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, 2017, 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 state of affairs (financial position), profit or loss (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, 2017, its loss including other comprehensive income, its cash flows and the 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 Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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.

   iv. As per books of accounts of the Company and as represented by the management of the Company, the Company did not have cash balance as on November 8, 2016 and December 30, 2016 and has no cash dealings during this period

Other Matter

The comparative financial information of the company for the year ended March 31, 2016 and the transition date opening balance sheet as at April 01, 2015 prepared in accordance with Ind AS, included in these standalone Ind AS financial statements, have been audited by the predecessor auditor who had audited the standalone financial statements for the relevant periods. The report of the predecessor auditor on the comparative financial information and the opening balance sheet dated April 27, 2017 expressed an unmodified opinion.

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

per Naman Agarwal
Partner
Membership Number: 502405
Place of Signature: Gurgaon
Date: April 27, 2017

Annexure referred to in paragraph 1 under "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 Partnerships 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 granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits from the public.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to 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) Undisputed statutory dues including provident fund, income-tax, sales-tax, wealth-tax, service tax, duty of custom, value added tax, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. 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, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provision relating to Employee State Insurance are not applicable to the Company.

(c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, duty of custom, value added tax and cess on account of any dispute, are as follows:

Name of the statute	**Nature of the dues**	**Amount (Rs)***	**Period to which the amount relates**	**Forum where the dispute is pending**
Service tax	Non-payment of Service tax on Berth hire charges	29,30,463	2012-13 and 2013-14	Commissioner of Central Excise Customs & Service tax
Service tax	Irregular Cenvat credit availed on ineligible capital goods	47,074,941	2011-12 to 2014-15	Commissioner of Central Excise Customs & Service tax

*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 term loans for the purposes for which they were raised.

(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 on or 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) 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 section 177 and 188 of Companies Act, 2013 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 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 him as referred to in section 192 of Companies Act, 2013.

(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 Number: 502405
Place of Signature: Gurgaon
Date: April 27, 2017

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, 2017 in conjunction with our audit of the standalone 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, 2017, 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: Gurgaon
Date: April 27, 2017

VIZAG GENERAL CARGO BERTH PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Notes	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
ASSETS				
1 Non-current assets				
(a) Property, Plant and Equipment	4A	14,613,589	18,817,334	22,347,487
(b) Intangible assets	4B	5,750,563,401	5,989,707,789	6,160,973,291
(c) Financial assets				
(i) Trade Receivables	5	17,022,351	-	-
(ii) Others financial assets	6	26,051,228	26,051,228	17,513,528
(d) Income tax assets (Net of Provisions)		103,736,704	109,187,776	60,167,711
Total non current assets		**5,911,987,273**	**6,143,764,127**	**6,261,002,017**
2 Current assets				
(a) Inventories	7	18,890,624	43,029,402	33,081,726
(b) Financial assets				
(i) Investments	8	-	-	251,316,207
(ii) Trade receivables	9	132,568,352	114,309,517	68,246,195
(iii) Cash and cash equivalents	10	35,028,597	18,070,680	16,184,108
(iv) Loans	11	62,252	-	127,196
(v) Other financial assets	6	1,156,589	2,846,175	8,906,550
(c) Other current assets	12	24,880,618	17,365,035	19,101,632
Total current assets		**212,587,032**	**195,620,809**	**396,963,614**
Total assets		**6,124,574,305**	**6,339,384,936**	**6,657,965,631**
EQUITY AND LIABILITIES				
1 EQUITY				
(a) Equity share capital	13	321,080,000	321,080,000	321,080,000
(b) Other equity		438,967,702	892,295,688	882,208,010
Total equity		**760,047,702**	**1,213,375,688**	**1,203,288,010**
2 LIABILITIES				
Non-current Liabilities				
(a) Financial liabilities				
(i) Borrowings	14	2,430,703,737	1,214,566,465	753,855,675
(b) Deferred tax liabilities (Net)	30	691,527,919	598,838,021	437,896,040
(c) Other non-current liabilities	15	314,290,790	328,248,910	342,217,327
Total non current liabilities		**3,436,522,446**	**2,141,653,396**	**1,533,969,042**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	16	77,500,000	1,935,000,000	245,042,982
(ii) Trade payables	17	73,965,740	74,275,151	72,042,083
(iii) Other financial liabilities	18	1,731,179,810	926,063,594	3,576,148,523
(b) Other current liabilities	15	37,764,626	42,765,669	21,990,966
(c) Provisions	19	7,593,981	6,251,438	5,484,025
Total current liabilities		**1,928,004,157**	**2,984,355,852**	**3,920,708,579**
Total liabilities		**5,364,526,603**	**5,126,009,248**	**5,454,677,621**
Total equity and liabilities		**6,124,574,305**	**6,339,384,936**	**6,657,965,631**

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

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

Place: Gurugram
Date : April 27, 2017

For and on behalf of Board of Directors

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

Place: Mumbai
Date : April 27, 2017

VIZAG GENERAL CARGO BERTH PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	Notes	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
I	**Income**			
	(a) Revenue from operations	20	1,057,517,413	1,711,982,426
	(b) Other income	21	19,188,933	21,010,635
	Total income		**1,076,706,346**	**1,732,993,061**
II	**Expenses**			
	(a) Employee benefits expense	22	51,661,651	65,467,512
	(b) Royalty		489,915,521	644,447,652
	(c) Finance costs	23	325,160,100	299,664,738
	(d) Depreciation and amortization expense	4A & 4B	252,134,489	249,702,228
	(e) Other expenses	24	320,397,046	302,334,048
	Total expenses		**1,439,268,807**	**1,561,616,178**
III	**(Loss)/Profit before tax**		**(362,562,461)**	**171,376,883**
IV	**Tax expense**			
	Deffered tax	30	92,689,898	160,941,620
			92,689,898	160,941,620
V	**(Loss)/Profit after tax**		**(455,252,359)**	**10,435,263**
VI	**Other comprehensive income**			
	Items that will not be reclassified to profit or loss			
	- Re-measurement gain/(loss) on defined benefit obligations		1,924,373	(347,586)
VII	**Total comprehensive income for the year**		**(453,327,986)**	**10,087,677**
VIII	**(Loss)/earnings per equity share**			
	(a) Basic -Face value 10 /-	25	(14.18)	0.33
	(b) Diluted -Face value 10 /-	25	(14.18)	0.06

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.

Place: Gurugram
Date : April 27, 2017

Place: Mumbai
Date : April 27, 2017

VIZAG GENERAL CARGO BERTH PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(a) Equity Share Capital

Particulars	Number of shares	Amount in Rs
As at April 01, 2015, March 31, 2016 and March 31, 2017	32,108,000	321,080,000

(b) Other Equity

Particulars	Equity component of compound financial instrument - See Note 14(ii)	Retained earnings	Total equity
Balance as at April 1, 2015	**1,492,180,032**	**(609,972,022)**	**882,208,010**
Profit for the year	-	10,435,264	10,435,264
Re-measurement of defined benefit obligation	-	(347,586)	(347,586)
Balance as at March 31, 2016	**1,492,180,032**	**(599,884,344)**	**892,295,688**
Loss for the year		(455,252,359)	(455,252,359)
Re-measurement of defined benefit obligation		1,924,373	1,924,373
Balance as at March 31, 2017	**1,492,180,032**	**(1,053,212,330)**	**438,967,702**

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

per **Naman Agarwal**
Partner

Membership No.: 502405

Place: Gurugram
Date : April 27, 2017

For and on behalf of Board of Directors

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

Place: Mumbai
Date : April 27, 2017

VIZAG GENERAL CARGO BERTH PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	(Rupees)	(Rupees)
A. Cash flows from operating activities		
Net (Loss)/Profit before tax	(362,562,461)	171,376,883
Adjustments for :		
Depreciation and amortisation expense	252,134,489	249,702,228
Interest expense	325,160,100	299,664,738
Interest income	(4,259,760)	(1,203,254)
Fair value gain on financial assets held for trading	(823,893)	(3,458,348)
Liabilities/provisions no longer required written back	-	(8,262,590)
Deffered government grant	(13,968,052)	(13,968,054)
Gain on foreign currency transactions and translation	-	(1,482,195)
Loss on sale of Property, Plant and Equipment	53,636,429	-
	249,316,852	**692,369,408**
Working capital adjustments		
Decrease /(Increase) in inventories	(2,558,306)	(9,947,677)
(Increase) in trade receivables	(35,281,186)	(46,063,322)
(Increase)/Decrease in other assets	(5,926,360)	2,163,484
(Decrease)/Increase in trade payable	(309,411)	10,495,658
Increase/(Decrease) in other liabilities and provisions	65,615,652	(62,520,816)
Cash flow generated from operations	**270,857,240**	**586,496,735**
Income tax refund/(paid) during year	5,451,067	(49,020,065)
Net cash flow generated from operations (A)	**276,308,307**	**537,476,670**
B. Cash flows from investing activities		
Purchase of property, plant and equipment including intangibles	(4,815,757)	(16,552,189)
Proceeds from sale of property, plant and equipment including intangibles	6,577,000	-
Purchases of short term investments	(552,600,000)	(948,000,000)
Proceeds from sale of short term investments	553,423,893	1,202,774,568
Interest received	4,297,873	120,325
Net cash flow generated from investing activities (B)	**6,883,009**	**238,342,704**
C. Cash flows from financing activities		
Proceeds from term loans	2,695,000,000	1,164,922,606
Repayment of non-convertible debentures	(750,000,000)	(3,078,533,918)
Loan from related party	787,500,000	1,935,000,000
Repayment of loan from related parties	(2,645,000,000)	(315,000,000)
Interest and finance charges paid	(353,733,399)	(480,321,490)
Net cash flow (used in) financing activities (C)	**(266,233,399)**	**(773,932,802)**
Net increase in cash and cash equivalent (A+B+C)	**16,957,917**	**1,886,572**
Cash and cash equivalents at beginning of the year (Refer note-10)	**18,070,680**	**16,184,108**
Cash and cash equivalents at the end of the year (Refer note -10)	**35,028,597**	**18,070,680**

Notes:
1. The figures in bracket indicates outflow
2. 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

Place: Gurugram
Date : April 27, 2017

Place: Mumbai
Date : April 27, 2017

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 "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 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 concessioning 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 27, 2017.

2. Basis of preparation

a) Basis of preparation and compliance with Ind AS

For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and the presentation requirements of the Companies Act, 2013.

Pursuant to the notification dated February 16, 2015, issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards notified under Section 133 read with Rule 4A of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016, as amended, and the relevant provisions of the Companies Act, 2013 (collectively, "Ind AS") with effect from April 1, 2016 and the Company is required to prepare its financial statements in accordance with Ind AS for the year ended March 31, 2017. These financial statements for the year ended March 31, 2017 are the first financial statements of the company prepared in accordance with Ind AS.

The transition of Ind AS was carried out in accordance with Ind AS 101 [First- Time Adoption of Indian Accounting Standards] with date of transition as April 01, 2015. Refer note 35 and 35 for descriptions of the effect of the transition and Reconciliations required as per Ind AS 101.

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.

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:

Asset	Useful life (in years)
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 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.

- <u>Other intangible assets</u>

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) <u>Impairment of non financial assets</u>

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. This category generally applies to trade and other receivables.

- **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.

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:

- 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: ECLis 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.

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 including buyer's credit and derivative financial instruments.

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

- **Financial liabilities at amortised cost (Loans and 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) <u>Leases</u>
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) <u>Employee benefits</u>

(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) <u>Provisions, contingent liabilities and contingent assets</u>

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

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) <u>Current and non-current classification</u>

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) <u>Borrowing costs</u>

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 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.

s) Standards issued but not effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. The amendments are applicable to the Company from April 01, 2017.

- *Amendment to Ind AS 7:*

  The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

- *Amendment to Ind AS 102:*

  The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity-settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

  The Company will adopt these amendments from their applicability date.

4A Property, Plant and Equipment

(all figures in Rupees)

Particulars	Gross Block					Accumulated depreciation				Net Block	
	As at April 1,2016	Additions	Effect of foreign currency exchange differences	Deletions	As at March 31,2017	As at April 1,2016	For the year	Deletions	As at March 31,2017	As at March 31,2017	As at March 31,2016
Land - freehold	734,000	-	-	-	734,000	-	-	-	-	734,000	734,000
	(734,000)	(-)	(-)	(-)	(734,000)	(-)	(-)	(-)	(-)	(734,000)	(734,000)
Furniture and fixtures	9,941,949	-	-	153,742	9,788,207	3,858,141	882,622	133,582	4,607,181	5,181,026	6,083,808
	(9,718,969)	(222,980)	(-)	(-)	(9,941,949)	(2,946,705)	(911,436)	(-)	(3,858,141)	(6,083,808)	(6,772,264)
Vehicles	2,514,298	-	-	1,274,250	1,240,048	404,010	168,224	372,335	199,899	1,040,149	2,110,288
	(1,274,250)	(1,240,048)	(-)	(-)	(2,514,298)	(198,297)	(205,713)	(-)	(404,010)	(2,110,288)	(1,075,953)
Office equipment	25,206,339	1,566,876	-	83,900	26,689,315	15,317,101	3,725,423	11,623	19,030,901	7,658,414	9,889,238
	(23,797,353)	(1,408,986)	(-)	(-)	(25,206,339)	(10,032,083)	(5,285,018)	(-)	(15,317,101)	(9,889,238)	(13,765,270)
Total tangible assets - A	**38,396,586**	**1,566,876**	**-**	**1,511,892**	**38,451,570**	**19,579,252**	**4,776,269**	**517,540**	**23,837,981**	**14,613,589**	**18,817,334**
	(35,524,572)	(2,872,014)	(-)	(-)	(38,396,586)	(13,177,085)	(6,402,167)	(-)	(19,579,252)	(18,817,334)	(22,347,487)

4B Intangible assets

(all figures in Rupees)

Particulars	Gross Block					Accumulated amortization				Net Block	
	As at April 1,2016	Additions	Effect of foreign currency exchange differences	Deletions	As at March 31,2017	As at April 1,2016	For the year	Deletions	As at March 31,2017	As at March 31,2017	As at March 31,2016
Port concession rights (see note 33)	6,719,848,947	29,207,996	38,980,872	69,657,181	6,718,380,634	730,560,079	246,939,297	9,682,143	967,817,233	5,750,563,401	5,989,288,866
	(6,647,814,391)	(3,107,716)	(68,926,838)	(-)	(6,719,848,945)	(488,911,915)	(241,648,164)	(-)	(730,560,079)	(5,989,288,866)	(6,158,902,471)
Computer software	5,781,929	-	-	-	5,781,929	5,363,006	418,923	-	5,781,929	-	418,923
	(5,781,929)	(-)	(-)	(-)	(5,781,929)	(3,711,109)	(1,651,897)	(-)	(5,363,006)	(418,923)	(2,070,820)
Total Intangible Assets - B	**6,725,630,876**	**29,207,996**	**38,980,872**	**69,657,181**	**6,724,162,563**	**735,923,085**	**247,358,220**	**9,682,143**	**973,599,162**	**5,750,563,401**	**5,989,707,789**
	(6,653,596,320)	(3,107,716)	(68,926,838)	(-)	(6,725,630,874)	(492,623,024)	(243,300,061)	(-)	(735,923,085)	(5,989,707,789)	(6,160,973,291)
Total - A+B	6,764,027,462	30,774,872	38,980,872	71,169,073	6,762,614,133	755,502,337	252,134,489	10,199,683	997,437,143	5,765,176,990	6,008,525,123

Note:
i) See note 14 for the details related to assets pledged as security for borrowings.
ii) Figures in the bracket represent represent previous year amounts.

		As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
5	**Non Current financial assets**			
	Trade receivable (unsecured, considered good) (Also refer note 9)	**17,022,351**	-	-

		As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
6	**Other financial assets**			
	Non current			
	(Unsecured, considered good)			
	Security deposits	**26,051,228**	26,051,228	17,513,528
	Current			
	(Unsecured, considered good)			
	(a) Interest accrued on deposits measured at amortised cost	1,044,816	1,082,929	-
	(b) Unbilled Revenue	-	1,763,246	-
	(c) Insurance claim receivable	-	-	8,906,550
	(d) Security Deposits	111,773	-	-
		1,156,589	2,846,175	8,906,550

		As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
7	**Inventories**			
	Stores and spares	**18,890,624**	43,029,402	33,081,726

		As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
8	**Current Investments**			
	Investments carried at fair value through profit and loss (FVTPL)	**-**	**-**	251,316,207

		As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
9	**Trade receivables**			
	Unsecured, considered good	**132,568,352**	114,309,517	68,246,195
	Note:			
	(i) Trade receivables from a related party (Refer note 29)	97,372,665	55,550,821	3,320,054

Note:
Average credit period offered by the Company to customers is 60 days. In case credit period is to be extended over 60 days to any customer, prior approval from Chief Operating 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.

		As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
10	**Cash and cash equivalents**			
	Balances with banks in current accounts	**35,028,597**	18,070,680	16,184,108

		As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
11	**Loans (unsecured, considered good)**			
	Due from related parties [Refer note - 29]	**62,252**	**-**	**127,196**

		As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
12	**Other Current Assets (unsecured, considered good)**			
	(a) Advance to suppliers	-	526,482	-
	(b) Prepaid expenses	3,096,036	4,762,764	7,958,037
	(c) Balance with government authorities	21,784,582	12,050,789	11,108,995
	(d) Employee advances	-	25,000	34,600
		24,880,618	**17,365,035**	**19,101,632**

13 Share capital

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares	**Amount in Rupees**	**Number of shares**	**Amount in Rupees**	**Number of shares**	**Amount in Rupees**
Authorised						
Equity shares of Rs. 10 each with voting rights	50,000,000	500,000,000	50,000,000	500,000,000	50,000,000	500,000,000
Issued, subscribed and fully paid up						
Equity shares of Rs.10 each with voting rights	32,108,000	321,080,000	32,108,000	321,080,000	32,108,000	321,080,000
	32,108,000	**321,080,000**	**32,108,000**	**321,080,000**	**32,108,000**	**321,080,000**

(i) There has been no movement in the equity share capital for the year ended March 31, 2017 and March 31, 2016.

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

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	**% of Holding**	**Number of shares held**	**% of Holding**	**Number of shares held**	**% of Holding**
Vedanta Limited (Formerly Sesa Sterlite Limited), holding Company	32,108,000	100%	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 March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number of shares held	**% of Holding**	**Number of shares held**	**% of Holding**	**Number of shares held**	**% of Holding**
(a) Vedanta Limited (Formerly Sesa Sterlite Limited) (including nominee)	32,108,000	100%	32,107,000	99.997%	32,107,000	99.997%

(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 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.

(this space has been intentionally left blank)

14 Non current borrowings	**As at March 31, 2017 (Rupees)**	**As at March 31, 2016 (Rupees)**	**As at April 1, 2015 (Rupees)**
Secured (measured at amortised cost)			
(a) Redeemable non convertible debentures [refer note (i)]	-	750,000,000	3,000,000,000
(b) Buyers' credit from banks [refer note (iii)]	1,183,757,936	1,211,902,084	898,490,935
(c) Term loan from banks [refer note (iv)]	2,704,326,035	-	-
Unsecured (measured at amortised cost)			
(a) Liability component of compound financial instruments (see note (ii) below)	1,377,702	2,664,381	3,855,675
Non-current financial liabilities - Borrowings	**3,889,461,673**	**1,964,566,465**	**3,902,346,610**
Less: Current maturities of long term borrowings (Refer note 18(a))	(1,458,757,936)	(750,000,000)	(3,148,490,935)
Total non-current financial liabilities - Borrowings (Net)	**2,430,703,737**	**1,214,566,465**	**753,855,675**
Total secured borrowings (long term)	**3,888,083,971**	**1,961,902,084**	**3,898,490,935**
Total unsecured borrowings (long term)	**1,377,702**	**2,664,381**	**3,855,675**

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 Crore for refinancing of rupee term loan and for other general corporate purposes. The NCD's were redeemable at the end of the 3 years from the date of allotment i.e. May 8, 2013, with an earlier redemption of these debentures by way of exercising put and call option at the end of 2nd year i.e 8 May, 2015. On May 8, 2015 debentures holders excercised 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 paid on May 8, 2016.

(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 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.

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 at the date of issue	7,819,968
Equity Component	1,492,180,032

(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 is further secured by corporate gurantee provided by Vedanta Limited.

The rate of interest on buyers credit ranges from 2.07% to 2.49% (2015-16 ranges from 1.45% to 2.24%). Repayment of Buyers Credit can be made at any time during the tenure of the agreement (i.e between May 29, 2015 and May 28, 2017).

(iv) On July 11, 2016, term loan of Rs.275 Crore has been obtained at an interest rate of 9.70% . The loan is repayable in 10 equal semi annual instalments beginning January 2018 i.e. after 1 year moratoriom 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.

15 Other liabilities

	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
Non Current			
(a) Deferred government grant [refer note (i) below]	314,290,790	328,248,910	342,217,327
Current			
(a) Statutory liabilities	10,440,197	8,218,915	7,222,912
(b) Advance from customers	10,153,768	20,578,700	800,000
(c) Deferred government grant [refer note (i) below]	13,958,485	13,968,054	13,968,054
(d) Liability for Unpaid Wages	3,212,176	-	-
	37,764,626	42,765,669	21,990,966

(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 Borrowings

	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
Secured (measured at amortised cost)			
(a) Buyers credit from banks [For security created on Buyers Credit refer note 14(iii)]	-	-	245,042,982
Unsecured (measured at amortised cost)			
(a) Loan from related party Vedanta Limited (refer note below)	77,500,000	1,935,000,000	-
	77,500,000	1,935,000,000	245,042,982

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 is repayable on demand.

17 Trade payables

	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
(a) Trade payables	73,965,740	74,275,151	72,042,083

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.

18 Other current financial liabilities

	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
(a) Current maturities of long term borrowings (refer note below)	1,458,757,936	750,000,000	3,148,490,935
(b) Interest accrued but not due on borrowings	26,249,388	63,411,255	242,877,078
(c) Financial instruments derivatives	77,898,145	11,699,852	95,988,476
(d) Payables for capital goods	307,459	307,449	16,946,395
(e) Due to related parties (refer note - 29)	16,058,930	46,166,557	15,323,164
(f) Security deposit from vendors	6,140,800	5,079,355	3,797,166
(g) Royalty (payable to Vishakhapatnam Port Trust)	145,767,152	49,399,126	52,725,309
	1,731,179,810	926,063,594	3,576,148,523
Note: Current maturities of long term borrowings comprises of: (Also refer note 14)			
- Buyers' credit from banks	1,183,757,936	-	898,490,935
- Redeemable Non Convertible Debentures	-	750,000,000	2,250,000,000
- Term Loan from banks	275,000,000	-	-
	1,458,757,936	750,000,000	3,148,490,935

19 Provisions

	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
(a) Provision for employee benefits (net)			
- Provision for compensated absences	6,698,587	3,620,339	3,645,403
- Provision for gratuity (refer note 28)	895,394	2,631,099	1,838,622
	7,593,981	6,251,438	5,484,025

20 Revenue from operations

	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
(a) Sale of services		
- Income from port operations	1,057,468,956	1,701,582,872
(b) Other operating revenues		
- Liabilities / provisions no longer required written back	-	8,262,590
- Scrap sales	48,457	2,136,964
	1,057,517,413	**1,711,982,426**

Note - Revenue from two customers amounting to Rs. 253,985,503 and Rs. 428,565,504 (March 31, 2016 : Rs. 461,152,021 and Rs. 773,045,459) individually exceeded 10% of the total revenue of company.

21 Other income

	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
(a) Fair value gain on financial assets carried at FVTPL	823,893	3,458,348
(b) Interest income from financial assets measured at amortised costs	4,259,760	1,203,254
(c) Liquidation damages	137,228	1,237,673
(d) Net gain on foreign currency transactions and translation	-	380,754
(e) Government grant (refer note 15)	13,968,052	13,968,054
(f) Miscellaneous income	-	762,552
	19,188,933	**21,010,635**

22 Employee benefits expense

	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
(a) Salaries and Wages	45,931,999	54,358,320
(b) Share based payment to employees (refer note 27)	(2,993,718)	2,771,619
(c) Contributions to provident and other funds (refer note 28)	3,059,909	3,623,645
(d) Staff welfare expenses	5,663,461	4,713,928
	51,661,651	**65,467,512**

23 Finance Cost

	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
(a) Interest expense on financial liabilities at amortised cost	309,083,625	280,729,109
(b) Other borrowing costs	16,076,475	18,935,629
	325,160,100	**299,664,738**

(this space has been intentionally left blank)

24 Other Expenses

	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
(a) Consumption of stores and spare parts	19,786,456	29,982,611
(b) Repairs and maintenance	10,012,122	9,561,319
(c) Power and fuel	67,914,794	97,896,011
(d) Material handling expenses	30,745,517	35,370,048
(e) Demmurage charges	-	3,475,371
(f) Port operation and maintenance expenses	57,479,620	64,150,980
(g) License fees for land	32,594,042	8,390,663
(h) Legal and professional	13,697,851	13,796,570
(i) Payment to auditors (refer note below)	1,122,000	1,088,000
(j) Security expenses	9,193,728	8,250,536
(k) Insurance	6,273,973	8,503,182
(l) Travelling and conveyance	4,970,724	4,021,753
(m) Rates and taxes	3,505,570	3,060,828
(n) Directors sitting fees	400,000	420,000
(o) Loss on Sale of Fixed assets (net)	53,636,429	-
(p) Net loss on foreign currency transactions and translation	503,148	-
(q) Miscellaneous expenses	8,561,072	14,366,176
	320,397,046	**302,334,048**

Note:

(a) Payment to auditors		
- For statutory audit (including quaterly reviews)	750,000	750,000
- For other services	165,000	125,000
- For certification services	190,000	200,000
- Reimbursement of expenses	17,000	13,000
	1,122,000	**1,088,000**

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

(this space has been intentionally left blank)

25 Earnings per share (EPS):

		Units	As at March 31, 2017	As at March 31, 2016
Basic earnings per share (BEPS)				
a.	Net (loss)/profit after tax attributable to equity shareholders for BEPS	Rupees	(455,252,359)	10,435,263
b.	Nominal value per share	Rupees	10	10
c.	Number of equity shares for BEPS	No. of shares	32,108,000	32,108,000
e.	Basic earnings per share	Rupees	(14.18)	0.33
Diluted earnings per share (DEPS)[1]				
a.	Net (loss)/profit after tax attributable to equity shareholders for DEPS [2]	Rupees	(455,252,358)	10,648,587
b.	Nominal value per share	Rupees	10	10
c.	Number of equity shares for DEPS [3]	No. of shares	32,108,000	167,108,000
e.	Diluted earnings per share	Rupees	(14.18)	0.06

Note:

1 For the year ended March 31, 2017, the basic earnings per share and the diluted earnings per share are the same as the compulsary convertible debentures have an antidilutive impact.

2	Net profit after tax attributable to equity shareholders for BEPS	Rupees	(455,252,359)	10,435,263
	Add: Interest on compulsory convertible debentures	Rupees	213,324	213,324
	Net profit after tax attributable to equity shareholders for DEPS	Rupees	(455,039,035)	10,648,587
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	135,000,000	135,000,000
	Number of equity shares for DEPS	No. of shares	167,108,000	167,108,000

(this space has been intentionally left blank)

26 Contingent liabilities, Commitments and others:

		As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)
	Contingent liability:		
i	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	-
ii	**Claim against the Company not acknowledged as debt-** 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. It is in the process of obtaining independent land survey report done , pending which no provision for additional liability has been made.	43,967,744	-

Other Commitments :

iii Export Obligation :

The company has export obligation of Rs. 3,075,385,819 (March 31,2016 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, 2016 Rs. 385,167,327) plus interest which have not been provided for as the Company believes it has a resonable possibility of meeting these obligations.

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 refered as 'VR PLC ESOP' scheme and Vedanta Limited [Vedanta Limited-Employee Stock Option Scheme ("Vedanta Limited-ESOS")].

During the year, share-based incentives under VR PLC ESOP scheme and ESOS of Vedanta Limited(introduced effective 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.

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.1,686,178 (Previous year Rs. 1,777,826) for Provident Fund contributions in the Statement of Profit and Loss.
The Company has recognised Rs. 547,472 (Previous year Rs. 1,263,492) for Superannautation 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 2017 and 2016) 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:

	Year ended March 31, 2017	Year ended March 31, 2016
Discount Rate	7.60%	8%
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:-		
0 to 12 years	3%	3%
12 to 26 years	2%	2%
26 to 40 years	1%	1%

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

	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
Fair value of plan assets	2,870,957	2,072,225
Present value of defined benefit obligations	(3,766,351)	(4,703,324)
	(895,394)	**(2,631,099)**

28 Employee benefits

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

	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
Current service cost	673,393	475,929
Interest expenses on plan liabilities	340,748	249,597
Expected return on plan assets	(187,882)	(143,199)
	826,259	**582,327**

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

Remeasurement of net defined benefit obligation	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
Actuarial loss/(gain) arising from changes in financial assumption	246,894	(136,722)
Actuarial (gain)/loss arising from changes in experience adjustment	(1,310,066)	1,273,919
Return on Plan asset excluding net interest	(50,617)	(26,540)
Components of defined benefit costs recognized in other comprehensive income	**(1,113,789)**	**1,110,657**

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

	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)
Balance at start of the year	4,703,324	3,542,947
Current service cost	673,393	673,393
Interest cost	340,748	249,597
Benefits paid	(887,942)	(702,346)
Actuarial (gain)/loss arising from changes in financial assumption	246,894	(136,722)
Actuarial (gain)/loss arising from changes in experience adjustment	(1,310,066)	1,076,455
Balance at end of year	**3,766,351**	**4,703,324**

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

	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)
Balance at start of the year	2,072,225	1,704,325
Adjustments to opening fair value of plan assets	(7,630)	76,326
Contribution received	1,455,805	806,995
Interest income	187,882	143,199
Remeasurment gain arising from return on plan assets	50,617	43,726
Benefits paid	(887,942)	(702,346)
Balance at the end of year	**2,870,957**	**2,072,225**

% allocation of plan assets

Assets by category	Year ended March 31, 2017	Year ended March 31, 2016
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.50,617 for the year ended March 31,2017 and Rs.26,540 for year ended March 31,2016.

Weighted average duration of the defined benefit obligation	18.60	17.83

The company expects to contribute Rs. 355,331 to the funded defined benefit plan in fiscal year 2018.

- **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

	Year ended March 31, 2017	Year ended March 31, 2016
Discount rate		
PVO at the end of period (Discount rate - 0.5%)	4,107,244	5,096,787
PVO at the end of period (Discount rate - 0.25%)	3,932,068	4,894,687
PVO at the end of period Discount rate	3,766,351	4,703,324
PVO at the end of period (Discount rate + 0.25%)	3,609,518	4,522,078
PVO at the end of period (Discount rate + 0.5%)	3,461,034	4,358,219
Expected rate of increase in compensation level of covered employees		
PVO at the end of period (Salary Increase - 0.25%)	3,727,786	4,612,480
PVO at the end of period Salary increase	3,766,351	4,703,324
PVO at the end of period (Salary Increase + 0.25%)	3,799,320	4,785,295
Return of planned assets		
Fair value of plan assets -Expected rate -0.5%	2,859,214	2,063,060
Fair value of plan assets -Expected rate -0.25%	2,865,086	2,067,642
Fair value of plan assets - Base rate	2,870,957	2,072,225
Fair value of plan assets -Expected rate +0.25%	2,876,828	2,076,807
Fair value of plan assets -Expected rate +0.5%	2,882,700	2,081,390

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.

(this space has been intentionally left blank)

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

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

Transactions during the year	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
(i) Short-term borrowings taken during the year		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	787,500,000	2,250,000,000
(ii) Short-term borrowings repaid during the year	2,645,000,000	315,000,000
- Vedanta Limited (Formerly Sesa Sterlite Limited)		
(iii) Income from port operations *		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	522,000	580,854
- Bharat Aluminium Company Limited	757,900	1,596,915
- Maritime Ventures Private Limited	428,565,504	773,045,459
(iv) Services taken from		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	-	823,865
(v) Employee benefit expenses (refunded)/charged by*		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	(2,993,718)	2,771,619
- Talwandi Saboo Private Limited	72,739	-
(vi) Employee benefit expenses charged to *		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	1,806,768	376,948
- Maritime Ventures Private Limited	4,147,488	2,880,517
- Talwandi Saboo Private Limited	74,835	235,894
(vii) Finance cost charged by Vedanta Limited (Formerly Sesa Sterlite Limited) *		
- Interest on debentures measured at amortised cost	213,325	308,707
- Other borrowing costs	9,670,454	7,103,185
- Interest on short term borrowings	65,220,616	169,187,671
(viii) Reimbursement of expenses to/(from) net*		
- Talwandi Saboo Private Limited	20,601	136,288
- Vedanta Limited (Formerly Sesa Sterlite Limited)	(664,366)	4,139,219
- Maritime Ventures Private Limited	-	7,261,576
- Sterlite Port Limited	172,462	-
(ix) Financial qurantees taken during the year		
- Vedanta Limited (Formerly Sesa Sterlite Limited)	2,750,000,000	1,250,000,000
(x) Financial qurantees relinquished during the year	750,000,000	3,890,000,000
- Vedanta Limited (Formerly Sesa Sterlite Limited)		
(xi) Sitting fees		
- To Key Management Personnel	400,000	420,000

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

29 Related party transactions

Outstanding balance at year end

	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 01, 2015 (Rupees)
(i) Liability component of compound financial instruments			
- Vedanta Limited (Formerly Sesa Sterlite Limited) - Liability component of compound financial instruments (See note 16 for security created and terms of repayment)	1,377,702	2,664,381	3,855,675
(ii) Short term borrowings			
- Vedanta Limited (Formerly Sesa Sterlite Limited) - Short term borrowings (See note 16 for security created and terms of repayment)	77,500,000	1,935,000,000	-
(iii) Corporate Guarantee issued on Company's behalf by			
- Vedanta Limited (Formerly Sesa Sterlite Limited)	4,582,351,500	2,582,351,500	5,222,351,500
(iv) Other current financial liabilities			
- Vedanta Limited (Formerly Sesa Sterlite Limited)	15,999,350	46,030,674	3,864,106
- Maritime Ventures Private Limited	-	-	11,459,058
- Talwandi Saboo Private Limited	59,580	135,883	-
(v) Other receivables			
- Vedanta Limited (Formerly Sesa Sterlite Limited)	62,255	-	-
- Black Mountain Mining (Proprietary) Limited	-	-	127,196
(vi) Trade receivables			
- Vedanta Limited (Formerly Sesa Sterlite Limited)	-	662,800	-
- Maritime Ventures Private Limited	97,372,661	55,550,821	3,320,054

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 2017, 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, 2017 are indicated below:

	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
Deferred tax liability arising on temporary differences	92,689,898	160,941,620
	92,689,898	**160,941,620**

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:

	Year ended March 31, 2017 (Rupees)	Year ended March 31, 2016 (Rupees)
Net (Loss)/Gain before tax	(362,562,461)	171,376,883
Statutory tax rate	34.61%	34.61%
Tax at statutory income tax rate	(125,475,616)	59,310,112
Deffered tax on accelerated depreciation under income tax	92,689,898	25,663,755
Other adjustments	-	3,927,203
Tax losses and depreciation reversing during tax holiday period	125,475,616	64,094,266
Change in deffered tax balances due to change in income tax rate from 33.99% to 34.61%	-	7,946,284
Tax charge for the year	**92,689,898**	**160,941,620**

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.

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:

As at March 31, 2017 **(all amounts in rupees)**

Significant components of deffered tax liabilities	**Opening April 01, 2016**	**Charged / (credited) to Statement of profit or loss**	**Charged/ (credited) to OCI**	**Total as at March 31, 2017**
- Property, plant and equipment and intangible assets	598,838,021	92,689,898	-	691,527,919
	598,838,021	92,689,898	-	691,527,919

As at March 31, 2016 **(all amounts in rupees)**

Significant components of deffered tax liabilities	**Opening April 01, 2015**	**Charged / (credited) to Statement of profit or loss**	**Charged/ (credited) to OCI**	**Total as at March 31, 2016**
Property, plant and equipment and intangible assets	437,045,572	161,792,088	-	598,838,021
Fair valuation of mutual fund	850,468	(850,468)	-	-
	437,896,040	160,941,620	-	598,838,021

(this space has been intentionally left blank)

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 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, 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
	-	-	211,889,369	211,889,369	211,889,369

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
	77,898,145	-	4,235,451,142	4,313,349,287	4,389,809,065

As at March 31, 2016 **(all amounts in rupees)**

Financial assets	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
Cash and cash equivalents	-	-	18,070,680	18,070,680	18,070,680
Trade receivables	-	-	114,309,517	114,309,517	114,309,517
Security deposits	-	-	26,051,228	26,051,228	26,051,228
Other current financial asset	-	-	2,846,175	2,846,175	2,846,175
	-	-	161,277,600	161,277,600	161,277,600

Financial liabilities	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
Borrowings	-	-	3,899,566,465	3,899,566,465	3,899,566,465
Trade payables	-	-	74,275,151	74,275,151	74,275,151
Other current financial liabilities	11,699,852		164,363,742	176,063,594	176,063,594
	11,699,852	-	4,138,205,358	4,149,905,210	4,149,905,210

As at April 01, 2015 **(Amount in Rupees)**

Financial assets	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
Cash and cash equivalents	-	-	16,184,108	16,184,108	16,184,108
Current investments	251,316,207	-	-	251,316,207	251,316,207
Trade and other receivables	-	-	68,246,195	68,246,195	68,246,195
Loans	-	-	127,196	127,196	127,196
Security deposits	-	-	17,513,528	17,513,528	17,513,528
Other current financial asset	-	-	8,906,550	8,906,550	8,906,550
	251,316,207	-	110,977,577	362,293,784	362,293,784

Financial liabilities	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
Long term borrowings	-	-	4,147,389,592	4,147,389,592	4,147,389,592
Trade payables	-	-	72,042,083	72,042,083	72,042,083
Other current financial liabilities	95,988,476	-	331,669,112	427,657,588	427,657,588
	95,988,476	-	4,551,100,787	4,647,089,263	4,647,089,263

(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 31,2017 , March 31,2016 and April 01,2015

As at March 31, 2017 **(all amounts in rupees)**

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

As at March 31, 2016 **(all amounts in rupees)**

	Level 1	Level 2	Level 3
Financial Liabilities			
- Derivative financial liabilities	-	11,699,852	-

As at April 01, 2015 **(all amounts in rupees)**

	Level 1	Level 2	Level 3
Financial assets			
- Current investments	251,316,207	-	-
Financial liabilities			
- Derivative financial liabilities	-	95,988,476	-

31 Financial Instruments (Cont.)

The fair value of the financial assets and labilities 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 polices 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)/Stable 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.

	As at March 31, 2017				
Payment Due by Year	**<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 liabilites **	242,240,079	-	-	-	242,240,079
Derivatives financial liabilities	77,898,145	-	-	-	77,898,145
Total	**2,143,548,973**	**1,476,884,863**	**1,263,119,452**	**282,381,301**	**5,165,934,589**

	As at March 31, 2016				
	<1 year	**1-3 Years**	**3-5 Years**	**> 5 Years**	**Total**
Borrowings *	2,748,411,255	1,214,566,465	-	-	3,962,977,720
Trade payables and other financial liabilites **	175,227,638	-	-	-	175,227,638
Derivatives financial liabilities	11,699,852	-	-	-	11,699,852
Total	**2,935,338,745**	**1,214,566,465**	**-**	**-**	**4,149,905,210**

31 Financial Instruments (Cont.)

	As at April 01, 2015				
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Borrowings *	3,636,410,995	753,855,675	-	-	4,390,266,670
Trade payables and other financial liabilites **	160,834,117	-	-	-	160,834,117
Derivatives financial liabilities	95,988,476	-	-	-	95,988,476
Total	**3,893,233,588**	**753,855,675**	**-**	**-**	**4,647,089,263**

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

**Includes both Non-current and 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, 2017

(all amounts in rupees)

	Total Facility	Drawn	Undrawn
less than one year	1,183,757,936	1,183,757,936	-
more than two year	2,950,000,000	2,909,087,774	40,912,226
Total	**4,133,757,936**	**4,092,845,710**	**40,912,226**

As at March 31, 2016

(all amounts in rupees)

	Total Facility	Drawn	Undrawn
one to two year	1,211,902,084	1,211,902,084	-
more than two year	200,000,000	159,087,774	40,912,226
Total	**1,411,902,084**	**1,370,989,858**	**40,912,226**

As at April 01, 2015

(all amounts in rupees)

	Total Facility	Drawn	Undrawn
One to two year	1,640,000,000	1,143,533,916	496,466,084
more than two year	200,000,000	144,587,774	55,412,226
Total	**1,840,000,000**	**1,288,121,690**	**551,878,310**

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 ot 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. As on March 31, 2017, the Company is exposed to foreign exchange risk arising from the buyer's credit denominated in foreign currency obtained by Company for financing purposes.

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 liabilites. 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”.

	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees	As at April 01, 2015 Rupees
	Financial liabilities	**Financial liabilities**	**Financial liabilities**
USD	1,188,195,130	1,214,655,801	1,144,520,582

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 31,2017

	Effect of 5% strengtheing of INR on pre tax profit /(loss)
USD	59,406,033

As at March 31,2016

	Effect of 5% strengtheing of INR on pre tax profit /(loss)
USD	60,730,868

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 short-term and 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 and US dollars with mix of fixed and floating rates of interest. The US dollar debt representing the buyers credit facility availed by the Company is composite of fixed and floating rates (linked to US dollar LIBOR) and the 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, 2017 to interest rate risk is as follows:

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

The exposure of the Company's financial assets & financial liabilities as at March 31, 2016 to interest rate risk is as follows:

	Floating Rate	Fixed Rate	Non Interest Bearing	Total
Financial Assets	17,860,100	-	143,417,500	**161,277,600**
Financial Liabilities	1,211,902,084	2,687,664,381	250,338,745	**4,149,905,210**

The exposure of the company's financial assets & financial liabilities as at April 01, 2015 to interest rate risk is as follows:

	Floating Rate	Fixed Rate	Non Interest Bearing	Total
Financial Assets	260,725,223	-	101,568,561	**362,293,784**
Financial Liabilities	1,143,533,917	3,003,855,675	499,699,671	**4,647,089,263**

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, 2017**	**Year Ended March 31, 2016**	**Year Ended March 31, 2015**
0.50%	19,834,808	19,497,832	20,736,948
1.00%	39,669,617	38,995,665	41,473,896
2.00%	79,339,233	77,991,329	82,947,792

O.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 65% receivables as on March 31,2017 is pertaining to fellow subsidiairy. 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 counter parties.

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, 2017 is Rs. 15,07,47,292 (March 31, 2016 Rs.11,71,55,692 and April 01, 2015 Rs. 7,71,52,745).

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, 2017, that defaults in payment obligations will occur.

Of the year end trade receivables and other financial assets, the following balance were past due but not impaired as at March 31, 2017, March 31, 2016 and April 01, 2015:

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Past due but not impaired			
Due less than one month	10,790,185	40,255,049	44,158,620
Due between 1 to 3 Months	10,042,059	59,878,292	32,994,125
Due between 3 to 12 Months	111,252,207	17,022,351	-
Due Greater than 12 Months	18,662,841	-	-
Total	**150,747,292**	**117,155,692**	**77,152,745**

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 receivbles 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

The above balances include receivables aggregating to Rs.17,022,351 as at March 31,2017 (March 31,2016 Rs.17,022,351 ,April 01,2015 Rs.Nil) held back by a customer owing to certain disputes relating to nature of services provided,in respect of which the company may proceed to initiate legal action.The company has obtained an independent legal advice in support of its claim and does not expect any material loss on ultimate settlement.

(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 transacion 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 (refer note 35). 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, 2017	As on March 31, 2016	As on April 01, 2015
	Liability	Liability	Liability
Non Qualifying hedges			
- Forward foreign currency contracts	77,898,145	11,699,852	95,988,476

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 . Equity comprises all components including other comprehensive income.

The following table summarizes the capital structure of the Company:

	As at March 31, 2017 (Rupees)	As at March 31, 2016 (Rupees)	As at April 1, 2015 (Rupees)
Short-term borrowings (Note 16)	77,500,000	1,935,000,000	245,042,982
Long-term borrowings (Note 14)	3,889,461,673	1,214,566,465	753,855,675
Current maturities of long term debt (Note 18)	1,458,757,936	750,000,000	3,148,490,935
Cash and cash equivalents (Note 10)	(35,028,597)	(18,070,680)	(16,184,108)
Current investments (Note 8)	-	-	(251,316,207)
Net debt (a)	**5,390,691,013**	**3,881,495,785**	**3,879,889,277**
Total Equity (b)	**760,047,702**	**1,213,375,688**	**1,203,288,010**
Net debt to equity ratio (c = a/b)	7.09	3.20	3.22

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 arrangments on exchanging construction services for the port concession rights was recognised for the year ended March 31, 2017 and

(this space has been intentionally left blank)

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 Explanation of transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 3 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative period information.

For all periods upto and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and the presentation requirements of the Companies Act, 2013(Previous GAAP).

The transition to Ind AS was carried out in accordance with Ind AS 101, with April 01, 2015 being the date of transition. This note explains the exemptions on the first-time adoption of Ind AS availed in accordance with Ind AS 101 and an explanation of how the transition from previous GAAP to Ind AS has affected the Company financial position, financial performance and cash flows.

Exemptions availed and mandatory exceptions

Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

(a) Long Term Foreign Currency Monetary Items:

Ind AS 101 allows a first-time adopter to continue the policy adopted for the accounting for exchange differences arising on translation of the long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per previous GAAP.

The Company has opted this exemption and continued its previous GAAP policy for accounting of exchange differences on long-term foreign currency monetary items recognized in the previous GAAP financial statements for the year ended March 31, 2016. Accordingly, foreign currency differences on such items attributable to the acquisition of property, plant and equipment are adjusted against their cost and depreciated prospectively over the remaining useful lives.

36 (a) Reconciliation of equity between Ind-AS and Previous GAAP:

	As at March 31, 2016 (Rupees)	As at April 01, 2015 (Rupees)
Equity as per Previous GAAP	(255,434,802)	(202,285,493)
- Fair valuation of derivatives (refer note i below)	(65,851)	(1,760,289)
- Fair valuation and amortisation of compulsory convertible debentures (refer note ii below)	5,155,586	3,964,293
- Fair Valuation of investment through profit and loss (refer note iv below)	-	2,520,120
- Service concession arrangement (refer note v below)	570,378,744	346,565,387
- Deferred tax charge (refer note vi below)	(598,838,021)	(437,896,040)
- Equity Component of compulsory convertible debentures (refer note ii below)	1,492,180,032	1,492,180,032
Equity as per Ind-AS	**1,213,375,688**	**1,203,288,010**

(b) Reconciliation of loss after tax between Ind-AS and Previous GAAP:

	Year ended March 31, 2016 (Rupees)
Net loss after tax as per Previous GAAP	**(53,149,309)**
- Fair valuation of derivatives (Refer note i below)	1,694,438
- Fair valuation and amortisation of compulsory convertible debentures (refer note ii below)	1,191,293
- Employee Benefits (refer note iii below)	347,586
- Reduction in Fair Valuation of investment through profit and loss (refer note iv below)	(2,520,120)
- Amortisation of intangible assets (refer note v below)	223,812,995
- Deferred tax charge (refer note vi below)	(160,941,620)
Net profit after tax as per Ind-AS	**10,435,263**
- Other comprehensive income (refer note iii below)	(347,586)
Total Comprehensive Income under Ind AS	**10,087,677**

Explanation for reconciliation of equity between Ind-AS and erstwhile Indian GAAP / profit after tax between Ind-AS and erstwhile Indian GAAP

i. The Company's Derivatives financial instruments have been initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period in terms of Ind AS 109. The resulting gain or loss has been recognised in profit or loss immediately. However, under previous GAAP, the Company applied the requirements of Accounting Standard 11 the effects of changes in foreign exchange rates to account for principal forward entered for hedging foreign exchange risk. At the inception of the forward, the forward premium was separated and amortised as expense over the tenure of forward. The underlying instruments and the forward were restated at the closing spot exchange rate.

ii. In terms of Ind AS 109, financial liabilities (compulsory convertible debentures) have been initially measured at fair value and subsequently measured at amortised cost at the end of the accounting period based on the effective interest method. However under previous GAAP, debentures were recorded at their transaction value rather than fair value. Portion of debentures which would never be repaid has been classified as equity upon initial recognition, while under the Previous GAAP the entire instrument was treated as a debt.

iii. Re-measurement gains or losses: Ind AS 19 Employee Benefits requires the impact of re-measurement in net defined benefit liability (asset) to be recognized in Other Comprehensive Income (OCI). Re-measurement of net defined benefit liability (asset) comprises actuarial gains and losses, return on plan assets (excluding interest on net defined benefit asset/liability). However, under Previous GAAP this was beings recognised in the Statement of Profit and Loss.

iv. The Company's Investments in mutual funds have been classified as at fair value through Profit and Loss as required under Ind AS 109 - Financial Instruments. The Impact of fair value changes as on the date transition, is recognised in opening reserves and changes thereafter are recognised in Profit and Loss account. However under Previous GAAP, investments in mutual funds were classified as current investments and were carried at lower of cost or fair value.

v. In terms of Appendix A to Ind As -11 , Appendix A - Service Concession Arrangements, the Company has recognized the property, plant and equipment received under service concession agreement as Intangible assets. Accordingly, the Company has amortized the same based on the period of service concession agreement (against the life considerred under previous GAAP). Consequently, the impact of change in estimate of useful life as on the date transition, is recognised in opening reserves and changes thereafter are recognised in Profit and Loss account.

vi. The Impact for transition adjustments together with mandate of using balance sheet approach (against profit and loss approach in the previous GAAP) for computation of deferred taxes has resulted in charge to reserves, on the date of transition, with consequential impact to the Profit and Loss account for the subsequent periods.

(c) Reconciliation of cash flows for the year ended March 31, 2016

The transition from previous GAAP to Ind-AS did not have any material impact on the statement of cash flows.

As per the report of even date
For S.R Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No. 301003E/E300005

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

Place: Gurugram
Date : April 27, 2017

For and on behalf of Board of Directors

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

Place: Mumbai
Date : April 27, 2017