

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF  
VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**

**Report on the Financial Statements**

We have audited the accompanying financial statements of **VIZAG GENERAL CARGO BERTH PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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

**Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.



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

**Opinion**

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

**Report on Other Legal and Regulatory Requirements**

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- 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 A. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- 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 does not have any pending litigations which would impact its financial position;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer Note 22.1 (iv) to the financial statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company - Refer Note 22.1 (v) to the financial statements;



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2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Jitendra Agarwal**  
Partner  
(Membership No. 87104)

Gurgaon, 22 April, 2016

**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Internal Financial Controls Over Financial Reporting 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 31 March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

**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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. 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 Company's 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)



## **Deloitte Haskins & Sells LLP**

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.

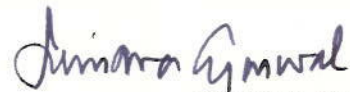
### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Jitendra Agarwal**  
Partner  
(Membership No. 87104)

Gurgaon, 22 April, 2016

**ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- i. In respect of its fixed assets:
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b. The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - c. With respect to immovable property of land that is freehold, according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deed of such immovable property is held in the name of the Company as at the balance sheet date. In respect of immovable property of Building that have been constructed on land obtained under Concession Agreement from Visakhapatnam Port Authorities and disclosed as fixed asset in the financial statements, the Concession Agreement is in the name of the Company, where the Company is the Concessionaire in the agreement.
- ii. As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- iv. The Company has not granted any loans, made investments or provide guarantees and securities and hence reporting under clause (iv) of the Order is not applicable.
- v. According to the information and explanations given to us, the Company has not accepted any deposits. Also, according to the information and explanations given to us, there are no unclaimed deposits, hence the provisions of Sections 73 to 76 of the Act do not apply to the Company.
- vi. The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- vii. According to the information and explanations given to us, in respect of statutory dues:
  - a. The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.



We are informed that the provisions of Employees' State Insurance are not applicable to the Company and that the operations of the Company did not give rise to any liability for Excise Duty.

- b. There were no undisputed amounts payable in respect of Provident Fund, Income Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.
  - c. There are no dues in respect of Income Tax, Service Tax, Customs Duty and Value Added Tax as on 31 March, 2016 on account of disputes.
- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders. The Company has not taken loans or borrowings from financial institutions and government.
  - ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
  - x. To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
  - xi. The Company has not paid/ provided any managerial remuneration and hence reporting under clause (xii) of the Order is not applicable to the Company.
  - xii. The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
  - xiii. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
  - xiv. During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
  - xv. In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
  - xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Jitendra Agarwal**  
Partner  
(Membership No. 87104)

Gurgaon, 22 April, 2016

**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**BALANCE SHEET AS AT 31 MARCH, 2016**

Particulars	Note No.	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	3	321,080,000	321,080,000
(b) Reserves and surplus	4	(576,514,802)	(523,365,493)
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	5	2,711,902,084	2,250,000,000
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	1,935,000,000	245,042,983
(b) Trade payables			
i. Total outstanding dues of micro enterprises and small enterprises (see note 22.11)		-	-
ii. Total outstanding dues of creditors other than micro enterprises and small enterprises		74,275,151	72,042,083
(c) Other current liabilities	7	954,861,209	3,584,171,435
(d) Short-term provisions	8	6,251,438	5,484,025
<b>TOTAL</b>		<b>5,426,855,080</b>	<b>5,954,455,033</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	9	5,095,510,127	5,478,499,193
(ii) Intangible assets	9	418,923	2,070,820
(b) Long-term loans and advances	10	135,239,004	77,681,239
<b>2 Current assets</b>			
(a) Current investments	11	-	248,796,100
(b) Inventories	12	43,029,768	33,081,721
(c) Trade receivables	13	114,309,517	68,246,195
(d) Cash and cash equivalent	14	18,070,680	16,184,108
(e) Short-term loans and advances	15	17,329,328	16,801,198
(f) Other current assets	16	2,947,733	13,094,459
<b>TOTAL</b>		<b>5,426,855,080</b>	<b>5,954,455,033</b>

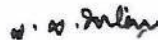
See accompanying notes forming part of the financial statements

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants



**Jitendra Agarwal**  
Partner


For and on behalf of the Board of Directors



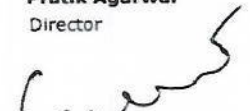
**D.D. Jalan**  
Director



**Pratik Agarwal**  
Director



**VS Ganesh**  
Chief Financial Officer



**Aravind Matta**  
Company Secretary

Place: Gurgaon  
Date: 22 April, 2016

Place: Mumbai  
Date: 22 April, 2016





**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	Note No.	For the year ended 31.03.2016	For the year ended 31.03.2015
		(Rupees)	(Rupees)
<b>1 Income</b>			
(a) Revenue from operations	17	1,745,385,196	1,661,578,907
(b) Other income	18	9,181,947	174,704,180
<b>Total Revenue</b>		<b>1,754,567,143</b>	<b>1,836,283,087</b>
<b>2 Expenses:</b>			
(a) Employee benefits expense	19	65,815,098	61,781,220
(b) Finance costs	20	300,855,668	317,927,798
(c) Depreciation and amortisation expense	9	459,547,532	454,127,749
(d) Other expenses	21	981,498,154	1,010,932,172
<b>Total expenses</b>		<b>1,807,716,452</b>	<b>1,844,768,939</b>
<b>3 Profit/(Loss) before tax</b>		(53,149,309)	(8,485,852)
<b>4 Tax expense</b>		-	-
<b>5 Profit /(Loss) for the year</b>		<b>(53,149,309)</b>	<b>(8,485,852)</b>
<b>6 Earnings per equity share</b> (Nominal value of share Rs. 10 each)	22.9		
- Basic		(1.66)	(0.45)
- Diluted		(1.66)	(0.45)

See accompanying notes forming part of the financial statements

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

*Jitendra Agarwal*

**Jitendra Agarwal**  
Partner

Place: Gurgaon  
Date: 22 April, 2016

For and on behalf of the Board of Directors

*D.D. Jalan*

**D.D. Jalan**  
Director

*VS Ganesh*  
**VS Ganesh**  
Chief Financial Officer

Place: Mumbai  
Date: 22 April, 2016

*Pratik Agarwal*

**Pratik Agarwal**  
Director

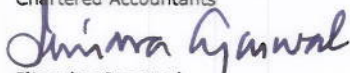
*Aravind Matta*  
**Aravind Matta**  
Company Secretary



**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2016**

Particulars	Note No.	Year ended 31.03.2016 (Rupees)	Year ended 31.03.2015 (Rupees)
<b>A. Cash flows from operating activities</b>			
Net profit/ (loss) before tax		(53,149,309)	(8,485,852)
<b>Adjustments for :</b>			
Depreciation and amortisation expense		459,547,532	454,127,749
Finance costs		300,855,668	317,927,798
Interest income		(1,203,254)	-
Net (gain) on sale of investments		(5,978,468)	(12,044,807)
Liabilities / provisions no longer required written back		(41,665,360)	-
Net unrealised exchange (gain) / loss		212,244	(10,937,160)
<b>Operating profit before working capital changes</b>		<b>658,619,053</b>	<b>740,587,728</b>
Adjustments for (increase) / decrease in operating assets:			
Inventories		(9,948,047)	(29,861,999)
Trade receivables		(46,063,322)	12,403,497
Short-term loans and advances		(528,131)	92,586,263
Long-term loans and advances		(57,557,765)	(48,684,332)
Other current assets		11,229,655	(13,500,909)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables		43,898,428	4,731,106
Other current liabilities		(62,940,614)	(646,017,257)
Short-term provisions		767,413	189,958
<b>Net cash flow from/(used in) operating activities (A)</b>		<b>537,476,670</b>	<b>112,434,055</b>
<b>B. Cash flows from investing activities</b>			
Capital expenditure on fixed assets including capital advances		(16,552,189)	(29,827,850)
Purchased of current investments not considered as cash and cash equivalents		(948,000,000)	(1,543,400,000)
Proceeds from sale of current investments		1,202,774,568	1,521,279,327
Interest received		120,325	-
<b>Net cash flow from/(used in) investing activities (B)</b>		<b>238,342,704</b>	<b>(51,948,523)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from issue of equity shares		-	153,000,000
Proceeds from long-term borrowings		1,164,922,606	-
Proceeds from short-term borrowings		1,935,000,000	152,878,140
Repayment of short-term borrowings		(3,393,533,918)	(26,326,471)
Interest and finance charges paid		(480,321,490)	(317,927,798)
Rollover gain/(loss) on forward cover (net)		-	(12,754,098)
<b>Net cash flow from/(used in) financing activities (C)</b>		<b>(773,932,802)</b>	<b>(51,130,227)</b>
<b>Net (decrease)/increase in cash and cash equivalent (A+B+C)</b>		<b>1,886,572</b>	<b>9,355,305</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>16,184,108</b>	<b>6,828,803</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>14</b>	<b>18,070,680</b>	<b>16,184,108</b>

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

  
**Jitendra Agarwal**  
Partner

Place: Gurgaon  
Date: 22 April, 2016


For and on behalf of the Board of Directors

  
**D.D. Jalan**  
Director

  
**VS Ganesh**  
Chief Financial Officer

Place: Mumbai  
Date: 22 April, 2016

  
**Pratik Agarwal**  
Director

  
**Aravind Matta**  
Company Secretary



**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**1. Company's overview**

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

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

**2. Significant Accounting Policies:**

**(a) Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**(b) Use of estimates**

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

**(c) Inventories**

Inventories are valued at the lower of cost on 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.

**(d) Cash and cash equivalents (for purposes of Cash Flow Statement)**

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

**(e) Cash flow statement**

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

**(f) Depreciation and amortisation**

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, and its estimated residual value is considered as zero because on the expiry of the concession period the Company shall transfer the Project Assets to the Concessioning Authority in accordance with the Concession Agreement.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

Assets	Depreciated Life	Rate of Depreciation
i) Tangible Assets		
- Buildings, Office Buildings, Factory Buildings and Berth	27 Years	3.70%
- Plant and Machinery & Railway Sliding	3-15 Years	6.67% - 33.33%
- Office Equipment	5 Years	20%
- Furniture and fixtures	10 Years	10%

ii) Intangible assets are amortised over their estimated useful life on straight line method.

- Computer Software is amortised over the estimated useful of 3-5 years.

*Jh*



**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**(g) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company. Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Revenue on transactions of rendering services is recognised to the extent the services are actually rendered. Revenue from cargo handling and storage is recognised on proportionate completion method based on service performed.

**(h) Other income**

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

**(i) Fixed assets (Tangible/Intangible)**

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

**(j) Foreign currency transactions and translation**

i. Initial recognition:

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

ii. Measurement at the balance sheet date:

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

iii. Exchange differences:

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

iv. Exchange difference on long-term foreign currency monetary items:

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

**(k) Investments**

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

**(l) Employee benefits**

Employee benefits include provident fund, gratuity fund and compensated absences.

Defined contribution plans

The Company's contribution to provident fund is considered as defined contribution plans and is charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined benefit plans

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

- (a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and
- (b) in case of non-accumulating compensated absences, when the absences occur.

**Long-term employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date less the fair value of the plan assets out of which the obligations are expected to be settled.

**(m) Borrowing cost**

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

**(n) Leases**

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

**(o) Earnings per share**

Basic earnings per share is computed by dividing the profit / (loss) after tax by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

**(p) Taxes on Income**

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

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

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Statement of Profit and Loss.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**(q) Impairment of assets**

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- an intangible asset that is not yet available for use; and
- an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

**(r) Provisions and contingencies**

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

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

**(s) Derivative financial instruments**

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

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

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

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

If a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, or a forecast transaction for a non-financial asset or non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the associated gains and losses that were recognised directly in equity are removed, and are included in the initial cost or other carrying amount of the asset or liability.

Derivative financial instruments that do not qualify for hedge accounting are marked to market at the Balance Sheet date and gains or losses are recognized in the Statement of Profit and Loss immediately.

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

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**(t) Insurance claims**

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

**(u) Service tax input credit**

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilising the credits.

**(v) Operating cycle**

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**3 Share capital**

	As at 31.03.2016		As at 31.03.2015	
	Number of shares	Rupees	Number of shares	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) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

Particulars	As at 31.03.2016		As at 31.03.2015	
	Equity Shares		Equity Shares	
	Number of shares	Amount in Rupees	Number of shares	Amount in Rupees
Shares outstanding at the beginning of the year	32,108,000	321,080,000	10,000	100,000
Shares issued during the year	-	-	32,098,000	320,980,000
<b>Shares outstanding at the end of the year</b>	<b>32,108,000</b>	<b>321,080,000</b>	<b>32,108,000</b>	<b>321,080,000</b>

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

Particulars	As at 31.03.2016		As at 31.03.2015	
	Equity Shares		Equity Shares	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Vedanta Limited (Formerly Sesa Sterlite Limited), holding Company	32,107,000	99.997%	32,107,000	99.997%

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

Name of Shareholder	As at 31.03.2016		As at 31.03.2015	
	Number of shares held	% of Holding	Number of shares held	% of Holding
(a) Vedanta Limited (Formerly Sesa Sterlite Limited)	32,107,000	99.997%	32,107,000	99.997%
(b) Leighton India Contractors Private Limited	1,000	0.003%	1,000	0.003%

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

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	As at <u>31.03.2016</u> (Rupees)	As at <u>31.03.2015</u> (Rupees)
<b>4 Reserves and surplus</b>		
<b>(a) Surplus/(deficit) in the Statement of Profit and Loss</b>		
Balance at the beginning of the year	(523,365,493)	(514,879,641)
Add: Profit/(Loss) for the year	(53,149,309)	(8,485,852)
<b>Closing balance at the end of the year</b>	<u>(576,514,802)</u>	<u>(523,365,493)</u>
<b>5 Long -term borrowings</b>		
<b>(a) Non convertible debentures (secured)</b> (See note (i) below for security created and terms of repayment)	-	750,000,000
<b>(b) Compulsory convertible debenture (unsecured)</b> 1,500,000, 0.1% compulsory convertible debentures of Rs. 1,000 each fully paid up. (see note (ii) below)	1,500,000,000	1,500,000,000
<b>(c) Buyers credit (secured)</b> (See note (iii) below for security created on buyers credit and note (iv) below for interest rate and terms of repayment)	1,211,902,084	-
	<u>2,711,902,084</u>	<u>2,250,000,000</u>

**Notes:**

(i) The Company had issued 9% Secured Non Convertible Debentures ("NCDs") of Rs. 1,000,000 each to IDFC Limited (the "arranger"), in the month of May, 2013 amounting to Rs. 300 Crores for refinancing of Rupee Term Loan and for other general corporate purposes. The NCD's carry coupon rate of 9% which is payable annually. The NCD's are redeemable at the end of the 3rd years from the date of allotment i.e. 8 May, 2013, earlier redemption of these debentures can happen by way of exercising put and call option at the end of 2nd year i.e 8 May, 2015. The NCD's are listed on Bombay Stock Exchange of India Ltd. On 8 May, 2015 debenture holders exercised the put option to the extent of Rs. 225 Crore and the same amount has been paid to debenture holders. The balance Rs. 75 Crore has been disclosed under current maturities of long term borrowings in other current liabilities (see note 7) which is due on 8 May, 2016.

Non Convertible Debentures are secured by 1.1 times of the face value of outstanding debentures, by way of charge on the fixed assets of the Company.

(ii) The Company had issued 0.1% Unsecured Compulsorily Convertible Debentures ("CCDs") of Rs. 1,000 each to Vedanta Limited (Formerly Sesa Sterlite Limited) (the "Subscriber"). The CCDs were allotted to the Subscriber on 28 March, 2011 at Rs. 650 called up per CCD and the balance Rs. 350 was called upon during the year ending 31 March, 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 of Rs. 11.10 each i.e. each CCD shall be converted into 90 equity shares of Rs. 10 each at a premium of Rs. 1.10 per share.

(iii) During the previous year, Buyer credit from Axis Bank Limited 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).

During the year, on 29 May, 2015, the Company has refinanced the buyers credit from Axis Bank Limited to ICICI Bank 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 from ICICI bank is secured by corporate guarantee provided by Vedanta Limited.

(iv) (a) During the previous year, the rate of interest for buyers credit from Axis Bank Limited ranges from 0.85% to 2.24% and other terms of repayment for these buyer's credit are based on the agreement ranges from 15 months to 36 months with the respective banks and the nature of such buyer's credit.

(b) The rate of interest for buyers credit from ICICI Bank ranges from 1.45% to 2.24% and other terms of repayment for these buyer's credit are based on the agreement entered between the Company and ICICI Bank. Repayment of Buyers Credit can be made at any time during the tenure of the agreement (29 May, 2015 to 28 May, 2017).

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	As at <b>31.03.2016</b> (Rupees)	As at <b>31.03.2015</b> (Rupees)
<b>6 Short-term borrowings</b>		
(a) Buyers credit (Secured) (For security created on Buyers Credit see See note 5(iii) and also see note 5(iv) for rate of interest and terms of repayment)	-	245,042,983
(b) Loans and advances from related parties (unsecured) Vedanta Limited (Formerly Sesa Sterlite Limited) (See note below for details)	1,935,000,000	-
	<b>1,935,000,000</b>	<b>245,042,983</b>
<p>Note: The Company had obtained inter-corporate loan of Rs. 225 Crore from Vedanta Limited (Formerly Sesa Sterlite Limited) on 6 May, 2015 to honour put option exercised by the NCD debentures holders to the tune of Rs. 225 Crore on 8 May, 2015. The interest rate on above loan is 9% p.a. The loan is repayable on demand.</p>		
<b>7 Other Current Liabilities</b>		
(a) Current maturities of long-term borrowings (see note below)	750,000,000	3,148,490,935
(b) Interest accrued but not due on borrowings	63,411,255	242,877,077
(c) Advance from customers	20,578,700	800,000
(d) Security deposit from vendors	5,079,355	3,797,166
(e) Other payables :		
- Statutory dues	8,218,915	7,222,912
- Payables for capital goods (including retention money)	307,449	16,946,395
- Due to related parties - See Note 22.6(b)	46,166,557	15,323,164
- Other financial liabilities - derivatives	11,699,852	95,988,477
- Royalty (payable to Vishakhapatnam Port Trust)	49,399,126	52,725,309
	<b>954,861,209</b>	<b>3,584,171,435</b>
<p>Note: Current maturities of long-term borrowings comprises :</p>		
(a) Non convertible debentures (secured) (See note 5(i) for security created and terms of repayment)	750,000,000	2,250,000,000
(b) Buyers credit from Axis Bank Limited (Secured) (See note 5(iii) for security created on Buyers Credit and note 5(iv) for interest rate and terms of repayment)	-	898,490,935
	<b>750,000,000</b>	<b>3,148,490,935</b>
<b>8 Short-term provisions</b>		
Provision for employee benefits (net)		
(a) Provision for compensated absences	3,620,339	3,645,403
(b) Provision for gratuity	2,631,099	1,838,622
	<b>6,251,438</b>	<b>5,484,025</b>

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
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Particulars	Gross Block			Accumulated Depreciation		Net Block	
	Balance as at 1.04.2015	Additions / adjustments	As at 31.03.2016	Balance as at 1.04.2015	Depreciation / amortisation expense for the year	As at 31.03.2016	Balance as at 31.03.2015
<b>A. Tangible Assets</b>							
(a) Land	734,000 (734,000)	- (-)	734,000 (734,000)	- (-)	- (-)	- (-)	734,000 (734,000)
(b) Buildings	257,801,057 (257,801,057)	- (-)	257,801,057 (257,801,057)	19,436,564 (9,872,144)	9,564,419 (9,564,419)	29,000,983 (19,436,564)	228,800,074 (238,364,493)
(c) Berth	1,380,422,598 (1,380,422,598)	- (-)	1,380,422,598 (1,380,422,598)	103,788,501 (52,574,823)	51,213,678 (51,213,678)	155,002,179 (103,788,501)	1,225,420,419 (1,276,634,097)
(d) Railway sidings	158,673,750 (136,534,118)	- (-)	158,673,750 (136,534,118)	17,168,247 (6,787,429)	10,924,177 (10,380,818)	28,092,424 (17,168,247)	130,581,326 (141,505,503)
(e) Plant and equipment	4,465,749,660 (4,359,181,378)	72,034,555 (106,568,282)	4,537,784,215 (4,465,749,660)	666,102,047 (291,070,468)	379,791,194 (375,031,579)	1,045,893,241 (666,102,047)	3,491,890,974 (3,799,647,613)
(f) Furniture and fixtures	9,718,969 (9,159,522)	222,980 (559,447)	9,941,949 (9,718,969)	2,946,705 (2,068,543)	911,436 (878,162)	3,858,141 (2,946,705)	6,083,808 (6,772,264)
(g) Vehicles	1,274,250 (1,274,250)	1,240,048 (-)	2,514,298 (1,274,250)	198,297 (37,477)	205,713 (160,820)	404,010 (198,297)	2,110,288 (1,075,953)
(h) Office equipment	23,797,353 (22,453,290)	1,408,986 (1,344,063)	25,206,339 (23,797,353)	10,032,083 (4,785,709)	5,285,018 (5,246,375)	15,317,101 (10,032,083)	9,889,238 (13,765,270)
<b>Total Tangible Assets</b>	<b>6,298,171,637</b> (6,167,560,213)	<b>74,906,569</b> (130,611,424)	<b>6,373,078,206</b> (6,298,171,637)	<b>819,672,444</b> (367,196,593)	<b>457,895,635</b> (452,475,851)	<b>1,277,568,079</b> (819,672,444)	<b>5,095,510,127</b> (5,478,499,193)
<b>B. Intangible Assets</b>							
Computer software	5,781,929 (5,781,929)	- (-)	5,781,929 (5,781,929)	3,711,109 (2,059,214)	1,651,897 (1,651,897)	5,363,006 (3,711,111)	410,923 (2,070,820)
<b>Grand Total</b>	<b>6,303,953,566</b> (6,173,342,142)	<b>74,906,569</b> (130,611,424)	<b>6,378,860,135</b> (6,303,953,566)	<b>823,383,553</b> (369,255,807)	<b>459,547,532</b> (454,127,748)	<b>1,282,931,085</b> (823,383,555)	<b>5,095,929,050</b> (5,480,570,013)

Note: i) Figures given in brackets pertain to the previous year.



**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	As at <b>31.03.2016</b> (Rupees)	As at <b>31.03.2015</b> (Rupees)
<b>10 Long-term loans and advances</b> (Unsecured, considered good)		
(a) Advance tax	109,187,776	60,167,711
(b) Security deposits	26,051,228	17,513,528
	<b>135,239,004</b>	<b>77,681,239</b>
<b>11 Current investments</b>		
<u>Investments in Mutual Funds-Unquoted</u>		
- Birla Sun Life Cash Plus - Growth	-	50,446,158
- ICICI Pru Liquid Plan Reg - Growth	-	48,992,652
- Kotak Liquid Plan A - Growth	-	49,616,374
- Reliance Liquidity - Growth	-	49,857,534
- UTI Liquid Cash Inst - Growth	-	49,883,382
	-	<b>248,796,100</b>
<b>12 Inventories</b> (At lower of cost and net realisable value)		
Stores and spares	<b>43,029,768</b>	<b>33,081,721</b>
<b>13 Trade receivables</b> (unsecured, considered good)		
Trade receivables outstanding for a period exceeding six months from the date they are due for payment	17,022,351	-
Other trade receivables	97,287,166	68,246,195
	<b>114,309,517</b>	<b>68,246,195</b>
<b>Note: Trade receivables include debts due from:</b>		
- Private company in which director is a director	55,550,821	3,320,054
<b>14 Cash and cash equivalent</b>		
Balances with banks in current account	<b>18,070,680</b>	<b>16,184,108</b>
<b>15 Short-term loans and advances</b> (Unsecured, considered good)		
(a) Prepaid expenses	4,727,057	5,530,407
(b) Dues from related parties	-	127,196
(c) Advances to employees	25,000	34,600
(d) Balance with central excise/Service Tax authorities	12,050,789	11,108,995
(e) Advance to suppliers	526,482	-
	<b>17,329,328</b>	<b>16,801,198</b>
<b>16 Other Current assets</b>		
(a) Unbilled revenue	1,763,246	-
(b) Unamortised expense - ancillary borrowing costs	35,707	2,427,630
(c) Unamortized forward premium	65,851	1,760,289
(d) Interest accrued	1,082,929	-
(e) Insurance claim receivable	-	8,906,550
	<b>2,947,733</b>	<b>13,094,459</b>

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Year ended <b>31.03.2016</b> (Rupees)	Year ended <b>31.03.2015</b> (Rupees)
<b>17 Revenue from operations</b>		
(a) Sale of services :		
- Income from port operations	1,701,582,872	1,659,129,358
(b) Other operating revenues:		
- Liabilities / provisions no longer required written back (net)	41,665,360	-
- Scrap sales	2,136,964	2,449,549
<b>Total Revenue from Operations</b>	<b>1,745,385,196</b>	<b>1,661,578,907</b>
<b>18 Other income</b>		
(a) Interest income	1,203,254	-
(b) Net gain on sale of current investments	5,978,468	12,044,809
(c) Other non-operating income (refer note below)	2,000,225	162,659,371
	<b>9,181,947</b>	<b>174,704,180</b>
<u>Note : Other non-operating income comprises:</u>		
i) Liquidated damages	1,237,673	162,659,371
ii) Miscellaneous income	762,552	-
	<b>2,000,225</b>	<b>162,659,371</b>
<b>19 Employee benefits expense</b>		
(a) Salaries and incentives	55,588,191	53,237,036
(b) Contributions to provident and other funds	5,512,979	5,486,776
(c) Staff welfare expenses	4,713,928	3,057,408
	<b>65,815,098</b>	<b>61,781,220</b>
<b>20 Finance costs</b>		
(a) Interest expense		
(i) on loans	191,653,278	22,999,230
(ii) on debentures	90,267,125	271,500,001
(b) Other borrowing costs	18,935,265	23,428,567
	<b>300,855,668</b>	<b>317,927,798</b>
<b>21 Other expenses</b>		
(a) Consumption of stores and spare parts	29,982,611	25,969,691
(b) Repairs and maintenance - machinery	6,604,393	3,113,750
(c) Repairs and maintenance - others	2,956,927	9,697,438
(d) Royalty	644,447,652	665,058,506
(e) Power and fuel	97,896,011	106,688,890
(f) Material handling expenses	40,108,528	38,799,557
(g) Demurrage charges	3,475,371	10,942,014
(h) Port operation and maintenance expenses	69,250,980	56,943,816
(i) License fees for Land	31,954,953	31,328,387
(j) Legal and professional	13,371,570	11,633,073
(k) Payment to auditors (see note below)	1,928,607	1,537,230
(l) Security expenses	8,250,536	6,658,859
(m) Insurance	8,503,182	6,857,006
(n) Travelling and conveyance	3,606,146	2,797,331
(o) Rates and taxes	3,060,828	2,404,085
(p) Directors sitting fees	420,000	-
(q) Net loss on foreign currency transactions and translation	1,313,684	17,602,329
(r) Miscellaneous expenses	14,366,175	12,900,210
	<b>981,498,154</b>	<b>1,010,932,172</b>
<b>Note:</b>		
<b>Payment to auditors include the following payment (excluding service tax)</b>		
(a) To statutory auditors	750,000	650,000
(b) To tax auditor	425,000	410,000
(c) To cost auditors for cost auditor*	125,000	-
(d) For others services - certification	200,000	150,000
(e) Reimbursement of expenses	428,607	327,230
	<b>1,928,607</b>	<b>1,537,230</b>

\* Including Rs. 60,000 for the financial year 2014-15.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**22 Additional information to the Financial Statements:**

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

	As at <b>31.03.2016</b> (Rupees)	As at <b>31.03.2015</b> (Rupees)
<b>i Contingent liability:</b> The Company has export obligations of Rs. 3,076,618,140 (previous year Rs. 3,076,618,140) against the import licenses taken for import of capital goods under Export Promotion Capital Goods and Advance Licenses. In case the Company does not meet the required export obligation it has to pay the duty saved amount against the said import licenses along with interest.	385,051,500	385,051,500
<b>ii Commitments:</b> Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).	-	-
<b>iii</b> The Company has other commitments, for purchases/sales orders which are issued after considering requirements per operating cycle for purchase/sale of goods and services and employee benefits, in the normal course of business.		
<b>iv</b> The Company does not have any long term commitments/contracts including derivative contracts for which there will be any material foreseeable losses.		
<b>v</b> There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.		

**22.2** The Company offers equity-based award plans to its employees, officers and directors through its parent, Vedanta Resources Plc (the "Parent"), [The Vedanta Resources Long-Term Incentive Plan ("LTIP"), Employee Share Ownership Plan ("ESOP") and Performance Share Plan ("PSP")].

During the year, the PSP is the primary arrangement under which share-based incentives are provided to the defined management group, previously these awards were granted on a similar basis under the LTIP. 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. The performance condition attaching to outstanding awards under the PSP and LTIP is that of Parent's performance, measured in terms of Total Shareholder Return ("TSR") compared over a three year period with the performance of the competitor companies as defined in the scheme from the date of grant. Initial awards under the LTIP were granted in February 2004 and subsequently further awards were granted in the respective years until 2012-13. Additionally, PSP vesting conditions includes continued employment with the Group till the date of vesting. Initial awards under the PSP were granted in November 2014 and subsequently in December 2015. The awards are indexed to and settled by Parent shares. The awards have a fixed exercise price denominated in Parent's functional currency of 10 US cents per share, the performance period of each award is three years and are exercisable within a period of six months from the date of vesting beyond which the option The Parent has also granted awards under the ESOP scheme that shall vest based on the achievement of business performance in the performance period. The vesting schedule is staggered over a period of three years. Under these schemes the Parent is obligated to issue the shares.

Further, in accordance with the terms of the agreement between the Parent and the Company, the fair value of the awards as on the grant date is recovered by the Parent from the Company and its subsidiaries.

Amount recovered by the Parent and recognized by the Company in the Statement of Profit and Loss for the year ended 31 March, 2015 is Rs. 2,771,619 (Previous year Rs. 8,366,768). The Company considers these amounts as not material and accordingly has not provided further disclosures.

**22.3 Value of Imports calculated on CIF Basis**

	As at <b>31.03.2016</b> (Rupees)	As at <b>31.03.2015</b> (Rupees)
Capital goods	-	11,417,120

**22.4 Expenditure in Foreign Currency (on accrual basis)**

	As at <b>31.03.2016</b> (Rupees)	As at <b>31.03.2015</b> (Rupees)
Interest on buyers' credit	22,465,606	21,866,323

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**22.5 Employee benefit plans**

**(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. 17,77,826 (previous year Rs. 1,682,847) for Provident Fund contributions in the Statement of Profit and Loss.

**(ii) Defined benefit plans and compensated absences**

The Company offers gratuity benefit scheme and compensated absences to its employees. The following table sets out the funded status of the defined benefit schemes and the amount recognised in the financial statements.

Particulars	Year ended 31 March, 2016		Year ended 31 March, 2015	
	Gratuity	Leave Encashment	Gratuity	Leave Encashment
<b>a. Components of employer's expense</b>				
Current Service Cost	475,929	1,327,583	478,253	1,745,246
Interest Cost	249,597	325,458	231,180	287,317
Expected return on plan assets	(160,385)	(85,726)	(89,921)	(38,023)
Net Actuarial (gain)/loss	1,110,657	(763,071)	481,759	(701,359)
Past Service Cost (non vested benefit)	-	-	-	-
<b>Total expense recognised in the Statement of Profit and Loss</b>	<b>1,675,798</b>	<b>804,244</b>	<b>1,101,271</b>	<b>1,293,181</b>
<b>b. Net Liability recognised in the Balance Sheet</b>				
Present Value of benefit obligation	4,703,324	4,952,569	3,542,947	4,270,888
Less : Fair Value of Plan Assets	2,072,225	1,332,230	1,704,325	625,485
Funded status [surplus/(deficit)]	(2,631,099)	(3,620,339)	(1,838,622)	(3,645,403)
<b>Net liability</b>	<b>(2,631,099)</b>	<b>(3,620,339)</b>	<b>(1,838,622)</b>	<b>(3,645,403)</b>
<b>c. Changes in defined benefit obligations during the year</b>				
Opening defined benefit obligation	3,542,947	4,270,888	2,681,887	3,309,053
Current Service Cost	475,929	1,327,583	478,253	1,745,246
Interest Cost	249,597	325,458	231,180	287,317
Benefits paid	(702,346)	(218,053)	(332,654)	(365,298)
Actuarial (gain)/loss	1,137,197	(753,307)	484,281	(705,430)
<b>Closing Defined Benefit Obligation</b>	<b>4,703,324</b>	<b>4,952,569</b>	<b>3,542,947</b>	<b>4,270,888</b>
<b>d. Changes in fair value of assets during the year</b>				
Plan assets at beginning of the year	1,704,325	625,485	443,445	253,428
Adjustment to Opening Balance	76,326	42,798	-	-
Actual company contributions	806,995	786,510	1,501,091	703,403
Expected return on plan assets	160,385	85,726	89,921	38,023
Benefits paid	(702,346)	(218,053)	(332,654)	(365,298)
Actuarial gain/(loss)	26,540	9,764	2,522	(4,071)
<b>Plan assets at the end of the year</b>	<b>2,072,225</b>	<b>1,332,230</b>	<b>1,704,325</b>	<b>625,485</b>
<b>e. Composition of the plan assets is as follows :</b>				
Life Insurance Corporation of India	100%	100%	100%	100%
<b>f. Principal actuarial assumptions used :</b>				
Discount rate	8.00%	8.00%	7.82%	7.82%
Salary Escalation	15%	15%	15%	15%
Expected return on plan asset	8.75%	8.75%	8.75%	8.75%
Mortality table used	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)	IALM (2006-08)
Attrition rate:				
<u>Past Service</u>				
0 to 12 years	3%	3%	3%	3%
12 to 16 years	2%	2%	2%	2%
26 to 40 years	1%	1%	1%	1%

**Notes:**

- The discount rate is based on the prevailing market yield of Indian Government Securities as at the balance sheet date for the estimated term of obligations.
- The estimates of future salary increase considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors. The above information is certified by the actuary and relied upon by the auditors.
- The expected rate of return on plan assets is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of obligations.

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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**22.6 Related party**

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

**(i) Ultimate holding company**

Volcan Investments Limited\*

**(ii) Holding Companies:**

Vedanta Limited (Formerly Sesa Sterlite Limited)

**(iii) Fellow Subsidiaries**

- Bharat Aluminium Company Limited
- Talwandi Sabo Private Limited
- Maritime Ventures Private Limited
- Black Mountain Mine

**(iv) Associates**

Sterlite Technologies Limited

**(v) Key Managerial Personnel**

- Mr. Pratik Agarwal \*
- Mr. M. Siddiqi \*
- Mr. DD Jalan \*
- Mr. R.Kannan \* #
- Mr. AR.Narayana Swamy \* #
- Ms. Pooja Yadava \* ##

\* No transactions with these parties during the year

## Women Director

# Independent Director on deputation from Vedanta Limited (Formerly Sesa Sterlite Limited)

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

	As at 31.03.2016 (Rupees)	As at 31.03.2015 (Rupees)
<b>Transactions during the year</b>		
(i) Short-term borrowings taken from - Vedanta Limited (Formerly Sesa Sterlite Limited)	2,250,000,000	-
(ii) Rendering of services to * - Vedanta Limited (Formerly Sesa Sterlite Limited) - Bharat Aluminium Company Limited - Maritime Ventures Private Limited	580,854 1,596,915 773,045,459	- - 472,003,435
(iii) Services taken from - Vedanta Limited (Formerly Sesa Sterlite Limited)	823,865	-
(iv) Salary, Personnel services and apportionment of corporate expenses charged by * - Vedanta Limited (Formerly Sesa Sterlite Limited)	2,771,619	28,184,892
(v) Salary, Personnel services and apportionment of expenses charged to * - Vedanta Limited (Formerly Sesa Sterlite Limited) - Black Mountain Mine - Bharat Aluminium Company Limited - Maritime Ventures Private Limited - Talwandi Saboo Private Limited	376,948 - - 2,880,517 235,894	1,446,690 113,204 73,102 4,162,407 -
(vi) Interest and Corporate Guarantee commission charged by Vedanta Limited (Formerly Sesa Sterlite Limited) * - Interest on Compulsory Convertible Debentures - Corporate Guarantee commission - Interest on Short term borrowing	1,500,000 7,103,185 169,187,671	1,500,000 12,939,408 -
(vii) Reimbursement of expenses to/(from) -net * - Talwandi Saboo Private Limited - Vedanta Limited (Formerly Sesa Sterlite Limited) - Maritime Ventures Private Limited	136,288 4,139,219 7,261,576	44,167 2,635,360 12,174,930
* Details of related party transactions are reported by excluding taxes, if any		
<b>Outstanding balance at year end</b>		
(i) Loan balances - Vedanta Limited (Formerly Sesa Sterlite Limited) - Compulsory Convertible Debentures - Vedanta Limited (Formerly Sesa Sterlite Limited) - Short term borrowings	1,500,000,000 1,935,000,000	1,500,000,000 -
(ii) Corporate Guarantee issued on our behalf by - Vedanta Limited (Formerly Sesa Sterlite Limited)	2,582,351,500	5,222,351,500
(iii) Credit balances outstanding at the end of the year - Bharat Aluminium Company Limited - Vedanta Limited (Formerly Sesa Sterlite Limited) - Maritime Ventures Private Limited - Talwandi Saboo Private Limited	- 46,030,674 - 135,883	- 3,864,106 11,459,058 -
(iv) Debit balances outstanding at the end of the year - Vedanta Limited (Formerly Sesa Sterlite Limited) - Black Mountain Mine - Maritime Ventures Private Limited	662,800 - 55,550,821	- 127,196 3,320,054

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**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**22.7 Details on derivative instruments and unhedged foreign currency exposures**

The following derivative positions are open as at 31 March, 2016. These transactions have been undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may not qualify or be designated as hedging instruments.

Outstanding forward exchange contracts entered into by the Company:

Particulars	Year ended 31.03.2016 Rupees	Year ended 31.03.2015 Rupees
Nominal value of Forward Cover outstanding	1,326,220,599	1,110,726,155
MTM Loss/(Gain)	11,699,852	(33,773,094)

Unhedged foreign currency exposure as at the balance sheet date is Nil (Previous year Rs. Nil)

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

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

Particulars	Units	Year ended 31.03.2016	Year ended 31.03.2015
a. Net loss after tax attributable to equity shareholders	Rupees	(53,149,309)	(8,485,852)
b. Nominal value per share	Rupees	10	10
c. Weighted average number of equity shares for basic earnings per share	No. of shares	32,108,000	18,943,792
d. Weighted average number of equity shares for diluted earnings per share	Number of shares	32,108,000	18,943,792
e. Basic earnings per share	Rupees	(1.66)	(0.45)
f. Diluted earnings per share*	Rupees	(1.66)	(0.45)

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

**22.10 Component of Deferred Tax as under**

The Company has carried out its tax computation in accordance with the mandatory standard on accounting, Accounting Standard 22 'Accounting for Taxes on Income'. In view of absence of virtual certainty of realisation of unabsorbed tax losses, deferred tax assets have been recognised only to the extent of deferred tax liabilities. The major components of deferred tax assets / liabilities as recognised in the financial statements are as follows:

Particulars	Year ended 31.03.2016	Year ended 31.03.2015
<b>Deferred Tax Asset</b>		
Unabsorbed business loss/Depreciation*	186,703,178	259,058,783
<b>Deferred Tax Liability</b>		
Depreciation	186,703,178	259,058,783
<b>Deferred Tax Asset (net)</b>	-	-

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

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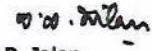


**VIZAG GENERAL CARGO BERTH PRIVATE LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

For and on behalf of the Board of Directors

  
**D.D. Jalan**  
Director

  
**Ratik Agarwal**  
Director

  
**VS Ganesh**  
Chief Financial Officer

  
**Aravind Natta**  
Company Secretary

Place: Mumbai  
Date: 22 April, 2016

*Dr*

