OCI</b>	<b>Total as at March 31, 2017</b>
Property, plant and equipment and intangible assets	598,838,021	92,689,898	-	691,527,919
	<u>598,838,021</u>	<u>92,689,898</u>	<u>-</u>	<u>691,527,919</u>

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**31 Financial Instruments**

**(a) Financial risk management objective and policies**

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 and 3.

**Financial assets and liabilities:**

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

**As at March 31, 2018**

(all amounts in rupees)

Financial assets	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
Cash and cash equivalents	-	-	7,742,269	7,742,269	7,742,269
Current investments	281,158,611	-	-	281,158,611	281,158,611
Trade receivables	-	-	152,408,379	152,408,379	152,408,379
Security deposits	-	-	29,801,633	29,801,633	29,801,633
Other receivables	-	-	48,021,210	48,021,210	48,021,210
Other current financial asset	-	-	74,527,139	74,527,139	74,527,139
	<u>281,158,611</u>	<u>-</u>	<u>312,500,630</u>	<u>593,659,241</u>	<u>593,659,241</u>
Financial liabilities	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
Borrowings	-	-	4,253,688,014	4,253,688,014	4,330,000,000
Trade payables	-	-	137,832,182	137,832,182	137,832,182
Other current financial liabilities	-	-	629,091,510	629,091,510	629,091,510
	<u>-</u>	<u>-</u>	<u>5,020,611,706</u>	<u>5,020,611,706</u>	<u>5,096,923,692</u>

**As at March 31, 2017**

(all amounts in rupees)

Financial assets	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
Cash and cash equivalents	-	-	35,028,597	35,028,597	35,028,597
Trade receivables	-	-	149,590,703	149,590,703	149,590,703
Security deposits	-	-	26,051,228	26,051,228	26,051,228
Loans	-	-	62,252	62,252	62,252
Other current financial asset	-	-	1,156,589	1,156,589	1,156,589
	<u>-</u>	<u>-</u>	<u>211,889,369</u>	<u>211,889,369</u>	<u>211,889,369</u>
Financial liabilities	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
Borrowings	-	-	3,966,961,673	3,966,961,673	4,043,421,451
Trade payables	-	-	73,965,740	73,965,740	73,965,740
Other current financial liabilities	77,898,145	-	194,523,729	272,421,874	272,421,874
	<u>77,898,145</u>	<u>-</u>	<u>4,235,451,142</u>	<u>4,313,349,287</u>	<u>4,389,809,065</u>

**(b) Fair value hierarchy**

The company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique-

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The below table summarises the categories of financial assets and liabilities as at March 31,2018 and March 31,2017

**As at March 31, 2018**

(all amounts in rupees)

	Level 1	Level 2	Level 3
Financial Assets			
- Current investments	281,158,611	-	-

**As at March 31, 2017**

(all amounts in rupees)

	Level 1	Level 2	Level 3
Financial Liabilities			
- Derivative financial liabilities	-	77,898,145	-

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### 31 Financial Instruments (Cont.)

The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values.

- Short-term marketable securities not traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. (a Level 1 technique)
- Derivative contracts: The Company enters into derivative financial instruments with various counterparties, principally financial institutions with investment grade credit ratings. Forward foreign currency contracts are valued using valuation techniques with market observable inputs. The most frequently applied valuation techniques for such derivatives include foreign exchange spot and forward premium rates. (a Level 2 technique)

There is no financial instrument which is classified as level 3 during the year. There were no transfers between level 1, level 2 and level 3 during the year.

The Management assessed fair value of cash & cash equivalents, trade receivables, security deposits, loans, trade payables and other current financial assets and liabilities as their book values because of their short term maturities.

### (c) Risk management framework

The company's businesses are subject to several risks and uncertainties including financial risks. The Company's documented risk management policies act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers. Each significant risk has a designated 'owner' within the company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by the Management Assurance function and is regularly reviewed by the Company's Audit Committee. The overall internal control environment and risk management programme including financial risk management is reviewed by the Audit Committee on behalf of the Board.

The risk management framework aims to:

- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

#### Treasury management

The Company's treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyses exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk, liquidity risk and cashflow risk.

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The Company's treasury policies are within the framework of the overall Holding Company's treasury policies and adherence to these policies is strictly monitored at the Executive Committee meetings. Long-term fund raising including strategic treasury initiatives are handled with the help of central treasury team. A monthly reporting system exists to inform senior management of investments, debt and currency derivatives. The company has a strong system of internal control which enables effective monitoring of adherence to company's policies. The internal control measures are effectively supplemented by regular internal audits.

#### Financial risk

The Company's Board approved financial risk policies comprise liquidity, foreign currency, interest rate and counterparty credit risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest through proven financial instruments.

#### (i) Liquidity risk

The Company requires funds both for short-term operational needs as well as for investment purposes. The Company has been rated by CRISIL Limited (CRISIL) for its banking facilities in line with Basel II norms. During the year, CRISIL revised the rating of the Company's long-term bank facilities from CRISIL AA-(SO)/Positive to CRISIL AA(SO)/Positive.

The Company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

Payment Due by Year	As at March 31, 2018				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Borrowings *	45,396,985	5,084,378,467	-	-	5,129,775,452
Trade payables and other financial liabilities **	766,923,692	-	-	-	766,923,692
<b>Total</b>	<b>812,320,677</b>	<b>5,084,378,467</b>	<b>-</b>	<b>-</b>	<b>5,896,699,144</b>
Payment Due by Year	As at March 31, 2017				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Borrowings *	1,823,410,749	1,476,884,863	1,263,119,452	282,381,301	4,845,796,365
Trade payables and other financial liabilities **	242,240,079	-	-	-	242,240,079
Derivatives financial liabilities	77,898,145	-	-	-	77,898,145
<b>Total</b>	<b>2,143,548,973</b>	<b>1,476,884,863</b>	<b>1,263,119,452</b>	<b>282,381,301</b>	<b>5,165,934,589</b>

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

\*Includes Non-current borrowings, current borrowings, current maturities of non-current borrowings and committed interest payments.

\*\*Includes current financial liabilities, excludes current maturities of non-current borrowings derivatives and committed interest payments on borrowings.

The Company had access to following funding facilities :

As at March 31, 2018

	(all amounts in rupees)		
	<u>Total Facility</u>	<u>Drawn</u>	<u>Undrawn</u>
less than one year	-	-	-
more than two year	4,450,000,000	4,409,645,774	40,354,226
<b>Total</b>	<b>4,450,000,000</b>	<b>4,409,645,774</b>	<b>40,354,226</b>

As at March 31, 2017

	(all amounts in rupees)		
	<u>Total Facility</u>	<u>Drawn</u>	<u>Undrawn</u>
one to two year	1,183,757,936	1,183,757,936	-
more than two year	2,950,000,000	2,909,087,774	40,912,226
<b>Total</b>	<b>4,133,757,936</b>	<b>4,092,845,710</b>	<b>40,912,226</b>

Collateral security

Details of securities for the borrowing facilities availed by the Company are as below:

The company has pledged its trade receivable in order to fulfil the collateral requirements. The counter parties have an obligation to return the securities to the company. There are no other significant terms and conditions associated with the use of collaterals.

(ii) Foreign exchange risk

Foreign exchange risk comprises of the risk that may arise to the Company because of fluctuations in foreign currency exchange rates. Fluctuations in foreign currency exchange rates may have an impact on the statements of profit or loss and statement of change in equity where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company. The Company does not have any foreign currency exposure as on March 31, 2018 .

Exposures on foreign currency loans are managed by the Company wide hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed.

The Company uses forward exchange contracts to hedge the effects of movements in exchange rates on foreign currency denominated assets and liabilities. The sources of foreign exchange risk are financing transactions and loans denominated in foreign currencies. All the transactions are denominated in US dollars. The policy of the Company is to determine on a regular basis what portion of the foreign exchange risk on financing transactions and loans are to be hedged through forward exchange contracts. The following analysis is based on the gross exposure as at the reporting date which could affect the statements of profit or loss. The exposure summarised below is mitigated by some of the derivative contracts entered into by the Company as disclosed under the section on "Derivative financial instruments".

	<u>As at March 31, 2018 Rupees</u>	<u>As at March 31, 2017 Rupees</u>
USD	<u>Financial liabilities</u> -	<u>Financial liabilities</u> 1,188,195,130

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**31 Financial Instruments (Cont.)**

The Company's exposure to foreign currency arises where the Company holds monetary assets and liabilities denominated in a currency different to the functional currency, with US dollar being the non-functional currency. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rate, liquidity and other market changes.

The results of Company's operations may be affected largely by fluctuations in the exchange rates between the Indian Rupee against the US dollar. The foreign exchange rate sensitivity is calculated by the aggregation of the net foreign exchange rate exposure with a simultaneous parallel foreign exchange rates shift in the currencies by 5% against the functional currency of the Company.

As at March 31,2018

Effect of 5% strengthening of INR on pre tax profit /(loss)
-------------------------------------------------------------------

USD

-

As at March 31,2017

Effect of 5% strengthening of INR on pre tax profit /(loss)
-------------------------------------------------------------------

USD

59,406,033

A 5% weakening of INR would have an equal and opposite effect on the Company's financial statements.

**(iii) Interest rate risk**

The company is exposed to interest rate risk on long-term floating rate instruments and on refinancing of fixed rate debt borrowing instruments outstanding as on the year end. The company's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The borrowings of the Company are principally denominated in Indian Rupees. Indian Rupee debt comprising of non convertible debentures term loan and compulsory convertible debentures is principally at fixed interest rates. These exposures are reviewed by appropriate levels of management on a monthly basis. The Company invests cash and liquid investments in debt mutual funds, some of which generate a tax-free return, to achieve the company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.

Floating rate financial assets are largely interest bearing security deposits held by the Company. The returns from these financial assets are linked to bank rate notified by Reserve Bank of India as adjusted annually. Additionally, the investments portfolio is independently reviewed by CRISIL Limited, and our investment portfolio has been rated as "Very Good" meaning highest safety.

The exposure of the Company's financial assets & financial liabilities as at March 31, 2018 to interest rate risk is as follows:

	<b>Floating Rate</b>	<b>Fixed Rate</b>	<b>Non Interest</b>	<b>Total</b>
<b>Financial Assets</b>	299,018,711	-	294,640,530	<b>593,659,241</b>
<b>Financial Liabilities</b>		4,253,688,014	766,923,692	<b>5,020,611,706</b>

The exposure of the Company's financial assets & financial liabilities as at March 31, 2017 to interest rate risk is as follows:

	<b>Floating Rate</b>	<b>Fixed Rate</b>	<b>Non Interest Bearing</b>	<b>Total</b>
<b>Financial Assets</b>	17,860,100	-	194,029,269	<b>211,889,369</b>
<b>Financial Liabilities</b>	1,183,757,936	2,783,203,737	346,387,614	<b>4,313,349,287</b>

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### 31 Financial Instruments (Cont.)

The table below illustrates the impact of a 0.5% to 2.0% increase in interest rates on interest on financial assets/ liabilities (net) assuming that the changes occur at the reporting date and has been calculated based on risk exposure outstanding as of date. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

Increase in interest rates	Year Ended March 31, 2018	Year Ended March 31, 2017
0.50%	1,495,094	19,834,808
1.00%	2,990,187	39,669,617
2.00%	5,980,374	79,339,233

0.5% to 2% reduction in interest rate would have an equal and opposite effect on the company's financial statements.

#### (iv) Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The company is exposed to credit risk for receivables, cash and cash equivalents, short-term investments and loans and advances.

The Company does not expect any material risk on account of non-performance by any of the Company's counterparties as approximate 64% receivables as on March 31, 2018 is pertaining to fellow subsidiary. The history of trade receivables shows a negligible provision for bad and doubtful debts therefore the company does not expect any material risk on account of non performance by any of the company's counterparties.

For short-term investments, counterparty limits are in place to limit the amount of credit exposure to any one counterparty. Defined limits are in place for exposure to individual counterparties in case of mutual funds schemes.

The carrying value of the financial assets other than cash represents the maximum credit exposure. The company's maximum exposure to credit risk as at March 31, 2018 is Rs. 304,758,181 (March 31, 2017 Rs.176,860,772).

None of the company's cash equivalents are past due or impaired. Regarding trade and other receivables and other non-current assets, there were no indications as at March 31, 2018, that defaults in payment obligations will occur, other than those for which provision has already been taken in the financial statements.

Of the year end trade receivables and other financial assets, the following balance were past due but not impaired as at March 31, 2018 and March 31, 2017 :

Particulars	As at March 31, 2018	As at March 31, 2017
Neither impaired nor past due	29,801,633	26,051,228
Due less than one month	94,037,245	10,852,437
Due between 1 to 3 Months	8,699,484	10,042,059
Due between 3 to 12 Months	16,327,969	111,252,207
Due Greater than 12 Months	155,891,849	18,662,841
<b>Total</b>	<b>304,758,181</b>	<b>176,860,772</b>

Receivables are deemed to be past due or impaired with reference to the Company's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer. The company based on past experience does not expect any material loss on its receivables and hence no provision on account of ECL.

The credit quality of the Company's customers is monitored on an ongoing basis and assessed for impairment where indicators of such impairment exist. The Company uses simplified approach for impairment of financial assets. If credit risk has not increased significantly, 12-month expected credit loss is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime expected credit loss is used. The solvency of the debtor and their ability to repay the receivable is considered in assessing receivables for impairment. Where receivables have been impaired, the Company actively seeks to recover the amounts in question and enforce compliance with credit terms

#### (d) Derivative financial instruments / Economic hedges

The Company has entered into forward exchange contracts to cover the exposure arising from the buyer's credit taken by the Company in US Dollars. The Company does not designate these transaction as hedges for accounting purposes, as these provide an economic hedge of a particular transaction risk or a risk component of a transaction.

Fair value changes on such derivative instruments are capitalised along with the foreign exchange gain/loss arising on buyer's credit of the Company based on the exemption availed by the Company under Ind AS 101 . The fair value of the Company's derivative positions recorded under derivative financial assets and derivative financial liabilities are as follows:

	As on March 31, 2018	As on March 31, 2017
	Liability	Liability
<b>Non Qualifying hedges</b>		
- Forward foreign currency contracts	-	77,898,145

### 32 Capital Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth. The Company's overall strategy remains unchanged from previous year.

The Company sets the amount of capital required on the basis of annual business and long-term operating plans.

The funding requirements are met through a mixture of equity, internal fund generation, convertible and non convertible debt securities, and other short term and Long term borrowings. The company's policy is to use current and non current borrowings to meet anticipated funding requirement.

The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements.

Net debt are long term and short term debts as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

The following table summarizes the capital structure of the Company:

	<b>As at March 31, 2018</b>	<b>As at March 31, 2017</b>
	(Rupees)	(Rupees)
Short-term borrowings (Note 16)	-	77,500,000
Long-term borrowings (Note 14)	4,252,479,383	2,430,703,737
Current maturities of long term debt (Note 18)	1,208,631	1,458,757,936
Cash and cash equivalents (Note 10)	(7,742,269)	(35,028,597)
Current investments (Note 8)	(281,158,611)	-
<b>Net debt (a)</b>	<b>3,964,787,134</b>	<b>3,931,933,077</b>
<b>Total Equity (b)</b>	<b>217,033,349</b>	<b>760,047,702</b>
<b>Net debt to equity ratio (c = a/b)</b>	18.27	5.17

### 33 Service Concession arrangement

The Company has been engaged in coal berth mechanization and upgradation at Visakhapatnam port. The project is to be carried out on a design, build, finance, operate, transfer basis and the concession agreement between Visakhapatnam Port Trust ('VPT') and the Company was signed in June 2010. In October 2010, the Company was awarded with the concession after fulfilling conditions stipulated as a precedent to the concession agreement. Visakhapatnam port trust has provided, in lieu of license fee an exclusive license to the Company for designing, engineering, financing, constructing, equipping, operating, maintaining, and replacing the project/project facilities and services. The concession period is 30 years from the date of the award. The upgraded capacity is 10.18 mmtpa and the Visakhapatnam port trust would be entitled to receive 38.10% share of the gross revenue as royalty. The Company is entitled to recover a tariff from the user(s) of the project facilities and services as per its Tariff Authority for Major Ports(TAMP) notification. The tariff rates are linked to the Wholesale Price Index (WPI) and would accordingly be adjusted as specified in the concession agreement every year. The ownership of all infrastructure assets, buildings, structures, berths, wharfs, equipment and other immovable and movable assets constructed, installed, located, created or provided by the Company at the project site and/or in the port's assets pursuant to concession agreement would be with the Company until expiry of this concession agreement. The cost of any repair, replacement or restoration of the project facilities and services shall be borne by the Company during the concession period. The Company has to transfer all its rights, titles and interest in the project facilities and services free of cost to VPT at the end of the concession period. Intangible asset port concession rights represents consideration for construction services. No Revenue from construction contract of service concession arrangements on exchanging construction services for the port concession rights was recognised for the year ended March 31, 2018 and March 31, 2017.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**

**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

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**34** The Company has only one business segment primarily the supply of cargo handling and storage services and operates in one geographical segment. Accordingly, disclosures relating to operating segments under the Indian Accounting Standard (Ind AS) 108 on "Operating Segments" notified under section 133 read with Rule 4A of the Companies Act, 2013, are not applicable to the Company for current year.

**35** Previous year figures have been regrouped/ reclassified, where necessary, to confirm to this year's classification.

As per the report of even date

**For S.R Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration No. 301003E/E300005

**For and on behalf of Board of Directors**

per **Naman Agarwal**  
Partner  
Membership No.: 502405

**GR Arun Kumar**  
Director  
DIN : 01874769

**Kishore Kumar**  
Director  
DIN : 07148888

**Srikanth Gudivada**  
Chief Financial Officer

**Kumar Ankit**  
Company Secretary  
ICSI Membership  
No. FCS 9077

**Manish Gupta**  
Chief Executive Officer

Place: New Delhi  
Date : April 20, 2018

Place: Mumbai  
Date : April 20, 2018



## VIZAG GENERAL CARGO BERTH PRIVATE LIMITED

Notes forming part of the financial statements as at and for the year ended March 31, 2018

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### 1. Company 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 "Concessions 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 October 8, 2010 i.e. date of award of concession. The Company started its commercial operations effective March 15, 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 concessions authority in accordance with the concession agreement.

The registered office of the Company is SIPCOT Industrial Complex Madurai Bye Pass Road, T. V. Puram P.O Thoothukudi Tamil Nadu 628002 India. The financial statements were approved for issuance by the Directors on April 20, 2018.

### 2. Basis of preparation

#### a) Basis of preparation and compliance with Ind AS

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other relevant provisions of the Companies Act, 2013 (the Act).

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

#### b) Basis of measurement

The financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value/amortised cost, Refer note 3(d) below.

#### c) Standards issued but not effective

The Guidance note and amendment to standards issued, but not yet effective up to the date of issuance of the Company's Financial Statements are disclosed below. The Company intends to adopt these when it becomes effective.

#### **Ind AS 115 - Revenue from Contract with Customers:**

This standard outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. The standard replaces most current revenue recognition guidance. The core principle of the new standard is for companies to recognize revenue to depict the transfer of goods or services to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The new standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively including service revenue and contract modifications and improve guidance for multiple element arrangements. The new Standard comes into effect for the annual reporting periods beginning on or after April 1, 2018 with early application permitted.

## VIZAG GENERAL CARGO BERTH PRIVATE LIMITED

### Notes forming part of the financial statements as at and for the year ended March 31, 2018

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In order to identify the potential impact of the standard on the Company's financial statements, the Company has analysed its contract with its customers. The work done is focused on evaluating the contractual arrangements across the Company's principal revenue stream, particularly key terms and conditions which may impact revenue recognition. Based on the work carried out, the overall effect of implementation of Ind AS 115 is not likely to be material on the recognition and measurement of revenue, though there would be additional disclosure requirements for the Company to comply with. The Company intends to apply these changes using a modified retrospective application as permitted by the standard.

#### **Amendment to Ind AS 12**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have any impact on the Company as the Company has no deductible temporary differences or assets that are in the scope of the amendments.

#### **Amendment to Ind AS 21**

The insertion of Appendix B of Ind AS 21 provides clarification on recording foreign currency transactions when consideration is paid or received in advance. The Appendix B would apply when a Company:

- Pays or receives consideration denominated or priced in a foreign currency, and
- Recognises a non-monetary prepayment asset or deferred income liability.

The appendix is applicable for annual periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

#### **Amendment to Ind AS 40**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first apply the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The amendments are effective for annual periods beginning on or after 1 April 2018. The Company is evaluating the requirements of the amendment and has not yet determined the impact on the financial statements.

### **3. Significant accounting policies**

The Company has applied the following accounting policies to all periods presented in these financial statements.

**a) Property, Plant and Equipment**

***Recognition and measurement***

Property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

The initial cost of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use. It also includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Spares are capitalized when they meet the definition of property, plant and equipment.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Likewise, on initial recognition expenditure to be incurred towards major inspections and overhauls are identified as a separate component and depreciated over the expected period till the next overhaul expenditure.

Land acquired free of cost or at below market rate from the government is recognized at fair value with corresponding credit to deferred income.

***Subsequent costs and disposal***

Subsequent expenditure related to an item of property, plant and equipment is added to its book value only if it increases the future economic benefits from the existing asset beyond its previously assessed standard of performance/life. All other expenses on existing property, plant and equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in statement of profit and loss.

**Depreciation**

Depreciation on Property, plant and equipment is calculated using the straight-line method (SLM) to allocate their cost, net of their residual values, over their estimated useful lives (determined by the management based on technical estimates) as given below. Management's assessment of independent technical evaluation/advice takes into account, inter alia, the nature of the assets, the estimated usage of the assets, the operating conditions of the assets, past history of replacement and maintenance support. The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The estimated useful lives of assets are as follows:

<b>Asset</b>	<b>Useful life (in years)</b>
Office equipment	5
Vehicles	8
Furniture and fixture	10

**b) Intangible assets**

- Port concession rights

The Port concession rights as "Intangible Assets" arising from a service concession arrangement, in which the grantor controls or regulates the services provided and the prices charged, and also controls any significant residual interest in the infrastructure

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**

**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

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such as property, plant and equipment, irrespective whether the infrastructure is existing infrastructure of the grantor or the infrastructure is constructed or purchased by the company as part of the service concession arrangement. Such an intangible asset is recognised initially at cost determined as the fair value of the consideration received or receivable for the construction service delivered and is capitalised when the project is complete in all respects. Port concession rights also include certain property, plant and equipment in accordance with Appendix A of Ind AS 11 'Service Concession Arrangements'.

Port concession rights are amortised on a straight line a basis based on the lower of their useful lives or the concession period (presently 30 years).

Any addition to the port concession rights or property, plant and equipment are measured at fair value on recognition.

Gains or losses arising from de-recognition of port concession rights are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the consolidated statement of profit or loss when the asset is de-recognised.

- Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

Intangible assets are amortised over their estimated useful life. Software is amortised using the straight-line method over the estimated useful life of five years or the tenure of the respective software license, whichever is lower. The amortization period and the amortization method are reviewed at least at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the change is accounted for prospectively as a change in accounting estimate.

**c) Impairment of non financial assets**

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The company assess at each reporting date whether there is an indication that an asset may be impaired. The company conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognised impairment losses. External factors, such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognised impairment losses.

If any such indication exists then an impairment review is undertaken and the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. These cash flows are discounted at an appropriate post tax discount rate to arrive at the net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

**d) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(i) Financial Assets - Recognition**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in below categories:

• **Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

• **Debt instruments at fair value through other Comprehensive income(FVOCI)**

A 'debt instrument' is classified as at the FVOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in other comprehensive income is reclassified from the equity to profit and loss. Interest earned whilst holding fair value through other comprehensive income debt instrument is reported as interest income using the EIR method.

- **Debt instruments at fair value through profit or loss (FVTPL)**

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in profit or loss.

- **Equity Instruments**

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. For equity instruments which are classified as FVTPL, all subsequent fair value changes are recognised in the statement of profit or loss.

- (ii) Financial Assets - Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

- (iii) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

## VIZAG GENERAL CARGO BERTH PRIVATE LIMITED

### Notes forming part of the financial statements as at and for the year ended March 31, 2018

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- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits and trade receivables
- Financial assets that are debt instruments and are measured as at FVOCI e.g. derivatives designated as hedges
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR.

ECL impairment loss allowance (or reversal) during the year is recognized as income/expense in profit or loss. The balance sheet presentation for various financial instruments is described below:

- a) **Financial assets measured at amortised cost:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The Company does not reduce impairment allowance from the gross carrying amount.
- b) **Debt instruments measured at FVOCI:** Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

#### **(iv) Financial liabilities – Recognition and Subsequent measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities fair value through profit or loss, or as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

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All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables and borrowings.

The subsequent measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at amortised cost (Borrowings)**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

- **Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

- (v) **Financial liabilities - Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

- (vi) **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of any entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs, if any.

- (vii) **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised



amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**(viii) Income/loss recognition**

- Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

**e) Leases**

**Determining whether an arrangement contains lease**

At inception of an arrangement, the Company determines whether the arrangement is or contains a lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Arrangements containing a lease have been evaluated as on the date of transition i.e. April 01, 2015 in accordance with Ind-AS 101 First-time Adoption of Indian Accounting Standard. Lease arrangements including both land and building have been separately evaluated for finance or operating lease at the date of transition to Ind AS basis the facts and circumstances existing as at that date.

At inception or on reassessment of an arrangement that contains lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Company's incremental borrowing rate.

**Company as a lessee**

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term. Unless the payments are structured to increase in line with general inflation to compensate for the lessor's expected inflationary cost increase".

**Company as a lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned. Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**f) Inventories**

Inventories comprise of stores and spares which are valued at the lower of cost determined on first in first out basis (FIFO) and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges.

Net realizable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

**g) Government Grant**

Grants and subsidies from the government are recognised when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognised as income on a systematic basis in the consolidated statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate.

Where the grant relates to an asset, it is recognised as deferred income and released to income in equal amounts over the expected useful life of the related asset and presented within other income.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy Applicable to financial liabilities.

**h) Taxation**

Tax expense represents the sum of current tax and deferred tax.

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets are recognized only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside profit or loss is recognized outside profit or loss either in Other Comprehensive Income or Equity.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

**i) Employee benefits**

**(i) Short-term employee benefits**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, performance incentives and compensated absences which are expected to occur in next twelve months. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by employees.

**(ii) Post-Employment benefits**

• *Gratuity*

In accordance with the Payment of Gratuity Act of 1972, the Company contributes to a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed at least 5 years of service; at retirement, disability or termination of employment being an amount equal to 15 day's salary (based on the respective employee's last drawn salary) for every completed year of service.

Based on actuarial valuations conducted as at year end, a provision is recognized in full for the benefit obligation over and above the funds held in the Gratuity Plan.

In respect of defined benefit schemes, the assets are held in separately administered funds. The cost of providing benefits under the plans is determined by actuarial valuation separately each year using the projected unit credit method by independent qualified actuary as at the year end.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

The Company recognizes the following changes in the net defined benefit obligation as an expense in the Statement of Profit and Loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

- *Provident Fund*

The Company offers retirement benefits to its employees, under provident fund scheme which is a defined contribution plan. The Company and employees contribute at predetermined rates to the fund administered and managed by Government of India (GOI). The Company has no further obligation under this scheme beyond its contribution towards provident fund which is recognized as an expense in the Statement of profit and loss in the period it is incurred.

- *Superannuation*

Certain employees of the Company, eligible for the Superannuation plan. The Company make periodic contribution to superannuation plan of Life Insurance Corporation of India. The Company has no further obligations to the Plan beyond its monthly contributions. The contribution is recognized as an expense in the Statement of Profit and Loss.

**(iii) Other Long-Term Employee benefits**

- *Compensated absences*

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**j) Provisions, contingent liabilities and contingent assets**

Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation, though the amount or timing is uncertain.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

**k) Revenue Recognition**

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**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

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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 recognized to the extent the services are actually rendered. Revenue from cargo handling and storage is recognized in the period to which it relates based on the service performed. Revenue is measured at fair value of the consideration received or receivable, net of discount, volume rebates, outgoing sales tax and other indirect taxes'.

Revenues and costs relating to construction contract of service concession arrangements are recognized over the period of each arrangement only to the extent of costs incurred that are probable of recovery. Revenues and costs relating to operating phase of the port contract are measured at the fair value of the consideration received or receivable for the services provided.

Interest income is accounted on accrual basis using the effective interest method. Dividend income is accounted for when the right to receive it is established.

**l) Accounting for foreign currency transactions**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the Company's functional currency.

Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in profit or loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of the designated forecasted sales or purchases, which are recognized in the other comprehensive income.

The Company has applied paragraph 46A of AS 11 under Previous GAAP. Ind AS 101 gives an option, which has been exercised by the Company, whereby a first time adopter can continue its Previous GAAP policy for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognized in the Previous GAAP financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period. Hence, foreign exchange gain/loss on long-term foreign currency monetary items recognized in the Previous GAAP up to March 31, 2016 is adjusted to cost of Property, Plant and Equipment. Such exchange differences arising on translation/settlement of long-term foreign currency monetary items and pertaining to the acquisition of a depreciable asset are amortized over the remaining useful lives of the assets.

From accounting periods commencing on or after April 01, 2016, exchange differences arising on translation/settlement of long-term foreign currency monetary items, acquired post April 01, 2016, pertaining to the acquisition of a depreciable asset are charged to the statement of profit and loss.

**m) Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares

outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

**n) Current and non-current classification**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

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

- It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle.
- It is held primarily for the purpose of being traded;
- It is expected to be realized within 12 months after the reporting date; or
- 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.

All other assets are classified as non-current.

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

- It is expected to be settled in the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is due to be settled within 12 months after the reporting date; or
- 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.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current only.

**o) Borrowing costs**

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use i.e. when they are capable of commercial production. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

**p) Segment reporting**

**Identification of segments:**

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**

**Notes forming part of the financial statements as at and for the year ended March 31, 2018**

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analysis of geographical segments is based on the geographical location of the customers.

*Segment accounting policies:*

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

**q) Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

**r) Use of Estimates and Judgments**

The preparation of the financial statements in conformity with Ind AS which requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

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

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following accounting policies and/or notes:

**Critical estimates and judgements in applying accounting policies**

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Information about estimates and judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

**Estimates**

**i) Useful lives of property, plant and equipment**

The Company reviews the useful life of property, plant and equipment at the end of each reporting period. This reassessment may result in change in depreciation expense in future periods.

**Judgements**

**ii) Contingencies**

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

While considering the possible, probable and remote analysis of taxation, legal and other claims, there is always a certain degree of judgement involved pertaining to the application of the legislation which in certain cases is supported by views of tax experts and/or earlier precedents in similar matters. Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability.