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APM TERMINALS

APM Terminals Pipavav

Gujarat Pipavav Port Limited

ANNUAL REPORT 2017-18

CHAIRMAN'S STATEMENT

Dear Members,

For and on behalf of the Board of Directors, I am pleased to present the Company's Annual Report for the year ended 31st March 2018. It comprises Standalone financial statement as well as the Consolidated financial statement for the year ended 31st March 2018.

Your Company holds 38.8% shares in Pipavav Railway Corporation Limited (PRCL), an Associate Company as per the provisions of the Companies Act, 2013. The Consolidated financial statement enclosed includes the Company's share of profit in PRCL for the year ended 31st March 2018.

During the year your Company reported a Standalone Net Profit of Rs. 1,985 Million, lower by 21% compared to the previous year. The reduction in Net Profit is on account of certain one-off income in the previous year and higher tax payout in the current year with the completion of the Tax Holiday scheme upto 31st March 2017. The Company had declared and paid an Interim Dividend of Rs. 1.70 per share in November 2017. In accordance with its objective of a sustained and consistent distribution of profits, the Company is pleased to recommend a Final Dividend to the shareholders of Rs. 1.70 per share. This recommended amount constitutes an amount that is almost the entire distributable profits of the Company.

As per the IMF estimates released in January 2018, the global economy is expected to grow by 3.9% and India and China are expected to be the leading economies driving the growth. The growing Indian middle class has strengthened the consumption story resulting in strong imports into the country. The growth in exports from India has been muted, resulting in a trade imbalance for the shipping companies as well as for the country. The Government of India in its review of Foreign Trade Policy in December 2017, has announced several measures for encouraging Exports from various sectors namely Leather, Textiles, Handloom etc. and that should hopefully improve the country's exports and the trade imbalance.

The consolidation process that commenced in the Global Shipping Industry a couple of years back is yet to stabilise and its impact on the Indian port sector remains to be seen. Meanwhile, the shipping lines continue to operate through various alliances/ consortiums to improve vessel utilization and to reduce their per unit cost of operation.

The Container shipping industry on the West Coast of India that handles almost two- thirds of the country's container business grew at ~12%. These are encouraging signs of recovery in India's growth story in global trade albeit driven by strong imports. The export promotion measures announced by the Government should hopefully only improve this growth and become more sustainable. But the trade protectionism practices by countries, inflationary pressures in certain advanced economies and increase in global crude oil price could pose a challenge. It is also difficult at this stage to predict whether a trade war will play out between the US, Europe and China. But if it does happen then it is likely to create collateral damage impacting the trade amongst all emerging markets because today China is the world's largest trading nation. It will adversely impact economic growth globally as well as the financial markets.

As far as the dry bulk cargo business is concerned, the trend of reduction in imports of two main commodities namely Coal and Fertiliser continues. On an annualized basis, Coal imports on the West Coast of India reduced by ~10% and Fertiliser decreased by ~25% year on year. The reduction in Coal is driven by the priority for supply of domestic coal and the growing Renewable energy sector which is witnessing a new low level of tariff. Fertiliser imports are driven by the Government 's policies. The Government's directive for compulsory Neem coating of fertilizer by the Port at which it is discharged, in order to prevent diversion of this subsidized commodity, has also resulted in a reduction of imports.

The target for supply of LPG under Government of India's Pradhan Mantri Ujjwala Yojana scheme has been brought forward. It is now proposed to cover ~96% of the population by December 2018 for supply of LPG. In order to ensure that the country meets the target, LPG imports are likely to strengthen in the coming years.

With Gujarat developing into an automobile hub, your Company expects the RORO business to contribute to growth.

The Financial Year 2017-18 witnessed a historical event for the country with the introduction of the Goods and Service Tax (GST). The implementation of GST will not only simplify the country's overall tax structure, but it is also expected to bring down the cost for the manufacturer/ service provider. Despite being a low-cost service providing country, the overall logistics cost in India has been high due to the complex tax structure and requirement of various clearances by multiple authorities adding to the delays and overall cost to the manufacturer/ service provider. All these together adversely impacted Indian exports and made them unviable in the international markets. The roll out of GST by the Government will certainly address the tax complicity and enable seamless movement of goods. Now it is upto the companies engaged in the business of providing Logistics support to bring efficiencies through technological advancement, best in class multi-modal transportation and building of integrated warehouses to bring down cost in their two main activities namely Transportation and Warehousing/ Storage. These actions will strengthen the Exporters of the country, it will contribute in the country's growth, generate more employment and create a multiplier effect in the economy.

Your Company along with all entities within AP Moller- Maersk Group observed Global Safety Day on 2nd May 2018 with an aim of raising awareness about Safety amongst all its employees. Each year has a different theme to focus on and this year's theme was **"Stronger and Safer Together"**. Various events were organized on that day involving the company employees, the contractor employees and families of employees. Your company encourages employees to submit reports on all unsafe acts/ unsafe conditions. In order to motivate them to continue reporting such acts/ conditions, the reports were evaluated and the Top 3 reports were given an award. The children are the future of the country and in order to sow the seeds of safety at the right time, your company conducted Safety Poster Competition for children of the employees. Safety workshops, Safety Skits and Safety Spot Quiz were conducted.

On behalf of the Board of Directors of the Company, I take this opportunity to thank our Shareholders for their faith in us.

My colleagues on the Board join me in expressing their sincere appreciation of all our Customers and Vendors for their continuous support. Our Associate Company Pipavav Railway Corporation Limited and our Employees have played a key role in the Company's performance and I thank them for their dedication and commitment.

I also thank the State and Central Government bodies and my colleagues on the Board for their support, guidance and valuable insight.

India is on the cusp of exciting times and I look forward with optimism for a sustained growth of the country and a very exciting and prosperous year ahead for your Company.

With Best Wishes,
Yours truly,

Tejpreet Singh Chopra
Chairman

BOARD OF DIRECTORS

Mr. Tejpreet Singh Chopra	Chairman
Mr. David Skov	
Ms. Hina Shah	
Mr. Jan Damgaard Sorensen	
Mr. Julian Bevis	
Mr. Pradeep Mallick	
Mr. Pravin Laheri, IAS (Retd.)	
Mr. Keld Pedersen	Managing Director

CHIEF FINANCIAL OFFICER

Mr. Hariharan Iyer	(upto 30th June 2017)
Mr. Santosh Breed	(Interim CFO from 2nd November 2017)

COMPANY SECRETARY & COMPLIANCE OFFICER
Mr. Manish Agnihotri

STATUTORY AUDITORS
Price Waterhouse Chartered Accountants LLP
(Firm Regn. No. 012754N/N-500016)
Mumbai

REGISTRAR & SHARE TRANSFER AGENTS
Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32
Gachibowli, Financial District, Nanakramguda,
Hyderabad 500032

REGISTERED OFFICE
Pipavav Port, At Post Ramapara- 2 Via Rajula
District Amreli, Gujarat 365560
CIN: L63010GJ1992PLC018106
Website: www.pipavav.com
Tel: 02794 302400
Fax: 02794 302413

CORPORATE OFFICE
301, Trade Centre
Bandra Kurla Complex, Bandra (East),
Mumbai 400098
Tel: 022 30011300
Fax: 022 26522422

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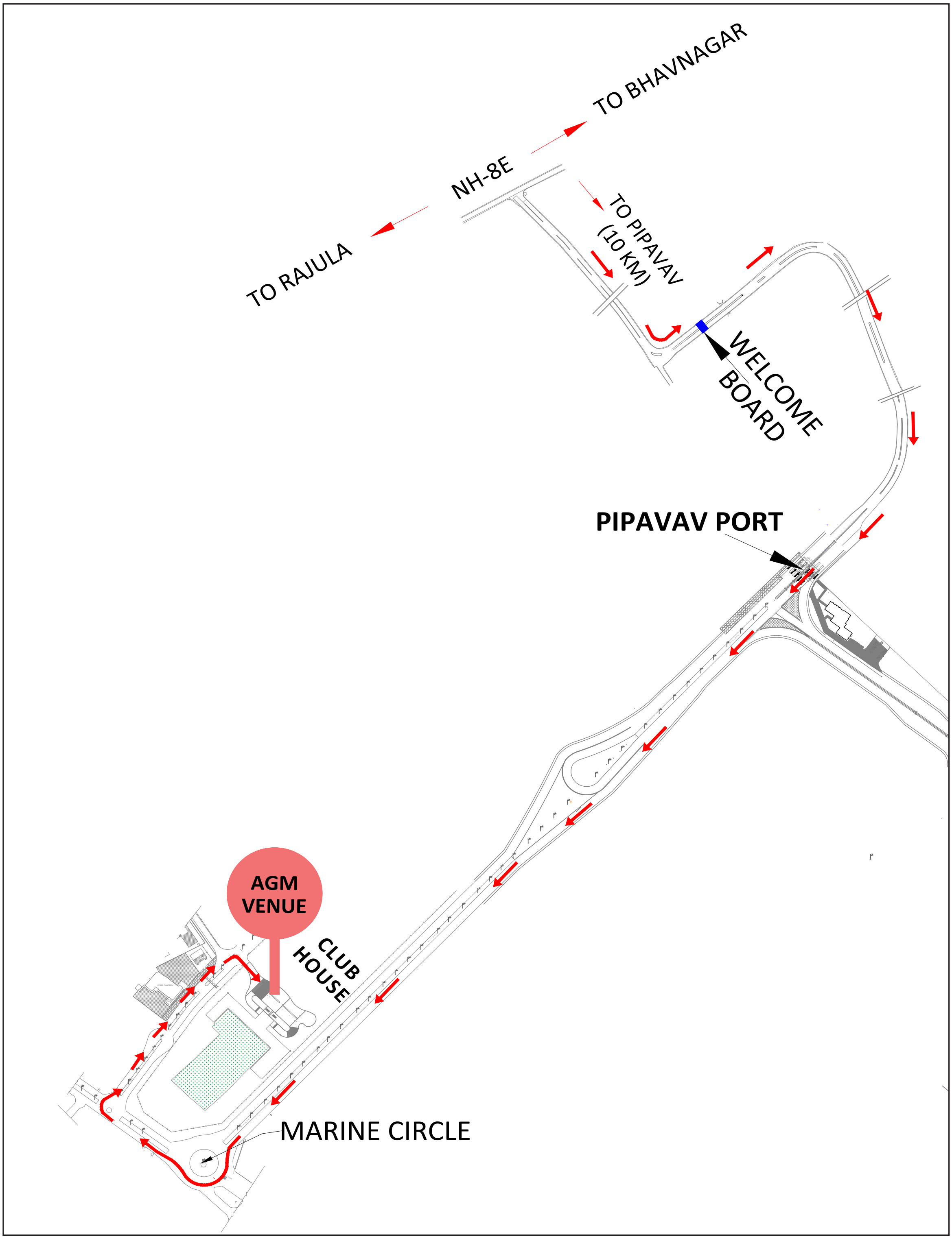
ROUTE MAP TO THE VENUE OF THE AGM



NOTICE is hereby given that the 26th Annual General Meeting of the Members of Gujarat Pipavav Port Limited (CIN:L63010GJ1992PLC018106) ('the Company') will be held at its Registered Office at Pipavav Port, At Post Rampara-2 via Rajula, District Amreli- 365560 on Thursday 9th August 2018 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt:

   a. the Audited Standalone Financial Statements of the Company for the financial year ended 31st March 2018, along with the Reports of the Board of Directors and Auditors thereon; and

   b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2018, along with the Report of the Auditors thereon.

2. To declare a final dividend of Rs. 1.70 per equity share and to approve the interim dividend of Rs. 1.70 per equity share already paid during the year, for the financial year ended 31st March 2018.

3. To appoint a Director in place of Mr. David Skov (DIN: 07810539) who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

4. **Re-appointment of Mr. Keld Pedersen (DIN: 07144184) as Managing Director of the Company and approve payment of his remuneration**

   To consider and if thought fit, pass with or without modification(s) the following as a **Special Resolution:**

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") read with Schedule V to the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and any other Rules framed there under (including any statutory modification(s) or re-enactment or amendments thereof for the time being in force), pursuant to the recommendation of Nomination and Remuneration Committee and subject to the approval of Central Government, and such other approvals / permissions, if and as may be required, consent of the Members of the Company be and is hereby accorded for Re-appointment of Mr. Keld Pedersen (DIN: 07144184) as Managing Director of the Company upto 3 years from 1st May, 2018 on the terms and conditions including those relating to remuneration as set out under the Statement setting out the material facts annexed to this Notice dated 17th May 2018 for Item no. 4.

   RESOLVED FURTHER THAT the Board of Directors ("Board") / Nomination and Remuneration Committee of Directors ("NRC") of the Company be and is hereby authorised to alter and vary the terms and conditions of the said appointment including authority from time to time to determine the amount of Salary, Performance Linked Incentive as also the type and amount of perquisites, other benefits and allowances payable to Mr. Keld Pedersen in such manner as may be agreed to between the Board / NRC and Mr. Keld Pedersen, subject to the limits prescribed under Section 197 and Schedule V to the Act (including any amendment, modification, variation or re-enactment thereof) and to do all such acts, deeds, matters and things and execute all such agreements, documents, instruments and writings as may be required in regard to the said appointment as it may in its sole and absolute discretion deem fit, to give effect to this resolution without being required to seek any further consent or approval of the shareholders."

By Order of the Board of Directors
For **Gujarat Pipavav Port Limited**

Manish Agnihotri
Company Secretary
ACS 12045

Registered Office:
Pipavav Port, At Post Rampara-2 via Rajula,
District Amreli, Gujarat 365560
CIN: L63010GJ1992PLC018106
Mumbai
17th May 2018

Notes:

a) **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE ANNUAL GENERAL MEETING ("AGM" or "Meeting") IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

Proxies in order to be effective, must be received by the Company, duly filled, stamped and signed, at its Registered Office not less than 48 hours before the Meeting.

Proxies submitted on behalf of limited companies, societies, etc., must be supported by appropriate resolutions / authority, as applicable, issued on behalf of the nominating organisation.

A person can act as proxy on behalf of Members not exceeding fifty (50) and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Member.

b) The Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 (''the Act'') and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, concerning the Special Business in the Notice regarding Re-appointment of Managing Director, is annexed hereto and forms part of the Notice.

c) Corporate Members intending to send their authorised representative to attend the AGM are requested to send a duly certified copy of their Board Resolution authorising their representative to attend and vote at the AGM.

d) In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.

e) Members / Proxies / Authorised Representatives should bring the enclosed Attendance Slip, duly filled in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be distributed at the Meeting.

f) Relevant documents referred to in the accompanying Notice and the Statement, are open for inspection by the Members at the Registered Office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.

g) The Register of Members and Share Transfer Books of the Company will remain closed from Friday 3rd August 2018 to Thursday 9th August 2018 (both days inclusive).

h) If the Final Dividend recommended by the Board of Directors is approved at the AGM, the payment of such dividend will be made on or after 10th August 2018, within the stipulated time limit as under:

   (i) To all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) as of the close of business hours on 2nd August 2018.

   (ii) To all Members holding shares in physical form after giving effect to share transfer requests received as of the close of business hours on 2nd August 2018.

i) SEBI has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder and for transmission / transposition of shares. Members are requested to submit the PAN details to their Depository Participant (DP) in case of holdings in dematerialised form or to Karvy Computershare Private Limited (Karvy) in case of holdings in physical form, mentioning your correct reference folio number.

j) Members holding shares in physical form are requested to convert their holding to dematerialised form. It will eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact Karvy for assistance in this regard. As per SEBI Regulation effective **5th December 2018** transfer of physical shares will be prohibited.

k) Members who have not updated their bank details with the DP are requested to do so in order to enable the Company to execute NEFT/ Electronic Transfer of Dividend amount to their bank account to eliminate all risks associated with physical dividend warrants.

l) In order to support the 'Green Initiative', Members who have not yet registered their email address are requested to register it with their Depository Participants if the shares are held in electronic mode and with Karvy if the shares are held in physical form.

m) The Annual Report 2017-18 of the Company along with the Notice convening the AGM is being circulated in electronic mode to the Members whose email address is registered with Karvy/ Depositories unless the Member has asked for a physical copy of the Report. The Members who have not yet registered their email address, the physical copies are being sent to them. The Annual Report along with the Notice will also be made available on the Company's website www.pipavav.com

n) Members desirous of getting any information about the Accounts of the Company are requested to write to the Company at least seven days in advance of the Meeting, so that the information can be kept ready at the Meeting.

o) Voting Options:

Remote E-voting: In compliance with the provisions of Section 108 of Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Members are provided with the facility to cast their vote electronically, through the remote e-voting services provided by Karvy Computershare Pvt Ltd (Karvy), on all resolutions set forth in this Notice.

Voting at AGM: The Members who have not casted their vote electronically can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the venue.

The instructions for Remote E-voting are as under:

A. In case a Member receiving an email of the AGM Notice from Karvy [for Members whose email IDs are registered with the Company/ Depository Participant(s)]:

i. Launch internet browser by typing the URL: https://evoting.karvy.com.

ii. Enter the login credentials (i.e., **User ID and password aforesaid in this letter**). Event No. followed by Folio No. / DP ID-Client ID will be your User ID. However, if you are already registered with Karvy for e-voting, you can use your existing User ID and password for casting your vote.

iii. After entering these details appropriately, Click on "LOGIN".

iv. You will now reach password change Menu wherein you are required to mandatorily change your password. The new password shall comprise of minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@,#,$, etc.). The system will prompt you to change your password and update your contact details like mobile number, email ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential.

v. You need to login again with the new credentials.

vi. On successful login, the system will prompt you to select the "EVENT" i.e., (Gujarat Pipavav Port Limited)

vii. On the voting page, enter the number of shares (which represents the number of votes) as on the Cut Off Date under "FOR/ AGAINST" or alternatively, you may partially enter any number in "FOR" and partially in "AGAINST" but the total number in "FOR/AGAINST" taken together should not exceed your total shareholding as mentioned therein. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head

viii. Members holding multiple folios/demat accounts shall choose the voting process separately for each folios/demat accounts.

ix. Voting has to be done for each item of the Notice separately. In case you do not desire to cast your vote on any specific item it will be treated as abstained.

x. You may then cast your vote by selecting an appropriate option and click on "Submit".

xi. A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you confirm, you will not be allowed to modify your vote. During the voting period, Members can login any numbers of times till they have voted on the Resolution(s).

xii. Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc. together with attested specimen signature(s) of the duly authorized representative(s), to the Scrutinizer at e-mail id: hsk@rathiandassociates.com with a copy marked to evoting@karvy.com. The scanned image of the above mentioned documents should be in the naming format “Corporate Name_ EVEN NO.”

xiii. In case a person has become Member of the Company after the dispatch of AGM Notice but on or before the cut-off date i.e. 2nd August 2018, may write to Karvy on the email id: evoting@karvy.com or to Mrs. C Shobha Anand, Asst.Gen. Manager, Contact No. 040-67162222, at Karvy Computershare Private Limited [Unit: Gujarat Pipavav Port Ltd.], Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032, requesting for the User ID and Password. After receipt of the above credentials, please follow all the steps from Sr. No.(i) to (xii) as mentioned in (A) above, to cast the vote.

B. In case of Members receiving physical copy of the AGM Notice by Post [for Members whose email IDs are not registered with the Company/Depository Participant(s)]:

i. User ID and initial password as aforesaid in this letter

ii. Please follow all steps from Sr. No. (i) to (xiii) as mentioned in (A) above, to cast your vote.

C. The remote e-voting period commences on **Monday, 6th August 2018 (9.00 a.m. IST)** and ends on **Wednesday, 8th August 2018 (5.00 p.m. IST).** During this period, the Members of the Company holding shares in physical form or in dematerialized form, as on the cut-off date being **Thursday 2nd August 2018**, may cast their vote by electronic means in the manner and process set out hereinabove. The remote e-voting module shall be disabled for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have casted their vote electronically shall not vote by way of poll, if held at the Meeting.

D. In case of any query pertaining to remote e-voting, please visit Help & FAQ’s section of https://evoting.karvy.com. (Karvy’s website).

E. The voting rights of the Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date being **Thursday 2nd August 2018**.

F. **Voting at AGM:** The Members who have not cast their vote electronically can exercise their voting rights at the AGM. The Company will make necessary arrangements in this regard at the AGM venue.

G. Mr. Himanshu Kamdar of Messrs Rathi and Associates, Practicing Company Secretaries, (Membership No. FCS 5171, CP No. 3030), has been appointed as the Scrutinizer to scrutinize the voting process (electronically or otherwise) in a fair and transparent manner.

H. The Scrutinizer shall unblock the votes in the presence of at least two witnesses not in employment of the Company and make a Scrutinizer’s Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company and the Company shall submit it to the Stock Exchanges within Forty-eight hours of conclusion of the AGM.

I. The resolution(s) will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolution(s).

J. The Results declared along with the Scrutinizer’s Report(s) will be available on the website of the Company www.pipavav.com and Karvy website https://evoting.karvy.com and the communication will be sent to the BSE Limited and the National Stock Exchange of India Limited.

STATEMENT SETTING OUT MATERIAL FACTS UNDER SECTION 102 OF THE COMPANIES ACT, 2013

Item no. 4

The Board of Directors in their meetings held on 30th January 2018 and 17th May 2018, approved Re-appointment of Mr. Keld Pedersen (DIN: 07144184) as Managing Director of the Company upto 3 years from 1st May 2018 and the terms and conditions, subject to the approval of shareholders and Central Government, as applicable.

Mr. Pedersen has been the Company's Managing Director from 1st May 2015. During his tenure, as Managing Director of the Company he has been able to successfully handle the challenges in the global shipping industry that have also impacted the port industry. Further, despite the loss of services of the shipping lines by the Company due to external factors, the Company has not witnessed significant loss of market share of container cargo. The Company also became eligible to declare dividend during the year ended 31st March 2016. During the period from 31st March 2016 to 30th September 2017, the Company generated a distributable profit of Rs. 4,414.18 Mn out of which the has Company paid Rs. 4,309.74 Mn by way of dividend to the shareholders. The Company operates in an Industry that has high potential of safety risks. With extensive focus on Safety standards and practices followed by the Company, it achieved a rare feat of over 1000 days of LTI- free (Lost Time Incident) Port Operations during the year ended 31st March 2018.

To familiarise with the background of Mr. Pedersen, he is aged 52 years and has been with the A. P. Moller Maersk Group since 1987. He started his career as Navigator in the Merchant Fleet and went on to become Captain. Since 1994 he shifted to shore assignments and held various positions within different businesses of A. P. Moller- Maersk Group in various countries. He was the Project and Operations Manager in Cameroon, General Manager- Operations, APM Terminals, Chief Operating Officer at Port of Tanjung Pelepas, Malaysia and Managing Director of APM Terminals Gothenburg before being appointed as Managing Director of Gujarat Pipavav Port Limited from 1st May 2015.

He has Master Mariner Certificate from Copenhagen Navigation School, Diploma in Economics and Management (Bachelor level) and has undertaken Executive Program at London Business School and IMD Switzerland.

It is proposed to Re-appoint Mr. Keld Pedersen as Managing Director of the Company upto 3 years from 1st May 2018 as per the terms and conditions set out below:

Salary & Allowances: Rs.1,891,922 per month

Perquisites:

(a) Contribution to Provident Fund as per the applicable laws

(b) Annual Performance Bonus as per Company's Rules

(c) Completion bonus of Rs. 4,913,159 upon completion of assignment

(d) Company Car, Driver and telephone

(e) Medical Insurance for self and family as per Company's Rules

(f) Annual leave as per Company's Rules

(g) Company provided housing

(h) For each full year of assignment, Company paid home leave for self and family by way of two economy class round trip airfares

(i) For each full year of assignment, the Company will pay for 5 working days leave for self and family. The air ticket cost will be maximum Rs. 36,000 per person and a lumpsum allowance of Rs. 60,756 per leave.

(j) Costs of international schooling for dependent children at actuals

(k) Retirement Benefits: Company contribution of Rs. 190,000 per month. Depending upon the exchange rate the amount will be revised annually

Mr. Pedersen will also be entitled for Severance Payment of maximum upto one-year Salary and Allowances.

The last drawn remuneration of Mr. Pedersen for year 2017-18 was Rs. 52.54 Million comprising Salary, Perquisites and Performance Bonus.

In the event of loss or inadequacy of profits during the tenure the Board shall determine the amount of total remuneration payable to Mr. Pedersen and seek Central Government approval, if required.

No sitting fee shall be paid to Mr. Pedersen for attending the Board Meeting.

Mr. Pedersen has attended all the Board Meetings held during the year.

The above particulars may be treated as an abstract pursuant to Section 190 of the Companies Act, 2013.

Mr. Pedersen is Director in Pipavav Railway Corporation Limited.

Mr. Keld Pedersen is interested/ concerned in the resolution regarding his appointment and terms and conditions.

Name of the Director	Financial interest	Other interest
Mr. Keld Pedersen	Remuneration details as mentioned in the Explanatory Statement of this Notice	None

Apart from the aforesaid persons, none of the other persons specified in Section 102 of the Companies Act, 2013 namely the Directors, Key Managerial Persons, Relatives of Directors and Key Managerial Persons are concerned or interested in the above resolution.

By Order of the Board of Directors
For **Gujarat Pipavav Port Limited**

Manish Agnihotri
Company Secretary
ACS12045

Registered Office:
Pipavav Port, At Post Rampara-2 via Rajula
District Amreli, Gujarat 365560
CIN: L63010GJ1992PLC018106

Mumbai
17th May 2018

Profile of the Directors being appointed / re-appointed as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Particulars	**Mr. David Skov**	**Mr. Keld Pedersen**
Date of Birth	28th April 1971	29th April 1966
Date of Appointment	11th May 2017	1st May 2018 (Re-appointment date)
Qualification	Masters in Business Administration and Degrees in International Business as well as Organisations and Leadership	Master Mariner from Copenhagen Navigation School, Diploma in Economics and Management (Bachelor level), Executive Programs from London Business School and IMD Switzerland
Expertise in specific functional areas	Business Management	Business Management
Disclosure of Relationship between the Directors inter- se	None. He represents the Promoter APM Terminals Mauritius Limited	None. He represents the Promoter APM Terminals Mauritius Limited
Directorships in other Public Listed companies in India	None	None
Membership of Committees held in other Public Listed companies in India	None	None
Shares held in the Company	Nil	Nil

DIRECTORS' REPORT

To

The Members,
Gujarat Pipavav Port Limited

The Directors of Gujarat Pipavav Port Limited ('the Company') have pleasure in submitting their 26th Annual Report to the Members of the Company together with the Audited Standalone and Consolidated Statement of Accounts for the year ended 31st March, 2018. The financial statements have been presented based on Ind AS requirements.

1. FINANCIAL STATEMENTS & RESULTS:

a. FINANCIAL RESULTS:

(Rs. In Million)

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Operating Income	6,489.00	6,831.04
Less: Total Expenditure	2,748.29	2,645.14
Operating Profit	3,740.71	4,185.90
Add: Other Income	370.45	353.59
Profit before Interest, Depreciation, Tax and Exceptional Item	4,111.16	4,539.49
Less: Interest	3.48	4.03
Less: Depreciation	1,035.64	1,065.15
Profit Before Tax	3,072.04	3,470.31
Less: Taxes *	1,087.44	971.19
Profit for the year after Tax	1,984.60	2,499.12
Total comprehensive income for the year	1,982.23	2,498.41

**The Company was on a Tax Holiday under Section 80 (IA) of the Income tax Act and has Nil tax liability until 31st March 2017. However, the Company is required to pay Minimum Alternate Tax (MAT) which has been appropriately reflected in the financial statements in accordance with the Accounting Principles.*

b. OPERATIONS:

The Company is engaged in the business of Port Development and Operations at Pipavav Port, Gujarat under the 30-year Concession vide Agreement dated 30th September 1998 from Gujarat Maritime Board. The Port located in Southwest Region of Gujarat handles Dry Bulk, Containers, Liquid, and RO RO vessels. The performance details are as follows:

Particulars	For the year ended 31st March 2018	For the year ended 31st March 2017
Bulk Cargo Handled (In MT)	1,821,237	2,112,078
Containers Handled (In TEUs)	702,862	663,380
Liquid Handled (In MT)	1,023,616	685,960
RORO (No. of Cars)	98,384	83,607

c. REPORT ON PERFORMANCE OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES:

The Company holds 38.8% shares in Pipavav Railway Corporation Limited (PRCL) and the salient features are mentioned in Annexure C. In view of the provisions of Section 2(6) of the Companies Act, 2013 ('the Act'), PRCL is an Associate Company. Pursuant to the provisions of Section 129 of the Act, PRCL's accounts are required to be consolidated into Company's accounts.

More than 50% of PRCL's shareholding is held by Government and Public-Sector Undertakings. PRCL is therefore required to accomplish Statutory Audit followed with the CAG Audit. As on the date of this Report PRCL's Audited Financial Statements are not available, therefore the Company has prepared its Consolidated Financial Statement based on Unaudited financial statements provided by the PRCL Management.

d. DIVIDEND:

The Board of Directors in their Meeting held on 2nd November 2017 declared Interim Dividend of Rs. 1.70 per share and it has been paid. The Board is pleased to recommend a Final Dividend of Rs. 1.70 per share on the Company's outstanding Equity Share Capital.

The Dividend is subject to the approval by Members at the Annual General Meeting to be held on 9th August 2018 and will be paid on or after 10th August 2018, within the stipulated time limit to all Members whose Name appears in the Register of Members, as of the close of business hours on 2nd August 2018. The total dividend payout of Rs. 1.70 per equity share will aggregate to Rs. 989.16 Million including the Dividend Distribution Tax of Rs. 167.31 Million which will be borne by the Company.

The Company has a Dividend Distribution Policy and it is available on the website http://www.pipavav.com/policies.php

e. TRANSFER TO RESERVES:

The Board of Directors have not recommended any transfer of profit to reserves during the period under review. Hence, the entire amount of profit has been carried forward to the Statement of Profit and Loss.

f. REVISION OF FINANCIAL STATEMENT:

The Company has not carried out any revision in its financial statements in any of the three preceding financial years as per the requirement under Section 131 of the Act.

g. DEPOSITS:

The Company has not accepted or renewed any amount falling within the purview of provisions of Section 73 of the Companies Act 2013 (“the Act”) read with the Companies (Acceptance of Deposit) Rules, 2014 during the year under review. Hence, the requirement for furnishing of details of deposits which are not in compliance with the Chapter V of the Act is not applicable.

h. DISCLOSURES UNDER SECTION 134(3)(l) OF THE COMPANIES ACT, 2013:

Except as disclosed elsewhere in this report, no material changes and commitments which could affect the Company's financial position, have occurred between the end of the financial period of the Company and date of this report.

i. DISCLOSURE OF INTERNAL FINANCIAL CONTROLS:

The Internal Financial Controls with reference to financial statements as designed and implemented by the Company are adequate considering the nature of its business and the scale of operations. During the year under review, no material or serious observation has been made by the Statutory Auditors and the Internal Auditors of the Company regarding inefficiency or inadequacy of such controls. Wherever suggested by the auditors, the control measures have been further strengthened and implemented.

j. DISCLOSURE OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL:

No adverse orders have been passed by any Regulator or Court or Tribunal which can have impact on the Company's status as a Going Concern and on its future operations.

k. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES:

The transactions/contracts/arrangements entered by the Company with related party(ies) as defined under the provisions of Section 2(76) of the Companies Act, 2013, during the financial year under review, are in the ordinary course of business and at arms' length. Therefore, they are exempt from the provisions of Section 188 of the Companies Act, 2013. But all such transactions have prior approval of the Audit Committee as per the requirement under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The related party transaction with Maersk Line A/S regarding Income from Port Operations is a material transaction. The Contract with Maersk Line A/S has been renewed for three years from 1st April 2017 to 31st March 2020 and shareholder's approval was obtained in the AGM held during the previous year, pursuant to Regulation 23(4) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. The details of Related Party Transactions are mentioned in Note 37 of the financial statements.

l. PARTICULARS OF LOANS, GUARANTEES, INVESTMENTS AND SECURITIES:

The Company has neither provided nor accepted any loans, guarantees and securities. The Company does not have any investments except 38.8% shareholding in its Associate Company PRCL.

Further, the Company is engaged in the business of providing infrastructural facilities and is therefore exempt from the provisions of Section 186 of the Companies Act, 2013.

m. DISCLOSURE UNDER SECTION 43(a)(ii) OF THE COMPANIES ACT, 2013:

The Company has not issued any shares with differential rights and hence no information as per provisions of Section 43(a)(ii) of the Act read with Rule 4(4) of the Companies (Share Capital and Debenture) Rules, 2014 is included in the report.

n. DISCLOSURE UNDER SECTION 54(1)(d) OF THE COMPANIES ACT, 2013:

The Company has not issued any sweat equity shares during the year under review and hence the provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 are not applicable.

o. DISCLOSURE UNDER SECTION 62(1)(b) OF THE COMPANIES ACT, 2013:

The Company does not have any Employees Stock Option Scheme and hence the provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 are not applicable.

p. DISCLOSURE UNDER SECTION 67(3) OF THE COMPANIES ACT, 2013:

During the year under review, there were no instances of non-exercising of voting rights in respect of shares purchased directly by employees under a scheme pursuant to Section 67(3) of the Act read with Rule 16(4) of Companies (Share Capital and Debentures) Rules, 2014.

2. OUTLOOK:

As per the estimates released by the IMF during January 2018, the global economy is expected to grow by 3.9% in Years 2018 and 2019. The two fastest growing economies of the world namely India and China are expected to grow by 7.4% and 6.6% respectively. The Indian growth path is also reflected in the growth in container trade on the West Coast of India. The Container market on the Indian West coast increased by about 12% over previous year mainly driven by strong imports.

The dry bulk cargo on West Coast of India comprises Coal and Fertiliser Imports and both commodities continue to witness a reduction over the previous year. Coal imports on West Coast have reduced by ~10% due to better availability of domestic coal and because of the Government's focus on promoting clean renewable energy. Fertiliser imports have reduced by ~25%.

Considering the consistent reduction in imports of dry bulk cargo on the West Coast ports, Container, Liquid and RORO are assuming greater importance in the Company's strategy.

3. RISKS AND AREAS OF CONCERN:

Any increase in trade barriers by the countries and failure to make the growth more inclusive could increase pressure for inward-looking policies and will have an adverse impact on the global trade.

The Indian economy is recovering from the glitches in implementation of GST. Improved collection and full compliance are key to providing a major boost to the economy, more so in the face of increasing crude oil prices.

4. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:

a. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

Mr. Tejpreet Singh Chopra (DIN: 00317683), Ms. Hina Shah (DIN: 06664927), Mr. Pradeep Mallick (DIN: 00061256) and Mr. Pravin Laheri, IAS (Retd.)(DIN:00499080) are the Company's Independent Directors for a period of five consecutive years from 30th July 2015.

In accordance with the provisions of the Act, none of the Independent Directors is liable to retire by rotation. The Managing Director of the Company is also not liable to retire by rotation.

Gujarat Maritime Board (GMB) the port regulator can nominate one representative on the Company's Board. This position is currently vacant.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. David Skov (DIN:07810539) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

The 3-year tenure of Mr. Keld Pedersen (DIN: 07144184) as Managing Director of the Company ended on 30th April 2018. The Company's Board of Directors in their Meetings held on 30th January 2018 and 17th May 2018, approved re-appointment of Mr. Pedersen upto 3 years from 1st May 2018 and other terms and conditions, subject to approval by the Shareholders in the forthcoming Annual General Meeting. Your Board of Directors recommend the re-appointment of Mr. Keld Pedersen (DIN: 07144184) as Managing Director.

b. DECLARATION BY INDEPENDENT DIRECTORS:

The Company has received declaration from all the Independent Directors under Section 149(6) of the Companies Act, 2013 confirming their independence vis-à-vis the Company.

The Independent Directors were appointed in the AGM held on 30th July 2015 for a period of five years.

The Company has been regularly conducting Familiarisation Programmes for its Independent Directors and has posted its details on the website http://pipavav.com/independent_director.php

5. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES:

a. BOARD MEETINGS:

The Board of Directors met four times during the year ended 31st March 2018 in accordance with the provisions of the Companies Act, 2013 and rules made thereunder.

b. DIRECTOR'S RESPONSIBILITY STATEMENT:

In terms of Section 134(5) of the Companies Act, 2013, in relation to the audited financial statements of the Company for the year ended 31st March 2018, the Board of Directors hereby confirm that:

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

b. such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2018 and of the profit of the Company for that period;

c. proper and sufficient care was taken for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. the annual accounts of the Company have been prepared on a Going Concern basis;

e. internal financial controls have been laid down by the Company and that such internal financial controls are adequate and operating effectively;

f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

c. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee, a Sub-committee of Directors has been constituted by the Board in accordance with the requirements of Section 178 of the Act. The composition of the Committee is as follows:

1. Mr. Pradeep Mallick Chairman, Independent Director
2. Mr. Pravin Laheri, IAS (Retd.) Independent Director
3. Mr. Tejpreet Singh Chopra, Independent Director; and
4. Mr. David Skov, Non- Independent Non-Executive Director

The Board has in accordance with the provisions of sub-section (3) of Section 178 of the Companies Act, 2013, formulated the policy setting out the criteria for determining qualifications, positive attributes, independence of a Director and policy relating to remuneration for Directors, Key Managerial Personnel and other employees.

Major criteria defined in the policy framed for appointment of and payment of remuneration to the Directors of the Company, is as under:

a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical, operations or other disciplines related to the Company's business.

b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualification and experience as considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the HR Department shall provide the job description to the Committee and justify that the qualification, experience and expertise of the recommended candidate is satisfactory for the relevant position. The Committee may also call for an expert opinion on the appropriateness of the qualification and experience of the candidate for the position of the Executive Director.

c) In case of appointment as a Non-Executive Director, the candidate must have a post graduate degree, diploma or a professional qualification in the field of his practice/ profession/ service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee. Provided that the Board may waive the requirement of qualification and/ or experience under this paragraph for a deserving candidate.

d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.

e) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board shall consider following factors:

   i) Criteria/ norms for determining the remuneration of such employees prescribed in the HR Policy.

   ii) Existing remuneration drawn.

   iii) Industry standards, if the data in this regard is available.

   iv) The job description.

   v) Qualifications and experience levels of the candidate.

   vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.

   vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.

f) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as mentioned within the provisions of the Companies Act, 2013. They shall not be eligible for any sitting fees for attending any meetings.

g) The Non-Executive Directors shall not be eligible to receive any remuneration/ salary from the Company. However, they shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board/ Shareholders from time to time. They shall also be eligible for reimbursement of out of pocket expenses for attending Board/ Committee Meetings.

d. AUDIT COMMITTEE:

The Audit Committee, a Sub-committee of Directors was constituted by the Board pursuant to the provisions of Section 177 of the Companies Act, 2013. The composition of the Audit Committee is in conformity with the provisions of the said section. The Audit Committee comprises:

1. Mr. Pravin Laheri, IAS (Retd.) Chairman, Independent Director
2. Mr. Pradeep Mallick, Independent Director
3. Ms. Hina Shah, Independent Director
4. Mr. Jan Damgaard Sorensen, Non- Independent Non-Executive Director

The scope and terms of reference of the Audit Committee is in accordance with the Act and it reviews the information as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, there were no instances of recommendation by the Audit Committee not being accepted by the Board of Directors of the Company.

The Company Secretary acts as Secretary of the Committee.

e. STAKEHOLDERS RELATIONSHIP COMMITTEE:

During the year under review, pursuant to Section 178 of the Companies Act, 2013, the Board of Directors of the Company constituted the Stakeholder's Relationship Committee, comprising

1. Mr. Pradeep Mallick, Chairman, Independent Director,
2. Mr. Tejpreet Singh Chopra, Independent Director and
3. Mr. Keld Pedersen, Managing Director

The Company Secretary acts as Secretary of the Stakeholder's Relationship Committee.

f. VIGIL MECHANISM POLICY FOR THE DIRECTORS AND EMPLOYEES:

The Board of Directors of the Company has, as per the requirements under Section 178(9) of the Companies Act, 2013 read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, framed the Whistle Blower Policy of the Company.

The Policy provides a formal mechanism for all employees of the Company to make disclosure about suspected fraud or unethical behavior. It also provides a designated phone number to directly report an instance. The Policy encourages its employees to immediately raise his/her concern to the respective Manager or to Head of HR whenever they notice any contravention with the Company's Code of Conduct or fraud or any unethical behaviour. In case the concerned person is not comfortable in reporting the matter to his/her Manager or to the Manager's Manager or to the Head of HR, he/she can also report to the Chief Compliance Officer of the parent Company APM Terminals.

The policy also provides direct access to the Chairman of Audit Committee through his personal email id.

During the year under review, no complaints in relation to such harassment at workplace have been reported.

The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace and has also constituted an Internal Complaints Committee as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the Rules made thereunder for reporting the instances related to Sexual Harassment and deals with them in a timely manner. During the year under review, no complaints in relation to such harassment at workplace have been reported.

As part of APM Terminals the Company shares the distinctive set of the Group's Core Values that drive the way we do business. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations, the Group's commitment to the UN Global Compact and our commitment to our people, customers and communities.

g. RISK MANAGEMENT POLICY:

The Board of Directors of the Company has designed Risk Management Policy and Guidelines to avoid events, situations or circumstances which may lead to negative consequences on the Company's businesses. It defines a structured approach to manage uncertainty and to make use of these in decision making pertaining to the business and corporate functions. Key business risks and their mitigation is considered in the annual/strategic business plans and in periodic management reviews.

h. CORPORATE SOCIAL RESPONSIBILITY POLICY:

As per the provisions of Section 135 of the Act read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility (CSR) Committee, a sub-committee of Directors comprising:

1. Ms. Hina Shah, Chairperson, Independent Director
2. Mr. Pravin Laheri, IAS (Retd.), Independent Director and
3. Mr. Keld Pedersen, Managing Director

The Board of Directors of the Company has approved CSR Policy based on the recommendation of the CSR Committee. The Company has initiated activities in accordance with the said Policy and the details are presented in Annexure A.

The CSR Policy of the Company is available on the web-site http://pipavav.com/policies.php

During the year ended 31st March 2018 the Company was required to spend Rs. 74.48 Million towards the CSR activities. The Company had also carried forward unspent amount of prior years of Rs. 49.60 Million. As on 31st March 2018, the Company has spent Rs. 86.18 Million. The unspent amount from prior years is being incurred on CSR activities in progress and is likely to be completed by 30th June 2018. The CSR activities have been carried out in the areas of Education, Health, Safety & Environment, Women Empowerment and Skill Development and Rural Development Projects.

The Company received a Certificate of Appreciation from Gujarat CSR Authority on 23rd February 2018 on a project related to 'Enhancing water resource management through Micro Irrigation System based Lift Irrigation' carried out in Kotadi cluster, Taluka Rajula, District Amreli.

i. ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD:

The Independent Directors held their meeting to evaluate the performance of each Non Independent Director and also of the entire Board as a whole. Each Board member's attendance, participation and contribution of his expertise was evaluated. The Board also carried out the evaluation of Directors and the various Board Committees did their respective Committee evaluation.

The Board also evaluated the quality, content and timelines of the information flow between the Board and the Management including the board papers and other documents.

j. INTERNAL CONTROL SYSTEMS:

Adequate internal control systems commensurate to the size of the Company's business, the nature of business and its complexities are in place and operating satisfactorily. The adequacy and their functioning is reviewed by the Internal Auditors from time to time and wherever necessary the corrective measures are taken.

Internal control systems consisting of policies and procedures are designed to ensure reliability of financial reporting, timely feedback of achievement of operational and strategic goals, compliance with policies, procedure, applicable laws and regulations and that all assets and resources are acquired economically, used efficiently and protected adequately.

k. DISCLOSURE UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 AND OTHER DISCLOSURES AS PER RULE 5 OF COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014:

In terms of the requirement under Section 197(12) of the Act, the Median Employee's Remuneration of the Company is Rs. 418,201 and the Managing Director's remuneration is Rs. 52,546,199.

The percentage increase in remuneration of the Key Managerial Personnel (KMPs) i.e. Managing Director, Interim Chief Financial Officer and Company Secretary is 10% , 10% and 12% respectively. The average increase for KMPs works out to approximately 10.6%.

The percentage increase in the median remuneration of employees in the financial year is 12.7%.

The Company has a total of 492 permanent employees on its rolls.

The Company follows the global practice of its parent wherein the Company's Objectives and the individual employee's objectives are set against which their actual performance is appraised which in turn determines the percentage increase in their remuneration. The Company follows Bell Curve appraisal system for rating of performance of all its employees.

The remuneration of KMPs has also been determined based on their performance against the respective objectives vis-à-vis the Company's objectives.

The Company's Market Capitalization has reduced by ~12% based on the closing price as of 31st March 2018 compared to 31st March 2017. The Net Worth is Rs. 20,140.59 Million compared to Rs. 20,101.75 Million as of the previous year.

The copies of Annual Report as per Section 136 of the Companies Act, 2013 are being sent to the Members excluding the information on employees' particulars under Rule 5 of the Companies (Appointment & Remuneration) Rules, 2014. Any Member who is interested in a copy of the employees' particulars may write to the Company Secretary. The details will also be available for inspection by the Members at the Registered Office of the Company during the business hours on working days upto the date of the Company's forthcoming Annual General Meeting.

The Company has also paid Commission of Rs. 3.75 Million to all the four Independent Directors pursuant to the shareholder's approval in the previous AGM.

I. PAYMENT OF REMUNERATION / COMMISSION TO DIRECTORS FROM HOLDING OR SUBSIDIARY COMPANIES:

None of the managerial personnel of the Company are in receipt of remuneration/commission from the Holding or Subsidiary Company of the Company.

6. AUDITORS AND REPORTS

The matters related to Auditors and their Reports are as under:

a. OBSERVATIONS OF STATUTORY AUDITORS ON ACCOUNTS FOR THE YEAR ENDED 31ST MARCH 2018:

There are no Audit Observations on the Standalone Financial Statements of the Company for the year ended 31st March 2018.

The Statutory Auditors have made an observation in their Audit Report for the Consolidated Financial Statements of the Company for the year ended 31st March 2018 in Clause 7(a) and (b) of their Report as follows:

Basis for Qualified Opinion

7 a) The consolidated Ind AS financial statements include the Company's share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 225.64 million, based on unaudited Ind AS financial statements as at and for the year ended 31 March 2018 in respect of its associate company not audited by us. The Ind AS financial statement as at and for the year ended 31 March 2018 in respect of the associate company is pending audit by their auditors. Our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included for the year ended on 31 March 2018 in respect of this associate company is based solely on such Ind AS financial information of the associate company for the year ended on 31 March 2018, as furnished to us by the Management of the Company.

b) Further, pending the audit of the associate company for the year ended on 31 March 2018 by their auditors, we are unable to report on the adequacy of the internal financial controls over financial reporting and operating effectiveness of such controls of the associate company incorporated in India as required to be reported by us.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs above, the aforesaid consolidated 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 consolidated state of affairs of the Company and its associate as at 31 March 2018, their consolidated comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

More than 50% of PRCL's shareholding is held by Government/Public Sector Undertaking and it is therefore subject to a CAG Audit and associate company's audited Ind AS financial statements for the year ended 31 March 2018 are yet to be released. Hence, Company's share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 225.64 million for the year ended 31 March 2018 in respect of the associate company, included in the Consolidated Ind AS Financial Statement of Company is based on associate company's management prepared Ind AS Financial information. The statutory auditors' have qualified their audit opinion stating that Company' share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 225.64 million for the year ended 31 March 2018 in respect of the associate company is based on un-audited financial information of the associate company.

b. SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH 2018:

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report from a Practicing Company Secretary. Accordingly, M/s Rathi and Associates, Company Secretaries have issued the Secretarial Audit Report for the year ended 31st March 2018.

The Secretarial Audit Report issued in Form MR-3 forms part to this report. The said report does not contain any observation or qualification requiring explanation or comments from the Board under Section 134(3) of the Companies Act, 2013.

c. STATUTORY AUDITORS:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s Price Waterhouse Chartered Accountants LLP have been appointed as the Statutory Auditors of the Company for a period of five years in the Annual General Meeting held on 30th July 2015.

d. COST AUDITORS:

The Company is engaged in providing Port Services and as per Notification dated 31st December 2014 issued by the Ministry of Corporate Affairs pursuant to Section 148 of the Companies Act, 2013 the Company is not required to appoint Cost Auditors.

7. OTHER DISCLOSURES:

Other disclosures as per provisions of Section 134 of the Act read with Companies (Accounts) Rules, 2014 are furnished as under:

a. EXTRACT OF ANNUAL RETURN:

Pursuant to the provisions of Section 134(3)(a) of the Companies Act, 2013, Extract of the Annual Return for the year ended 31st March 2018 made under the provisions of Section 92(3) of the Act is attached as Annexure B to this Report.

b. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Company is engaged in the business of developing and operating a Port, Cargo handling incidental to Water Transport. Considering the nature of business activity, the particulars regarding conservation of energy and technology absorption as required under the provisions of Section 134(3) (m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 are not applicable and have not been included.

The foreign exchange earning was Rs. 1,705.15 Million and outgo was Rs. 438.87 Million during the period under review.

c. REMUNERATION PAYABLE BY COMPANIES HAVING NO PROFIT OR INADEQUATE PROFIT (in terms of Section II of Schedule V):

The Company has adequate profits and therefore the provision of Section II in Schedule V regarding remuneration payable by Companies having no profit or inadequate profit without Central Government approval, is not applicable.

d. CHANGE IN SHARE CAPITAL:

The Company has not made any issue of shares during the year and its Share Capital for the year ended 31st March 2018 remains unchanged.

8. ACKNOWLEDGEMENT AND APPRECIATION:

Your Directors thank Customers, Shareholders, Suppliers, Bankers, Business Partners/Associates and the Central and State Government and Gujarat Maritime Board for their continued support and encouragement to the Company. Your Directors also wish to place on record their sincere appreciation of the commitment and enthusiasm of all employees for their significant role in the Company's performance.

For and on behalf of the Board

CHAIRMAN
DIN: 00317683

Date: 17th May 2018
Place: Mumbai

Registered Office
Pipavav Port, At Post Rampara-2 via Rajula
District Amreli 365560
CIN L63010GJ1992PLC018106
Tel No. 02794 302400 Fax No. 02794 302413
Email investorrelationinppv@apmterminals.com
Website www.pipavav.com

ANNEXURE A

Annual Report on CSR Activities

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web- link to the CSR policy and projects and programs.**

   The CSR Policy is stated in the Company website: http://pipavav.com/policies.php

2. **Composition of the CSR Committee:**

   Ms. Hina Shah, Chairperson, Independent Director

   Mr. Pravin Laheri, IAS (Retd.), Independent Director and

   Mr. Keld Pedersen, Managing Director

3. **Average Net Profit of the Company for last three financial years**.

   Rs. 3,723.87 Million

4. **Prescribed CSR Expenditure (two percent of the amount as per item 3 above)**

   Rs. 74.48 Million

5. **Details of CSR spent during the financial year**;

   (a) Total amount to be spent for the financial year: Rs. 74.48 Million (In addition carry forward amount of Rs. 49.6 Million from earlier years is also being spent)

   (b) Amount spent: Rs. 86.18 Million

   (c) Amount unspent if any: Nil

   (d) Manner in which the amount spent during the financial year is detailed below:

(Rs. in Million)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	CSR Project or activity identified	**Sector in which the project is covered**	**Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs sub heads: (1) Direct Expenditure on projects and programs (2) Overheads:**	**Cumulative expenditure up to the reporting period**	**Amount spent Direct or through implementing agency***
1	Supply of educational equipments, teaching learning support, extension activities, adult literacy, upgradation of school infrastructure	Education	24 villages of Rajula block	34.23	28.50	28.50	NGO Swadeep
2	Medical support to the surrounding villages, facilitating bio gas units, community tree plantation, safety & environment awareness activities	Health, Safety & Environment	33 villages of Rajula block	3.64	3.03	3.03	Direct and NGO: Vivekanand Research & Training Institute, Gayatri Parivar Trust

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	CSR Project or activity identified	**Sector in which the project is covered**	**Project or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs sub heads: (1) Direct Expenditure on projects and programs (2) Overheads:**	**Cumulative expenditure up to the reporting period**	**Amount spent Direct or through implementing agency***
3	Improving health & nutritional status of children, adolescents & mothers; Skill & entrepreneurship development followed by placement.	Women Empowerment & Skill Development	33 villages in Rajula Block	20.22	14.23	14.23	NGO: Saurashtra Economic Development Council, CHETNA & Ambuja Cement Foundation
4	Integrated livestock development, Construction of sanitation units, bathrooms, Roof Rain Water Harvesting Structure, installation of RO enabled water ATMS & installation of solar street lights, fisheries as a livelihood etc.	Rural Development Project	33 villages in Rajula Block	61.65	36.18	36.18	Gujarat Rural Institute for Socio Economic Reconstruction, Bhartiya Agro Industries Foundation, Vivekanand Research & Training Institute SWADEEP, Piramal Water Pvt. Ltd, Coastal Salinity Prevention Cell
5	CSR Administration Expenses			4.34	4.24	4.24	Direct

** Details of the Implementing Agency:*

6. **In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report**.

Not Applicable

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.**

We hereby declare that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the company.

Keld Pedersen
Managing Director

Hina Shah
Chairperson, Corporate Social Responsibility Committee

ANNEXURE B
EXTRACT OF ANNUAL RETURN

As on year ended on 31st March 2018

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

I. REGISTRATION AND OTHER DETAILS:

CIN	:	L63010GJ1992PLC018106
Registration Date	:	5th August 1992
Name of the Company	:	Gujarat Pipavav Port Limited
Category / Sub-Category of the Company	:	Company having Share Capital
Address of the Registered office and contact details	:	Pipavav Port, At Post Rampara-2 via Rajula, District Amreli, Gujarat 365560
Whether listed company	:	Yes
Name, Address and Contact details of Registrar and Transfer Agent, if any:	:	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad- 500032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Name and Description of main products/services	NIC Code of the Product/ service	% to total turnover of the company
Cargo handling incidental to Water Transport	52242	100%

PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Name and address of the Company	CIN / GLN	Holding / subsidiary / associate	% of shares held	Applicable section
Pipavav Railway Corporation Limited B-1202 (B-Wing) 12th Floor Statesman House 148, Barakhamba Road, Connaught Place New Delhi-110001	U45200DL2000PLC151199	Associate	38.8%	2(6)

I SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity):

i. Category-wise Share Holding:

Category of Shareholders	No. of Shares held at the beginning of the period				No. of Shares held at the end of the period				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.									
e) Banks / FI									
f) Any other									
Sub-total(A)(1):									
(2) Foreign									
a) NRIs - Individuals									
b) Other Individuals									
c) Bodies Corp.	207,903,931		207,903,931	43.01	207,903,931		207,903,931	43.01	
d) Banks / FI									
e) Any other									
Sub-total (A)(2):	207,903,931		207,903,931	43.01	207,903,931		207,903,931	43.01	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**207,903,931**		**207,903,931**	**43.01**	**207,903,931**		**207,903,931**	**43.01**	
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	59,136,533		59,136,533	12.23	91,300,094		91,300,094	18.89	6.66
b) Banks / FI	5,345,379		5,345,379	1.11	5,581,538		5,581,538	1.15	0.04
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs	178,461,630		178,461,630	36.91	139,493,704		139,493,704	28.85	(8.06)
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):	242,943,542		242,943,542	50.25	236,375,336		236,375,336	48.90	(1.35)
(2)Non-Institutions									
a) Bodies Corp.									
i) Indian	8,643,216	28,000	8,671,216	1.79	14,631,473	28,000	14,659,473	3.03	1.24
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	14,427,832	412,886	14,840,718	3.07	15,312,161	376,941	15,689,102	3.25	0.18

Category of Shareholders	No. of Shares held at the beginning of the period				No. of Shares held at the end of the period				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	5,256,936	66,322	5,323,258	1.10	5,635,099	66,322	5,701,421	1.18	0.08
c) Others (specify)									
Foreign National	3,000		3,000	0.00	3000		3000	0.01	0.07
NBFCs	25,961		25,961	0.01	32,548		32,548	0.35	(0.46)
Trusts	12,400		12,400	0.00	21,070		21,070	0.03	
NRIs	1,123,906	217,600	1,341,506	0.28	1,484,509	217,600	1,702,109	0.25	
Clearing Members	2,377,378		2,377,378	0.49	167,590		167,590		
Alternat Investment Funds	0		0		1,187,330		1,187,330		
Sub-total(B)(2):	31,867,629	724,808	32,592,437	6.74	38,471,780	688,863	39,160,643	8.09	1.35
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**274,811,171**	**724,808**	**275,535,979**	**56.99**	**274,847,116**	**688,863**	**275,535,979**	**56.99**	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**482,715,102**	**724,808**	**483,439,910**	**100**	**482,751,047**	**688,863**	**483,439,910**	**100**	

i. SHAREHOLDING OF PROMOTERS:

Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			
	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No.of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
APM Terminals Mauritius Ltd	207,903,931	43.01	0	207,903,931	43.01	0	0
Total	**207,903,931**	**43.01**	**0**	**207,903,931**	**43.01**	**0**	

CHANGE IN PROMOTERS' SHAREHOLDING (PLEASE SPECIFY, IF THERE IS NO CHANGE):

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year	207,903,931	43.01	207,903,931	43.01
Date wise Increase/ Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	NIL	NIL	NIL	NIL
At the End of the year	207,903,931	43.01	207,903,931	43.01

ii. **SHAREHOLDING PATTERN OF TOP TEN SHAREHOLDERS (OTHER THAN DIRECTORS, PROMOTERS AND HOLDERS OF GDRS AND ADRS):**

Sl. No.	For each of the Top 10 Shareholders*	Shareholding at the beginning of the year	
		No. of shares	% of total shares of the Company
1	Franklin Templeton Mutual Fund	22,228,776	4.60%
2	Matthews Asia Dividend Fund	21,381,946	4.42%
3	ICICI Prudential Mutual Fund	19,682,063	4.07%
4	Kotak Mahindra (International) Limited	16,480,233	3.41%
5	Franklin Templeton Investment	13,765,000	2.85%
6	Matthews India Fund	8,578,564	1.77%
7	Nomura India Investment Fund	7,701,060	1.59%
8	JP Morgan Investment Company Mauritius Ltd	7,549,818	1.56%
9	Smallcap World Fund	7,189,000	1.49%
10	Vanguard International Explorer Fund	6,724,221	1.39%

Sl. No.	For each of the Top 10 Shareholders*	Shareholding at the end of the year	
		No. of shares	% of total shares of the Company
1	ICICI Prudential Mutual Fund	35,005,553	7.24%
2	HDFC Mutual Fund	29,913,819	6.19%
3	Matthews Asia Dividend Fund	21,381,946	4.42%
4	Kotak Mahindra (International) Limited	16,480,233	3.41%
5	Franklin Templeton Mutual Fund	15,654,298	3.24%
6	JP Morgan Sicav Investment Company (Mauritius) Limited	7,549,818	1.56%
7	Axis Mutual Fund	6,973,115	1.44%
8	Vanguard International Explorer Fund	6,724,221	1.39%
9	JP Morgan India Fund	6,147,509	1.27%
10	JP Morgan Investment Company Mauritius Ltd	6,127,547	1.27%

* The shares of the Company are traded on daily basis and hence the datewise increase/ decrease in shareholding is not indicated. Shareholding has been consolidated based on Permanent Account Number (PAN) of the shareholders.

iii. **SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Mr. Keld Pedersen, Managing Director				
	At the beginning of the year	--	--	--	--
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	--	--	--	--
	At the End of the year	--	--	--	--
2	Mr. Hariharan Iyer, Chief Financial Officer*				
	At the beginning of the year	2655	--	2655	--
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	---	--	--	--
	At the End of the year	2655	--	2655	--
3	Mr. Santosh Breed, Interim Chief Financial Officer^				
	At the beginning of the year	80	--	80	--
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
	At the End of the year	80	--	80	--

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
4	Mr. Manish Agnihotri, Company Secretary & Compliance Officer				
	At the beginning of the year	5	--	5	--
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	--	--	--	--
	At the End of the year	5	--	5	--

**Upto 30th June 2017*

^From 2nd November 2017

INDEBTEDNESS:

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

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

II REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

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

	Particulars of Remuneration	Name of MD/ WTD/ Manager	Total Amount
		Mr. Keld Pedersen	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Rs. 10.03 Mn	Rs. 10.03 Mn
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs. 34.37 Mn	Rs. 34.37 Mn
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil
2	Stock Option	Nil	Nil
3	Sweat Equity	Nil	Nil
4	Commission	Nil	Nil
	- as % of profit		
	- others, specify		
5	Others, please specify -Performance Bonus	Rs. 8.14 Mn	Rs. 8.14 Mn
	Total (A)	**Rs. 52.54 Mn**	**Rs. 52.54 Mn**
	Ceiling as per the Act	**Rs. 99.11 Mn**	**Rs. 99.11 Mn**

B. REMUNERATION TO OTHER DIRECTORS:

Particulars of Remuneration	Name of Directors					Total Amount
1. Independent Directors						
	Mr. Tejpreet Singh Chopra	**Ms. Hina Shah**	**Mr. Pradeep Mallick**	**Mr. Pravin Laheri, IAS (Retd.)**		
Fee for attending board / committee meetings	Rs. 600,000	Rs. 750,000	Rs. 1,000,000	Rs. 1,100,000		Rs. 3,450,000
Commission	Rs. 1,500,000	Rs. 750,000	Rs. 750,000	Rs. 750,000		Rs. 3,750,000
Others, please specify	---	---	---	---		---
Total (1)	Rs. 2,100,000	Rs. 1,500,000	Rs. 1,750,000	Rs. 1,850,000		Rs. 7,200,000
2. Other Non-Executive Directors						
Particulars of Remuneration	**Mr.Jan Damgaard Sorensen**	**Mr. David Skov**	**Mr. Julian Bevis**	**Mr. Ahmed Hassan***	**Mr. Rizwan Soomar***	**Total Amount**
Fee for attending board / committee meetings	Nil	Nil	Nil	Nil	Nil	
Commission	Nil	Nil	Nil	Nil	Nil	
Others, please specify	Nil	Nil	Nil	Nil	Nil	
Total (2)	Nil	Nil	Nil	Nil	Nil	
Total (B)=(1+2)	Rs. 2,100,000	Rs. 1,500,000	Rs. 1,750,000	Rs. 1,850,000	Nil	Rs. 7,200,000
Total Managerial Remuneration	**Rs. 2,100,000**	**Rs. 1,500,000**	**Rs. 1,750,000**	**Rs. 1,850,000**	**Nil**	**Rs. 7,200,000**
Overall Ceiling as per the Act						**Rs. 19.82 Mn**

*Held Directorship for part of the year

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

	Particulars of Remuneration	Key Managerial Personnel				
		CEO	**Company Secretary**	**CFO***	**Interim CFO^**	**Total**
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	Rs. 4.92 Mn	Rs. 5.44 Mn	Rs. 2.75 Mn	Rs. 13.11 Mn
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		NA	NA	NA	NA
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		NA	NA	NA	NA
2	Stock Option		NA	NA	NA	NA
3	Sweat Equity		NA	NA	NA	NA
4	Commission		NA	NA	NA	NA
	- as % of profit					
	- others, specify					
5	Others, please Specify- Bonus		Rs. 0.88 Mn	Rs. 3.51 Mn	NA	Rs. 4.39 Mn
	Total		**Rs. 5.80Mn**	**Rs. 8.95 Mn**	**Rs. 2.75 Mn**	**Rs. 17.50 Mn**

*Upto 30th June 2017

^From 2nd November 2017

PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

DISCLOSURE FOR RATIO OF REMUNERATION OF EACH DIRECTOR TO THE MEDIAN EMPLOYEE'S REMUNERATION AND OTHER DETAILS AS PER RULE 5 OF THE COMPANIES (APPOINTMENT & REMUNERATION) RULES, 2014

Median Remuneration: Rs. 418,201

Managing Director's Remuneration: Rs. 52,546,199

The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Name of Director/ KMP	Percentage increase in remuneration
Mr. Keld Pedersen, Managing Director	10%
Mr. Santosh Breed, Interim CFO	10%
Mr. Manish Agnihotri, Company Secretary and Compliance Officer	12%

The percentage increase in the median remuneration of employees in the financial year: 12.7%

The number of permanent employees on the rolls of the Company: 492

The Company has a comprehensive Performance Appraisal process which is based on the appraisal process carried out by APM Terminals globally. Under the process, the concerned Manager and the employee agree on the Objectives. The performance is appraised through mid-term appraisals where the concerned Manager provides feedback to the employee and the final appraisal at the end of the year. Thereafter the appraisal scores are agreed between the Manager and the employee.

Annexure C

Part B Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates or Joint Ventures	Pipavav Railway Corporation Limited
1. Latest audited Balance Sheet Date	31st March 2017
2. Date on Which the Associate or Joint Venture was associated or acquired	28th March 2001
3. Shares of Associate or Joint Ventures held by the Company on the year end	
Number	76,000,010
Amount of Investment in Associates or Joint Venture	Rs. 830 Million
Extent of Holding (in percentage)	38.8%
4. Description of how there is significant influence	Based on the Company's shareholding and voting power
5. Reason why the associate/joint venture is not consolidated	The share of profit has been consolidated in the Consolidated Profit & Loss Account
6. Networth attributable to shareholding as per latest audited Balance Sheet	Rs. 8,378.65 Million
7. Profit or Loss for the year	
i. Considered in Consolidation	Rs. 225.64 Million
ii.Not Considered in Consolidation	Nil
8. Contribution to the overall performance of the Company during the period under report	The contribution is by way of providing a Rail link to the Port which is used by the rail operators for evacuation of cargo to and from the Port located at Pipavav, Gujarat.

SECRETARIAL AUDIT REPORT

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

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018

To,
The Members
Gujarat Pipavav Port Limited
Pipavav Port
At Post Rampara 2 via-Rajula, Amreli
Gujarat - 365 560

Dear Sirs,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by **Gujarat Pipavav Port Limited** (hereinafter called **"the Company"**). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's Books, Papers, Minutes Books, Forms and Returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the financial year ended 31st March, 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Gujarat Pipavav Port Limited ("the Company") as given in **Annexure I**, for the financial year ended on 31st March, 2018, according to the provisions of:

   (i) The Companies Act, 2013 (the Act) and the rules made there under to the extent applicable;

   (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

   (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

   (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment;

   (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

      i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

      ii. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

      iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company under the financial year under report:-

   i. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

   iv. The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client;

   v. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) guidelines, 1999;

   vi. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

3. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test- check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as per the list given in **Annexure – II**.

We have also examined compliance with the applicable clauses of the Secretarial Standards including the amended Secretarial standards applicable with effect from 01st October, 2017 issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013.

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above subject to the fact that the consolidated financial statements of the Company for the year ended 31st March, 2017 were prepared on the basis of unaudited financial statements of Pipavav Railway Corporation Limited, an Associate Company, for the year ended on that date.

We further report that:

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

None of the members have dissenting views while carried out the majority decision during the period under the review, hence are not required to be captured and recorded as part of the minutes.

Based on the records and process explained to us for compliances under the provisions of other specific acts applicable to the Company, we report that there are adequate systems and processes commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under report, the Company has not undertaken event/action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For RATHI & ASSOCIATES
COMPANY SECRETARIES

HIMANSHU S. KAMDAR
PARTNER
FCS No. 5171
COP No. 3030

Date: 17th May 2018
Place: Mumbai

Note: This report should be read with our letter of even date which is annexed as Annexure-III and forms an integral part of this report.

ANNEXURE - I

List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March 2017.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Independent Directors meeting and Corporate Social Responsibility Committee held during the financial year under report along with the respective Attendance Registers.
4. Minutes of General Body Meetings held during the financial year under report.
5. Statutory Registers viz.
    - Register of Directors & Key Managerial Personnel
    - Register of loans, guarantees and security and acquisition made by the Company
    - Register of Renewed and Duplicate Share Certificate
6. Agenda papers submitted to all the Directors/members for the Board Meetings and Committee Meetings.
7. Declarations/ Disclosures received from the Directors of the Company pursuant to the provisions of Section 184(1), Section 164(2) and 149(7) of the Companies Act, 2013.
8. Intimations received from Directors under the Prohibition of Insider Trading Code.
9. E-Forms filed by the Company from time to time under applicable provisions of the Companies Act, 2013 and attachments thereof during the financial year under report.
10. Intimations/documents/reports/returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreements with the stock exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report.
11. Filings made with the Reserve Bank of India under the Foreign Direct Investment Guidelines.
12. Various Policies made under the Companies Act, 2013, Listing Agreements with the stock exchanges and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
13. Internal Code of Conduct for prevention of Insider Trading by Employees / Directors / Designated Persons of the Company;
14. E-mails evidencing dissemination of information related to closure of trading window;
15. E-mails evidencing notice of Board and Committee meetings circulated to Board and Committee members;
16. Proof of circulation of draft as well as certified signed Board & Committee meetings minutes as per Secretarial Standards.
17. Details of Sitting Fees paid to all directors for attending the Board Meetings and Committees.

ANNEXURE - II

List of applicable laws to the Company and its plans situated at:

Registered office:
Pipavav Port at Post Rampara - 2 via - Rajula
Dist. Amreli, Gujarat - 365 560

Corporate office:
301, Trade Centre, Bandra Kurla Complex,
Bandra (East), Mumbai – 400 098

Port:
Pipavav Port at Post Rampara - 2 via - Rajula
Dist. Amreli, Gujarat - 365 560

Under the Major Group and Head

1. Industries (Development & Regulation) Act, 1951;
2. Acts prescribed related to port management and such other ancillary activities;
3. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on it payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
4. Acts prescribed under prevention and control of Pollution;
5. Acts prescribed under Environmental protection;
6. Acts as prescribed under Direct Tax and Indirect Tax;
7. Land Revenue laws of respective States;
8. Labour Welfare Act of respective States;
9. Local laws as applicable to various offices, port, terminals ;
10. Goods and Services Tax Act, 2017 (applicable with effect from 01st July, 2017)

ANNEXURE III

To,
The Members
Gujarat Pipavav Port Limited
Mumbai

Our report of even date is to be read along with this letter.

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

For RATHI & ASSOCIATES
COMPANY SECRETARIES

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Date: 17th May 2018
Place: Mumbai

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended 31st March 2018

Introduction

The Company is presenting Ind AS compliant financial statements as per the requirement under the Companies Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The following discussion and analysis of the financial performance and activity of Gujarat Pipavav Port Limited is intended to provide an analysis of the business and the financial statements for the year under review, with selected comparative information for the year ended 31 March 2017. This section has been prepared by the Management of Gujarat Pipavav Port Limited (referred to as "APM Terminals Pipavav" or "the Port" or "the Company") and should be read in conjunction with the financial statements and the notes thereon, which follow the section.

The Company holds 38.8% shares in Pipavav Railway Corporation Limited (PRCL) and in view of the provisions of Section 2(6) of the Companies Act, 2013, PRCL is an Associate Company and pursuant to the provisions of Section 129 of the Act, its accounts are to be consolidated with the Company's accounts. More than 50% of PRCL's shareholding is held by Government/ Public-Sector Undertakings so PRCL is required to accomplish Statutory Audit followed with the CAG Audit. As on the date of this Report PRCL's Audited Financial Statements are not available, therefore the Company has prepared its Consolidated Financial Statement based on Unaudited financial statements provided by the PRCL Management.

The financial statements have been prepared on Going Concern basis and on Accrual basis of Accounting under the Historical Cost Convention and in accordance with Ind AS.

Background

APM Terminals Pipavav, India's first private sector port, operates an all-weather port located on the Southwest coast of Gujarat at a distance of 140 kms Southwest of Bhavnagar and around 152 nautical miles North-west of Mumbai. The port lies on a strategic international maritime trade route which connects India with the Far East, Middle East, Africa, Europe and the US. The Port's Container handling capacity is 1.35 Million TEUs. The Bulk Cargo capacity is approximately 4 to 5 Million MT per annum depending on cargo mix and Liquid Cargo capacity is approximately 2 Million MT per annum. The Container berth is also used for handling the RO RO vessels.

APM Terminals is the Lead Promoter and holds 43.01% of the total shareholding of the Company. APM Terminals operates a Global Terminal Network of 22,000 professionals serving 74 Port and Terminal facilities and 117 Inland Services Operations in 58 Countries around the Globe and provides Port Management and Operations to Shipping Companies which serve the world's leading Importers and Exporters.

Economy & Port Sector

As per the IMF estimates released in January 2018, the global economy is expected to grow by 3.9% in Year 2018 and 2019. It expects the two fastest growing economies of the world namely India and China to grow by 7.4% and 6.6% respectively. The revival of demand in Indian Rural market and increased spending on Infrastructure is likely to drive the country's growth prospects.

During the Year 2017 the global trade grew 3.6% and Imports into India continued to remain strong but Indian exports remained subdued due to domestic disruptions while many Asian countries reported strong growth numbers. India missed the opportunity of participating in the export growth in Year 2017, but the positive news from IMF of the global economy growing even stronger in Year 2018 provides India another opportunity of participation in export growth. The Government in its review of Foreign Trade Policy in December 2017 announced several measures for encouraging Exports from various sectors including Leather, Textiles, Handloom, Gems & Jewelry. These should put India in a better position to participate in the global economic and trade recovery during 2018. But trade protectionism practices by countries, inflationary pressures in certain advanced economies and increase in global crude oil prices could pose a challenge to the global growth.

The conventional wisdom that India has poor port infrastructure, it does not have enough port capacity and the country's Exim trade is adversely impacted because of congestion at Indian ports is misplaced. India always had sufficient port capacity in fact with commissioning of new port facilities on the West Coast of India, the country is witnessing over-capacity which will remain until the medium term. The challenge has always been on evacuation of the Exim cargo which in turn leads to congestion at the Ports. Indian Ports are largely Gateway ports so the Exim cargo needs to move in and out of the ports into and from the large hinterland of the country. Therefore, efficient road and rail connectivity becomes critical. This evacuation challenge leads to in-efficiencies in the supply chain logistics, adding to the cost of shippers and making Indian exports expensive in the global markets.

The Indian Railway network has capacity constraint in operating freight trains, causing delays in hinterland movement of Exim cargo. These delays coupled with higher rail freight rates have caused shift in cargo from Rail to Road. Except for a few ports in the country, the Road infrastructure connecting the ports requires to be upgraded with top speed and on priority. Moreover, the quality of the Trucks carrying the freight in India has been poor leading to frequent cases of their breakdown, causing accidents/ delays in delivery of the cargo. It also results into damage and loss of cargo. It is extremely critical for faster commissioning of Dedicated Freight Corridor which should hopefully address all these challenges and improve the evacuation.

The consolidation process that commenced in the global shipping industry is yet to stabilize and its impact on the port sector in India remains to be seen. The global shipping lines in the meanwhile, continue to operate through various alliances in order to improve vessel utilization levels though any improvement in the freight rates for the carriers is yet to be seen.

The Government of India’s focus on port led development by bringing the industries closer to the coast is gathering momentum with Gujarat Government’s focus on developing the basic infrastructure at Dholera. The State Government has been actively engaging with the industries and is conducting Roadshows for attracting private sector investments.

The West Coast of India handling almost two-thirds of the country’s Container business saw 12% increase year on year in financial year. But Dry bulk cargo comprising Coal and Fertiliser the two main commodities imported on West Coast has been consistently witnessing reduction in Imports. Coal imports reduced by ~10% and Fertiliser reduced by ~25%. The reduction in Coal Imports has been due to the Government’s emphasis on higher utilization of Domestic Coal and its focus on encouraging renewable energy comprising Wind and Solar power. While the Fertilizer imports depend on the availability of the stock and seasonal fluctuation in demand, the Government’s initiative of directing all the Ports handling imported fertilizer to carry out compulsory coating of Neem on the cargo has also reduced the imports.

Operations Review

Container volume throughput for the year under review was 702,862 TEUs compared to 663,380 TEUs in the previous year. The increase in volume has been mainly on account of the addition of new services calling at the port.

The Dry Bulk cargo volumes at Pipavav are driven primarily by Coal and Fertilizer. The Port handled 1.82 Million MT during the year ended March 2018, compared to 2.11 Million MT during the previous year, due to significantly reduced Coal imports and the existing rail freight differential issues.

On Liquid cargo front, the Port handled about 1.02 Million MT during the year 2017-18 compared to 685,960 MT in the previous year ended 31st March 2017. The volume has been led mainly by the LPG imports with the Government’s focus on providing LPG gas connection in the rural areas of the country.

The RO RO business continues to be promising as the Port handled 98,384 cars during the year against 83,607 cars for the previous year.

Financial Review

Dividend declared/ recommended and the Dividend Policy

During the year under review, the Board of Directors had declared and paid an Interim Dividend of Rs. 1.70 per share in November 2017 and now recommend a Final Dividend of Rs. 1.70 per share subject to the approval by the Members in the Company’s Annual General Meeting proposed for Thursday 9th August 2018.

The Company’s Dividend Policy states as follows:

Dividend is the Company’s primary distribution of profits to its Shareholders. The Company’s objective is to sustain a steady and consistent distribution of profits, by way of Dividend, to its Shareholders while considering the following:

(a) The circumstances under which the shareholders can or cannot expect dividend

The Company shall endeavour to pay Dividend to its shareholders in a steady and consistent manner except the following circumstances:

(i) During no growth or weak growth in the trade requiring the Company to retain its earnings to be able to absorb unfavourable market conditions and for meeting the business requirements;

(ii) To meet its funding requirements for expansion and growth;

(iii) The Company’s Joint Venture with Indian Railways, Pipavav Railway Corporation Limited requires equity infusion from its shareholders.

During such times the Company may decide to retain the earnings instead of distributing to the shareholders. The distribution of Dividend can be by way of Interim Dividend and/or by way of Final Dividend.

(b) The financial parameters that will be considered while declaring dividend

The Company shall consider the following parameters while declaring dividend:

i) Current year's profit:

a) after setting off carried over previous losses, if any;

b) after providing for depreciation in accordance with the provisions of Schedule II of the Act;

c) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion.

ii) The profits for any previous financial year(s):

a) after providing for depreciation in accordance with law;

b) remaining undistributed; or

iii) out of (i) or (ii) or both.

In computing the above, the Board may at its discretion, subject to provisions of the law, exclude any or all of (i) extraordinary and exceptional income, generated from activities other than regular business (ii) extraordinary charges (iii) exceptional charges (iv) one off charges on account of change in law or rules or accounting policies or accounting standards (v) provisions or write offs on account of impairment in investments (long term or short term) (vi) non cash charges pertaining to amortization or ESOP or resulting from change in accounting policies or accounting standards.

(c) Internal and External factors that would be considered for declaration of dividend

The Company's Board shall always consider various Internal and External factors while considering the quantum for declaration of dividend such as the overall Economic scenario of the country, the Export Import trade of the country, the statutory and regulatory provisions, the Company's own performance, its profitability, its growth plans, the performance and funding requirements of its joint venture Rail Company and such other factors as may be deemed fit by the Board.

(d) Policy as to how the retained earnings will be utilised

The retained earnings would mainly be utilised for the purpose of the Company's growth plans, the funding requirements of its joint venture Rail Company and for all such activities that in the Board's opinion shall enhance the shareholder's value.

(e) Provisions with regard to various classes of shares

The Company currently has only one class of shares namely Equity shares. In case the Company issues any other class of shares, this Policy shall be modified suitably for stipulating the parameters for distribution of dividend to all classes of shares.

Financial Results

As mentioned hereinabove, the Company has presented the Ind AS compliant financial statements as per the requirement under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company's Revenue from Operations consists of Income from Port Services and other Operating Income. Total Revenue from Operations for the year ended 31st March 2018 was Rs. 6,489.00 Million against Rs. 6,831.04 Million during the year ended 31st March, 2017.

Income from Port Services consists of Income from Marine Services, Container & Cargo Handling, Storage services and value-added Port Services. Income from Port Services totaled Rs. 5,947.52 Million for the year ended 31st March 2018 compared to Rs. 6,233.20 Million for the year ended 31st March 2017. It was lower mainly because of drop in container realization arising from lower average exchange rate and the cargo mix. Also, Income from Project cargo and Offshore services of Rs. 275 Million during previous year is lower at Rs. 150 Million during this year.

Other Operating Income comprises lease rentals from sub-leasing of land to various Port users and other incidental Income from Operations. Other Operating Income was at Rs. 536.22 Million for the year ended 31st March 2018 as compared to Rs. 596.84 Million for the year ended 31st March 2017.

Total Expenditure consists of Operating expenses, Employee benefits, Depreciation and Other expenses. The Company incurred a Total Expenditure of Rs. 3,783.93 Million for the year ended 31st March 2018 compared to Rs. 3,710.29 Million for the year ended 31st March 2017.

Operating Expenses primarily include Equipment Hire charges, Handling expenses, Waterfront Royalty and Other direct costs. Operating expenses totaled Rs. 1,185.07 Million for the year ended 31st March 2018 against Rs. 1,212.88 Million for the year ended March 31, 2017.

EBITDA amounted to Rs. 4,111.16 Million for the year ended 31st March 2018 against Rs. 4,539.49 Million for the year ended 31st March 2017.

Other Income

Other Income consists of Interest on short-term bank deposits, Gain or Loss from foreign exchange and other Miscellaneous Income. The Other Income was Rs. 370.45 Million for the year ended 31st March 2018 compared to Rs. 353.59 Million in the previous year.

Debt

The Company continues to be debt free and is in a position to leverage its strong Balance Sheet for future growth opportunities as and when they arise depending upon the market conditions.

Deferred Tax Liability

The Company has been assessing its Deferred Tax position at each Balance Sheet date. Prior to the year ended 31st March 2016, the Company had Net Deferred Tax Asset position mainly due to carried forward tax losses of earlier years. The carried forward tax losses have been set off and the position of Deferred Tax Asset changed to Deferred Tax Liability during 31st March 2017, mainly constituting the timing difference of book depreciation and tax depreciation. Accordingly, the Company has started recording the Tax charge. During the year ended 31st March 2018 the total tax expenses was Rs. 1,087.44 Million compared to Rs. 971.19 Million in the previous year.

The Company was under Tax Holiday as per Section 80IA of the Income Tax Act, until 31st March 2017 and has paid Minimum Alternate Tax (MAT) on its book profits. From this year onwards, the company will be liable to pay the full corporate tax.

Net Profit

The Company has reported a Net Profit of Rs. 1,984.60 Million for the year ended 31st March 2018 as against Rs. 2,499.12 Million for year ended 31st March 2017.

Risk Management and Internal Control

The SEBI Listing Regulations stipulate Top 100 companies to constitute a Risk Management Committee of the Board. But the Company has voluntarily set up a Board Sub-committee for review of the Risks and the Committee is responsible for advising the Board on high-level risk related matters. The Committee oversees the identification, mitigation and monitoring of the Company's material risks and exposures. The Risk Register provides a consistent and measurable management assurance metric on the broad risks involved and its impact on Company's objectives. The Risk Register is also reviewed by the Audit Committee and Minutes of the Risk Committee are presented to the Audit Committee and Board.

The Board has the overall responsibility to maintain a sound and effective internal control environment. The Company has put in place an internal control framework commensurate to the size of its business and it encompasses both robust internal controls, and an efficient and effective internal control monitoring and reporting system. The Audit Committee on behalf of the Board reviews the adequacy and integrity of the Company's internal control system. A firm of Independent Internal Auditors Mukesh M Shah & Co. Chartered Accountants, is retained to also review the Internal Controls. The Internal Auditors report directly to the Audit Committee of the Company.

The Statutory Auditors have reviewed the Internal Financial Controls, their adequacy and have found them in order and the Internal Auditors have reviewed the Business and Operational Control measures and their adequacy from time to time. Wherever suggested by the Auditors, the improved control measures have been implemented and their functioning is reviewed from time to time.

The parent APM Terminals Group's initiatives, the Audit Questionnaire (AQ) and the Control Manual are the overarching framework that sets out the Company's approach to internal controls. It provides consistency in the approach of the way activities are carried out on a daily basis within the Group. Looking at fraud prevention and reliable reporting through the lens of finance, these provide guidance to all departments on the minimum required controls in relation to a process flow. The Company's performance has been amongst the top quartile within the Portfolio of APM Terminals, towards the effectiveness and maturity levels of the internal control measures commensurate to the size and nature of the business.

Health, Safety, Security and Environment (HSSE)

APM Terminals is committed to improving Safety performance at its Ports/Terminals and Inland Service locations. The Group's commitment to Safety has four underlying fundamental principles – *Safety is the license to operate; has no hierarchy, it means no compromise and all companies should be actively committed to it*. Facilities where APM Terminals has Operational Control have implemented Global Operational Standards for Safety, a set of Minimum Controls developed to manage the Top five risks identified to be related to 90% of the most serious incidents and fatalities occurring in APM Terminals namely, Transportation, Suspended loads & lifting, Working at height, Stored energy, and Control of Contractors.

With extensive focus on Safety standards and practices followed by the Company, it achieved a rare feat of over 1000 days of LTI-free (Lost Time Incident) Port Operations during the year ended 31st March 2018.

As a part of the Global initiative by APM Terminals all terminals within its portfolio observe Global Safety Day. This year too the Global Safety Day was observed on 2nd May 2018. The theme was "STRONGER & SAFER TOGETHER" with the aim of raising awareness amongst all the Company's employees and amongst the Contractor's employees. The port conducted several programs during the period including Safety Skit followed by Spot Quiz performed by various departments. The families of the employees were also involved in the program by organizing a Drawing Competition for the kids with Safety as a theme, Organising of the Photography contest. The employees are encouraged to submit the incident reports and top 3 reports were awarded. The event closed with winners being felicitated. The entire event was very well received and appreciated by the employees and their families, the Company's Contractors and their employees as it demonstrates the Company's commitment to the Safety and Security of all the stakeholders.

Corporate Social Responsibility (CSR)

APM Terminals Pipavav sees CSR as an integrated part of the way the Company does business. In order to provide a meaningful change and contribution to the local communities and to support community development, the Port carries out a need based assessment before taking up any initiative so that the activity once implemented is well received by the local community.

The Company has formulated policies for social development that are based on the following guiding principles:

- Adopt an approach that aims at achieving a greater balance between social development and economic development;
- Adopt new measures to accelerate and ensure the basic needs of all people including health and sanitation and working towards elimination of barriers for the social inclusion of disadvantaged groups;
- Focus on educating the girl child and the underprivileged by providing appropriate infrastructure, and groom them as future value creators;
- Assist in skill development by providing direction and technical expertise to the vulnerable with special focus on women thereby empowering them towards a dignified and better quality life;
- Promote an inclusive work culture;
- Work towards generating awareness for creating public infrastructure that is barrier free, inclusive and enabling for all including the elderly and the disabled;
- Employee participation is an important part of developing responsible citizenship. Our company encourages and motivates employees to spend time volunteering on issues pertaining to CSR;
- At the time of local or national crisis, to respond to emergency situations & disasters by providing timely help to affected victims and their families.

Our Core Focus Areas are:

- Education
- Health & Environment Sustainability
- Socio Economic Development and Social Business Projects
- Women Empowerment

During the year ended 31 March 2018 some of the key CSR Projects carried out were:

- Supply of Education Material, Upgradation of school infrastructure
- Providing Medical support, Provide Bio Gas units, Tree Plantation, Safety & Environment awareness courses
- Improving health and nutritional status of women and children, Conducting Skill Development followed by placement
- Livestock development, Construction of sanitation units, Installation of Water ATMs for providing clean drinking water, installation of solar street light, training for fisheries as livelihood etc.

The Company received a Certificate of Appreciation from Gujarat CSR Authority on 23rd February 2018 on a project related to 'Enhancing water resource management through Micro Irrigation System based Lift Irrigation' carried out in Kotadi cluster, Taluka Rajula, District Amreli.

Outlook

As per the forecast by IMF, India's growth forecast is expected to be 7.4% during the Year 2018. As per the weather forecast the monsoons are expected to be normal during the current year. Also, the Government has been focusing on increased spending on Infrastructure. All these steps should revive the rural economy and the overall GDP of the country.

Human Resources/ Industrial Relations

As part of the overall Global policy APM Terminals requires all the Employees to participate in its Annual Employee Engagement Survey which is carried out entirely in confidence by an External Agency to understand the requirements at each Port/Terminal. Based on the results of the survey, feedback is provided to the Management of APM Terminals which in turn is intimated to the respective Port/ Terminal Management for necessary action.

The survey score of APM Terminals Pipavav places it amongst the top quartile. The Management encourages its 492 employees to provide feedback in all the areas in order to carry out the necessary improvements on an ongoing basis in an effort to make the Company a better place to work.

APM Terminals globally also conducts an Annual Customer and Third Party Satisfaction Survey for all its 74 Ports/ Terminals within the Portfolio. The Survey evaluates the performance by the respective Port/Terminal in various areas of Commercial and Operational parameters. APM Terminals Pipavav has in the Survey consistently achieved high scores and has maintained its position amongst the Top Quartile.

Cautionary Statement

Certain statements found in the Management Discussion and Analysis may constitute "forward-looking statements" within the meaning of applicable Securities Laws and Regulations. These forward-looking statements involve known and unknown risks, uncertainties and other factors that are difficult to predict and which may cause our actual results, performance or achievements to be different from any future results, performance and achievements expressed or implied by these statements.

CORPORATE GOVERNANCE REPORT

The Directors present the Annual Corporate Governance Report of Gujarat Pipavav Port Limited ("the Company" or "APM Terminals Pipavav") for the year ended 31 March 2018.

The Company's philosophy on Corporate Governance

The Company strives to follow highest standards of ethics, transparency and integrity as its philosophy on Corporate Governance while conducting business. The Company has adopted Code of Conduct for its Employees, Managing Director and Non-Executive Directors. The code is in line with the Core Values followed by its promoter APM Terminals and shares the distinctive set of the Maersk Group core values that drive the way we do business. This code contains guiding principles for our conduct based on those values, our commitment to the UN Global Compact, and our commitment to our people, customers and communities.

A Code for Prevention of Insider Trading and a Whistle Blower Policy also forms an integral part of Corporate Governance. These codes are also in compliance with the requirements of Corporate Governance stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A copy of these codes and policies are available on Company's website www.pipavav.com/policies.php

Board of Directors

The Company's Board of Directors currently comprises total 8 Directors, out of which 1 is an Executive Director, 4 are Independent Directors (including the Chairman of the Board) and 3 are Non-Executive Non-Independent Directors. In addition, Gujarat Maritime Board "GMB" is also entitled to 1 board seat, which is currently vacant.

The Independent Directors also include a woman Director. The composition is in compliance with the requirements stipulated under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

None of the Directors of the Company is a Member of more than 10 Committees or Chairman of more than 5 Committees across the Companies in which they hold Directorships.

None of the Directors has any relationship between them.

The name and category of Directors on the Board, their attendance at Board Meetings, number of directorships and committee chairmanship/ membership held by them in Audit Committee and Stakeholders' Relationship Committee is given below:

Name	Category	No. of Board Meetings attended during the year ended 31 March 2018		Whether attended last AGM	No. of Directorships in other public limited companies $	No. of Committee positions held in other public limited companies @		Number of shares held as of 31 March 2018
		Held	Attended			Chairman	Member	
Mr. Tejpreet Singh Chopra- Chairman DIN:00317683	Independent Non-Executive	4	4	Yes	2	1	1	Nil
Mr. Ahmed Hassan^ DIN: 07588595	Non- Independent Non-Executive	Nil	NA	NA	Nil	Nil	Nil	Nil
Mr. David Skov DIN: 07810539#	Non- Independent Non-Executive	4	4	Yes	Nil	Nil	Nil	Nil
Ms. Hina Shah DIN:06664927	Independent Non- Executive	4	3	Yes	Nil	Nil	Nil	Nil
Mr. Jan Damgaard Sorensen# DIN: 06408939	Non- Independent Non-Executive	4	1	No	Nil	Nil	Nil	Nil
Mr. Julian Bevis DIN: 00146000	Non- Independent Non-Executive	4	4	Yes	Nil	Nil	Nil	Nil
Mr. Pradeep Mallick DIN:00061256	Independent Non-Executive	4	4	Yes	1	1	1	Nil

Name	Category	No. of Board Meetings attended during the year ended 31 March 2018		Whether attended last AGM	No. of Directorships in other public limited companies $	No. of Committee positions held in other public limited companies @		Number of shares held as of 31 March 2018
		Held	Attended			Chairman	Member	
Mr. Pravin Laheri, IAS (Retd.) DIN:00499080	Independent Non-Executive	4	4	Yes	5	1	Nil	Nil
Mr. Rizwan Soomar^ DIN: 02398970	Non- Independent Non-Executive	Nil	NA	NA	Nil	Nil	Nil	Nil
Mr. Keld Pedersen DIN: 07144184	Managing Director	4	4	Yes	1	Nil	Nil	Nil

^ *Mr. Ahmed Hassan and Mr. Rizwan Soomar ceased to be Directors effective 5 April 2017*

Mr. David Skov and Mr. Jan Damgaard Sorensen were appointed Directors effective 11 May 2017

$ Other Directorships do not include Directorships of Private Limited Companies, Alternate Directorships, Directorships in Section 8 Companies and in the Companies incorporated outside India.

@ Committee refers to Audit Committee and Stakeholders' Relationship Committee only.

The Company conducts Familiarization Programs for its Independent Directors on a regular basis. The details of such familiarization programs are available on the Company website http://www.pipavav.com/independent_director.php

The Board of Directors met 4 times during the year ended 31 March 2018 on: 11 May 2017, 10 August 2017, 2 November 2017 and 30 January 2018. The details on matters mentioned in Part A of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are provided to the Directors for consideration at the Board Meetings.

Mr. Jan Damgaard Sorensen participated in one Board Meeting through video conference due to his inability to travel into the country for physically attending the Board Meeting.

Except the sitting fees and Commission paid to Independent Directors and sitting fees to GMB Nominee, the Company does not have any pecuniary relationship with Non- Executive Directors.

None of the Directors holds any shares in the Company.

Various Committees of the Board of Directors

1. Audit Committee

The Audit Committee of the Company is constituted as per Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 177 of the Companies Act, 2013. The Committee comprises 4 Non-Executive Directors out of which 3 including the Chairman are Independent Directors and 1 is Non-Independent Non-Executive Director.

The Audit Committee held discussions with the Statutory Auditors as well as Internal Auditors regarding the Company's accounts, its internal control systems and reviewed the quarterly reports of Internal Auditor.

The Audit Committee reviewed the information mentioned in Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Its Terms of Reference inter alia include the following:

- To monitor the integrity of the financial statements of the company, and any formal announcements relating to the company's financial performance
- To review the company's internal financial controls and the company's internal control and risk management systems
- To monitor and review the effectiveness of the company's internal audit function
- To make recommendations to the board, for it to put to the shareholders for their approval in general meeting, in relation to the appointment, re-appointment and removal of the external auditor and to approve the remuneration and terms of engagement of the external auditor
- To review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process, taking into considerations relevant professional and regulatory requirements
- To develop and implement policy on the engagement of the external auditor to supply non-audit services, taking into account the safeguarding of auditor objectivity and independence

- The audit committee shall be provided with sufficient resources to undertake its duties and have access to the services of the company secretariat on all audit committee matters including: assisting the chairman in planning the audit committee's work, drawing up meeting agendas, maintenance of minutes, drafting of material about its activities, collection and distribution of information and provision of any practical support.
- The board shall make necessary funds available to the audit committee to enable it to take independent legal, accounting or other advice when the audit committee reasonably believes it necessary to do so.
- The audit committee shall hear the views of the external auditors before forwarding the annual accounts to the board for approval.
- The audit committee shall hear the views of the internal and external auditors separately at least once every year without the presence of the management.
- Considering the name of the auditor in context of their independence (particularly with reference to any other non audit services), fee and terms of engagement and recommending its name to the board for putting before AGM for appointment.
- Reviewing the audit plan and results of the audit and as to whether auditors have full access to all relevant documents.
- Checking financial fraud particularly fictitious and fraudulent portions of the financial statement. They should put in place an appropriate system to ensure adoption of appropriate accounting policies and principles leading to fairness in financial statements.
- Oversight of the internal audit function in general and with particular reference to reviewing of scope of internal audit plan for the year, reviewing the reports of internal auditors pertaining to critical areas, reviewing the efficacy of internal auditing and reviewing as to whether internal auditors have full access to all relevant documents.
- Oversight of the adequacy of the internal control system through the regular reports of the internal and external auditors. They may appoint external consultants if the need arose.
- Oversight of the financial statements in general and with particular reference to review of annual and quarterly financial statements before issue, review of qualifications in the draft financial statements and discussion of accounting principles. In particular, change in accounting principles and accounting estimates in comparison to previous year, any adoption of new accounting policy, any departure from Indian Accounting Standards (Ind AS) and non-compliance with disclosure requirements prescribed should be critically reviewed.
- Serving as a channel of communication between external auditors and the board and also internal auditors and the board.
- Reviewing risk management policies and looking into the reasons of defaults in payment obligations of the company if any.
- Reviewing proposed specific transactions with related parties for making suitable recommendations to the board.
- While the audit committee has the responsibilities and powers set forth in this manual, it is not the duty of the audit committee to plan or conduct audits or to ensure that the company's financial statements are complete and accurate and are in accordance with the generally accepted accounting principles.
- Management is responsible for the preparation, presentation, and integrity of the company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the company. The independent auditors are responsible for auditing the company's financial statements and when requoted, for reviewing the company's un-audited interim financial statements.

The Audit Committee Meeting is attended by the Managing Director, CFO, Statutory Auditors and the Internal Auditors. The Company Secretary acts as Secretary of the Committee. The Minutes of Audit Committee Meeting are submitted to the Board of Directors for reference.

The details of composition of Audit Committee and the meetings attended by Directors are as follows:

Name	**Category**	**No. of Committee Meetings during the year ended 31 March 2018**	
		Held	**Attended**
Mr. Pravin Laheri, IAS (Retd), Chairman	Non- Executive Independent	4	4
Ms. Hina Shah	Non- Executive Independent	4	3
Mr. Jan Damgaard Sorensen*	Non- Executive Non- Independent	4	Nil
Mr. Pradeep Mallick	Non- Executive Independent	4	4
Mr. Ahmed Hassan#	Non- Executive Non- Independent	Nil	NA

** Mr. Jan Damgaard Sorensen was appointed as Director effective 11 May 2017*
 # Mr. Ahmed Hassan ceased to be Director effective 5 April 2017

The Members of Audit Committee have requisite financial, legal and management expertise. During the year 4 Audit Committee Meetings were held on: 10 May 2017, 9 August 2017, 1 November 2017 and 29 January 2018. The necessary quorum was present at the Meetings.

The Chairman of Audit Committee provides an overall update to the Board of Directors about discussions and decisions made in the Audit Committee Meeting.

2. Nomination and Remuneration Committee

In view of the requirements under Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013, the Company has constituted Nomination and Remuneration Committee.

The Committee's role is as per Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Committee also has its Policy which contains the following:

- Process for the selection and appointment of Directors and Key Managerial Personnel;
- Criteria for determining remuneration of the Directors, Key Managerial Personnel and other employees of the Company;
- Board Diversity and criteria for the independence, positive attributes, qualifications and experience of directors;
- Training of independent directors; and
- Performance evaluation of directors.

The composition of the Nomination and Remuneration Committee and details of the Meeting are:

Name	Category	No. of Committee Meetings during the year ended 31 March 2018	
		Held	Attended
Mr. Pradeep Mallick, Chairman	Non- Executive Independent	3	3
Mr. Tejpreet Singh Chopra	Non- Executive Independent	3	3
Mr. Pravin Laheri, IAS (Retd.)	Non- Executive Independent	3	3
Mr. David Skov*	Non- Executive Non- Independent	3	3
Mr. Rizwan Soomar#	Non- Executive Non- Independent	Nil	NA

** Mr. David Skov was appointed Member effective 11 May 2017*

#Mr. Rizwan Soomar ceased to be Member effective 5 April 2017

The Nomination and Remuneration Committee held its Meetings on 10 May 2017, 2 November 2017 and 30 January 2018.

The Board has approved the Nomination and Remuneration Committee Policy that provides for Evaluation of Non-Executive Directors including Independent Directors. It provides for the Evaluation of Chairman of the Board, Individual Directors and the Committees of the Board. Accordingly, the Evaluation exercise was carried out internally and was led by the Chairman of Nomination and Remuneration Committee. The evaluation process focused on various aspects such as Composition of the Board and various Committees, Degree of fulfilment of their responsibilities, Effectiveness of the Board/Committee process, information and functioning, Board/Committee Culture and Dynamics, Quality of relationship between the Board/Committees and Management, Attendance and Contribution by Individual Directors and their Guidance and Support to the Management.

The Independent Directors are evaluated on five criteria as follows:

(i) Ethics and Values

(ii) Knowledge and Proficiency

(iii) Diligence

(iv) Behavioural traits; and

(v) Efforts for Personal Development

Remuneration Policy

The remuneration payable to the Executive Directors, including the performance incentive and value of the perquisites, shall not exceed the permissible limits mentioned within the provisions of the Companies Act, 2013. They shall not be entitled to any sitting fees.

The Non-Executive Independent Directors shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board/ Shareholders from time to time.

The Non-Executive Non-Independent Directors representing the Promoters shall neither be paid any sitting fees nor any commission.

The Non- Executive Non- Independent Director representing Gujarat Maritime Board (GMB) shall be paid sitting fee for attending Board Meeting.

A sitting fee is paid to the Directors at Rs. 100,000 per meeting per Director for the Audit Committee Meeting and for the Board Meeting. For other Committee Meetings, the sitting fees is Rs. 50,000 per Director per meeting.

Directors Remuneration

Name	Sitting Fees for attending Board and Committee Meetings during year ended 31 March 2018	Commission Paid	Total amount Paid
Mr. Tejpreet Singh Chopra, Chairman	Rs. 0.60 Mn	Rs. 1.50 Mn	Rs. 2.10 Mn
Ms. Hina Shah	Rs. 0.75 Mn	Rs. 0.75 Mn	Rs. 1.50 Mn
Mr. Pradeep Mallick	Rs. 1.00 Mn	Rs. 0.75 Mn	Rs. 1.75 Mn
Mr. Pravin Laheri, IAS (Retd.)	Rs. 1.10 Mn	Rs. 0.75 Mn	Rs. 1.85 Mn

Managing Director

Name	Salary (Rs. Million)	Perquisites & Allowances (Rs. Million)	Performance Bonus (Rs. Million)	Total Amount (Rs. Million)
Mr. Keld Pedersen	10.03	34.37	8.14	52.54

The 3-year tenure of Mr. Keld Pedersen as Managing Director is upto 30th April 2018. The Board of Directors in its Meetings held on 30th January 2018 and 17th May 2018 have approved Re-appointment of Mr. Pedersen as Managing Director of the Company up to 3 years from 1st May 2018, subject to the approval of shareholders in the forthcoming AGM. As per the terms, Mr. Pedersen is entitled for severance payment of maximum upto one-year Salary and Allowances. The Company does not have a Policy for Stock Options for its employees and has not granted him any Stock Options. In case the Company terminates his employment, he would be given four months' notice and if he wishes to prematurely terminate his employment then he would need to observe two-month notice period.

3. Stakeholders' Relationship Committee

The Company has constituted Stakeholders' Relationship Committee as per Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Section 178 of the Companies Act, 2013. The role of the Committee is as specified in Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The composition of the Committee and details of the meeting are as follows:

Name	Category	No. of Committee Meetings during the year ended 31 March 2018	
		Held	Attended
Mr. Pradeep Mallick- Chairman	Non-Executive Independent	1	1
Mr. Tejpreet Singh Chopra	Non-Executive Independent	1	1
Mr. Keld Pedersen	Managing Director	1	1

The Committee had its meeting on 30 January 2018.

The details of complaints received, cleared/ pending during the year ended 31 March 2018 are given below:

	Nature of Complaint	Opening	Received	Replied	Pending
1	Status of applications lodged for Public Issue	0	0	0	0
2	Non-receipt of Dividend	0	33	33	0
3	Non-receipt of Annual Report	0	8	8	0
4	Non-receipt of Refund order	0	1	1	0
5	Non-receipt of Securities	0	1	1	0
6	Non-receipt of Securities after Transfer	0	1	1	0
	TOTAL	**0**	**44**	**44**	**0**

There were no pending requests for share transfer/dematerialisation of shares as of 31 March 2018.

The contact details of the Compliance Officer of the Company are:

(a) Name & Designation of Compliance Officer: Mr. Manish Agnihotri, Company Secretary & Compliance Officer

(b) Email Id for correspondence: manish.agnihotri@apmterminals.com; investorrelationinppv@apmterminals.com

4. Corporate Social Responsibility (CSR) Committee

The CSR Committee formed by the Company formulates the policy and recommends to the Board to undertake various activities mentioned under Schedule VII of the Companies Act, 2013. It also meets to review the progress made by the Company on various CSR activities. The Company has dedicated human resources for undertaking and monitoring all the CSR activities and provide update to the CSR Committee.

The composition of the Committee and details of the meetings are:

Name	Category	No. of Committee Meetings during the year ended 31 March 2018	
		Held	Attended
Ms. Hina Shah- Chairperson	Non-Executive Independent	3	3
Mr. Pravin Laheri, IAS (Retd.)	Non-Executive Independent	3	3
Mr. Keld Pedersen	Managing Director	3	3

The CSR Committee held its meetings on 2 May 2017, 10 August 2017 and 11 December 2017.

5. Risk Management Committee

As per Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 Top 100 companies based on market capitalization as at the end of immediate previous financial year are required to constitute Risk Management Committee. Although not mandatorily required, the Company has voluntarily constituted Risk Management Committee comprising of Directors. The Committee reviews the potential risk areas and steps to mitigate those risks. The Minutes of the Risk Committee Meeting are presented to the Audit Committee and to the Board. The composition of the Committee and details of the meetings are:

Name	Category
Mr. Julian Bevis- Chairman	Non-Executive Non-Independent
Mr. Keld Pedersen	Managing Director

Independent Directors' Meeting

The Independent Directors held their meeting on 30 January 2018, inter alia, to discuss and evaluate the performance of the entire Board as well as the Non- Independent Directors, the quality, content and timelines of flow of information in order to enable the Board to effectively and reasonably perform its duties. The Independent Directors also discussed the performance of Managing Director, the Chairman of Audit Committee and of the Chairman of the Company.

All Independent Directors attended the said meeting.

Code of Conduct

The Company has adopted a Code of Conduct for all employees including Managing Director and for the Non-executive Directors. As an annual practice, the Company receives confirmation of compliance of the Code from all its employees and from Non-executive Directors. The Code of Conduct for Employees and for Non-executive Directors is available on the Company's website www.pipavav.com/policies.php

Whistle Blower Policy – Vigil Mechanism

The Company has a Whistle Blower Policy that provides a formal mechanism for all employees to make disclosure about suspected fraud or unethical behavior. It provides a designated phone number to directly report an instance. The Policy encourages its employees to immediately raise his/her concern to the respective Manager or to Head of HR whenever they notice any contravention with the Company's Code of Conduct or fraud or any unethical behaviour. In case the concerned person is not comfortable in reporting the matter to his/her Manager or to the Manager's Manager or to the Head of HR, he/she can also report to the Compliance Officer of the parent Company APM Terminals.

The policy also provides direct access to the Chairman of Audit Committee through his personal email id. The Policy is available on the Company's website www.pipavav.com/policies.php

The Company has also constituted an Internal Complaints Committee as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and the Rules made thereunder for reporting the instances related to Sexual Harassment and deal with them in a timely manner.

As part of APM Terminals, the Company shares the distinctive set of the Group's Core Values that drive the way we do business. The Company is committed to adhere to the highest standards of ethical, moral and legal conduct of business operations, the Group's commitment to the UN Global Compact and our commitment to our people, customers and communities.

Subsidiary Companies

The Company does not have any subsidiary.

Related Party Transactions

All transactions entered into with the Related Parties as defined under the Companies Act, 2013 and Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year ended 31st March 2018 were in the ordinary course of business and on an arm's length pricing basis. The details are included in the Notes to financial statements of the Annual Report. These do not attract the provisions of Section 188 of the Companies Act, 2013. All the transactions have prior approval of the Audit Committee as per the requirement under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The related party transaction with Maersk Line A/S in connection with Income from Port Operations is a material transaction in terms of the Listing Regulations. This contract is for 3 years period from 1st April 2017 to 31st March 2020 and has been approved by the shareholders in the previous AGM in accordance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The policy of Related Party Transaction is available on the Company's website.

6. Details of General Meetings

Location and time of meetings held during last 3 years

Meeting	Date	Time	Venue
AGM	30 July 2015	2:00 PM	Pipavav Port, At Post Rampara-2 via Rajula, District Amreli- 365560
AGM	11 August 2016	2:00 PM	Pipavav Port, At Post Rampara-2 via Rajula, District Amreli- 365560
AGM	10 August 2017	2:00 PM	Pipavav Port, At Post Rampara-2 via Rajula, District Amreli- 365560

All resolutions were passed as follows:

(i) For the meeting held on 30 July 2015, through remote e-voting facility from Monday 27 July 2015 at 9:00 AM to Wednesday 29 July 2015 at 5:00 PM and later at the venue of the meeting

(ii) For the meeting held on 11 August 2016, through remote e-voting facility from Monday 8 August 2016 at 9:00 AM to Wednesday 10 August 2016 at 5:00 PM and later at the venue of the meeting

(iii) For the meeting held on 10 August 2017, through remote e-voting facility from Monday 7 August 2017 at 9:00 AM to Wednesday 9 August 2017 at 5:00 PM and later at the venue of the meeting

The details of Special Resolutions passed by e-voting facility in the AGM held on 30 July 2015 are:

(i) Appointment of Mr. Keld Pedersen (DIN:07144184) as the Managing Director of the Company and approval of the payment of his remuneration

(ii) Approval of transactions with Maersk Line A/S

(iii) Borrowing powers of the Company

(iv) Creation of Charge on the Movable and Immovable Properties of the Company, both present and future, in respect of borrowings

In the AGM held on 11 August 2016 the matter of Payment of Commission to Independent Directors of the Company was approved as a Special Resolution.

No Special Resolutions were passed in the AGM held on 10 August 2017.

No resolutions have been passed by Postal ballot during the year.

7. Disclosures

(i) Strictures and Penalties

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

(ii) Compliance with Accounting Standards

The Company has followed the Indian Accounting Standards notified u/s 133 of the Companies Act, 2013 [Companies (Accounts) Rules, 2014] in the preparation of its financial statements. The significant accounting policies that have been consistently applied are mentioned in the Notes to Financial Statements.

(iii) Internal Controls

The Company has put in place an internal control framework commensurate to the size of its business and it encompasses both robust internal controls, and an efficient and effective internal control monitoring and reporting system. The Audit Committee on behalf of the Board reviews the adequacy and integrity of the Company's internal control system.

As part of the global policy of APM Terminals, the Audit Questionnaire (AQ) and the Control Manual are the overarching framework that sets out the Company's approach to internal controls. The Company has been consistently rated amongst the top APM Terminals entities in the Portfolio towards the effectiveness and maturity levels of the internal control measures commensurate to the size and nature of the business.

(iv) CEO and CFO Certification

The CEO and CFO certificate, stating that the financial statements do not contain any untrue statement and represent true and fair view of the Company's affairs and affirmation of Code of Conduct by the Board of Directors and Senior Management of the Company is enclosed as part of the Annual Report.

(v) Share Transfer System

The share transfer requests for physical shares are processed and approved within the prescribed time limit of fifteen days subject to compliance with all the necessary requirements.

(vi) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, conversion date and likely impact on equity

The Company has neither issued any such instruments nor are they outstanding during the year under review.

(vii) Details of Commodity Price Risks and Hedging activities

The Company does not have any exposure towards the Commodity price risks and the Hedging activities considering the nature of the Company's business of Port Development and Operations.

(viii) Compliances under mandatory requirement and non mandatory requirements

The Company does comply with the mandatory requirements mentioned in Schedule II Part A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. With regards to the Discretionary Requirements mentioned in Part E, the Company has adopted the practice of having separate posts of Chairperson and Chief Executive Officer. The reporting by Internal Auditors of the Company is directly to the Audit Committee.

(ix) Non-compliance of Corporate Governance with reasons

There are no instances of Non-compliance of Corporate Governance.

(x) **Disclosures of the Compliance with requirements specified in Regulation 17 to 27 and Regulation 46(2)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company is in compliance with the various requirements specified under Regulation 17 to 27 and Regulation 46(2)(b) to(i) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

(xi) **Details of Directors to be re-appointed**

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. David Skov (DIN:07810539) is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

The 3-year tenure of Mr. Keld Pedersen (DIN: 07144184) Managing Director ends on 30 April 2018. The Board of Directors have approved Re- appointment of Mr. Pedersen upto 3 years from 1st May 2018 subject to the approval of shareholders. Your Directors recommend the Re-appointment and Remuneration of Mr. Keld Pedersen as Managing Director of the Company.

(xii) **Disclosure of Demat Suspense Account / Unclaimed Suspense Account and Undelivered Share Certificates as per Schedule V of the Listing Regulations**

The Company does not have any demat Suspense Account/ Unclaimed Suspense Account. The Company does not hold any undelivered share certificates.

8. Means of Communication

The Company submits its Quarterly Results to the Stock Exchanges and publishes them in all editions of an English daily and in local edition of a Gujarati daily. The results are also displayed on the Company's Website http://www.pipavav.com/quarterlyResults.php

The Company arranges conference calls after the announcement of Quarterly results. The presentation made during the conference calls is submitted to the Stock Exchanges and is displayed on the Company's website http://www.pipavav.com/quarterlyPresentation.php. The transcript of the conference calls is also displayed on the Company's website http://www.pipavav.com/conferenceCallTranscripts.php

The Company regularly meets the institutional investors/ analysts from time to time and displays the information on its website http://www.pipavav.com/meeting_details.php

There isn't any separate Presentation made to the Institutional Investors/ Analysts except those submitted to the Exchange and displayed on the Company Website www.pipavav.com

Various Company news is also displayed from time to time on the Company website http://www.pipavav.com/companyNews.php

9. Secretarial Audit for Reconciliation of Capital

A Practicing Company Secretary has carried out Secretarial Audit to reconcile the total admitted capital with the two depositories namely NSDL and CDSL and in physical form against the total issued and listed capital. The audit confirms that the total issued/ paid up capital is in agreement with the aggregate of total number of shares in physical form and the total number of shares in dematerialised form held with the two depositories namely NSDL and CDSL.

General Shareholder Information

Annual General Meeting	
Date and Time	Thursday 9 August 2018 at 2.00 P. M.
Venue	Pipavav Port, At Post Rampara-2 via Rajula, District Amreli 365560
Date of book closure	Friday 3 August 2018 to Thursday 9 August 2018 (both days inclusive)
Listing on Stock Exchanges	**BSE Limited** Floor 14, P J Towers, Dalal Street, Mumbai 400001 **The National Stock Exchange of India Limited** Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400051
Dividend Payment Date	On or after 10 August 2018
Financial Year	1 April 2017- 31 March 2018

The Company has only Equity Shares listed on the Stock Exchanges and they were not suspended from trading by the Stock Exchanges during the year

Stock Code

Stock Exchange	Equity
BSE	533248
NSE	GPPL

Status of Payment of Annual listing fees

The Company has paid all its dues till date towards Annual Listing Fees to both the Stock Exchanges.

Market Information:

The monthly high and low prices and volumes of your Company's shares at Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE) for the year ended 31 March 2018 are given as follows:

	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
Apr-2017	179.00	155.05	179.00	155.10
May-2017	167.80	140.60	167.95	140.40
June-2017	155.90	134.75	155.80	134.55
July-2017	154.00	142.00	154.00	141.70
Aug-2017	148.00	126.60	148.00	126.25
Sep-2017	149.70	127.15	149.70	128.25
Oct-2017	146.00	126.25	146.00	134.00
Nov-2017	156.25	129.95	156.50	130.60
Dec-2017	146.00	132.05	147.80	132.00
Jan- 2018	168.40	134.10	168.30	134.00
Feb- 2018	159.80	130.40	159.00	130.25
Mar- 2018	145.85	128.00	146.90	127.60

High and low are in rupees per traded share.

Gujarat Pipavav : SENSEX : NIFTY :

Distribution of Shareholder holdings:

The distribution pattern of shareholding of your Company as on 31 March 2018 by ownership and size class, respectively, is as follows:

		31-Mar-18		31-Mar-17	
		No. of Equity Shares	**Shares Held (%)**	**No. of Equity Shares**	**Shares Held (%)**
A	**Promoter and Promoter Group**				
	Bodies Corporate	207,903,931	43.01%	207,903,931	43.01%
	Total A:	**207,903,931**	**43.01%**	**207,903,931**	**43.01%**
B	**Public Shareholding**				
	Foreign Institutional Investors	139,493,704	28.85	178,461,630	36.91
	Mutual Funds /UTI	91,300,094	18.89	59,136,533	12.23
	Bodies Corporate	14,659,473	3.03	8,671,216	1.79
	Financial Institutions/ NBFCs/ Banks/Venture Capital Funds	6,801,416	1.41	5,371,340	1.12
	Individuals				
	(i) Individuals holding nominal share capital upto Rs. 2 lakh	17,029,068	3.52	16,240,175	3.36
	(ii) Individuals holding nominal share capital in excess of Rs. 2 lakh	4,358,455	0.90	3,920,801	0.81
	Trusts	21,070	0.00	12,400	0.00
	Non-Resident Indians	1,702,109	0.35	1,341,506	0.28
	Clearing Members	167,590	0.03	2,377,378	0.49
	Foreign Nationals	3000	0.00	3000	0.00
	Total B :	**275,535,979**	**56.99%**	**275,535,979**	**56.99%**
	GRAND TOTAL (A+B) :	**483,439,910**	**100.00%**	**483,439,910**	**100.00%**

Distribution Schedule

Shareholding of Nominal Value (INR)	No. of Shareholders	%	No. of Shares	%
1-5000	44,978	87.34	6,457,651	1.34
5001- 10000	3,088	6.00	2,521,211	0.52
10001- 20000	1,621	3.15	2,426,233	0.50
20001- 30000	641	1.24	1,607,982	0.33
30001- 40000	241	0.47	866,718	0.18
40001- 50000	228	0.44	1,062,588	0.22
50001- 100000	318	0.62	2,410,089	0.50
100001& Above	380	0.74	466,087,438	96.41
Total:	**51,495**	**100.00**	**483,439,910**	**10.00**

Registrar & Share Transfer Agents:
Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32,
Gachibowli, Financial District, Nanakramguda, Hyderabad- 500032

The company's shares are held in dematerialised form to the extent of 99.86% with NSDL and CDSL and upto 0.14% in physical form as of 31 March 2018.

The shares are regularly traded in electronic form on both the Stock Exchanges.

Location of the Facility

The Company operates Pipavav Port located on Southwest Coast in Saurashtra Region of Gujarat at about 140 kms from Bhavnagar the nearest main Railway Station and at 80 kms from Diu the nearest Airport.

Address for correspondence:

Gujarat Pipavav Port Limited
301, Trade Centre, Bandra Kurla Complex,
Bandra (East),
Mumbai- 400098
Tel: 022- 3001 1300
Fax: 022- 2652 2422
Email: manish.agnihotri@apmterminals.com
investorrelationinppv@apmterminals.com

DECLARATION REGARDING COMPLIANCE BY THE BOARD MEMBERS AND SENIOR MANAGEMENT WITH THE COMPANY'S CODE OF CONDUCT

This is to confirm that the Company has adopted a Code of Conduct for its employees including the Managing Director. In addition, the Company has adopted a Code of Conduct for its Non-Executive Directors including the Independent Directors. These Codes are available on the Company's website.

I confirm that in respect of the year ended March 31, 2018, a declaration of compliance with the Code of Conduct as applicable, has been received from Board Members and from Senior Management Personnel of the Company.

Keld Pedersen
Managing Director

17th May 2018

Auditors' Certificate regarding compliance of conditions of Corporate Governance

To the Members of **Gujarat Pipavav Port Limited**

We have examined the compliance of conditions of Corporate Governance by **Gujarat Pipavav Port Limited**, for the year ended 31 March, 2018 as stipulated in Regulations 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 and para C , D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (collectively referred to as "SEBI Listing Regulations, 2015).

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance, issued by the Institute of Chartered Accountants of India and was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the SEBI Listing Regulations, 2015.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Price Waterhouse Chartered Accountants LLP
Firm Registration Number:012754N / N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
17 May 2018

Business Responsibility Report for the Financial Year 2017-18

Section A: General Information about the Company

1.	Corporate Identity Number (CIN)	L63010GJ1992PLC018106
2.	Name of the Company	Gujarat Pipavav Port Limited
3.	Registered address	Pipavav Port, At Post Rampara-2 via Rajula, District Amreli 365560
4.	Website	www.pipavav.com
5.	Email id	investorrelationinppv@apmterminals.com
6.	Financial year reported	2017-18 (for the year ended 31st March, 2018)
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	5224 Cargo Handling (as per the NIC Code)
8.	List three key products / services that the Company manufactures/ provides (as in balance sheet)	52242 Cargo handling incidental to Water Transport. The Company has only one activity namely Port Operations.
9.	Total number of locations where business activity is undertaken by the Company Number of international locations (Provide details of major five) Number of national locations	The Company has its offices at 6 locations: Registered Office at Pipavav, Corporate Office at Mumbai Sales Offices at Ahmedabad, Delhi, Indore & Jaipur International- Nil, National- 6 locations
10.	Markets served by the Company - Local / State / National / International	Local

Section B: Financial Details of the Company- As on 31.03.2018

1.	Paid up Capital of the Company	Rs. 4,834.39 Million
2.	Total turnover	Rs. 6,489.00 Million
3.	Total profit after tax	Rs. 1,984.60 Million
4.	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):	Rs. 86.18 Million (4.34%)
5.	List of activities in which expenditure in four above was incurred:	• Supply of educational equipments, teaching learning support, extension activities, adult literacy, upgradation of school infrastructure • Medical support to the surrounding villages, facilitating bio gas units, community tree plantation, safety & environment awareness activities • Improving health & nutritional status of children, adolescents & mothers; Skill & entrepreneurship development followed by placement • Integrated livestock development, Construction of sanitation units, bathrooms, Roof Rain Water Harvesting Structure, installation of RO enabled water ATMs & Installation of solar street lights, fisheries as a livelihood etc. • CSR Administration Expenses

Section C: Other Details

1.	Does the Company have any Subsidiary Company / Companies?	None
2.	Does the subsidiary Company / Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s).	Not Applicable
3.	Does any other entity / entities (e.g. suppliers, distributors etc.), that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/ entities? [Less than 30%, 30-60%, More than 60%]	None

Section D: BR Information

1.	Details of Director / Directors responsible for BR		
	a)	Details of the Director / Directors responsible for the implementation of the BR policy / policies	Mr. Keld Pedersen, Managing Director DIN: 07144184 Tel: 022 30011300
	b)	Details of the BR head:	The Executive Management of the CSR activities is carried out by the Head of HR, CSR & Admin and her details are as follows:
		DIN	NA
		Name	Ms. Harsha Mashelkar
		Designation	Head- HR, Admin & CSR
		Telephone No.	02794 302560
		E-mail ID	harsha.mashelkar@apmterminals.com

1. **Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N)**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility:

Principle 1	P1	Businesses should conduct and govern themselves with Ethics, Transparency and Accountability
Principle 2	P2	Businesses should provide goods and services that are safe, and contribute to sustainability throughout their life cycle
Principle 3	P3	Businesses should promote the wellbeing of all employees
Principle 4	P4	Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised
Principle 5	P5	Businesses should respect and promote human rights
Principle 6	P6	Businesses should respect, protect and make efforts to restore the environment
Principle 7	P7	Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner
Principle 8	P8	Businesses should support inclusive growth and equitable development
Principle 9	P9	Businesses should engage with and provide value to their customers and consumers in a responsible manner

		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/ policies for Principles 1 to 9 listed above	Y	Y	Y	Y	Y	Y	Y	Y	Y
2.	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3.	Does the policy conform to national / international standards? If yes, specify? (50 words)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4.	Has the policy been approved by the Board? If yes, has it been signed by the MD / Owner / CEO appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5.	Does the Company have a specified committee of the Board/ Director / Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6.	Indicate the link to view the policy online?	Y Note 2 below	Y Note 2 below	Y Note 2 below	Y Note 2 below	Y Note 2 below	Y Note 2 below	Y Note 2 below	Y Note 2 below	Y Note 2 below
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
8.	Does the Company have in-house structure to implement its policy / policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9.	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y

		P1	P2	P3	P4	P5	P6	P7	P8	P9
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	Y	Y	Y	Y	Y	Y	Y	Y

Notes

1. As per company practice, all the policies are approved by the concerned authority depending upon the nature of policy. The concerned authority could be either Board or MD or concerned Functional Head.
2. The Company's Code of Conduct, CSR Policy and Whistleblower Policy are available on website of the Company. The documents can be accessed on www.pipavav.com
3. Any grievance relating to any of the policy can be escalated to the concerned Functional Head or to MD.

1. If answer to question at Sr. No. 1 against any principle, is 'No', please explain why? (Tick up to two options)

		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	--	--	--	--	--	--	--	--	--
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles	--	--	--	--	--	--	--	--	--
3.	The Company does not have financial or manpower resources available for the task	--	--	--	--	--	--	--	--	--
4.	It is planned to be done within next six months	--	--	--	--	--	--	--	--	--
5.	It is planned to be done within next one year	--	--	--	--	--	--	--	--	--
6.	Any other reason (please specify)	--	--	--	--	--	--	--	--	--

2. **Governance related to BR**

1.	Indicate the frequency with which the Board of Directors, Committee of the Board or the CEO assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year	The Corporate Social Responsibility (CSR) Committee meets at least two times in the year to review the progress on various initiatives. The status on CSR initiatives is presented in every Board Meeting. The CSR Committee Report forms part of the Director's Report in the Company's Annual Report.
2.	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing the report? How frequently it is published?	The Company's Sustainability initiatives are available on http://www.pipavav.com/sustainability.php

Section E: Principle wise Performance

Principle 1: Ethics, Transparency and Accountability

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

1.	Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors /NGOs / Others?	The Company is committed to adhere to the highest level of ethical business practices as articulated by its Code of Conduct to achieve its performance with integrity by all its employees and is in line with the global practices of the parent Company. As part of the global program of its parent, the Company has e-learning program on Code of Conduct which is required to be compulsorily completed by the employees. The Company also has a separate Code of Conduct for its Non-Executive Directors including Independent Directors. The Company's policy pertaining to ethics, bribery and corruption extends to all its vendors, suppliers, contractors and service providers by way of including the relevant clauses in their agreements.
2.	How many stakeholder complaints were received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof in about 50 words or so.	44 complaints were received from the investors during the financial year 1 April 2017 to 31 March 2018. All of them have been properly attended and necessary actions were taken for their redressal.

Principle 2: Product Lifecycle Sustainability

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1.	List three of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities	The Company is engaged in the service activity of operating the Port at Pipavav in Gujarat. Commensurate to its size of business and nature of activity being carried out at the Port, the Company has a full-fledged Department of Health, Safety, Security & Environment (HSSE) headed by a General Manager. The responsibility of this department is to ensure safe and secure operations 24x7 and 365 days at the Port by formulating and implementing the Standard Operating Procedures (SOPs) in line with the global best practices and knowledge sharing amongst 74 terminals within the portfolio of the parent company APM Terminals. The Company as a responsible corporate citizen is also committed to fulfill all the Environment related compliances in a timely manner.
2.	For each such product, provide the following details in respect of resource use (energy, water, raw material and so on) per unit of product (optional)	Some of the key activities are: • Over 31711 saplings planted • 100% utilization of treated domestic waste water used for development of the Green belt and reducing the requirement for fresh water • Best practices in handling bulk cargo implemented to prevent spillage and protecting the marine life • Regular monitoring and protection of ambient air quality is carried out
3.	Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also provide details thereof, in about 50 words or so	Yes. The Company's sourcing practices are targeted at seeking cost optimization ensuring environment sustainability, societal interest and resource efficiency. The criteria used for selection of suppliers/ vendors go beyond cost relevance and include resource efficiency, product quality and lifecycle, environment impact, etc. The Company gives preference in selection of vendors complying with principles of sustainability. At the time of award of contract to vendors, various clauses are incorporated in the contract document related to health and safety, human resource practices, work environment, etc. Engagement of transporters is done based on conditions like deploying newer vehicles, drivers to carry PUC certificates, drivers and support staff to always carry safety jackets, helmets, driving license. The Port follows stringent Safety rules for the Drivers. They have to compulsorily undergo Refresher Safety training course every six months before entering into the Port.
4.	Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what initiatives were taken to improve their capacity and capability of local and small vendors?	The Company is engaged in the business of operating a Port at Pipavav located in Gujarat. Depending upon the nature of product/ service requirement and its availability locally, the Company does procure them locally. The Company also engages the local workforce in employment. The skillful job of operating the cranes in the Port is carried out by over 80% of the locals from Gujarat. The Company provides regular training to them to enhance their skills.
5.	Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling them (separately as <5%, 5-10%, >10%)? Also provide details thereof, in about 50 words or so	The HSSE Department of the Company has Standard Operating Procedures for re-cycling of products or their disposal in an environment friendly manner. The details are as follows: ● Recycle/re-processing of Hazardous wastes : >10 %. The rest is given to the authorized Re-cyclers ● Recycle/reuse of non hazardous wastes : 10 %. The rest is given to the authorized Re-cyclers ● Recovery of hazardous and non hazardous wastes : <5 % The hazardous waste is collected and stored in dedicated storage area and is sold only to Authorized recyclers & Re processors. The non-hazardous waste i.e. plastic, papers, wood wastes, ferrous & nonferrous wastes, too is sold only to authorised Recyclers. The Port is processing garbage and few hazardous wastes in nearby Cement Factory and it is used by the factory as fuel. The Port also has dedicated Waste Management Cell which is responsible for segregation of all waste at source, its storage, recovery and recycle for reuse of waste in order to reduce the quantity of waste for final disposal.

Principle 3: Employee Wellbeing

Businesses should promote the wellbeing of all employees

1.	Total number of employees.	492	
2.	Total number of employees hired on temporary / contractual / casual basis	Nil	
3.	Total number of permanent women employees	15	
4.	Total number of permanent employees with disabilities	1	
5.	Do you have an employee association that is recognized by the Management?	Yes	
6.	What percentage of your permanent employees are members of this recognised employee association?	Around 56%	
7.	Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year	Nil	
8.	What percentage of your under-mentioned employees that were given safety and skill up-gradation training in the last year?		
		Category	%
		Permanent employees (includes classroom and e-learning)	100
		Permanent women employees	100
		Casual / temporary / contractual employees	100
		Employees with disabilities	100

Principle 4: Stakeholder Engagement

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1.	Has the Company mapped its internal and external stakeholders? Yes / No	Yes, the Company actively engages with its stakeholders as per the details below: • The parent Company APM Terminals carries out a global exercise of Customer Satisfaction Survey annually for all its 74 ports including Pipavav Port wherein the customers of these ports participate to provide their ratings. The entire exercise is administered by an external agency. The Company has consistently achieved high scores and has maintained its position amongst the Top Quartile in these Customer Satisfaction Surveys; • The engagement with Investors is through Earnings Call conducted every quarter and Attending Investor Conferences; • The Procurement process is done in a fair and transparent manner through E-bidding process conducted by the Global Procurement Department of the parent with the vendors/ suppliers; • Town hall meetings are regularly conducted by the Managing Director with employees • Employee Engagement Survey is carried out by an external agency as part of the overall annual exercise for all 74 Ports of APM Terminals including Pipavav Port and the Company's score has been consistently amongst the top quartile • Engagement with Government authorities is done in transparent manner and in compliance with the local laws through duly authorized company officials • Engagement in the Industry forum is done through the Company's authorized representatives • Engagement with the local community at large including the disadvantaged groups and vulnerable sections like children / women is done directly or through NGOs in order to determine the necessities of local community and developing CSR activities around them

2.	Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?	The Company has identified the disadvantaged and economically weaker sections and is carrying out either directly or through specialized NGOs the social development projects for them especially for the women and children forming part of CSR initiatives.
3.	Are there any special initiatives undertaken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders?	Company's initiatives have been to bring meaningful difference in the lives of the disadvantaged, marginalized, weaker sections through activities in healthcare, skill development and getting them employment, education, sanitation, providing safe drinking water, women empowerment. The Company officials engage with local community to address their needs and for planning, coordinating the CSR activities in order to provide meaningful change in their day to day lives.

Principle 5: Human Rights

Businesses should respect and promote human rights

1.	Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	The Company through its Code of Conduct expects its employees to endevour that we do not carry out any activities that violate human rights. It also encourages to raise the concern in case they see any human rights violation.
2.	How many stakeholder complaints were received in the past financial year and what percent was satisfactorily resolved by the Management?	None

Principle 6: Environmental Management

Businesses should respect, protect, and make efforts to restore the environment

1.	Does the policies related to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?	As part of the global initative by APM Terminals to design, develop, operate and maintain the most environmentally sensitive and advanced facilities, the Port's initiatives are aimed at reducing dependency on diesel as a fuel, developing low carbon solutions and exploring carbon neutral options. Some of the key initiatives carried out are storage of Coal in the Environment friendly Coal yard having wind and water curtains to reduce coal dust, Improvements in handling bulk cargo to prevent spillage, Mangrove Plantation to protect the coastline, Water Re-cycling, Plantation for development of green belt, Rain water harvesting, Sewage Treatment Plant, Segregation, Recycle and Reuse of Waste, Systematic disposal of Hazardous and Non-hazardous waste, Conversion of cranes from diesel to electric and Replacement of Sodium Vapor Lamps with LED lights. The Company encourages its vendors, suppliers, contractors, etc. to follow its principles envisaged in the policy by making them part of the Vendor contracts.
2.	Does the Company have strategies / initiatives to address global environmental issues, such as climate change, global warming, and others? If yes, please give hyperlink for webpage etc.	The initiatives being carried out are mentioned in 1 above. The hyperlink on the website is http://www.pipavav.com/sustainability.php
3.	Does the Company identify and assess potential environmental risks? Y / N	Yes
4.	Project(s) related to Clean Development Mechanism	The projects are mentioned in this section in 1 above.
5.	Has the Company undertaken any other initiatives on clean technology, energy efficiency, renewable energy and so on? If yes, please give hyperlink to web page and others.	As mentioned in this section in 1 above.

6.	Are the emissions / waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?	Emissions / wastes generated by the Company are within permissible limits. The Company has dedicated Waste Management Cell which is responsible for segregation of all waste at source, its storage, recovery and recycle for reuse of waste in order to reduce the quantity of waste for final disposal. The Company regularly submits reports on emission levels to Gujarat Pollution Control Board (GPCB).
7.	Number of show cause / legal notices received from CPCB / SPCB, which are pending (i.e. not resolved to satisfaction) as on the end of the financial year	None

Principle 7: Public Advocacy

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1.	Does the Company represent in any trade and chambers/ association? If yes, name only those major ones that the Company deals with	The Company is a member of the Confederation of Indian Industry (CII)
2.	Has the Company advocated / lobbied through the above associations for the advancement or improvement of public good? If yes, specify the broad areas (drop box: governance and administration, economic reforms, inclusive development polices, energy security, water, food security, sustainable business principles and others)	The Company through its authorized representative participates to provide its inputs.

Principle 8: Inclusive Growth

Businesses should support inclusive growth and equitable development

1.	Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, provide details thereof	As a part of its CSR initiatives, the Company either directly or through NGOs specializing in activities has carried out projects in Education, Sanitation, Skill development for Women and projects for Rural Development.
2.	Are the programmes / projects undertaken through in-house team / own foundation / external NGO / government structures / any other organisation?	The projects are undertaken through the internal teams as well as through external agencies like NGOs.
3.	Has the Company done any impact assessment for its initiative?	Impact assessment study is conducted for the CSR initiatives implemented. Based on findings from the study, the Company carries out appropriate intervention.
4.	What is the Company's direct contribution to community development projects (Amount in? and the details of the projects undertaken)?	Rs. 86.18 Million has been already spent and work is in progress for additional amount of Rs. 37.90 Million to be completed by 30 June 2018. The details of the amount incurred and areas covered are given in Annexure to the report on Corporate Social Responsibility forming part of Directors' Report.
5.	Has the Company taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in around 50 words	Yes. The Company engages with the local community to understand their requirements and by carrying out the Need Assessment Survey. The CSR initiatives are carried out based on the findings from the Survey to ensure that the activities are adopted by them resulting into a meaningful contribution to the society. The Company received a Certificate of Appreciation from Gujarat CSR Authority on 23rd February 2018 on a project related to 'Enhancing water resource management through Micro Irrigation System based Lift Irrigation' carried out in Kotadi cluster, Taluka Rajula, District Amreli.

Principle 9: Value for Customers

Businesses should engage with and provide value to their customers and consumers in a responsible manner

1.	What percentage of customer complaints / consumer cases is pending, as on the end of the financial year?	Nil
2.	Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)	Not applicable
3.	Cases filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and / or anti-competitive behaviour during the last five years and pending as on the end of the financial year. If yes, provide details thereof, in about 50 words or so	Nil
4.	Did the Company carry out any consumer survey / consumer satisfaction trends?	The parent Company APM Terminals carries out a global exercise of Customer Satisfaction Survey annually for all its 74 ports including Pipavav Port wherein the customers of these ports participate to provide their ratings. The entire exercise is administered by an external agency. The Company has consistently achieved high scores and has maintained its position amongst the Top Quartile in these Customer Satisfaction Surveys.

CERTIFICATION BY CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER OF THE COMPANY

We, Keld Pedersen, Managing Director and Santosh Breed, Interim Chief Financial Officer, of Gujarat Pipavav Port Limited (the Company), certify to the Board that:

A. We have reviewed the financial statements and cash flow statement for the year ended 31st March 2018 and to the best of our knowledge and belief:

   1. these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   2. these statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

B. To the best of our knowledge and belief, no transactions entered into by the Company during the year ended 31st March 2018 are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting. Deficiencies in the design or operation of such internal controls, if any, of which we are aware have been disclosed to the Auditors and the Audit Committee and steps have been taken to rectify these deficiencies.

D. We further state that:

   1. There has not been any significant change in internal control over financial reporting during the year;

   2. There has not been any significant change in accounting policies during the year requiring disclosure in the notes to the financial statements; and

   3. We are not aware of any instance during the year of significant fraud with involvement of the management or an employee having a significant role in the Company's internal control system over financial reporting.

E. We further declare that all Board Members and Senior Management Personnel have affirmed compliance with Code of Conduct and Ethics for the year ended 31st March 2018.

Santosh Breed **Interim Chief Financial Officer**	**Keld Pedersen** **Managing Director**

Place: Mumbai
Date: 17th May 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GUJARAT PIPAVAV PORT LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

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

Management's Responsibility for the Standalone Ind AS Financial Statements

2. 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 standalone Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

4. We have taken into account the provisions of the Act and the Rules made thereunder including 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.

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

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

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

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 31 March 2018, its total comprehensive income (comprising of profit and 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

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act ("the Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books, except that the backup of the books of accounts and other books and papers maintained in electronic mode has not been maintained on servers physically located in India.

    (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

    (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

    (e) On the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act.

    (f) With respect to the maintenance of accounts and other matters connected therewith, reference is made to our comments in paragraph 10(b) above.

    (g) With respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.

    (h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:

        i. The Company has disclosed the impact, if any, of pending litigations as at 31 March 2018 on its financial position in its standalone Ind AS financial statements – Refer Note 33;

        ii. The Company has long-term contracts as at 31 March 2018 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at 31 March 2018.

        iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended 31 March 2018.

        iv. The reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31 March 2018.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N-500016
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number 109553

Mumbai
17 May 2018

Annexure A to Independent Auditors' Report

Referred to in paragraph 10(g) of the Independent Auditors' Report of even date to the members of Gujarat Pipavav Port Limited on the Standalone Ind AS financial statements for the year ended 31 March 2018

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act

1. We have audited the internal financial controls over financial reporting of Gujarat Pipavav Port Limited ("the Company") as of 31 March 2018 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

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

Auditors' Responsibility

3. 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 deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. 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.

4. 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.

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

Meaning of Internal Financial Controls Over Financial Reporting

6. 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

7. 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

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

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N-500016
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number 109553

Mumbai
17 May 2018

Annexure B to Independent Auditors' Report

Referred to in paragraph [9] of the Independent Auditors' Report of even date to the members of Gujarat Pipavav Port Limited on the standalone Ind AS financial statements as at and for the year ended 31 March 2018.

i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.

(b) The fixed assets are physically verified by the Management according to a phased programme designed to cover all the items over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, a portion of the fixed assets has been physically verified by the Management during the year and no material discrepancies have been noticed on such verification.

(c) The title deeds of immovable properties, other than self constructed properties, as disclosed in Property Plant and Equipment Note 3(a) to the standalone Ind AS financial statements, are held in the name of the Company, except for a free hold land of gross and net book value of Rs. 1.47 million registered in the name of Associate Company - Pipavav Railway Corporation Limited.

ii. The physical verification of inventory have been conducted at reasonable intervals by the Management during the year. The discrepancies noticed on physical verification of inventory as compared to book records were not material.

iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.

iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.

v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.

vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of income tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, sales tax, service tax, duty of customs, duty of excise, value added tax, cess, goods and service tax with effect from 1 July 2017 and other material statutory dues, as applicable, with the appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, duty of customs, duty of excise, value added tax and goods and service tax which have not been deposited on account of any dispute. The particulars of dues of income tax and service tax as at 31 March 2018 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs in million) #@	Period to which the amount relates (Financial year)	Forum where the dispute is pending
Income tax Act, 1961	Tax deducted at source	4.28	2007-08 to 2008-09 and 2010-11 to 2016-17	Assessing Officer
Income tax Act, 1961	Tax deducted at source	74.06	2014-15	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax	72.49	2008-09 and 2010-11	Customs, Excise and Service Tax Appellate Tribunal
Finance Act, 1994	Service Tax	25.00	2009-10 to 2010-11 and 2012-13 to 2014-15	Commissioner of Central Excise (Appeals)

#Net of amounts paid under protest.
@Including interest and penalty

viii. As the Company does not have any loans or borrowings from any financial institution or bank or Government, nor has it issued any debentures as at the balance sheet date, the provisions of Clause 3(viii) of the Order are not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. The Company has entered into transactions with related parties in compliance with the provisions of Sections 177 and 188 of the Act. The details of such related party transactions have been disclosed in the Ind AS financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.

xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N-500016
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number 109553

Mumbai
17 May 2018

STANDALONE BALANCE SHEET AS AT 31 MARCH 2018

(All amounts are in Rupees Millions, unless otherwise stated)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3 (a)	16,847.91	16,753.33
Capital work-in-progress	3 (b)	323.23	922.21
Intangible assets	3 (c)	14.88	8.56
Investments in an associate company	4 (a)	830.00	830.00
Financial Assets			
(i) Other financial assets	4 (b)	35.96	35.39
Income tax assets (net)	5 (a)	114.68	304.16
Deferred tax assets (net)	6 (b)	-	416.05
Other non-current assets	7	62.82	170.96
Total non-current assets		**18,229.48**	**19,440.66**
Current assets			
Inventories	8	136.16	155.58
Financial Assets			
(i) Trade receivables	9 (a)	257.56	285.73
(ii) Cash and cash equivalents	9 (b)	354.51	534.01
(iii) Bank balance other than (ii) above	9 (c)	3,960.96	2,988.44
(iv) Loans	9 (d)	2.16	2.40
(v) Other financial assets	4 (b)	7.83	7.63
Other Current assets	10	156.10	91.28
Total current assets		**4,875.28**	**4,065.07**
Total Assets		**23,104.76**	**23,505.73**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11	4,834.40	4,834.40
Other equity			
(i) Reserves and surplus	12	15,306.19	15,360.58
Total equity		**20,140.59**	**20,194.98**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Other financial liabilities	13	27.20	52.91
Employee benefit obligations	14	18.41	14.22
Deferred tax liabilities (net)	6 (b)	3.42	-
Other non-current liabilities	15	738.86	813.16
Total non-current liabilities		**787.89**	**880.29**
Current liabilities			
Financial Liabilities			
(i) Trade payables	16	284.63	256.35
(ii) Other financial liabilities	13	501.70	846.93
Provisions	17	365.04	366.16
Employee benefit obligations	14	108.24	79.34
Income tax provisions (net)	5 (b)	-	47.91
Other current liabilities	18	916.67	833.77
Total current liabilities		**2,176.28**	**2,430.46**
Total Liabilities		**2,964.17**	**3,310.75**
Total equity and liabilities		**23,104.76**	**23,505.73**

The above Standalone Balance Sheet should be read in conjunction with the accompanying notes.
As per our report of even date attached.

For Price Water house Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
17 May 2018

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited
CIN: L63010GJ1992PLC018106

Keld Pedersen
Managing Director
DIN : 07144184

Pravin Laheri
Director
DIN: 00499080

Santosh Breed
Interim Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
17 May 2018

STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	19	6,489.00	6,831.04
Other income	20	370.45	353.59
Total Income		**6,859.45**	**7,184.63**
Expenses			
Operating expenses	21	1,185.08	1,212.88
Employee benefits expense	22	528.86	484.15
Finance costs	23	3.48	4.03
Depreciation and amortisation expense	24	1,035.64	1,065.15
Other expenses	25	1,034.35	948.11
Total expenses		**3,787.41**	**3,714.32**
Profit before tax		**3,072.04**	**3,470.31**
Tax expense			
For the year			
- Current tax expense	6 (a)	662.74	735.20
- Deferred tax expense [Including Minimum Alternate Tax Credit utilised/(availed)]	6 (a)	424.70	235.99
For earlier year			
- Current tax expense		3.93	(49.73)
- Deferred tax expense [Including Minimum Alternate Tax Credit utilised/(availed)]		(3.93)	49.73
Total tax expense		**1,087.44**	**971.19**
Profit for the year		**1,984.60**	**2,499.12**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
- Re-measurement of post-employment benefit obligations		(3.66)	(0.99)
- Less: Tax relating to above		1.29	0.28
Other comprehensive income for the year, net of tax		**(2.37)**	**(0.71)**
Total comprehensive income for the year		**1,982.23**	**2,498.41**
Earning per equity share [face value per share INR 10/- (31 March 2017: INR10/-)] (Refer note - 35)			
Basic earnings per share		4.10	5.17
Diluted earnings per share		4.10	5.17

The above Standalone Statement of Profit and loss should be read in conjunction with the accompanying notes.
As per our report of even date attached.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
17 May 2018

For and on Behalf of Board of Directors of
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CIN: L63010GJ1992PLC018106

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Santosh Breed
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Manish Agnihotri
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Mumbai
17 May 2018

STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

A. Equity share capital

	Notes	Amount
As at 31 March 2017		**4,834.40**
Changes in the equity share capital	11	-
As at 31 March 2018		**4,834.40**

B. Other equity

	Attributable to owners of Gujarat Pipavav Port Limited			
		Reserves & Surplus		Total Other Equity
Particulars	**Notes**	**Securities Premium Reserve**	**Retained Earnings**	
Balance at 31 March 2017	12(i)	14,288.87	1,071.71	15,360.58
Profit for the year	12(ii)		1,984.60	1,984.60
Less: Other Comprehensive Income			(2.37)	(2.37)
Total comprehensive income for the year ended 31 March 2018			**1,982.23**	**1,982.23**
Transaction with owners in their capacity as owners:				
Dividends paid (including dividend distribution tax)			(2,036.62)	(2,036.62)
Balance at 31 March 2018		**14,288.87**	**1,017.32**	**15,306.19**

The above Standalone Statement of changes in equity should be read in conjunction with the accompanying notes.
As per our report of even date attached.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
17 May 2018

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited
CIN: L63010GJ1992PLC018106

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Company Secretary

Mumbai
17 May 2018

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	3,072.04	3,470.31
Adjustments :		
Deferred income recognised	(74.30)	(74.30)
Depreciation and amortisation expense	1,035.64	1,065.15
Finance costs	3.48	4.03
Dividend and interest income classified as investing cash flows	(223.75)	(227.47)
Loss on disposal of property, plant and equipment (net)	1.62	20.15
Sundry balances written back (net)	(6.79)	(0.98)
Write offs / provisions for current assets, loans and advances	21.62	-
Foreign currency transactions and translations differences (net)	34.29	(4.36)
Provision for claims	(1.12)	11.12
Write down of Inventories	-	24.96
	3,862.73	**4,288.61**
Operating profit before working capital changes		
(Increase)/Decrease in trade receivables	(16.20)	6.22
(Increase)/Decrease in inventories	7.88	(25.88)
(Increase)/Decrease in loans	0.24	0.60
(Increase)/Decrease in other financial assets	(0.78)	(0.53)
(Increase)/Decrease in other non-current assets	108.14	(169.71)
(Increase)/Decrease in other current assets	(64.82)	(21.06)
Increase/(Decrease) in trade payables	28.29	117.30
Increase/(Decrease) in employee benefit obligations	29.43	(5.38)
Increase/(Decrease) in other financial liabilities	(367.16)	(64.68)
Increase/(Decrease) in non-current liabilities	-	373.08
Increase/(Decrease) in other current liabilities	82.91	109.29
	(192.07)	**319.25**
Cash generated from operations	**3,670.66**	**4,607.86**
Income taxes paid (net of refund)	(525.12)	(587.78)
Net cash inflow from operating activities	**3,145.54**	**4,020.08**
Cash flows from investing activities		
Payments for property, plant and equipment	(539.93)	(1,430.43)
Proceeds from sale of fixed assets (net)	0.75	0.10
Dividends received from Associate company	-	38.00
Interest received	115.02	167.46
Decrease/(Increase) in deposits with banks (including earmarked balances) (net)	(863.79)	(1,184.05)
Net cash outflow from investing activities	**(1,287.95)**	**(2,408.92)**

STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018 (Contd.)

(All amounts in Rupees Millions, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from financing activities		
Interest paid	(3.48)	(4.03)
Dividends paid to Company's shareholders	(1,689.14)	(1,883.98)
Dividend distribution tax paid on dividend	(344.46)	(383.82)
Net cash outflow from financing activities	**(2,037.08)**	**(2,271.83)**
Net increase/(decrease) in cash and cash equivalents	**(179.49)**	**(660.67)**
Cash and cash equivalents at the beginning of the financial year	534.01	1,194.99
Effects of exchange rate changes on cash and cash equivalents	(0.01)	(0.31)
Cash and cash equivalents at end of the year	**354.51**	**534.01**

Reconciliation of cash and cash equivalents as per the cash flow statement

	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents [Refer note 9 (b)]	354.51	534.01
Balance as per statement of cash flows	354.51	534.01

The above Standalone statement of cash flows should be read in conjunction with the accompanying notes.

As per our report of even date attached.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
17 May 2018

For and on Behalf of Board of Directors of
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Santosh Breed
Interim Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
17 May 2018

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

1. Company overview

i. Gujarat Pipavav Port Limited, ("the Company") was incorporated on 5 August 1992 to construct, operate and maintain an all-weather port at Pipavav, District Amreli, in the State of Gujarat.

ii. The port is designed to handle bulk, container, liquid cargo and RORO and to provide port services such as marine services, material handling and storage operations.

iii. The Company has entered into a 30 year Concession Agreement with Government of Gujarat and Gujarat Maritime Board ("GMB") dated 30 September 1998 to engage in the business of developing, constructing, operating and maintaining the port on a BOOT (Build Own Operate Transfer) basis.

iv. During the year 2005, AP Moller-Maersk group together with certain financial investors acquired the complete shareholdings held by the original promoter viz. Seaking Infrastructure Limited ("SKIL") group, on receipt of approval from Government of Gujarat, and Gujarat Maritime Board. Accordingly, AP Moller-Maersk group became the key promoter of the Company under the Concession agreement.

v. Pursuant to the approval of the shareholders of the Company in an extra ordinary general meeting held on 17 November 2009, the Company has issued and allotted through Initial Public Offering (IPO) 108,695,652 equity shares of INR 10 each at a premium of INR 36 per share aggregating to a total of INR 5,000 million to all categories of investors. The issue was made in accordance with the terms of the Company's prospectus dated 30 August 2010 and the shares got listed on 9 September 2010 on Bombay Stock Exchange and National Stock Exchange.

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation of financial statements

(i) Compliance with Ind AS

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities and contingent consideration that is measured at fair value ; and
- defined benefit plans – plan assets measured at fair value

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(iii) Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115, is effective for periods beginning on or after April 01, 2018. Ind AS 115 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). Ind AS 115 replaces the previous revenue Standards: Ind AS 18 Revenue and Ind AS 11 Construction Contracts, and the related appendices.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

The standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The core principle in that framework is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the fair value of consideration to which the Company expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

The Company is evaluating the impact of the standard on the financial position and results of operations. As per the transitional provision of the standard, the Company shall apply this Standard using one of the following two methods:

(a) Retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application;

(b) Retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Company is evaluating the impact of this amendment on its financial statements.

There are no other standards, changes in standards and interpretations that are not in force up to reporting period that the Company expects to have a material impact arising from its application in its financial statements.

2.2. Use of estimates:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the accounting period in which such revision takes place.

2.3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Managing Director and Chief Financial Officer of the Company are the chief operating decision makers. Refer note 38 for segment information presented.

2.4. Foreign currency transactions

Items included in the financial statements 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 Company's functional and presentation currency.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Foreign currency transactions are recorded in Indian rupees using the rates prevailing on the date of the respective transactions. Exchange differences arising on foreign currency transactions settled during the period are recognised in the Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated into Indian rupees at the closing exchange rates on that date; the resultant exchange differences are recognised in the Statement of Profit and Loss.

As at the balance sheet date non-monetary items denominated in foreign currency are carried at historical cost. All non-monetary items denominated in foreign currency are carried at historical cost or other similar valuations are reported using the exchange rate that existed when the values were determined.

2.5. Revenue recognition

The Company recognises revenue from rendering of services when services are rendered as per the contractual obligations, when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

Revenue is measured at the fair value of the consideration received or receivable. The amount disclosed as revenue is exclusive of service tax, goods and service tax (GST), cess and net of trade allowance and rebates wherever applicable.

Interest income on deposits with bank is recognised on a time proportion basis at applicable interest rates.

2.6. Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

Government grants relating to income are deferred and recognised in the Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Statement of Profit and Loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.7. Income taxes

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Provision for current tax is based on the results for the year ended 31 March, in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternative Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as deferred tax. The credit available under the said Act in respect of MAT is recognised as Deferred Tax Asset only to the extent there is convincing evidence that the Company will pay income tax in future periods and MAT credit can be carried forward to set-off against the

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

normal tax liability. MAT credit recognised as Deferred Tax Asset is reviewed at each Balance sheet date and written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal tax during the specified period.

2.8. Leases

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the balance sheet based on their nature. Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

2.9. Impairment

Assets are reviewed at each reporting date to determine if there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit (CGU).

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the Statement of Profit and Loss.

If as at the balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Statement of Profit and Loss.

2.10. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

2.11. Exceptional Items

Company recognises exceptional item when items of income and expenses within Statement of Profit and Loss from ordinary activities are such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

2.12. Inventories

Inventories comprise of stores, spares, loose tools, fuel and lubricants. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. These are carried at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Systematic provisioning is made for inventories held for more than a year. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13. Investment and Other Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) ; and
- those measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures its financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

Equity instruments

The Company initially measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the Statement of Profit and Loss. Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Dividends are recognised in the Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

2.14. Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.15. Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on the straight-line method, over the estimated useful life of each asset from the subsequent month of the date of purchase. Assets are depreciated as per useful life specified in Part 'C' of the schedule II of the Act. Based on internal technical evaluation following assets have a different useful life than prescribed by schedule II of the Act.

Asset Details	Life as per Schedule II in Years	Technical Estimate in Years
Ship to Shore Cranes	15	20
Power Distribution Systems	10	15
Carpeted Roads	10	20
Jetties	Not defined	30
Dredging	Not defined	50
Boundary Wall	Not defined	20
Old Residential Complex	60	15
Marine Office Building	60	15
Warehouses	30	15
Guest houses	30	15

All assets costing individually INR 125,000 or less are depreciated fully in the year of purchase.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

The useful lives are reviewed by the management at each reporting date and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

A fixed asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Statement of Profit and Loss within other gains/(losses).

In accordance with Concession agreement all contracted immovable and movable assets shall be transferred to and shall vest in Gujarat Maritime Board ('GMB') at the end of the concession period, for consideration equivalent to the Depreciated Replacement Value (DRV). Since the DRV is currently not determinable, fixed assets are depreciated based on their estimated useful life.

2.16. Acquired intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and / or any accumulated impairment loss, if any.

Intangible assets are amortised in the Statement of Profit and Loss using the straight line method over their estimated useful lives, from the date that they are available for use. Accordingly, at present, these are being amortised on straight line basis based on the period of the licence in case of licensed software or for 3 years. Such intangible assets that are not yet available for use are tested annually for impairment.

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

Losses arising from retirement and gains or losses arising from disposal of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss.

2.17. Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

(ii) Post-employment obligations

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company's contribution is recognised as an expense in the Statement of Profit and Loss during the period in which the employee renders the related service.

Defined benefit plan:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the Balance sheet date.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

All expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of Profit and Loss. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

The Company has funded its gratuity liability with Life Insurance Corporation of India (LIC) under the Group Gratuity cum Life Assurance (Cash Accumulation) Scheme.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Statement of Profit and Loss as past service cost.

(iii) Other Long term employee benefit obligation

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit obligations. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the period in which they arise.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.18. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.19. Contingent liabilities

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

2.20. Earnings per share (EPS)

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except where the results would be anti-dilutive.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

2.21. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.22. Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.23 Investment in Associate company

The Company carries its investments in an associate company at cost less impairment losses, if any. The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable amount in accordance with policy given in 2.9.

2.24 Financial instruments measured at fair value

Financial instruments measured at fair value can be divided into three levels:

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. Fair value of listed securities fall within level 1 of the fair value hierarchy. Non-listed shares and other securities fall within level 3 of the fair value hierarchy.

Fair value of level 3 assets and liabilities are primarily based on the present value of expected future cash flows. A reasonably possible change in the discount rate is not estimated to affect the Company’s profit or equity significantly.

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(All amounts in Rupees Millions, unless otherwise stated)

3(a)(i) Property, plant and equipment [1 April 2017 to 31 March 2018]

	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
Particulars	**As at 1 April 2017**	**Additions during the year**	**Deductions/ Adjustments during the year**	**As at 31 March 2018**	**As at 1 April 2017**	**Charge for the year**	**On Deductions / Adjustments**	**As at 31 March 2018**	**As at 31 March 2018**
Land and site development	321.86	-	0.01	**321.85**	-	-	-	**-**	**321.85**
Buildings	5,110.10	148.29	(168.03)	**5,426.42**	295.87	220.50	(168.49)	**684.86**	**4,741.56**
Port Road - External	734.68	-	0.09	**734.59**	100.48	50.28	(0.09)	**150.85**	**583.74**
Plant, Machinery and Equipment	8,447.00	971.72	171.18	**9,247.54**	1,384.40	645.58	171.06	**1,858.92**	**7,388.62**
Dredging	3,869.17	-	(0.02)	**3,869.19**	179.77	90.52	(0.02)	**270.31**	**3,598.88**
Railway sidings	232.69	-	(0.40)	**233.09**	25.64	13.02	(0.39)	**39.05**	**194.04**
Furniture, Fittings and Leasehold Improvements	11.74	7.73	2.03	**17.44**	4.95	8.19	1.30	**11.84**	**5.60**
Motor Vehicles	23.99	-	1.97	**22.02**	6.79	2.70	1.09	**8.40**	**13.62**
Total	**18,751.23**	**1,127.74**	**6.83**	**19,872.14**	**1,997.90**	**1,030.79**	**4.46**	**3,024.23**	**16,847.91**

Notes :

1 Land and site development includes
- Freehold land of INR 50.55 million
- Land aggregating INR 1.47 million purchased during prior years for getting the rail connectivity from nearest station upto the port boundary is registered in the name of our Associate company, Pipavav Railway Corporation Limited, pursuant to Government notification.
- Land aggregating INR 24.99 million was purchased during prior years for handing it over to Government of Gujarat, pursuant to the order issued by Hon'ble Supreme Court. This land will be exchanged with the land located inside the port premises which does not form part of the current Concession with Gujarat Maritime Board (GMB).
- Expenditure of INR 244.85 million incurred towards Land Filling and Site development.

2 Refer note 31 for disclosure of capital commitments for the acquisition of property, plant and equipment.

3(b)(i) Capital work in progress

	As at 31st March 2018
Capital work in progress	323.23
Total	**323.23**

Capital work-in-progress mainly comprises of Container handling Yard Cranes and Container Scanner.

3(c)(i) Intangible Assets

	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
Particulars	**As at 1 April 2017**	**Additions during the year**	**Deductions/ Adjustments during the year**	**As at 31 March 2018**	**As at 1 April 2017**	**Charge for the year**	**On Deductions / Adjustments**	**As at 31 March 2018**	**As at 31 March 2018**
Computer Software	29.11	11.17	-	**40.28**	20.55	4.85	-	**25.40**	14.88
Total	**29.11**	**11.17**	**-**	**40.28**	**20.55**	**4.85**	**-**	**25.40**	**14.88**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

3(a)(ii) Property, plant and equipment [1 April 2016 to 31 March 2017]

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 1 April 2016	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	On Deductions / Adjustments	As at 31 March 2017	As at 31 March 2017
Land and site development	321.86	-	-	321.86	-	-	-	**-**	**321.86**
Buildings	3,374.55	1,735.55	-	5,110.10	52.08	243.79	-	**295.87**	**4,814.23**
Port Road - External	734.68	-	-	734.68	50.24	50.24	-	**100.48**	**634.20**
Plant, Machinery and Equipment	5,812.83	2,670.99	36.82	8,447.00	743.91	657.06	16.57	**1,384.40**	**7,062.60**
Dredging	3,869.17	-	-	3,869.17	89.25	90.52	-	**179.77**	**3,689.40**
Railway sidings	232.69	-	-	232.69	12.62	13.02	-	**25.64**	**207.05**
Furniture, Fittings and Leasehold Improvements	8.92	2.82	-	11.74	2.89	2.06	-	**4.95**	**6.79**
Motor Vehicles	17.30	6.69	-	23.99	3.88	2.91	-	**6.79**	**17.20**
Total	**14,372.00**	**4,416.05**	**36.82**	**18,751.23**	**954.87**	**1,059.60**	**16.57**	**1,997.90**	**16,753.33**

Notes :

1 Land and site development includes

- Freehold land of INR 50.55 million
- Land aggregating INR 1.47 million purchased during prior years for getting the rail connectivity from nearest station upto the port boundary is registered in the name of our Associate company, Pipavav Railway Corporation Limited, pursuant to Government notification.
- Land aggregating INR 24.99 million was purchased during prior years for handing it over to Government of Gujarat, pursuant to the order issued by Hon'ble Supreme Court. This land will be exchanged with the land located inside the port premises which does not form part of the current Concession with Gujarat Maritime Board (GMB).
- Expenditure of INR 244.85 million incurred towards Land Filling and Site development.

2 Refer to note 31 for disclosure of capital commitments for the acquisition of property, plant and equipment.

3(b)(ii)	Capital work in progress	
		As at 31st March 2018
	Capital work in progress	922.21
	Total	**922.21**
	Capital work-in-progress mainly comprises of Container handling Yard Cranes and New Office Complex.	

3(c)(ii)	Intangible Assets									
		Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	Particulars	As at 1 April 2016	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	On Deductions / Adjustments	As at 31 March 2017	As at 31 March 2017
	Computer Software	21.62	7.49	-	**29.11**	15.00	5.55	-	**20.55**	8.56
	Total	**21.62**	**7.49**	**-**	**29.11**	**15.00**	**5.55**	**-**	**20.55**	**8.56**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

4 (a) Investments

	As at 31 March 2018	As at 31 March 2017
Investments in equity instruments (fully paid up) :		
Unquoted		
76,000,010 (31 March 2017 : 76,000,010) equity shares of INR 10 each of Pipavav Railway Corporation Limited. (Associate company of Gujarat Pipavav Port Limited)	830.00	830.00
Total investment in equity instruments	**830.00**	**830.00**
Total non-current investments	**830.00**	**830.00**
Aggregate amount of unquoted investments	830.00	830.00
Aggregate amount of impairment in the value of investments	-	-

4 (b) Other financials assets

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Security deposits	35.96	7.83	35.39	7.63
Total other financials assets	**35.96**	**7.83**	**35.39**	**7.63**

5 (a) Income tax assets (net)

	As at 31 March 2018	As at 31 March 2017
Advance Tax *	114.68	304.16
Total Current tax assets (net)	**114.68**	**304.16**

* Net of provision for tax of INR 2,186.01 million (31 March 2017 : INR 1,440.35 million)

5 (b) Income tax provisions (net)

	As at 31 March 2018	As at 31 March 2017
Provision for tax #	-	47.91
Total Current tax provisions (net)	**-**	**47.91**

Net of Advance tax of Nil (31 March 2017 : INR 687.29 million)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

6 Deferred tax assets

a. Tax expense recognised in the Statement of Profit and Loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax		
Current year	662.74	735.20
Total	**662.74**	**735.20**
Deferred tax		
Deferred tax	94.38	892.90
MAT credit utilised/(entitlement)	330.32	(656.91)
Total	**424.70**	**235.99**
Total income tax expense/(credit)	**1,087.44**	**971.19**

Reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

	For the year ended 31 March 2018	For the year ended 31 March 2017
Accounting profit before tax	3,072.04	3,470.31
Applicable tax rate of the reporting entity	34.608%	34.608%
Expected total tax expense	1,063.17	1,201.01
Amount charged in Statement of Profit and Loss	1,087.44	971.19
Difference	(24.27)	229.81
Tax effect of amounts which are (not deductible) /allowable in calculating taxable income:		
(i) Expenditures not deductible for tax purpose	(29.83)	(8.46)
(ii) Dividend Received (Adjusted with expense disallowed u/s 14 A)	-	13.03
(iii) Impact of Tax Holiday u/s 80 IA *	-	335.72
(vi) Others	5.56	(110.48)
Total	(24.27)	229.81

* As per the provisions of Indian Tax laws, the Company is eligible for a tax holiday under section 80IA of the Income Tax Act, 1961 for a block of 10 consecutive Assessment years out of the 15 years beginning of port operations. Accordingly, the Company was entitled to tax holiday commencing from 1 April 2007 until 31 March 2017.

b (i) Deferred tax relates to the following :

	As at 31 March 2018	As at 31 March 2017
Expenditure deductible on payment basis	103.07	81.73
Defined benefit obligations	16.64	17.32
MAT credit entitlement	2,006.78	2,333.18
Total deferred tax assets	**2,126.49**	**2,432.23**
On difference between book depreciation and tax depreciation	(2,129.91)	(2,016.18)
Total deferred tax liabilities	**(2,129.91)**	**(2,016.18)**
Net deferred tax (liabilities)/assets	**(3.42)**	**416.05**

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(All amounts in Rupees Millions, unless otherwise stated)

b (ii) Movement in deferred tax assets

	Expenditure deductible on Payment Basis	Defined benefit obligations	On difference between book depreciation and tax depreciation	Total
At 31 March 2017	**81.73**	**17.32**	**(2,016.18)**	**(1,917.13)**
(Charged)/credited:				
- to Statement of Profit and Loss	21.34	0.61	(113.73)	(91.78)
- to other comprehensive income	-	(1.29)	-	(1.29)
At 31 March 2018	**103.07**	**16.64**	**(2,129.91)**	**(2,010.20)**

7 Other non-current assets

	As at 31 March 2018	As at 31 March 2017
Capital advances	62.82	170.96
Total other non-current assets	**62.82**	**170.96**

8 Inventories

	As at 31 March 2018	As at 31 March 2017
Stores and spares	131.92	130.35
Goods-in-transit - Stores and Spares	4.24	25.23
Total inventories	**136.16**	**155.58**

Amounts recognised in Statement of Profit and Loss

Write-downs of inventories including provision for inventory amounts to INR 11.54 million (31 March 2017 : INR 24.96 million). These were recognised as an expense (Refer note - 25) and included in other expenses in Statement of Profit and Loss.

9 (a) Trade receivables

	As at 31 March 2018	As at 31 March 2017
Trade receivables	94.06	156.97
Receivables from related parties (Refer note - 37)	193.05	148.23
Less: Allowance for doubtful debts (Refer note - 28)	(29.55)	(19.47)
Total trade receivables	**257.56**	**285.73**
Break-up of security details		
Secured, considered good	47.36	49.16
Unsecured, considered good	210.20	236.57
Doubtful	29.55	19.47
Total	**287.11**	**305.20**
Allowance for doubtful debts	(29.55)	(19.47)
Total trade receivables	**257.56**	**285.73**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

9 (b) Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Cash on hand	0.26	0.05
Balances with banks		
-In current accounts	220.47	137.12
-In Exchange Earners' Foreign Currency accounts	133.78	396.84
Total cash and cash equivalents	**354.51**	**534.01**

9 (c) Other bank balances

	As at 31 March 2018	As at 31 March 2017
Deposits with original maturity of more than three months but less than 12 months *	3,957.94	2,986.47
Unpaid share application money #	-	0.53
Unpaid dividend account	3.02	1.44
Total other bank balances	**3,960.96**	**2,988.44**

* Of the above, bank deposits aggregating INR 9.15 Million (31 March 2017 : INR 21.11 million) is marked lien against bank guarantees issued to customs and other third parties.

Unpaid share application money of INR 0.53 million has been transferred to Investor Education and Protection Fund during the year.

9 (d) Loans

	As at 31 March 2018	As at 31 March 2017
Loans and advances to employees	2.16	2.40
Total loans	**2.16**	**2.40**

10 Other current assets

	As at 31 March 2018	As at 31 March 2017
Advance for supply of goods and services	111.18	67.31
Prepaid expenses	8.17	13.39
Balances with government authorities	32.78	9.97
Other receivables	3.97	0.61
Total other current assets	**156.10**	**91.28**

11 Equity share capital

	As at 31 March 2018	As at 31 March 2017
Authorised share capital		
600,000,000 (31 March 2017 : 600,000,000) equity shares of INR 10 each	6,000.00	6,000.00
	6,000.00	**6,000.00**
Issued, subscribed and paid up share capital		
483,439,910 (31 March 2017 : 483,439,910) equity shares of INR 10 each, fully paid-up	4,834.40	4,834.40
	4,834.40	**4,834.40**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

a Reconciliation of number of equity shares outstanding as at the beginning and at the end of reporting period

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number	INR	Number	INR
Equity shares at the commencement of the period	483,439,910	4,834.40	483,439,910	4,834.40
Issued during the period	-	-	-	-
At the end of the period	**483,439,910**	**4,834.40**	**483,439,910**	**4,834.40**

b Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c Equity shares in the Company held by each shareholder holding more than 5% shares #

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	Number	Percentage	Number	Percentage
APM Terminals Mauritius Limited	**207,903,931**	**43.01%**	**207,903,931**	**43.01%**
ICICI Prudential Midcap Fund	**35,005,553**	**7.24%**	**-**	**-**
HDFC Trustee Company Limited - Hdfc Capital Builder Fund	**29,913,819**	**6.19%**	**-**	**-**

As per the records of the Company, including its register of members.

12 Reserves and surplus

	As at 31 March 2018	As at 31 March 2017
Securities premium reserve [Refer Note- (i) below]	14,288.87	14,288.87
Retained earnings [Refer Note- (ii) below]	1,017.32	1,071.71
Total reserves and surplus	**15,306.19**	**15,360.58**

(i) Securities premium reserve *

	As at 31 March 2018	As at 31 March 2017
Opening balance	14,288.87	14,288.87
Closing balance	**14,288.87**	**14,288.87**

*Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

(ii) Retained earnings

	As at 31 March 2018	As at 31 March 2017
Opening balance	1,071.71	842.54
Net profit for the year	1,984.60	2,499.12
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post employment benefit obligation, net of tax	(2.37)	(0.71)

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

	As at 31 March 2018	As at 31 March 2017
Dividends		
- Final dividend for the ended 31 March 2016	-	(918.54)
- Dividend distribution tax on final dividend for the year ended 31 March 2016	-	(186.99)
- Interim dividend for the year ended 31 March 2017	-	(966.88)
- Dividend distribution tax on interim dividend for the year ended 31 March 2017	-	(196.83)
- Final dividend for the ended 31 March 2017	(870.19)	-
- Dividend distribution tax on final dividend for the year ended 31 March 2017	(177.15)	-
- Interim dividend for the year ended 31 March 2018	(821.97)	-
- Dividend distribution tax on interim dividend for the year ended 31 March 2018	(167.31)	-
Closing balance	**1,017.32**	**1,071.71**

13 Other financial liabilities

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Retention monies payable	-	149.28	25.71	98.60
Security deposits received *	27.20	64.63	27.20	65.50
Capital creditors *	-	162.88	-	588.79
Unclaimed dividend (Refer note below)	-	3.02	-	1.44
Unclaimed share application money #	-	-	-	0.53
Other payables*	-	121.89	-	92.07
Total other financial liabilities	**27.20**	**501.70**	**52.91**	**846.93**

Note : There are no amounts due for payment to Investor Education and Protection Fund under Section 125 of The Companies Act 2013 as at the year end.

Unpaid share application money of INR 0.53 million has been transferred to Investor Education and Protection Fund during the year

* For due to related parties refer note - 37

14 Employee benefits obligations

	As at 31 March 2018		As at 31 March 2017	
	Non-current	Current	Non-current	Current
Leave obligations [Refer note (i) below]	-	26.54	-	17.68
Gratuity [Refer note (ii) below]	10.91	11.45	5.08	11.34
Other employee benefits payables	7.50	70.25	9.14	50.32
Total employee benefits obligations	**18.41**	**108.24**	**14.22**	**79.34**

(i) Compensated absences

The leave salary is payable to all eligible employees for each day of accumulated leave on death or on resignation or upon superannuation. Amount charged to the Statement of Profit and Loss on account of compensated absences during the year amounts to INR 11.65 million (31 March 2017: INR 7.43 million) and is included in Note 22 - 'Employee benefits expense'. Accumulated current provision for compensated absences aggregates to INR 26.54 million (31 March 2017: INR 17.68 million) (Refer note 14).

(ii) Post-employment obligations - Gratuity

The Company makes annual contribution to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. Gratuity payments due to employees are processed disregarding the upper limits specified by Income Tax Act, 1961 and The Payment of Gratuity Act, 1972.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

The amount recognised in the balance sheet and movements in the net defined benefit obligation over the years are as follows :

	Present value of obligation	Fair value of plan assets	Net amount
Balance as at 01 April 2017	50.48	(34.06)	16.42
Current service cost	6.32	-	6.32
Interest expense / (income)	3.59	-	3.59
Return on plan assets, excluding amounts included in interest expense / (income)	-	(2.42)	(2.42)
Total amount recognised in the Statement of Profit and Loss	**9.91**	**(2.42)**	**7.49**
Remeasurements			
(Gain) / loss from change in demographic assumptions	-	-	-
(Gain) / loss from change in financial assumptions	(2.14)	-	(2.14)
Experience (gain) / loss	6.08	(0.28)	5.80
Total amount recognised in other comprehensive income	**3.94**	**(0.28)**	**3.66**
Employers contributions	-	(5.21)	(5.21)
Benefit payments	(8.17)	8.17	-
Balance as at 31 March 2018	**56.16**	**(33.80)**	**22.36**

The net liability disclosed above relates to funded plans are as follow :

	31 March 2018	31 March 2017
Present value of funded obligations	(56.16)	(50.48)
Fair value of plan assets	33.80	34.06
Deficit of funded plan (Gratuity)	**(22.36)**	**(16.42)**

The significant actuarial assumptions were as follows :

	31 March 2018	31 March 2017
Discount rate	7.56%	7.12%
Salary growth rate	8.00%	8.00%
Expected rate of return on plan assets	7.56%	7.12%
Attrition rate	6.00%	6.00%
Mortality	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

	31 March 2018	31 March 2017
Projected Benefit Obligation on Current Assumptions	56.16	50.48
Delta Effect of +1% Change in Rate of Discounting	(4.41)	(4.10)
Delta Effect of -1% Change in Rate of Discounting	5.06	4.74
Delta Effect of +1% Change in Rate of Salary Increase	4.99	4.65
Delta Effect of -1% Change in Rate of Salary Increase	(4.43)	(4.11)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.27)	(0.42)
Delta Effect of -1% Change in Rate of Employee Turnover	0.29	0.46

Category of assets	**31 March 2018**	**31 March 2017**
Insurance fund (100%)	33.80	34.06
Total	**33.80**	**34.06**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

(iii). Risk exposure :

Though its defined benefits plan, the Company is exposed to a number of risks, the most significant of which are detailed below

Changes in bond yields

A decrease in bond yield will increase plan liabilities, although this will be partially offset by increase in the plan's bond holding

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Plan assets are invested with the Life Insurance Corporation of India Limited. It is subject to interest rate risk. The Company intends to maintain the above investments in the continuing years.

Maturity Analysis of Projected Benefit Obligation: From the Fund

Projected Benefits Payable in Future Years From the Date of Reporting

	31 March 2018	31 March 2017
1st Following Year	3.29	2.85
2nd Following Year	3.37	2.87
3rd Following Year	3.63	3.06
4th Following Year	5.04	5.00
5th Following Year	5.09	4.16
Sum of Years 6 To 10	25.46	22.29

15 Other non-current liabilities

	As at 31 March 2018	As at 31 March 2017
Deferred income on Government Grant	738.86	813.16
Total other non-current liabilities	**738.86**	**813.16**

16 Trade payables

	As at 31 March 2018	As at 31 March 2017
Trade payables	276.04	198.06
Dues to Micro, Small and Medium Enterprises (Refer note - 39)	1.06	0.95
Trade payables to related parties (Refer note - 37)	7.53	57.34
Total Trade payables	**284.63**	**256.35**

17 Provisions

	As at 31 March 2018	As at 31 March 2017
Claims (Refer note - 33)	365.04	366.16
Total provisions	**365.04**	**366.16**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

18 Other current liabilities

	As at 31 March 2018	As at 31 March 2017
Deferred income on Government Grant	74.30	74.30
Statutory dues payables	86.54	4.41
Accruals of Incentives and Rebates *	577.56	535.44
Income received in advance	2.50	3.31
Advance from customers *	175.77	216.31
Total other current liabilities	**916.67**	**833.77**

* For due to related parties refer note - 37

19 Revenue from operations

	For the year ended 31 March 2018	For the year ended 31 March 2017
Income from port services	5,952.78	6,233.20
Other operating revenue	536.22	597.84
Total revenue from operations	**6,489.00**	**6,831.04**

20 Other income

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income		
- banks	223.75	189.38
- others	1.62	0.09
Dividends received from Associate company (Refer note below)	-	38.00
Interest on income tax refund	49.32	36.84
Deferred Income recognised	74.30	74.30
Miscellaneous income	21.46	14.98
Total other income	**370.45**	**353.59**

Note :

All dividends from equity investments relates to investments held at the end of the reporting period.

21 Operating expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
Handling expenses	967.49	958.19
Waterfront royalty (Refer note - 34)	124.05	160.46
Business support service charges	48.31	47.00
Other direct costs	45.23	47.23
Total operating expenses	**1,185.08**	**1,212.88**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

22 Employee benefits expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	461.04	424.17
Contribution to provident fund and other funds (Refer note below)	18.61	19.64
Gratuity [Refer note 14(ii)]	7.49	8.00
Leave compensation [Refer note 14(i)]	11.65	7.43
Staff welfare expenses	30.07	24.91
Total employee benefits expense	**528.86**	**484.15**

The Company recognised INR 18.61 million (31 March 2017 : INR 19.64 million) for provident fund contribution in the Statement of Profit and Loss.

23 Finance costs

	For the year ended 31 March 2018	For the year ended 31 March 2017
Financial charges	3.48	4.03
Total finance costs	**3.48**	**4.03**

24 Depreciation and amortisation expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment	1,030.79	1,059.60
Amortisation of intangible assets	4.85	5.55
Total depreciation and amortisation expense	**1,035.64**	**1,065.15**

25 Other expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
Power and fuel	253.47	255.72
Rent (Refer note - 32)	20.36	22.04
Repairs		
- Building	14.00	10.48
- Machinery and equipment	240.60	170.23
- Others	55.60	55.28
Insurance	32.28	34.40
Rates and taxes	1.10	1.68
Travelling expenses	72.07	63.39
Legal and professional fees	73.78	70.40
Commission to Directors	3.75	15.00
Expenditure towards Corporate Social Responsibility [Refer note - 25(a)]	86.18	21.37
Payment to auditors [Refer note - 25(b)]	4.93	4.02
Advertisement and sales promotion	10.36	8.18
Communication expenses	6.91	7.27

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Loss on sale / disposal of fixed assets (net)	1.62	20.15
Loss on foreign currency transactions and translations (net)	27.11	32.73
Provisions for inventory (Refer note - 8)	11.54	-
Provisions for doubtful debts [Refer note - 9(a)]	10.08	-
Provision for claims (Refer note - 33)	-	11.12
Freight and forwarding	1.69	3.34
Water charges expenses	19.81	28.34
Contract labour expenses	59.69	56.93
Write down of Inventories (Refer note - 8)	-	24.96
Miscellaneous expenses	27.42	31.08
Total other expenses	**1,034.35**	**948.11**

25 (a) Corporate Social Responsibility (CSR)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Amount required to be spent as per Section 135 of the Act	74.48	63.96
Amount spent during the year@	**86.18**	**21.37**
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	86.18	21.37
Total corporate social responsibility expense	**86.18**	**21.37**

@ Excludes advance paid of INR 23.07 million (31 March 2017 : INR 19.06 million). Company has committed to spend INR 46.25 million (31 March 2017 : INR 51.52 million).

25 (b) Details of payment to auditors

	For the year ended 31 March 2018	For the year ended 31 March 2017
Payment to auditor		
As auditor		
Audit fee	3.57	2.25
Tax audit fee	0.21	0.21
Limited review of quarterly results	1.09	1.09
In other capacity		
Other services	-	0.43
Reimbursement of expenses	0.06	0.04
Total payment to auditor	**4.93**	**4.02**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

26. Transfer Pricing

The Company's international transactions with related parties are at arm's length as per the independent accountants' report for the year ended 31 March 2017. Management believes that the Company's international transactions with related parties post 31 March 2017 continue to be at arm's length and that the transfer pricing legislation will not have any impact on these financial statements, particularly on amount of tax expenses and that of provision of taxation.

27. Fair Value of financial assets and liabilities carried at amortised cost

There are no financial assets and liabilities designated at fair value through profit or loss or other comprehensive income. All the Financial instruments carried at amortised cost.

	31 March 2018		31 March 2017	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair Value**
Financial Assets				
Non- Current Other financial assets				
Security deposits	35.96	35.96	35.39	35.39
Current Other financial assets				
Security deposits	7.83	7.83	7.63	7.63
Loans and advances to employees	2.16	2.16	2.40	2.40
Trade receivables	257.56	257.56	285.73	285.73
Cash and cash equivalents	354.51	354.51	534.01	534.01
Bank balance	3,960.96	3,960.96	2,988.44	2,988.44
Total Financial Assets	**4,618.98**	**4,618.98**	**3,853.60**	**3,853.60**
Financial Liabilities				
Non- Current Other financial liabilities				
Retention monies payable	-	-	25.71	25.71
Security deposits received	27.20	27.20	27.20	27.20
Current Other financial liabilities				
Trade payables	284.63	284.63	256.35	256.35
Retention monies payable	149.28	149.28	98.60	98.60
Security deposits received	64.63	64.63	65.50	65.50
Capital creditors	162.88	162.88	588.79	588.79
Unclaimed dividend	3.02	3.02	1.44	1.44
Unclaimed share application money	-	-	0.53	0.53
Other payables	121.89	121.89	92.07	92.07
Total Financial Liabilities	**813.53**	**813.53**	**1,156.19**	**1,156.19**

Financial instruments carried at amortised cost

Fair value of the current financial assets and current financial liabilities carried at amortised cost is not materially different from the carrying amount. In general, fair value is determined primarily based on the present value of expected future cash flows.

28. Financial risk management

The Company's activities expose it to a variety of financial risks:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Company's financial performance. Risk management is carried out by finance department under policies approved by the Board of Directors.

(a) *Credit risk*

The Company has exposure to financial and commercial counterparties but has no particular concentration of customers or suppliers. To minimise the credit risk, security deposits and advance payments are taken from all major customers. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low and so trade receivables are considered to be a single class of financial assets.

Expected credit loss for trade receivables under simplified approach:

For the year ended 31 March 2018:

Ageing	Not Due	0-90 Days	90-180 Days	180-270 Days	270-365 Days	> 365 Days	Total
Gross Carrying amount	218.88	7.60	2.54	20.55	16.53	21.01	287.11
Expected credit losses	-	1.71	2.14	0.32	7.23	18.15	29.55
Carrying amount of Trade receivables	**218.88**	**5.89**	**0.40**	**20.23**	**9.30**	**2.86**	**257.56**

For the year ended 31 March 2017:

Ageing	Not Due	0-90 Days	90-180 Days	180-270 Days	270-365 Days	> 365 Days	Total
Gross Carrying amount	225.00	55.27	9.87	2.68	0.61	11.77	305.20
Expected credit losses	-	3.95	2.59	0.71	0.45	11.77	19.47
Carrying amount of Trade receivables	**225.00**	**51.32**	**7.28**	**1.97**	**0.16**	**-**	**285.73**

(b) *Liquidity risk*

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors Company's liquidity position and cash and cash equivalents through Quarterly rolling forecasts and on the basis of expected cash flows. Company treasury maintains flexibility in funding through committed credit lines with Financial Institution.

Maturities of financial liabilities

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Balance Sheet date. Balances due within 12 months and more than 12 months equal their carrying balances as the impact of discounting is not significant.

	Notes	Carrying Amount	Payable on Demand	Less than 12 months	More than 12 months
As at 31 March 2018					
Trade payables	16	284.63	-	284.63	-
Retention monies payable	13	149.28	109.50	39.78	-
Security deposits received	13	91.83	64.63	-	27.20
Capital creditors	13	162.88	-	162.88	-
Unclaimed dividend	13	3.02	3.02	-	-
Other payables	13	121.89	-	121.89	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

As at 31 March 2017	Notes	Carrying Amount	Payable on Demand	Less than 12 months	More than 12 months
Trade payables	16	256.35	-	256.35	-
Retention monies payable	13	124.31	64.44	34.16	25.71
Security deposits received	13	92.70	65.50	-	27.20
Capital creditors	13	588.79	-	588.79	-
Unclaimed dividend	13	1.44	1.44	-	-
Unclaimed share application money	13	0.53	0.53	-	-
Other payables	13	92.07	-	92.07	-

As there are no committed credit facilities to meet obligations when due and to close out market positions, the Company is not exposed to liquidity risk.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Company's profit or the value of its holdings of financial instruments. Below sensitivity analyses relate to the position of financial instruments at 31 March 2018 and 31 March 2017. It is assumed that the exchange rate sensitivities have a symmetric impact, i.e. an increase in rates results in the same absolute movement as a decrease in rates.

The sensitivity analyses show the effect on profit or loss and equity of a reasonably possible change in exchange rates and interest rates.

Foreign Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primary with respect to USD, AUD and EURO. The Company's business model incorporates assumptions on currency risk and ensures any exposure is covered through the normal business operations. As the functional reporting currency is in INR, the foreign currency risk exists for the Company.

Foreign currency exposure not covered by Forward Contracts as at 31 March 2018:

Details	USD Exposure		AUD Exposure		EURO Exposure	
	INR	USD	INR	AUD	INR	Euro
Receivables/Advance to Vendor	**192.07**	**2.95**	**-**	**-**	**-**	**-**
	141.50	*2.18*	-	-	-	-
Payables	**2.75**	**0.04**	**1.35**	**0.03**	**0.47**	**0.01**
	50.14	*0.77*	-	-	*7.01*	*0.10*
Cash and Bank Balance	**133.78**	**2.05**	**-**	**-**	**-**	**-**
	396.84	*6.12*	-	-	-	-

Amounts in italics represent amounts as at 31 March 2017

Details	Impact on profit after tax	
	31 March 2018	31 March 2017
USD sensitivity		
INR/USD -Increase by 10% (31 March 2017-10%)	32.31	48.82
INR/USD -Decrease by 10% (31 March 2017-10%)	(32.31)	(48.82)
AUD sensitivity		
INR/AUD -Increase by 10% (31 March 2017-NIL)	(0.14)	-
INR/AUD -Decrease by 10% (31 March 2017-NIL)	0.14	-
EUR sensitivity		
INR/EUR -Increase by 10% (31 March 2017-10%)	(0.05)	(0.70)
INR/EUR -Increase by 10% (31 March 2017-10%)	0.05	0.70

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

29. Capital Management

The Company's objective in managing its capital is to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The Company considers the following components of its Balance Sheet to be managed capital:

1) Share Capital, 2) Share Premium; and 3) Retained Earnings

The Company's capital structure is based on the Managements assessment of the balances of key elements to ensure strategic decisions and day to day activities. The capital structure of the Company is managed with a view of the overall macro-economic conditions and the risk characteristics of the underlying assets.

The Company's policy is to maintain a strong capital structure with a focus to mitigate all existing and potential risks to the Company, maintain shareholder, vendor and market confidence and sustain continuous growth and development of the Company.

The Company's focus is on keeping a strong total equity base to ensure independence, security, as well as high financial flexibility without impacting the risk profile of the Company. In order, to maintain or adjust the capital structure, the Company will take appropriate steps as may be necessary. The Company does not have any debt or financial covenants.

The Management monitors the return on capital as well as the level of dividend to shareholders. The Company goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future period. Refer the following table for the final and interim dividend declared and paid.

Dividends

		31 March 2018	31 March 2017
(a) Equity shares			
(i)	Final dividend for the year ended 31 March 2016 of INR 1.90 per fully paid share	-	918.54
	Corporate dividend tax on above	-	186.99
(ii)	Final dividend for the year ended 31 March 2017 of INR 1.80 per fully paid share	870.19	-
	Corporate dividend tax on above	177.15	-
(iii)	Interim dividend for the year ended 31 March 2017 of INR 2.00 per fully paid share	-	966.88
	Corporate dividend tax on above	-	196.83
(iv)	Interim dividend for the year ended 31 March 2018 of INR 1.70 per fully paid share	821.97	-
	Corporate dividend tax on above	167.31	-
(b) Dividends not recognised at the end of the reporting period		989.28	-
The directors have recommended the payment of a final dividend of INR 1.70 per fully paid equity share (31 March 2017 – INR 1.80). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.			

30. Traffic guarantee commitment

The Company has entered into tripartite Transportation and Traffic Guarantee Agreement with Pipavav Railway Corporation Limited (PRCL) and Indian Railways, to provide minimum volumes of 3 million metric tonnes for every Financial Year. The Company has consistently met its volume commitment from Financial Year 2010-11 till date and there is no shortfall on account of minimum traffic guarantees to be paid.

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

31. Capital and other commitments

(a) Capital commitments on account of Capital expenditure contracted and obligation under Export Promotion Capital Goods (‘EPCG’) at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	31 March 2018	31 March 2017
(a) Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities (net of advances)	147.10	277.44
(b) Bonds/Undertaking given by the Company under Concessional Duty / Exemption scheme to the Government Authorities (net of obligations fulfilled)	2,949.14	2,692.54

(b) During the year 2005 and prior to AP Moller Maersk group acquiring the complete shareholdings held by the original promoters, SKIL group, the Company had provided commitment of INR 350 million (31 March 2017: INR 350 million) towards consortium lending to a SKIL Group Company, Pipavav Shipyard Limited conditional to fulfilment of certain obligations by Pipavav Shipyard Limited and other parties. This arrangement has been closed and the Company is in the process of seeking discharge from this commitment. IL&FS (lead manager in the consortium) would be releasing the Company of its commitment once it receives a “No Dues certificate” from the Government of Gujarat.

32. Lease

(i) The Company has taken operating leases for office premises, concession agreement with GMB (including lease rental payable as per High Court order. These lease arrangements include both cancellable and non-cancellable leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

(ii) Lease payments of INR 20.36 million (31 March 2017 INR 22.04 million) recognised in Statement of Profit and Loss are shown as “Rent” under Other Expenses in Note 25.

(iii) The future minimum lease payments payable under the said non-cancellable operating lease for rented premises are as follows:

Particulars	31 March 2018	31 March 2017
Payable within one year	8.84	18.43
Payable between one and five years	44.56	60.65
Payable more than 5 years	80.46	85.59

(iv) The Company has given a total area of 1,111,813 Square Mtr. (31 March 2017: 1,111,813 Square Mtr.) of land on lease to various customers. The lease is upto 2028 which is the end of the concession period.

(v) Operating lease rental income of INR 262.78 million (31 March 2017 INR 225.98 million) recognised in Statement of Profit and Loss is included in Other Operating Revenue in Note 19.

(vi) The future minimum lease payments receivable under the said non-cancellable operating lease for rented premises are as follows:

Particulars	31 March 2018	31 March 2017
Receivable within one year	208.07	169.89
Receivable between one and five years	855.11	834.79
Receivable more than five years	1,430.35	1,631.70

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

33. Provisions and Contingent liabilities

Claims against Company not acknowledged as debt aggregates to INR 1,795.12 million (31 March 2017: INR 1,869.30 million). Provisions made in respect of the same aggregates to INR 365.04 million (31 March 2017: 365.04 million).

Above claim includes disputed claim with the associate Company, Pipavav Railway Corporation Limited of INR 699.33 million (31 March 2017: INR 699.33 million). Provision made in respect of this disputed claim is INR 157.04 million (31 March 2017: 157.04 million).

Other contingent liabilities in respect of taxation matter not acknowledged as debt aggregates to INR 190.11 million (31 March 2017: INR 1.57 million). Provisions made in respect of the same is NIL (31 March 2017: INR 1.12 million).

Movement in provision

	Litigations / Disputes		Taxation Matters	
	31-Mar-18	**31-Mar-17**	**31-Mar-18**	**31-Mar-17**
At the commencement of the year	365.04	355.04	1.12	-
Provision made during the year	-	10.00	-	1.12
Provision reversed during the year	-	-	(1.12)	-
At the end of the year	**365.04**	**365.04**	**-**	**1.12**

Future cash outflows in respect of above are determinable only on receipt of judgements/decisions pending with various authorities/forums and/or final outcome of the matters.

34. Concession Agreement with Government of Gujarat

Pursuant to the Concession agreement with the Government of Gujarat and Gujarat Maritime Board (GMB) dated 30 September 1998, the Company is entitled towards government assistance and accordingly have discharged its liability towards waterfront royalty subject to the conditions led down in the aforesaid agreement.

35. Earnings per share

		Year ended 31 March 2018	Year ended 31 March 2017
Profit for the year	**(A)**	1,982.23	2,498.41
Calculation of weighted average number of equity shares			
Number of equity shares at the beginning of the year		483,439,910	483,439,910
Number of equity shares at the end of the year		483,439,910	483,439,910
Weighted average number of equity shares outstanding during the year	**(B)**	483,439,910	483,439,910
Basic and diluted earnings per share (INR)	**(A/B)**	**4.10**	**5.17**

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

36. Interest in Associate company

Set out below is the associate of the Company as at 31 March 2018 which, in the opinion of the directors, is material to the Company. The entity listed below have share capital consisting solely of equity shares, which is held directly by the Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Entity	Place of Business	% of ownership	Relationship	Accounting method	Carrying amount	
					31 March 2018	31 March 2017
Pipavav Railway Corporation Limited	New Delhi	38.78	Associate	Equity Method	830.00	830.00

37. Related party transactions

(a) List of related parties and their relationship

Relation	Party
A. Party with substantial interest and its affiliates	(i) APM Terminals Mauritius Limited, Mauritius (ii) APM Terminals Management (Singapore) Pte Limited, Singapore* (iii) APM Terminals Management B.V., The Netherlands (iv) Maersk Line A/S, Denmark (formerly known as A.P. Moller - Maersk A/S) (v) APM Terminals India Private Limited, India (vi) Maersk Line India Private Limited, India (vii) GPRO Services India Private Limited, India (viii) Maersk Training India Private Limited, India (ix) Gateway Terminals India Private Limited, India (x) APM Terminals Gothenburg Ab, Gothenburg* (xi) Maersk Training Svendborg A/s, Denmark
B. Associate	Pipavav Railway Corporation Limited
C. Directors, Non-Executive Directors and Key managerial personnel	**A) Executive directors** Mr. Keld Pedersen (Managing director) (w.e.f. 1 May 2015) Mr. Prakash Tulsiani (Managing director) (up to 31 March 2015)* **B) Non-Executive directors** Mr. Tejpreet Singh Chopra Ms. Hina Shah Mr. Pradeep Mallick Mr. Pravin Laheri Mr. David Skov – (w.e.f. 2 May 2017)* Mr. Jan Damgaard Sorensen – (w.e.f. 2 May 2017)* Mr. Julian Bevis* **C) Key managerial personnel** Mr. Santosh Breed (Interim Chief Financial Officer) [w.e.f. 2 November 2017) Mr Hariharan Iyer (upto 30 June 2017)

* No transaction during the year

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Transactions during the period	APM Terminals Mauritius Limited	APM Terminals Management B.V.	Maersk Line India Private Limited	Maersk Line A/S	APM Terminals India Private Limited	Pipavav Railway Corporation Limited	Maersk Training India Private Limited	GPRO Services India Private Limited	Other Affiliates	Total
Income from port Services	**-**	**-**	**0.55**	**1,498.60**	**0.60**	**-**	**-**	**-**	**-**	**1,499.75**
	-	-	*0.70*	*1,184.30*	*0.11*	-	-	-	-	*1,185.11*
Professional services received	**-**	-	**(0.84)**	**(12.90)**	**-**	**-**	**-**	**(5.85)**	**-**	**(19.59)**
	-	-	*(2.48)*	*(21.59)*	-	-	-	*(6.17)*	-	*(30.24)*
Business support service charges	**-**	**(48.31)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(48.31)**
		(47.00)		-	-	-	-	-	-	*(47.00)*
Stevedoring Charges	**-**	**-**	**-**	**-**	*(0.01)*	**-**	**-**	**-**	**-**	*(0.01)*
Expenses incurred on our behalf	**-**	**(42.75)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(42.75)**
		(41.32)	-	-	-	-	-	-	*(0.39)*	*(41.71)*
Expenses incurred on their behalf	**-**	**-**	**0.08**	**-**	**0.38**	**-**	**-**	**-**	**-**	**0.46**
	-	-	*0.17*	-	*0.08*	-	-	-	*0.53*	*0.78*
Training Expenses	**-**	**-**	**-**	**-**	**-**	**-**	**(0.17)**	**-**	**(0.43)**	**(0.60)**
	-	-	-	-	-	-	*(0.25)*	-	-	*(0.25)*
Manpower cost	**-**	**-**	**-**	**-**	**-**	**(2.66)**	**-**	**-**	**-**	**(2.66)**
	-	-	-	-	-	*(2.57)*	-	-	-	*(2.57)*
Dividend Payment	**727.66**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**727.66**
	810.83	-	-	-	-	-	-	-	-	*810.83*
Capital Expenditure	**-**	**(5.79)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(5.79)**
	-	*(44.08)*	-	-	-	-	-	-	-	*(44.08)*
Dividend Income	-	-	-	-	-	**-**	-	**-**	-	**-**
	-	-	-	-	-	*38.00*	-	-	-	*38.00*
Closing balance Receivable	**-**	**-**	**0.06**	**192.07**	**0.88**	**-**	**-**	**-**	**0.04**	**193.05**
	-	-	*0.37*	*147.35*	*0.51*	-	-	-	-	*148.23*
Advance from Customer	**-**	**-**	**-**	**10.09**	**-**	**-**	**-**	**-**	**-**	**10.09**
	-	-	-	*9.54*	-	-	-	-	-	*9.54*
Payable	**-**	**45.89**	**0.11**	**15.73**	-	**2.63**	**0.10**	**1.56**	**-**	**66.02**
	-	*75.88*	*0.18*	*10.54*	-	-	-	*3.46*	-	*90.06*
Deposit received	**-**	**-**	**-**	**40.00**	**-**	**-**	**-**	**-**	**-**	**40.00**
				40.00	-	-	-	-	-	*40.00*
Investments	**-**	**-**	**-**	**-**	**-**	**830.00**	-	**-**	**-**	**830.00**
	-	-	-	-	-	*830.00*	-	-	-	*830.00*

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Name of Non-Executive Directors/ Key Managerial personnel	Fees for attending Board/ Committee meetings	Commission	Managerial Remuneration@	Total
Mr. Tejpreet Singh Chopra	**0.60** *0.60*	**1.50** *6.00*	-	**2.10** *6.60*
Ms. Hina Shah	**0.75** *0.95*	**0.75** *3.00*	-	**1.50** *3.95*
Mr. Pradeep Mallick	**1.00** *1.00*	**0.75** *3.00*	-	**1.75** *4.00*
Mr. Pravin Laheri	**1.10** *1.10*	**0.75** *3.00*	-	**1.85** *4.10*
Mr. Keld Pedersen	-	-	**52.54** *33.59*	**52.54** *33.59*
Mr. Santosh Breed	-	-	**2.75** -	**2.75** -
Mr. Hariharan Iyer	-	-	**8.95** *21.22*	**8.95** *21.22*
Mr. Prakash Tulsiani #	-	-	- *9.20*	- *9.20*

Amounts in italics represent amounts as at 31 March 2017

@ As the liabilities for defined benefit plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial persons are not included.

Tax on Managerial Remuneration paid on behalf of Mr. Prakash Tulsiani as per agreement.

38. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. Managing Director and Chief Financial Officer of the Company are the chief operating decision makers. The Company operates only in one Business Segment i.e. ‘Port Services' which primarily includes services such as Marine services, Berth hire, Wharfage, Container Handling, Yard Operations, Stevedorage and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

The Company having combined revenue of more than 10% of the total revenue from related parties amounts to INR 1,499.75 million (31 March 2017: INR 1,185.11 million).

39. Other notes

Dues to Micro and Small suppliers

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Company, the details of outstanding dues to the Micro and Small enterprises as defined in the MSMED Act, 2006 as set out in the following disclosures:

	31 March 2018	31 March 2017
Principal amount due to any supplier as at the year end	1.06	0.95
Interest due on the principal amount unpaid at the year end to any supplier	0.02	0.05
Principal amounts paid to the suppliers beyond appointed day during the year	1.46	0.79
Interest paid, other than under Section 16 of the MSMED Act, to supplier beyond the appointed day during the year	-	-

NOTES TO THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

	31 March 2018	31 March 2017
Interest paid, under Section 16 of the MSMED Act, to supplier beyond the appointed day during the year	-	-
Interest due and payable towards supplier for the payments already made	@	@
Further interest remaining due and payable for earlier years	0.10	0.05

@ Amount is below the rounding off norm adopted by the Company.

40. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

(Amount in INR)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	225,000	21,012	246,012
(+) Permitted receipts	-	-	-
(+) Receipts for non-permitted transactions *	10,500	376,021	386,521
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	235,500	-	235,500
(-) Paid for non-permitted transactions	-	307,326	307,326
Closing cash in hand as on December 30, 2016	**-**	**89,707**	**89,707**

* This pertained to collections in transit on 9 November 2016 and 10 November 2016 which were subsequently deposited in bank account.

41. Figures for the previous periods have been reclassified / regrouped wherever applicable, to conform with the current period classification.

As per our report of even date attached.

For Price Waterhouse Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
17 May 2018

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited
CIN: L63010GJ1992PLC018106

Keld Pedersen
Managing Director
DIN : 07144184

Pravin Laheri
Director
DIN: 00499080

Santosh Breed
Interim Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
17 May 2018

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GUJARAT PIPAVAV PORT LIMITED

Report on the Consolidated Indian Accounting Standards (Ind AS) Financial Statements

1. We have audited the accompanying consolidated Ind AS financial statements of Gujarat Pipavav Port Limited ("hereinafter referred to as the Company") and its associate company [refer Note (1)(B) to the attached consolidated Ind AS financial statements], comprising of the consolidated Balance Sheet as at 31 March 2018, the consolidated Statement of Profit and Loss (including Other Comprehensive Income), the consolidated Cash Flow Statement for the year then ended and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information prepared based on the relevant records (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

2. The Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and changes in equity of the Company including its associate company in accordance with accounting principles generally accepted in India including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act. The Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of consolidated Ind AS financial statements. The respective Board of Directors of the Company and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and its associate respectively and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which has been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.

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

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 the accounting policies used and the reasonableness of the accounting estimates made by the Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

6. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated Ind AS financial statements.

Basis for Qualified Opinion

7. a) The consolidated Ind AS financial statements include the Company's share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 225.64 million, based on unaudited Ind AS financial statements as at and for the year ended 31 March 2018 in respect of its associate company not audited by us. The Ind AS financial statement as at and for the year ended 31 March 2018 in respect of the associate company is pending audit by their auditors. Our opinion on the consolidated Ind AS financial statements insofar as it relates to the amounts and disclosures included for the year ended on 31 March 2018 in respect of this associate company is based solely on such Ind AS financial information of the associate company for the year ended on 31 March 2018, as furnished to us by the Management of the Company.

   b) Further, pending the audit of the associate company for the year ended on 31 March 2018 by their auditors, we are unable to report on the adequacy of the internal financial controls over financial reporting and operating effectiveness of such controls of the associate company incorporated in India as required to be reported by us.

Qualified Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs above, the aforesaid consolidated 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 consolidated state of affairs of the Company and its associate as at 31 March 2018, their consolidated comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by Section143(3) of the Act, we report, to the extent applicable, that:

   (a) We have sought and, except for the possible effects of the matter described in the paragraph Basis for Qualified Opinion above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.

   (b) In our opinion, except for (i) the possible effects of the matter described in the paragraph Basis for Qualified Opinion above; and (ii) that the backup of the books of accounts and other books and papers maintained in electronic mode of the Company has not been maintained on servers physically located in India; proper books of account as required by law maintained by the Company and its associate company incorporated in India including relevant records relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and records of the Company.

   (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including other comprehensive income), Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report, except for the possible effects of the matter described in the paragraph Basis for Qualified Opinion above, are in agreement with the relevant books of account maintained by the Company and its associate company incorporated in India including relevant records relating to the preparation of the consolidated Ind AS financial statements.

   (d) In our opinion, except for the possible effects of the matter described in the paragraph Basis for Qualified Opinion above, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act.

   (e) Except for the possible effects of the matter described in the paragraph Basis for Qualified Opinion above, on the basis of the written representations received from the directors of the Company as on 31 March 2018 taken on record by the Board of Directors of the Company, none of the directors of the Company is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With regard to maintenance of accounts and other matters connected therewith reference is made to our comments in paragraph 9(b) above.

(g) Read with Paragraph 7 (b) above, with respect to the adequacy of the internal financial controls with reference to standalone Ind AS financial statements of the Company and the operating effectiveness of such controls, we refer to Annexure A of our report of even date on the standalone Ind AS financial statements of the Company.

(h) With respect to the other matters to be included in the Auditors' 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. Except for the possible effects of the matter described in the paragraph Basis for Qualified Opinion above, the consolidated Ind AS financial statements disclose the impact, if any, of pending litigations as at 31 March 2018 on the consolidated financial position of the Company and its associate – Refer Note 33 to the consolidated Ind AS financial statements.

ii. Except for the possible effects of the matter described in the paragraph Basis for Qualified Opinion above, the Company and its associate did not have any material foreseeable losses on long term contracts as at 31 March 2018.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company, and its associate company incorporated in India during the year ended 31 March 2018.

iv. Except for the possible effects of the matter described in the paragraph Basis for Qualified Opinion above, the reporting on disclosures relating to Specified Bank Notes is not applicable to the Company for the year ended 31 March 2018.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N/ N-500016
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number 109553

Mumbai
17 May 2018

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

(All amounts are in Rupees Millions, unless otherwise stated)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, Plant and Equipment	3 (a)	16,847.91	16,753.33
Capital work-in-progress	3 (b)	323.23	922.21
Intangible assets	3 (c)	14.88	8.56
Investment accounted for using the equity method	4 (a)	2,283.87	2,058.23
Financial Assets			
(i) Other financial assets	4 (b)	35.96	35.39
Income tax assets (net)	5 (a)	114.68	304.16
Deferred tax assets (net)	6 (b)	-	416.05
Other non-current assets	7	62.82	170.96
Total non-current assets		**19,683.35**	**20,668.89**
Current assets			
Inventories	8	136.16	155.58
Financial Assets			
(i) Trade receivables	9 (a)	257.56	285.73
(ii) Cash and cash equivalents	9 (b)	354.51	534.01
(iii) Bank balance other than (ii) above	9 (c)	3,960.96	2,988.44
(iv) Loans	9 (d)	2.16	2.40
(v) Other financial assets	4 (b)	7.83	7.63
Other Current assets	10	156.10	91.28
Total current assets		**4,875.28**	**4,065.07**
Total Assets		**24,558.63**	**24,733.96**
EQUITY AND LIABILITIES			
Equity			
Equity Share capital	11	4,834.40	4,834.40
Other equity			
(i) Reserves and surplus	12	16,760.06	16,588.81
Total equity		**21,594.46**	**21,423.21**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Other financial liabilities	13	27.20	52.91
Employee benefit obligations	14	18.41	14.22
Deferred tax liabilities (net)	6 (b)	3.42	-
Other non-current liabilities	15	738.86	813.16
Total non-current liabilities		**787.89**	**880.29**
Current liabilities			
Financial Liabilities			
(i) Trade payables	16	284.63	256.35
(ii) Other financial liabilities	13	501.70	846.93
Provisions	17	365.04	366.16
Employee benefit obligations	14	108.24	79.34
Income tax provisions (net)	5 (b)	-	47.91
Other current liabilities	18	916.67	833.77
Total current liabilities		**2,176.28**	**2,430.46**
Total Liabilities		**2,964.17**	**3,310.75**
Total equity and liabilities		**24,558.63**	**24,733.96**

The above Consolidated Balance Sheet should be read in conjunction with the accompanying notes.

As per our report of even date attached.

For Price Water house Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
17 May 2018

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited
CIN: L63010GJ1992PLC018106

Keld Pedersen
Managing Director
DIN : 07144184

Pravin Laheri
Director
DIN: 00499080

Santosh Breed
Interim Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
17 May 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Rupees Millions, unless otherwise stated)

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	19	6,489.00	6,831.04
Other income	20	370.45	315.59
Total Income		**6,859.45**	**7,146.63**
Expenses			
Operating expenses	21	1,185.08	1,212.88
Employee benefits expense	22	528.86	484.15
Finance costs	23	3.48	4.03
Depreciation and amortisation expense	24	1,035.64	1,065.15
Other expenses	25	1,034.35	948.11
Total expenses		**3,787.41**	**3,714.32**
Profit before share of net profits of investments accounted for using equity method and tax		**3,072.04**	**3,432.31**
Share of net profit of associates accounted for using the equity method		225.54	361.19
Profit before tax		**3,297.58**	**3,793.50**
Tax expense :			
For the year			
- Current tax expense	6 (a)	662.74	735.20
- Deferred tax expense [Including Minimum Alternate Tax Credit utilised/(availed)]	6 (a)	424.70	235.99
For earlier year			
- Current tax expense		3.93	(49.73)
- Deferred tax expense [Including Minimum Alternate Tax Credit utilised/(availed)]		(3.93)	49.73
Total tax expense		**1,087.44**	**971.19**
Profit for the year		**2,210.14**	**2,822.31**
Other comprehensive income			
Items that will not be reclassified to profit or loss			
(i) Re-measurement of post-employment benefit obligations		(3.66)	(0.99)
(ii) Share of other comprehensive income of associates		0.12	-
(iii) Less: Tax relating (i) above		1.29	0.28
(iv) Less: Tax relating (ii) above		(0.02)	-
Other comprehensive income for the year, net of tax		**(2.27)**	**(0.71)**
Total comprehensive income for the year		**2,207.87**	**2,821.60**
Earning per equity share [face value per share INR 10/- (31 March 2017: INR10/-)] (Refer note - 35)			
Basic earnings per share		4.57	5.84
Diluted earnings per share		4.57	5.84

The above Statement of Consolidated Profit and Loss should be read in conjunction with the accompanying notes.
As per our report of even date attached.

For Price Water house Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
17 May 2018

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited
CIN: L63010GJ1992PLC018106

Keld Pedersen
Managing Director
DIN : 07144184

Pravin Laheri
Director
DIN: 00499080

Santosh Breed
Interim Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
17 May 2018

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

A. Equity share capital

	Notes	Amount
As at 31 March 2017		**4,834.40**
Changes in the equity share capital	11	**-**
As at 31 March 2018		**4,834.40**

B. Other equity

Particulars	Notes	Attributable to owners of Gujarat Pipavav Port Limited		
		Reserves & Surplus		Total Other Equity
		Securities Premium Reserve	Retained Earnings	
Balance at 31 March 2017	12(i)	14,288.87	2,299.94	16,588.81
Profit for the year	12(ii)		2,210.14	2,210.14
Less: Other Comprehensive Income			(2.27)	(2.27)
Total comprehensive income for the year ended 31 March 2018			**2,207.87**	**2,207.87**
Transaction with owners in their capacity as owners:				
Dividends paid (including dividend distribution tax)			(2,036.62)	(2,036.62)
Balance at 31 March 2018		**14,288.87**	**2,471.19**	**16,760.06**

The above Consolidated statement of changes in equity should be read in conjunction with the accompanying notes.
As per our report of even date attached.

For Price Water house Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
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Mumbai
17 May 2018

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from operating activities		
Profit before tax	3,297.58	3,793.50
Adjustments :		
Share of profit of associate company	(225.54)	(323.19)
Deferred income recognised	(74.30)	(74.30)
Depreciation and amortisation expense	1,035.64	1,065.15
Finance costs	3.48	4.03
Dividend and interest income classified as investing cash flows	(223.75)	(189.47)
Loss on disposal of property, plant and equipment (net)	1.62	20.15
Sundry balances written back (net)	(6.79)	(0.98)
Write offs / provisions for current assets, loans and advances	21.62	-
Foreign currency transactions and translations differences (net)	34.29	(4.36)
Provision for claims	(1.12)	11.12
Write down of Inventories	-	24.96
	3,862.73	**4,326.61**
Operating profit before working capital changes		
(Increase)/Decrease in trade receivables	(16.20)	6.22
(Increase)/Decrease in inventories	7.88	(25.88)
(Increase)/Decrease in loans	0.24	0.60
(Increase)/Decrease in other financial assets	(0.78)	(0.53)
(Increase)/Decrease in other non-current assets	108.14	(169.71)
(Increase)/Decrease in other current assets	(64.82)	(21.06)
Increase/(Decrease) in trade payables	28.29	117.30
Increase/(Decrease) in employee benefit obligations	29.43	(5.38)
Increase/(Decrease) in other financial liabilities	(367.16)	(64.68)
Increase/(Decrease) in non-current liabilities	-	373.08
Increase/(Decrease) in other current liabilities	82.91	109.29
	(192.07)	**319.25**
Cash generated from operations	**3,670.66**	**4,645.86**
Income taxes paid (net of refund)	(525.12)	(587.78)
Net cash inflow from operating activities	**3,145.54**	**4,058.08**
Cash flows from investing activities		
Payments for property, plant and equipment	(539.93)	(1,430.43)
Proceeds from sale of fixed assets (net)	0.75	0.10
Interest received	115.02	167.46
Decrease/(Increase) in deposits with banks (including earmarked balances) (net)	(863.79)	(1,184.05)
Net cash outflow from investing activities	**(1,287.95)**	**(2,446.92)**

CONSOLIDATED STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH 2018

(All amounts are in Rupees Millions, unless otherwise stated)

	Year ended 31 March 2018	Year ended 31 March 2017
Cash flows from financing activities		
Interest paid	(3.48)	(4.03)
Dividends paid to Company's shareholders	(1,689.14)	(1,883.98)
Dividend distribution tax paid on dividend	(344.46)	(383.82)
Net cash outflow from financing activities	**(2,037.08)**	**(2,271.83)**
Net increase/(decrease) in cash and cash equivalents	**(179.49)**	**(660.67)**
Cash and cash equivalents at the beginning of the financial year	534.01	1,194.99
Effects of exchange rate changes on cash and cash equivalents	(0.01)	(0.31)
Cash and cash equivalents at end of the year	**354.51**	**534.01**

Reconciliation of cash and cash equivalents as per the cash flow statement

	As at 31 March 2018	As at 31 March 2017
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents [Refer note 9 (b)]	354.51	534.01
Balance as per statement of cash flows	354.51	534.01

The above Consolidated Statement of Cash Flow should be read in conjunction with the accompanying notes.
As per our report of even date attached.

For Price Water house Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
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For and on Behalf of Board of Directors of
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Company Secretary

Mumbai
17 May 2018

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

1. (A) Company overview

i. Gujarat Pipavav Port Limited, ("the Company") was incorporated on 5 August 1992 to construct, operate and maintain an all-weather port at Pipavav, District Amreli, in the State of Gujarat.

ii. The port is designed to handle bulk, container, liquid cargo and RORO and to provide port services such as marine services, material handling and storage operations.

iii. The Company has entered into a 30 year Concession Agreement with Government of Gujarat and Gujarat Maritime Board ("GMB") dated 30 September 1998 to engage in the business of developing, constructing, operating and maintaining the port on a BOOT (Build Own Operate Transfer) basis.

iv. During the year 2005, AP Moller-Maersk group together with certain financial investors acquired the complete shareholdings held by the original promoter viz. Seaking Infrastructure Limited ("SKIL") group, on receipt of approval from Government of Gujarat and Gujarat Maritime Board. Accordingly, AP Moller-Maersk group became the key promoter of the Company under the Concession agreement.

v. Pursuant to the approval of the shareholders of the Company in an extra ordinary general meeting held on 17 November 2009, the Company has issued and allotted through Initial Public Offering (IPO) 108,695,652 equity shares of INR 10 each at a premium of INR 36 per share aggregating to a total of INR 5,000 million to all categories of investors. The issue was made in accordance with the terms of the Company's prospectus dated 30 August 2010 and the shares got listed on 9 September 2010 on Bombay Stock Exchange and National Stock Exchange.

(B) Principles of consolidation and equity accounting

(i) *Associates*

Associates are all entities over which the Company has significant influence but not control or joint control. This is generally the case where the Company holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost.

(ii) *Equity method*

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Company's share of the post-acquisition profits or losses of the investee in The Consolidated Statement of Profit and Loss, and the Company's share of other comprehensive income of the investee in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

When the Company's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the group.

The carrying amount of equity accounted investments are tested for impairment in accordance with the policy described in note 2.9 below.

(iii) *Changes in ownership interests*

When the Company ceases to equity account for an investment because of a loss of control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in Consolidated Statement of Profit and Loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate. In addition, any amounts previously recognised in other comprehensive income in respect of that associate are accounted for as if the Company had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

(iv) The Associate entity considered in the consolidated financial statements is:

Sr. No.	Name of the Company	Country of incorporation	% voting power held as at March 31, 2018
1	Pipavav Railway Corporation Limited (the 'Associate Company')	India	38.78%

2. Significant accounting policies

This note provides a list of the significant accounting policies adopted in the preparation of these consolidated financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1. Basis of preparation of consolidated financial statements

(i) Compliance with Ind AS

The consolidated financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the 'Act') [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

(ii) Historical cost convention

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- certain financial assets and liabilities and contingent consideration that is measured at fair value ; and
- defined benefit plans – plan assets measured at fair value

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Act. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

(iii) Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after April 1, 2018:

Ind AS 115 – Revenue from Contracts with Customers

Ind AS 115, is effective for periods beginning on or after April 01, 2018. Ind AS 115 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the Standards on leases, insurance contracts and financial instruments). Ind AS 115 replaces the previous revenue Standards: Ind AS 18 Revenue and Ind AS 11 Construction Contracts, and the related appendices.

The standard establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise. Under Ind AS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. The core principle in that framework is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the fair value of consideration to which the Company expects to be entitled in exchange for those goods or services.

Specifically, the standard introduces a 5-step approach to revenue recognition:

Step 1 : Identify the contract(s) with a customer

Step 2 : Identify the performance obligation in contract

Step 3 : Determine the transaction price

Step 4 : Allocate the transaction price to the performance obligations in the contract

Step 5 : Recognise revenue when (or as) the entity satisfies a performance obligation

The Company is evaluating the impact of the standard on the financial position and results of operations. As per the transitional provision of the standard, the Company shall apply this Standard using one of the following two methods:

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

(a) Retrospectively to each prior reporting period presented in accordance with Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors. The standard is applied retrospectively only to contracts that are not completed contracts at the date of initial application;

(b) Retrospectively with the cumulative effect of initially applying this Standard recognised at the date of initial application.

Ind AS 21 – The effect of changes in Foreign Exchange rates

The amendment clarifies on the accounting of transactions that include the receipt or payment of advance consideration in a foreign currency. The appendix explains that the date of the transaction, for the purpose of determining the exchange rate, is the date of initial recognition of the non-monetary prepayment asset or deferred income liability. If there are multiple payments or receipts in advance, a date of transaction is established for each payment or receipt. Company is evaluating the impact of this amendment on its consolidated financial statements.

There are no other standards, changes in standards and interpretations that are not in force up to reporting period that the Company expects to have a material impact arising from its application in its consolidated financial statements.

2.2. Use of estimates:

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the consolidated financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the accounting period in which such revision takes place.

2.3. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Managing Director and Chief Financial Officer of the Company are the chief operating decision makers. Refer note 38 for segment information presented.

2.4. Foreign currency transactions

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

Foreign currency transactions are recorded in Indian rupees using the rates prevailing on the date of the respective transactions. Exchange differences arising on foreign currency transactions settled during the period are recognised in the Consolidated Statement of Profit and Loss. Monetary assets and liabilities denominated in foreign currencies as at the Consolidated balance sheet date are translated into Indian rupees at the closing exchange rates on that date; the resultant exchange differences are recognised in the Consolidated Statement of Profit and Loss.

As at the Consolidated balance sheet date non-monetary items denominated in foreign currency are carried at historical cost. All non-monetary items denominated in foreign currency are carried at historical cost or other similar valuations are reported using the exchange rate that existed when the values were determined.

2.5. Revenue recognition

The Company recognises revenue from rendering of services when services are rendered as per the contractual obligations, when the amount of revenue can be reliably measured and it is probable that the future economic benefits will flow to the entity.

Revenue is measured at the fair value of the consideration received or receivable. The amount disclosed as revenue is exclusive of service tax, goods and service tax (GST), cess and net of trade allowance and rebates wherever applicable.

Interest income on deposits with bank is recognised on a time proportion basis at applicable interest rates.

2.6. Government Grant

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with all attached conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Government grants relating to income are deferred and recognised in the Consolidated Statement of Profit and Loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to Consolidated Statement of Profit and Loss on a straight-line basis over the expected lives of the related assets and presented within other income.

2.7. Income taxes

Income tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the period). Provision for current tax is based on the results for the year ended 31 March, in accordance with the provisions of the Income Tax Act, 1961.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates and tax laws that have been enacted or substantively enacted by the Consolidated balance sheet date. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in the Consolidated Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Minimum Alternative Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as deferred tax. The credit available under the said Act in respect of MAT is recognised as Deferred Tax Asset only to the extent there is convincing evidence that the Company will pay income tax in future periods and MAT credit can be carried forward to set-off against the normal tax liability. MAT credit recognised as Deferred Tax Asset is reviewed at each Consolidated balance sheet date and written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal tax during the specified period.

2.8. Leases

As a lessee

Leases of property, plant and equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Consolidated Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

As a lessor

Lease income from operating leases where the Company is a lessor is recognised in income on a straight-line basis over the lease term unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases. The respective leased assets are included in the Consolidated balance sheet based on their nature. Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

2.9. Impairment

Assets are reviewed at each reporting date to determine if there is any indication of impairment. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or cash generating unit (CGU).

For the purpose of impairment testing, assets are grouped together into the smallest group of assets (CGU) that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

Impairment losses are recognised in the Consolidated Statement of Profit and Loss.

If as at the Consolidated balance sheet date there is an indication that a previously assessed impairment loss no longer exists or has decreased, the assets or CGU's recoverable amount is estimated. For assets, the impairment loss is reversed to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such a reversal is recognised in the Consolidated Statement of Profit and Loss.

2.10.Cash and cash equivalents

For the purpose of presentation in the Consolidated statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments 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.

2.11.Exceptional Items

Company recognises exceptional item when items of income and expenses within Consolidated Statement of Profit and Loss from ordinary activities are such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period.

2.12.Inventories

Inventories comprise of stores, spares, loose tools, fuel and lubricants. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition. Costs of purchased inventory are determined after deducting rebates and discounts. These are carried at the lower of cost and net realisable value. Costs are assigned to individual items of inventory on the basis of first-in first-out basis. Systematic provisioning is made for inventories held for more than a year. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

2.13.Investment and Other Financial assets

(i) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss) ; and
- those measured at amortised cost

The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in the Consolidated Statement of Profit and Loss or other comprehensive income. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

(ii) Measurement

At initial recognition, the Company measures its financial asset at its fair value plus, in the case of financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Consolidated Statement of Profit and Loss.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Equity instruments

The Company initially measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the Consolidated Statement of Profit and Loss.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in other gain/ (losses) in the Consolidated Statement of Profit and Loss. Impairment losses and reversal of impairment losses on equity investments measured at FVOCI are not reported separately from other changes in fair value.

(iii) Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

(iv) Derecognition of financial assets

A financial asset is derecognised only when

- The Company has transferred the rights to receive cash flows from the financial asset or
- retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

(v) Income recognition

Dividends are recognised in the Consolidated Statement of Profit and Loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

2.14. Off setting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Consolidated balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.15. Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value

Depreciation is provided on the straight-line method, over the estimated useful life of each asset from the subsequent month of the date of purchase. Assets are depreciated as per useful life specified in Part 'C' of the schedule II of the Act. Based on internal technical evaluation following assets have a different useful life than prescribed by schedule II of the Act.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Asset Details	Life as per Schedule II in Years	Technical Estimate in Years
Ship to Shore Cranes	15	20
Power Distribution Systems	10	15
Carpeted Roads	10	20
Jetties	Not defined	30
Dredging	Not defined	50
Boundary Wall	Not defined	20
Old Residential Complex	60	15
Marine Office Building	60	15
Warehouses	30	15
Guest houses	30	15

All assets costing individually INR 125,000 or less are depreciated fully in the year of purchase.

The useful lives are reviewed by the management at each reporting date and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the revised remaining useful life.

A fixed asset is eliminated from the consolidated financial statements on disposal or when no further benefit is expected from its use and disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in Consolidated Statement of Profit and Loss within other gains/(losses).

In accordance with Concession agreement all contracted immovable and movable assets shall be transferred to and shall vest in Gujarat Maritime Board (‘GMB’) at the end of the concession period, for consideration equivalent to the Depreciated Replacement Value (DRV). Since the DRV is currently not determinable, fixed assets are depreciated based on their estimated useful life.

2.16. Acquired intangible assets

Intangible assets that are acquired by the Company are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less any accumulated amortisation and / or any accumulated impairment loss, if any.

Intangible assets are amortised in the Consolidated Statement of Profit and Loss using the straight line method over their estimated useful lives, from the date that they are available for use. Accordingly, at present, these are being amortised on straight line basis based on the period of the licence in case of licensed software or for 3 years. Such intangible assets that are not yet available for use are tested annually for impairment.

Amortisation method and useful lives are reviewed at each reporting date. If the useful life of an asset is estimated to be significantly different from previous estimates, the amortisation period is changed accordingly.

An intangible asset is derecognised on disposal or when no future economic benefits are expected from its use and disposal.

Losses arising from retirement and gains or losses arising from disposal of an intangible asset 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 and Loss.

2.17. Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees’ services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Consolidated balance sheet.

(ii) Post-employment obligations

Defined contribution plans:

A defined contribution plan is a post-employment benefit plan under which an entity pays specified contributions to a separate entity and has no obligation to pay any further amounts. The Company makes specified monthly contributions towards employee provident fund to Government administered provident fund scheme which is a defined contribution plan. The Company’s contribution is recognised as an expense in the Consolidated Statement of Profit and Loss during the period in which the employee renders the related service.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Defined benefit plan:

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and the fair value of any plan assets are deducted. The calculation of the Company's obligation under the plan is performed annually by a qualified actuary using the projected unit credit method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation. The discount rates used for determining the present value of the obligation under defined benefit plan, are based on the market yields on Government securities as at the Consolidated balance sheet date.

All expenses related to defined benefit plans are recognised in employee benefits expense in the Consolidated Statement of Profit and Loss. The Company recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

The Company has funded its gratuity liability with Life Insurance Corporation of India (LIC) under the Group Gratuity cum Life Assurance (Cash Accumulation) Scheme.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefits expense in the Consolidated Statement of Profit and Loss.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the Consolidated statement of changes in equity and in the Consolidated balance sheet.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the Consolidated Statement of Profit and Loss as past service cost.

(iii) Other Long term employee benefit obligation

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the period in which the employees render the related service and are also not expected to be utilized wholly within twelve months after the end of such period, the benefit is classified as a long-term employee benefit obligations. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method. Actuarial losses/ gains are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise.

The obligations are presented as current liabilities in the Consolidated balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting period, regardless of when the actual settlement is expected to occur.

2.18. Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

2.19.Contingent liabilities

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions, but are disclosed unless the possibility of outflow of resources is remote.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

2.20. Earnings per share (EPS)

The basic EPS is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit attributable to the equity shareholders for the period by the weighted average number of equity and dilutive equity equivalent shares outstanding during the period, except where the results would be anti-dilutive.

2.21. Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

2.22. Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.23 Investment in Associate company

The Company carries its investments in an associate at cost less impairment losses, if any. The Company assesses at the end of each reporting period, if there are any indications that the said investment may be impaired. If so, the Company estimates the recoverable amount in accordance with policy given in 2.9.

2.24 Financial instruments measured at fair value

Financial instruments measured at fair value can be divided into three levels:

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. Fair value of listed securities fall within level 1 of the fair value hierarchy. Non-listed shares and other securities fall within level 3 of the fair value hierarchy.

Fair value of level 3 assets and liabilities are primarily based on the present value of expected future cash flows. A reasonably possible change in the discount rate is not estimated to affect the Company’s profit or equity significantly.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

3(a)(i) Property, plant and equipment [1 April 2017 to 31 March 2018]

	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
Particulars	**As at 1 April 2017**	**Additions during the year**	**Deductions/ Adjustments during the year**	**As at 31 March 2018**	**As at 1 April 2017**	**Charge for the year**	**On Deductions / Adjustments**	**As at 31 March 2018**	**As at 31 March 2018**
Land and site development	321.86	-	0.01	**321.85**	-	-	-	**-**	**321.85**
Buildings	5,110.10	148.29	(168.03)	**5,426.42**	295.87	220.50	(168.49)	**684.86**	**4,741.56**
Port Road - External	734.68	-	0.09	**734.59**	100.48	50.28	(0.09)	**150.85**	**583.74**
Plant, Machinery and Equipment	8,447.00	971.72	171.18	**9,247.54**	1,384.40	645.58	171.06	**1,858.92**	**7,388.62**
Dredging	3,869.17	-	(0.02)	**3,869.19**	179.77	90.52	(0.02)	**270.31**	**3,598.88**
Railway sidings	232.69	-	(0.40)	**233.09**	25.64	13.02	(0.39)	**39.05**	**194.04**
Furniture, Fittings and Leasehold Improvements	11.74	7.73	2.03	**17.44**	4.95	8.19	1.30	**11.84**	**5.60**
Motor Vehicles	23.99	-	1.97	**22.02**	6.79	2.70	1.09	**8.40**	**13.62**
Total	**18,751.23**	**1,127.74**	**6.83**	**19,872.14**	**1,997.90**	**1,030.79**	**4.46**	**3,024.23**	**16,847.91**

Notes :

1 Land and site development includes

- Freehold land of INR 50.55 million
- Land aggregating INR 1.47 million purchased during prior years for getting the rail connectivity from nearest station upto the port boundary is registered in the name of our Associate company, Pipavav Railway Corporation Limited, pursuant to Government notification.
- Land aggregating INR 24.99 million was purchased during prior years for handing it over to Government of Gujarat, pursuant to the order issued by Hon'ble Supreme Court. This land will be exchanged with the land located inside the port premises which does not form part of the current Concession with Gujarat Maritime Board (GMB).
- Expenditure of INR 244.85 million incurred towards Land Filling and Site development.

2 Refer to note 31 for disclosure of capital commitments for the acquisition of property, plant and equipment.

3 (b) (i) Capital work in progress

	As at 31st March 2018
Capital work in progress	323.23
Total	**323.23**

Capital work-in-progress mainly comprises of Container handling Yard Cranes and Container Scanner.

3 (c) (i) Intangible Assets

	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
Particulars	**As at 1 April 2017**	**Additions during the year**	**Deductions/ Adjustments during the year**	**As at 31 March 2018**	**As at 1 April 2017**	**Charge for the year**	**On Deductions / Adjustments**	**As at 31 March 2018**	**As at 31 March 2018**
Computer Software	29.11	11.17	-	**40.28**	20.55	4.85	-	**25.40**	14.88
Total	**29.11**	**11.17**	**-**	**40.28**	**20.55**	**4.85**	**-**	**25.40**	**14.88**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

3(a)(ii) Property, plant and equipment [1 April 2016 to 31 March 2017]

Particulars	Gross Carrying Amount				Accumulated Depreciation				Net Carrying Amount
	As at 1 April 2016	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	On Deductions / Adjustments	As at 31 March 2017	As at 31 March 2017
Land and site development	321.86	-	-	**321.86**	-	-	-	**-**	**321.86**
Buildings	3,374.55	1,735.55	-	**5,110.10**	52.08	243.79	-	**295.87**	**4,814.23**
Port Road - External	734.68	-	-	**734.68**	50.24	50.24	-	**100.48**	**634.20**
Plant, Machinery and Equipment	5,812.83	2,670.99	36.82	**8,447.00**	743.91	657.06	16.57	**1,384.40**	**7,062.60**
Dredging	3,869.17	-	-	**3,869.17**	89.25	90.52	-	**179.77**	**3,689.40**
Railway sidings	232.69	-	-	**232.69**	12.62	13.02	-	**25.64**	**207.05**
Furniture, Fittings and Leasehold Improvements	8.92	2.82	-	**11.74**	2.89	2.06	-	**4.95**	**6.79**
Motor Vehicles	17.30	6.69	-	**23.99**	3.88	2.91	-	**6.79**	**17.20**
Total	**14,372.00**	**4,416.05**	**36.82**	**18,751.23**	**954.87**	**1,059.60**	**16.57**	**1,997.90**	**16,753.33**

Notes :

1 Land and site development includes

- Freehold land of INR 50.55 million
- Land aggregating INR 1.47 million purchased during prior years for getting the rail connectivity from nearest station upto the port boundary is registered in the name of our Associate company, Pipavav Railway Corporation Limited, pursuant to Government notification.
- Land aggregating INR 24.99 million was purchased during prior years for handing it over to Government of Gujarat, pursuant to the order issued by Hon'ble Supreme Court. This land will be exchanged with the land located inside the port premises which does not form part of the current Concession with Gujarat Maritime Board (GMB).
- Expenditure of INR 244.85 million incurred towards Land Filling and Site development.

2 Refer to note 31 for disclosure of capital commitments for the acquisition of property, plant and equipment.

3(b) (ii) Capital work in progress

	As at 31 March 2017
Capital work in progress	922.21
Total	**922.21**

Capital work-in-progress mainly comprises of Container handling Yard Cranes and New Office Complex

3(c) (ii) Intangible Assets

Particulars	Gross Carrying Amount				Accumulated Amortisation				Net Carrying Amount
	As at 1 April 2016	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2017	As at 1 April 2016	Charge for the year	On Deductions / Adjustments	As at 31 March 2017	As at 31 March 2017
Computer Software	21.62	7.49	-	**29.11**	15.00	5.55	-	**20.55**	8.56
Total	**21.62**	**7.49**	**-**	**29.11**	**15.00**	**5.55**	**-**	**20.55**	**8.56**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

4 (a) Interests in Associates

Set out below is the associate of the company as at 31 March 2018 which, in the opinion of the directors, are material to the group. The entity listed below have share capital consisting solely of equity shares, which are held directly by the Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of entity	Place of business	% of ownership interest	Relationship	Accounting method	Quoted fair value		Carrying amount #	
					31 March 2018	31 March 2017	31 March 2018	31 March 2017
Pipavav Railway Corporation Limited	India	38.78%	Associate	Equity method	*	*	2,283.87	2,058.23

Pipavav Railway Corporation Limited engages in the construction, operation, and maintenance of a railway line connecting Port of Pipavav to Surendranagar Junction of Western Railway in Gujarat. Its railway system provides single window transport solutions for the movement of bulk and containerized cargo.

* Unlisted entity – No quoted price available.

Reconciliation to carrying amounts

	31 March 2018		31 March 2017
Opening carrying amount		2,058.23	1,735.04
Profit for the year	225.54		361.19
Other comprehensive income	0.12		-
Less : Tax on above	(0.02)		-
Profit for the year (Refer note - 41)		**225.64**	**-**
Dividend received		-	(38.00)
Closing net assets		**2,283.87**	**2,058.23**

4 (b) Other financials assets

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Security deposits	35.96	7.83	35.39	7.63
Total other financials assets	**35.96**	**7.83**	**35.39**	**7.63**

5 (a) Income tax assets (net)

	As at 31 March 2018	As at 31 March 2017
Advance Tax *	114.68	304.16
Total Current tax assets (net)	**114.68**	**304.16**

* Net of provision for tax of INR 2,186.01 million (31 March 2017 : INR 1,440.35 million)

5 (b) Income tax provisions (net)

	As at 31 March 2018	As at 31 March 2017
Provision for tax #	-	47.91
Total Current tax provisions (net)	**-**	**47.91**

Net of Advance tax of Nil (31 March 2017 : INR 687.29 million)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

6 Deferred tax assets

a. Tax expense recognised in the Consolidated Statement of Profit and Loss

	For the year ended 31 March 2018	For the year ended 31 March 2017
Current tax		
Current year	662.74	735.20
Total	**662.74**	**735.20**
Deferred tax		
Deferred tax	94.38	892.90
MAT credit utilised/(entitlement)	330.32	(656.91)
Total	**424.70**	**235.99**
Total income tax expense/(credit)	**1,087.44**	**971.19**

Reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

	For the year ended 31 March 2018	For the year ended 31 March 2017
Accounting profit before tax	3,294.04	3,793.50
Applicable tax rate of the reporting entity	34.608%	34.608%
Expected total tax expense	1,140.00	1,312.85
Amount charged in Consolidated Statement of Profit and Loss	1,087.44	971.19
Difference	52.56	341.66
Tax effect of amounts which are (not deductible) /allowable in calculating taxable income:		
(i) Expenditures not deductible for tax purpose	(29.83)	(8.46)
(ii) Dividend Received (Adjusted with expense disallowed u/s 14 A)	78.07	125.00
(iii) Impact of Tax Holiday u/s 80 IA *	-	335.72
(iv) Others	4.32	(110.60)
Total	**52.56**	**341.66**

* As per the provisions of Indian Tax laws, the Company is eligible for a tax holiday under section 80IA of the Income Tax Act, 1961 for a block of 10 consecutive Assessment years out of the 15 years beginning of port operations. Accordingly, the Company was entitled to tax holiday commencing from 1 April 2007 until 31 March 2017.

b (i) Deferred tax relates to the following :

	As at 31 March 2018	As at 31 March 2017
Expenditure deductible on payment basis	103.07	81.73
Defined benefit obligations	16.64	17.32
MAT credit entitlement	2,006.78	2,333.18
Total deferred tax assets	**2,126.49**	**2,432.23**
On difference between book depreciation and tax depreciation	(2,129.91)	(2,016.18)
Total deferred tax liabilities	**(2,129.91)**	**(2,016.18)**
Net deferred tax assets	**(3.42)**	**416.05**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

b (ii) Movement in deferred tax assets

	Expenditure deductible on Payment Basis	Defined benefit obligations	On difference between book depreciation and tax depreciation	Total
At 31 March 2017	**81.73**	**17.32**	**(2,016.18)**	**(1,917.13)**
(Charged) /credited:				
- to Consolidated Statement of Profit and Loss	21.34	0.61	(113.73)	(91.78)
- to other comprehensive income	-	(1.27)	-	(1.27)
At 31 March 2018	**103.07**	**16.66**	**(2,129.91)**	**(2,010.18)**

7 Other non-current assets

	As at 31 March 2018	As at 31 March 2017
Capital advances	62.82	170.96
Total other non-current assets	**62.82**	**170.96**

8 Inventories

	As at 31 March 2018	As at 31 March 2017
Stores and spares	131.92	130.35
Goods-in-transit - Stores and Spares	4.24	25.23
Total inventories	**136.16**	**155.58**

Amounts recognised in Consolidated Statement of Profit and Loss

Write-downs of inventories including provision for inventory amounts to INR 11.54 million (31 March 2017 : INR 24.96 million). These were recognised as an expense (Refer note - 25) and included in other expenses in Consolidated Statement of Profit and Loss.

9 (a) Trade receivables

	As at 31 March 2018	As at 31 March 2017
Trade receivables	94.06	156.97
Receivables from related parties (Refer note - 37)	193.05	148.23
Less: Allowance for doubtful debts (Refer note - 28)	(29.55)	(19.47)
Total trade receivables	**257.56**	**285.73**

Break-up of security details

Secured, considered good	47.36	49.16
Unsecured, considered good	210.20	236.57
Doubtful	29.55	19.47
Total	**287.11**	**305.20**
Allowance for doubtful debts	(29.55)	(19.47)
Total trade receivables	**257.56**	**285.73**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

9 (b) Cash and cash equivalents

	As at 31 March 2018	As at 31 March 2017
Cash on hand	0.26	0.05
Balances with banks		
-In current accounts	220.47	137.12
-In Exchange Earners' Foreign Currency accounts	133.78	396.84
Total cash and cash equivalents	**354.51**	**534.01**

9 (c) Other bank balances

	As at 31 March 2018	As at 31 March 2017
Deposits with original maturity of more than three months but less than 12 months *	3,957.94	2,986.47
Unpaid share application money #	-	0.53
Unpaid dividend account	3.02	1.44
Total other bank balances	**3,960.96**	**2,988.44**

* Of the above, bank deposits aggregating INR 9.15 Million (31 March 2017 : INR 21.11 million) is marked lien against bank guarantees issued to customs and other third parties.

Unpaid share application money of INR 0.53 million has been transferred to Investor Education and Protection Fund during the year.

9 (d) Loans

	As at 31 March 2018	As at 31 March 2017
Loans and advances to employees	2.16	2.40
Total loans	**2.16**	**2.40**

10 Other current assets

	As at 31 March 2018	As at 31 March 2017
Advance for supply of goods and services	111.18	67.31
Prepaid expenses	8.17	13.39
Balances with government authorities	32.78	9.97
Other receivables	3.97	0.61
Total other current assets	**156.10**	**91.28**

11 Equity share capital

	As at 31 March 2018	As at 31 March 2017
Authorised share capital		
600,000,000 (31 March 2017 : 600,000,000) equity shares of INR 10 each	6,000.00	6,000.00
	6,000.00	**6,000.00**
Issued, subscribed and paid up share capital		
483,439,910 (31 March 2017 : 483,439,910) equity shares of INR 10 each, fully paid-up	4,834.40	4,834.40
	4,834.40	**4,834.40**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

a Reconciliation of number of equity shares outstanding as at the beginning and at the end of reporting period

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number	INR	Number	INR
Equity shares at the commencement of the period	483,439,910	4,834.40	483,439,910	4,834.40
Issued during the period	-	-	-	-
At the end of the period	**483,439,910**	**4,834.40**	**483,439,910**	**4,834.40**

b Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares. Accordingly, all equity rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up equity capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid.

On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

c Equity shares in the Company held by each shareholder holding more than 5% shares #

Name of Shareholder	As at 31 March 2018		As at 31 March 2017	
	Number	Percentage	Number	Percentage
APM Terminals Mauritius Limited	**207,903,931**	**43.01%**	**207,903,931**	**43.01%**
ICICI Prudential Midcap Fund	**35,005,553**	**7.24%**	**-**	**-**
HDFC Trustee Company Limited - Hdfc Capital Builder Fund	**29,913,819**	**6.19%**	**-**	**-**

As per the records of the Company, including its register of members.

12 Reserves and surplus

	As at 31 March 2018	As at 31 March 2017
Securities premium reserve [Refer Note- (i) below]	14,288.87	14,288.87
Retained earnings [Refer Note- (ii) below]	2,471.19	2,299.94
Total reserves and surplus	**16,760.06**	**16,588.81**

(i) Securities premium reserve *

	As at 31 March 2018	As at 31 March 2017
Opening balance	14,288.87	14,288.87
Closing balance	**14,288.87**	**14,288.87**

*Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

(ii) Retained earnings

	As at 31 March 2018	As at 31 March 2017
Opening balance	2,299.94	1,747.58
Net profit for the year	2,210.14	2,822.31
Items of other comprehensive income recognised directly in retained earnings		
- Remeasurements of post employment benefit obligation, net of tax	(2.27)	(0.71)
Dividends		
- Final dividend for the ended 31 March 2016	-	(918.54)
- Dividend distribution tax on final dividend for the year ended 31 March 2016	-	(186.99)
- Interim dividend for the year ended 31 March 2017	-	(966.88)
- Dividend distribution tax on interim dividend for the year ended 31 March 2017	-	(196.83)
- Final dividend for the ended 31 March 2017	(870.19)	-
- Dividend distribution tax on final dividend for the year ended 31 March 2017	(177.15)	-
- Interim dividend for the year ended 31 March 2018	(821.97)	-
- Dividend distribution tax on interim dividend for the year ended 31 March 2018	(167.31)	-
Closing balance	**2,471.19**	**2,299.94**

13 Other financial liabilities

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Retention monies payable	-	149.28	25.71	98.60
Security deposits received *	27.20	64.63	27.20	65.50
Capital creditors *	-	162.88	-	588.79
Unclaimed dividend (Refer note below)	-	3.02	-	1.44
Unclaimed share application money #	-	-	-	0.53
Other payables*	-	121.89	-	92.07
Total other financial liabilities	**27.20**	**501.70**	**52.91**	**846.93**

Note : There are no amounts due for payment to Investor Education and Protection Fund under Section 125 of The Companies Act 2013 as at the year end.

Unpaid share application money of INR 0.53 million has been transferred to Investor Education and Protection Fund during the year

* For due to related parties refer note - 37

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

14 Employee benefits obligations

	As at 31 March 2018		As at 31 March 2017	
	Non current	Current	Non current	Current
Leave obligations [Refer note (i) below]	-	26.54	-	17.68
Gratuity [Refer note (ii) below]	10.91	11.45	5.08	11.34
Other employee benefits payables	7.50	70.25	9.14	50.32
Total employee benefits obligations	**18.41**	**108.24**	**14.22**	**79.34**

(i) Compensated absences

The leave salary is payable to all eligible employees for each day of accumulated leave on death or on resignation or upon superannuation. Amount charged to the Statement of Profit and Loss on account of compensated absences during the year amounts to INR 11.65 million (31 March 2017: INR 7.43 million) and is included in Note 22 - 'Employee benefits expense'. Accumulated current provision for compensated absences aggregates to INR 26.54 million (31 March 2017: INR 17.68 million) (Refer note 14).

(ii) Post-employment obligations - Gratuity

The Company makes annual contribution to the Employee's Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for employees. The scheme provides for lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount equivalent to 15 days salary payable for each completed year of service or part thereof in excess of six months. Vesting occurs upon completion of five years of service. Gratuity payments due to employees are processed disregarding the upper limits specified by Income Tax Act, 1961 and The Payment of Gratuity Act, 1972.

The amount recognised in the balance sheet and movements in the net defined benefit obligation over the years are as follows :

	Present value of obligation	Fair value of plan assets	Net amount
Balance as at 01 April 2017	50.48	(34.06)	16.42
Current service cost	6.32	-	6.32
Interest expense / (income)	3.59	-	3.59
Return on plan assets, excluding amounts included in interest expense / (income)	-	(2.42)	(2.42)
Total amount recognised in the Statement of Profit and Loss	**9.91**	**(2.42)**	**7.49**
Remeasurements			
(Gain) / loss from change in demographic assumptions	-	-	-
(Gain) / loss from change in financial assumptions	(2.14)	-	(2.14)
Experience (gain) / loss	6.08	(0.28)	5.80
Total amount recognised in other comprehensive income	**3.94**	**(0.28)**	**3.66**
Employers contributions	-	(5.21)	(5.21)
Benefit payments	(8.17)	8.17	-
Balance as at 31 March 2018	**56.16**	**(33.80)**	**22.36**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

The net liability disclosed above relates to funded plans are as follow :

	31 March 2018	31 March 2017
Present value of funded obligations	(56.16)	(50.48)
Fair value of plan assets	33.80	34.06
Deficit of funded plan (Gratuity)	**(22.36)**	**(16.42)**

The significant actuarial assumptions were as follows :

	31 March 2018	31 March 2017
Discount rate	7.56%	7.12%
Salary growth rate	8.00%	8.00%
Expected rate of return on plan assets	7.56%	7.12%
Attrition rate	6.00%	6.00%
Mortality	Indian Assured lives mortality (2006-08)	Indian Assured lives mortality (2006-08)

	31 March 2018	31 March 2017
Projected Benefit Obligation on Current Assumptions	56.16	50.48
Delta Effect of +1% Change in Rate of Discounting	(4.41)	(4.10)
Delta Effect of -1% Change in Rate of Discounting	5.06	4.74
Delta Effect of +1% Change in Rate of Salary Increase	4.99	4.65
Delta Effect of -1% Change in Rate of Salary Increase	(4.43)	(4.11)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.27)	(0.42)
Delta Effect of -1% Change in Rate of Employee Turnover	0.29	0.46

Category of assets

	31 March 2018	31 March 2017
Insurance fund (100%)	33.80	34.06
Total	**33.80**	**34.06**

(iii). Risk Exposure:

Though its defined benefits plan, the Company is exposed to a number of risks, the most significant of which are detailed below

Changes in bond yields

A decrease in bond yield will increase plan liabilities, although this will be partially offset by increase in the plan's bond holding

Asset volatility

The plan liabilities are calculated using a discount rate set with reference to bond yields; if plan assets underperform this yield, this will create a deficit. Plan assets are invested with the Life Insurance Corporation of India Limited. It is subject to interest rate risk. The Company intends to maintain the above investments in the continuing years.

Maturity Analysis of Projected Benefit Obligation: From the Fund

Projected Benefits Payable in Future Years From the Date of Reporting

	31 March 2018	31 March 2017
1st Following Year	3.29	2.85
2nd Following Year	3.37	2.87
3rd Following Year	3.63	3.06
4th Following Year	5.04	5.00
5th Following Year	5.09	4.16
Sum of Years 6 To 10	25.46	22.29

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

15 Other non-current liabilities

	As at 31 March 2018	As at 31 March 2017
Deferred income on Government Grant	738.86	813.16
Total other non-current liabilities	**738.86**	**813.16**

16 Trade payables

	As at 31 March 2018	As at 31 March 2017
Trade payables	276.04	198.06
Dues to Micro, Small and Medium Enterprises (Refer note - 39)	1.06	0.95
Trade payables to related parties (Refer note - 37)	7.53	57.34
Total Trade payables	**284.63**	**256.35**

17 Provisions

	As at 31 March 2018	As at 31 March 2017
Claims (Refer note - 33)	365.04	366.16
Total provisions	**365.04**	**366.16**

18 Other current liabilities

	As at 31 March 2018	As at 31 March 2017
Deferred income on Government Grant	74.30	74.30
Statutory dues payables	86.54	4.41
Accruals of Incentives and Rebates *	577.56	535.44
Income received in advance	2.50	3.31
Advance from customers *	175.77	216.31
Total other current liabilities	**916.67**	**833.77**

* For due to related parties refer note - 37

19 Revenue from operations

	For the year ended 31 March 2018	For the year ended 31 March 2017
Income from port services	5,952.78	6,233.20
Other operating revenue	536.22	597.84
Total revenue from operations	**6,489.00**	**6,831.04**

20 Other income

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest income		
- banks	223.75	189.38
- others	1.62	0.09
Interest on income tax refund	49.32	36.84
Deferred Income recognised	74.30	74.30
Miscellaneous income	21.46	14.98
Total other income	**370.45**	**315.59**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

21 Operating expenses

	For the year ended 31 March 2018	For the yea rended 31 March 2017
Handling expenses	967.49	958.19
Waterfront royalty (Refer note - 34)	124.05	160.46
Business support service charges	48.31	47.00
Other direct costs	45.23	47.23
Total operating expenses	**1,185.08**	**1,212.88**

22 Employee benefits expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	461.04	424.17
Contribution to provident fund and other funds (Refer note below)	18.61	19.64
Gratuity [Refer note 14(ii)]	7.49	8.00
Leave compensation [Refer note 14(i)]	11.65	7.43
Staff welfare expenses	30.07	24.91
Total employee benefits expense	**528.86**	**484.15**

The Company recognised INR 18.61 million (31 March 2017 : INR 19.64 million) for provident fund contribution in the Consolidated Statement of Profit and Loss.

23 Finance costs

	For the year ended 31 March 2018	For the year ended 31 March 2017
Financial charges	3.48	4.03
Total finance costs	**3.48**	**4.03**

24 Depreciation and amortisation expense

	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment	1,030.79	1,059.60
Amortisation of intangible assets	4.85	5.55
Total depreciation and amortisation expense	**1,035.64**	**1,065.15**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

25 Other expenses

	For the year ended 31 March 2018	For the year ended 31 March 2017
Power and fuel	253.47	255.72
Rent (Refer note - 32)	20.36	22.04
Repairs		
- Building	14.00	10.48
- Machinery and equipment	240.60	170.23
- Others	55.60	55.28
Insurance	32.28	34.40
Rates and taxes	1.10	1.68
Travelling expenses	72.07	63.39
Legal and professional fees	73.78	70.40
Commission to Directors	3.75	15.00
Expenditure towards Corporate Social Responsibility [Refer note - 25(a)]	86.18	21.37
Payment to auditors [Refer note - 25(b)]	4.93	4.02
Advertisement and sales promotion	10.36	8.18
Communication expenses	6.91	7.27
Loss on sale / disposal of fixed assets (net)	1.62	20.15
Loss on foreign currency transactions and translations (net)	27.11	32.73
Provisions for inventory (Refer note - 8)	11.54	-
Provisions for doubtful debts [Refer note - 9(a)]	10.08	-
Provision for claims (Refer note - 33)	-	11.12
Freight and forwarding	1.69	3.34
Water charges expenses	19.81	28.34
Contract labour expenses	59.69	56.93
Write down of Inventories (Refer note - 8)	-	24.96
Miscellaneous expenses	27.42	31.08
Total other expenses	**1,034.35**	**948.11**

25 (a) Corporate Social Responsibility (CSR)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Amount required to be spent as per Section 135 of the Act	74.48	63.96
Amount spent during the year@	**86.18**	**21.37**
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than (i) above	86.18	21.37
Total corporate social responsibility expense	**86.18**	**21.37**

@ Excludes advance paid of INR 23.07 million (31 March 2017 : INR 19.06 million). Company has committed to spend INR 46.25 million (31 March 2017 : INR 51.52 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

25 (b) Details of payment to auditors

	For the year ended 31 March 2018	For the year ended 31 March 2017
Payment to auditor		
As auditor		
Audit fee	3.57	2.25
Tax audit fee	0.21	0.21
Limited review of quarterly results	1.09	1.09
In other capacity		
Other services	-	0.43
Reimbursement of expenses	0.06	0.04
Total payment to auditor	**4.93**	**4.02**

26. Transfer Pricing

The Company's international transactions with related parties are at arm's length as per the independent accountants' report for the year ended 31 March 2017. Management believes that the Company's international transactions with related parties post 31 March 2017 continue to be at arm's length and that the transfer pricing legislation will not have any impact on these consolidated financial statements, particularly on amount of tax expenses and that of provision of taxation.

27. Fair Value of financial assets and liabilities carried at amortised cost

There are no financial assets and liabilities designated at fair value through profit or loss or other comprehensive income. All the Financial instruments carried at amortised cost.

	31 March 2018		31 March 2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Financial Assets				
Non- Current Other financial assets				
Security deposits	35.96	35.96	35.39	35.39
Current Other financial assets				
Security deposits	7.83	7.83	7.63	7.63
Loans and advances to employees	2.16	2.16	2.40	2.40
Trade receivables	257.56	257.56	285.73	285.73
Cash and cash equivalents	354.51	354.51	534.01	534.01
Bank balance	3,960.96	3,960.96	2,988.44	2,988.44
Total Financial Assets	**4,618.98**	**4,618.98**	**3,853.60**	**3,853.60**
Non- Current Other financial liabilities				
Retention monies payable	-	-	25.71	25.71
Security deposits received	27.20	27.20	27.20	27.20
Current Other financial liabilities				
Trade payables	284.63	284.63	256.35	256.35
Retention monies payable	149.28	149.28	98.60	98.60
Security deposits received	64.63	64.63	65.50	65.50
Capital creditors	162.88	162.88	588.79	588.79

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

	31 March 2018		31 March 2017	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Unclaimed dividend	3.02	3.02	1.44	1.44
Unclaimed share application money	-	-	0.53	0.53
Other payables	121.89	121.89	92.07	92.07
Total Financial Liabilities	**813.53**	**813.53**	**1,156.19**	**1,156.19**

Financial instruments carried at amortised cost

Fair value of the current financial assets and current financial liabilities carried at amortised cost is not materially different from the carrying amount. In general, fair value is determined primarily based on the present value of expected future cash flows.

28. Financial risk management

The Company's activities expose it to a variety of financial risks:

(a) Credit risk

(b) Liquidity risk

(c) Market risk

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise the potential adverse effects on the Company's financial performance. Risk management is carried out by finance department under policies approved by the Board of Directors.

(a) Credit risk

The Company has exposure to financial and commercial counterparties but has no particular concentration of customers or suppliers. To minimise the credit risk, security deposits and advance payments are taken from all major customers. Our historical experience of collecting receivables, supported by the level of default, is that credit risk is low and so trade receivables are considered to be a single class of financial assets.

Expected credit loss for trade receivables under simplified approach:

For the year ended 31 March 2018:

Ageing	Not Due	0-90 Days	90-180 Days	180-270 Days	270-365 Days	> 365 Days	Total
Gross Carrying amount	218.88	7.60	2.54	20.55	16.53	21.01	287.11
Expected credit losses	-	1.71	2.14	0.32	7.23	18.15	29.55
Carrying amount of Trade receivables	218.88	5.89	0.40	20.23	9.30	2.86	257.56

For the year ended 31 March 2017:

Ageing	Not Due	0-90 Days	90-180 Days	180-270 Days	270-365 Days	> 365 Days	Total
Gross Carrying amount	225.00	55.27	9.87	2.68	0.61	11.77	305.20
Expected credit losses	-	3.95	2.59	0.71	0.45	11.77	19.47
Carrying amount of Trade receivables	**225.00**	**51.32**	**7.28**	**1.97**	**0.16**	**-**	**285.73**

(b) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Management monitors Company's liquidity position and cash and cash equivalents through Quarterly rolling forecasts and on the basis of expected cash flows. Company treasury maintains flexibility in funding through committed credit lines with Financial Institution.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Maturities of financial liabilities

The following table shows the maturity analysis of the Company's financial liabilities based on contractually agreed undiscounted cash flows as at the Consolidated balance sheet date. Balances due within 12 months and more than 12 months equal their carrying balances as the impact of discounting is not significant.

	Notes	Carrying Amount	Payable on Demand	Less than 12 months	More than 12 months
As at 31 March 2018					
Trade payables	16	284.63	-	284.63	-
Retention monies payable	13	149.28	109.50	39.78	-
Security deposits received	13	91.83	64.63	-	27.20
Capital creditors	13	162.88	-	162.88	-
Unclaimed dividend	13	3.02	3.02	-	-
Other payables	13	121.89	-	121.89	-
As at 31 March 2017					
Trade payables	16	256.35	-	256.35	-
Retention monies payable	13	124.31	64.44	34.16	25.71
Security deposits received	13	92.70	65.50	-	27.20
Capital creditors	13	588.79	-	588.79	-
Unclaimed dividend	13	1.44	1.44	-	-
Unclaimed share application money	13	0.53	0.53	-	-
Other payables	13	92.07	-	92.07	-

As there are no committed credit facilities to meet obligations when due and to close out market positions, the Company is not exposed to liquidity risk.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, will affect the Company's profit or the value of its holdings of financial instruments. Below sensitivity analyses relate to the position of financial instruments at 31 March 2018 and 31 March 2017. It is assumed that the exchange rate sensitivities have a symmetric impact, i.e. an increase in rates results in the same absolute movement as a decrease in rates.

The sensitivity analyses show the effect on profit or loss and equity of a reasonably possible change in exchange rates and interest rates.

Foreign Currency risk

The Company is exposed to foreign exchange risk arising from foreign currency transactions, primary with respect to USD, AUD and EURO. The Company's business model incorporates assumptions on currency risk and ensures any exposure is covered through the normal business operations. As the functional reporting currency is in INR, the foreign currency risk exists for the Company.

Foreign currency exposure not covered by Forward Contracts as at 31 March 2018:

Details	USD Exposure		AUD Exposure		EURO Exposure	
	INR	USD	INR	AUD	INR	Euro
Receivables/Advance to Vendor	**192.07**	**2.95**	**-**	**-**	**-**	**-**
	141.50	*2.18*	-	-	-	-
Payables	**2.75**	**0.04**	**1.35**	**0.03**	**0.47**	**0.01**
	50.14	*0.77*	-	-	*7.01*	*0.10*
Cash and Bank Balance	**133.78**	**2.05**	**-**	**-**	**-**	**-**
	396.84	*6.12*	-	-	-	-

Amounts in italics represent amounts as at 31 March 2017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Details	Impact on profit after tax	
	31 March 2018	31 March 2017
USD sensitivity		
INR/USD -Increase by 10% (31 March 2017-10%)	32.31	48.82
INR/USD -Decrease by 10% (31 March 2017-10%)	(32.31)	(48.82)
AUD sensitivity		
INR/AUD -Increase by 10% (31 March 2017-NIL)	(0.14)	-
INR/AUD -Decrease by 10% (31 March 2017-NIL)	0.14	-
EUR sensitivity		
INR/EUR -Increase by 10% (31 March 2017-10%)	(0.05)	(0.70)
INR/EUR -Increase by 10% (31 March 2017-10%)	0.05	0.70

29. Capital Management

The Company's objective in managing its capital is to safeguard its ability to continue as a going concern and to optimize returns to our shareholders. The Company considers the following components of its Consolidated balance sheet to be managed capital:

1) Share Capital, 2) Share Premium; and 3) Retained Earnings

The Company's capital structure is based on the Managements assessment of the balances of key elements to ensure strategic decisions and day to day activities. The capital structure of the Company is managed with a view of the overall macro-economic conditions and the risk characteristics of the underlying assets.

The Company's policy is to maintain a strong capital structure with a focus to mitigate all existing and potential risks to the Company, maintain shareholder, vendor and market confidence and sustain continuous growth and development of the Company.

The Company's focus is on keeping a strong total equity base to ensure independence, security, as well as high financial flexibility without impacting the risk profile of the Company. In order, to maintain or adjust the capital structure, the Company will take appropriate steps as may be necessary. The Company does not have any debt or financial covenants.

The Management monitors the return on capital as well as the level of dividend to shareholders. The Company goal is to continue to be able to provide return to shareholders by continuing to distribute dividends in future period. Refer the following table for the final and interim dividend declared and paid.

Dividends

	31 March 2018	31 March 2017
(a) Equity shares		
(i) Final dividend for the year ended 31 March 2016 of INR 1.90 per fully paid share	-	918.54
Corporate dividend tax on above	-	186.99
(ii) Final dividend for the year ended 31 March 2017 of INR 1.80 per fully paid share	870.19	-
Corporate dividend tax on above	177.15	
(iii) Interim dividend for the year ended 31 March 2017 of INR 2.00 per fully paid share	-	966.88
Corporate dividend tax on above	-	196.83
(iv) Interim dividend for the year ended 31 March 2018 of INR 1.70 per fully paid share	821.97	-
Corporate dividend tax on above	167.31	-
(b) Dividends not recognised at the end of the reporting period	989.28	-
The directors have recommended the payment of a final dividend of INR 1.70 per fully paid equity share (31 March 2017 – INR 1.80). This proposed dividend is subject to the approval of shareholders in the ensuing annual general meeting.		

30. Traffic guarantee commitment

The Company has entered into tripartite Transportation and Traffic Guarantee Agreement with Pipavav Railway Corporation Limited (PRCL) and Indian Railways, to provide minimum volumes of 3 million metric tonnes for every Financial Year. The Company has consistently met its volume commitment from Financial Year 2010-11 till date and there is no shortfall on account of minimum traffic guarantees to be paid.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

31. Capital and other commitments

(a) Capital commitments on account of Capital expenditure contracted and obligation under Export Promotion Capital Goods ('EPCG') at the end of the reporting period but not recognised as liabilities is as follows:

Particulars	31 March 2018	31 March 2017
(a) Capital expenditure contracted for at the end of the reporting period but not recognised as liabilities (net of advances)	147.10	277.44
(b) Bonds/Undertaking given by the Company under Concessional Duty / Exemption scheme to the Government Authorities (net of obligations fulfilled)	2,949.14	2,692.54

(b) During the year 2005 and prior to AP Moller Maersk group acquiring the complete shareholdings held by the original promoters, SKIL group, the Company had provided commitment of INR 350 million (31 March 2017: INR 350 million) towards consortium lending to a SKIL Group Company, Pipavav Shipyard Limited conditional to fulfilment of certain obligations by Pipavav Shipyard Limited and other parties. This arrangement has been closed and the Company is in the process of seeking discharge from this commitment. IL&FS (lead manager in the consortium) would be releasing the Company of its commitment once it receives a "No Dues certificate" from the Government of Gujarat.

32. Lease

(i) The Company has taken operating leases for office premises, concession agreement with GMB (including lease rental payable as per High Court order. These lease arrangements include both cancellable and non-cancellable leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

(ii) Lease payments of INR 20.36 million (31 March 2017 INR 22.04 million) recognised in Consolidated Statement of Profit and Loss are shown as "Rent" under Other Expenses in Note 25.

(iii) The future minimum lease payments payable under the said non-cancellable operating lease for rented premises are as follows:

Particulars	31 March 2018	31 March 2017
Payable within one year	8.84	18.43
Payable between one and five years	44.56	60.65
Payable more than 5 years	80.46	85.59

(iv) The Company has given a total area of 1,111,813 Square Mtr. (31 March 2017: 1,111,813 Square Mtr.) of land on lease to various customers. The lease is up to 2028 which is the end of the concession period.

(v) Operating lease rental income of INR 262.78 million (31 March 2017 INR 225.98 million) recognised in Consolidated Statement of Profit and Loss is included in Other Operating Revenue in Note 19.

(vi) The future minimum lease payments receivable under the said non-cancellable operating lease for rented premises are as follows:

Particulars	31 March 2018	31 March 2017
Receivable within one year	208.07	169.89
Receivable between one and five years	855.11	834.79
Receivable more than five years	1,430.35	1,631.70

33. Provisions and Contingent liabilities

Claims against Company not acknowledged as debt aggregates to INR 1,795.12 million (31 March 2017: INR 1,869.30 million). Provisions made in respect of the same aggregates to INR 365.04 million (31 March 2017: 365.04 million).

Above claim includes disputed claim with the associate Company, Pipavav Railway Corporation Limited of INR 699.33 million (31 March 2017: INR 699.33 million). Provision made in respect of this disputed claim is INR 157.04 million (31 March 2017: 157.04 million).

Other contingent liabilities in respect of taxation matter not acknowledged as debt aggregates to INR 190.11 million (31 March 2017: INR 1.57 million). Provisions made in respect of the same is NIL (31 March 2017: INR 1.12 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Movement in provisions

	Litigations / Disputes		Taxation Matters	
	31 March 18	**31 March 17**	**31 March 18**	**31 March 17**
At the commencement of the year	365.04	355.04	1.12	-
Provision made during the year	-	10.00	-	1.12
Provision reversed during the year	-	-	(1.12)	-
At the end of the year	**365.04**	**365.04**	**-**	**1.12**

Future cash outflows in respect of above are determinable only on receipt of judgements/decisions pending with various authorities/forums and/or final outcome of the matters.

34. Concession Agreement with Government of Gujarat

Pursuant to the Concession agreement with the Government of Gujarat and Gujarat Maritime Board (GMB) dated 30 September 1998, the Company is entitled towards government assistance and accordingly have discharged its liability towards waterfront royalty subject to the conditions laid down in the aforesaid agreement.

35. Earnings per share

		Year ended 31 March 2018	Year ended 31 March 2017
Profit for the year	**(A)**	2,207.87	2,821.60
Calculation of weighted average number of equity shares			
Number of equity shares at the beginning of the year		483,439,910	483,439,910
Number of equity shares at the end of the year		483,439,910	483,439,910
Weighted average number of equity shares outstanding during the year	**(B)**	483,439,910	483,439,910
Basic and diluted earnings per share (INR)	**(A/B)**	**4.57**	**5.84**

36. Interest in Associate company

Set out below is the associate of the Company as at 31 March 2018 which, in the opinion of the directors, is material to the Company. The entity listed below have share capital consisting solely of equity shares, which is held directly by the Company. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held.

Name of Entity	Place of Business	% of ownership	Relationship	Accounting method	Carrying Amount	
					31 March 2018	**31 March 2017**
Pipavav Railway Corporation Limited	New Delhi	38.78	Associate	Equity Method	830.00	830.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

37. Related party transactions

(a) List of related parties and their relationship

Relation	Party
A. Party with substantial interest and its affiliates	(i) APM Terminals Mauritius Limited, Mauritius (ii) APM Terminals Management (Singapore) Pte Limited, Singapore* (iii) APM Terminals Management B.V., The Netherlands (iv) Maersk Line A/S, Denmark (formerly known as A.P. Moller - Maersk A/S) (v) APM Terminals India Private Limited, India (vi) Maersk Line India Private Limited, India (vii) GPRO Services India Private Limited, India (viii) Maersk Training India Private Limited, India (ix) Gateway Terminals India Private Limited, India (x) APM Terminals Gothenburg Ab, Gothenburg* (xi) Maersk Training Svendborg A/s, Denmark
B. Associate	Pipavav Railway Corporation Limited
C. Directors, Non-Executive Directors and Key managerial personnel	**A) Executive directors** Mr. Keld Pedersen (Managing director) (w.e.f. 1 May 2015) Mr. Prakash Tulsiani (Managing director) (up to 31 March 2015)* **B) Non-Executive directors** Mr. Tejpreet Singh Chopra Ms. Hina Shah Mr. Pradeep Mallick Mr. Pravin Laheri Mr. David Skov – (w.e.f. 2 May 2017)* Mr. Jan Damgaard Sorensen – (w.e.f. 10 April 2017)* Mr. Julian Bevis* **C) Key managerial personnel** Mr. Santosh Breed (Interim Chief Financial Officer) [w.e.f.2 November 2017) Mr Hariharan Iyer (upto 30 June 2017)

* No transaction during the year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

(b) Releated party transactious

Transactions during the period	APM Terminals Mauritius Limited	APM Terminals Management B.V.	Maersk Line India Private Limited	Maersk Line A/S	APM Terminals India Private Limited	Pipavav Railway Corporation Limited	Maersk Training India Private Limited	GPRO Services India Private Limited	Other Affiliates	Total
Income from port	-	-	**0.55**	**1,498.60**	**0.60**	-	-	-	-	**1,499.75**
Services	-	-	*0.70*	*1,184.30*	*0.11*	-	-	-	-	*1,185.11*
Professional	-	-	**(0.84)**	**(12.90)**	-	-	-	**(5.85)**	-	**(19.59)**
services received	-	-	*(2.48)*	*(21.59)*	-	-	-	*(6.17)*	-	*(30.24)*
Business support service charges	-	**(48.31)**	-	-	-	-	-	-	-	**(48.31)**
		(47.00)		-	-	-	-	-	-	*(47.00)*
Stevedoring	-	-	-	-	-	-	-	-	-	-
Charges	-	-	-	-	*(0.01)*	-	-	-	-	*(0.01)*
Expenses incurred on our behalf	-	**(42.75)**	-	-	-	-	-	-	-	**(42.75)**
		(41.32)	-	-	-	-	-	-	*(0.39)*	*(41.71)*
Expenses incurred on their behalf	-	-	**0.08**	-	**0.38**	-	-	-	-	**0.46**
	-	-	*0.17*	-	*0.08*	-	-	-	*0.53*	*0.78*
Training	-	-	-	-	-	-	**(0.17)**	-	**(0.43)**	**(0.60)**
Expenses	-	-	-	-	-	-	*(0.25)*	-	-	*(0.25)*
Manpower cost	-	-	-	-	-	**(2.66)**	-	-	-	**(2.66)**
	-	-	-	-	-	*(2.57)*	-	-	-	*(2.57)*
Dividend Payment	**727.66**	-	-	-	-	-	-	-	-	**727.66**
	810.83	-	-	-	-	-	-	-	-	*810.83*
Capital	-	**(5.79)**	-	-	-	-	-	-	-	**(5.79)**
Expenditure	-	*(44.08)*	-	-	-	-	-	-	-	*(44.08)*
Dividend	-	-	-	-	-	-	-	-	-	-
Income	-	-	-	-	-	*38.00*	-	-	-	*38.00*
Closing balance										
Receivable	-	-	**0.06**	**192.07**	**0.88**	-	-	-	**0.04**	**193.05**
	-	-	*0.37*	*147.35*	*0.51*	-	-	-	-	*148.23*
Advance from	-	-	-	**10.09**	-	-	-	-	-	**10.09**
Customer	-	-	-	*9.54*	-	-	-	-	-	*9.54*
Payable	-	**45.89**	**0.11**	**15.73**	-	**2.63**	**0.10**	**1.56**	-	**66.02**
	-	*75.88*	*0.18*	*10.54*	-	-	-	*3.46*	-	*90.06*
Deposit received	-	-	-	**40.00**	-	-	-	-	-	**40.00**
				40.00	-	-	-	-	-	*40.00*
Investments	-	-	-	-	-	**830.00**	-	-	-	**830.00**
	-	-	-	-	-	*830.00*	-	-	-	*830.00*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

Name of Non-Executive Directors/Key Managerial personnel	Fees for attending Board/Committee meetings	Commission	Managerial Remuneration @	Total
Mr. Tejpreet Singh Chopra	**0.60** *0.60*	**1.50** *6.00*	**-**	**2.10** *6.60*
Ms. Hina Shah	**0.75** *0.95*	**0.75** *3.00*	**-**	**1.50** *3.95*
Mr. Pradeep Mallick	**1.00** *1.00*	**0.75** *3.00*	**-**	**1.75** *4.00*
Mr. Pravin Laheri	**1.10** *1.10*	**0.75** *3.00*	**-**	**1.85** *4.10*
Mr. Keld Pedersen	**-**	**-**	**52.54** *33.59*	**52.54** *33.59*
Mr. Santosh Breed	**-**	**-**	**2.75** -	**2.75** -
Mr. HariharanIyer	**-**	**-**	**8.95** *21.22*	**8.95** *21.22*
Mr. Prakash Tulsiani #	**-**	**-**	**-** *9.20*	**-** *9.20*

Amounts in italics represent amounts as at 31 March 2017

@ As the liabilities for defined benefit plan are provided on actuarial basis for the Company as a whole, the amount pertaining to key managerial persons are not included.

Tax on Managerial Remuneration paid on behalf of Mr. Prakash Tulsiani as per agreement.

38. Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM") of the Company. Managing Director and Chief Financial Officer of the Company are the chief operating decision makers. The Company operates only in one Business Segment i.e. 'Port Services' which primarily includes services such as Marine services, Berth hire, Wharfage, Container Handling, Yard Operations, Stevedorage and the activities incidental thereto within India, hence does not have any reportable Segments as per Indian Accounting Standard 108 "Operating Segments".

The Company having combined revenue of more than 10% of the total revenue from related parties amounts to INR 1,499.75 million(31 March 2017: INR 1,185.11 million).

39. Other notes

Dues to Micro and Small suppliers

Under the Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act') which came into force from 2 October 2006, certain disclosures are required to be made relating to Micro, Small and Medium enterprises. On the basis of the information and records available with the Company, the details of outstanding dues to the Micro and Small enterprises as defined in the MSMED Act, 2006 as set out in the following disclosures:

	31 March 2018	31 March 2017
Principal amount due to any supplier as at the year end	1.06	0.95
Interest due on the principal amount unpaid at the year end to any supplier	0.02	0.05
Principal amounts paid to the suppliers beyond appointed day during the year	1.46	0.79
Interest paid, other than under Section 16 of the MSMED Act, to supplier beyond the appointed day during the year	-	-
Interest paid, under Section 16 of the MSMED Act, to supplier beyond the appointed day during the year	-	-
Interest due and payable towards supplier for the payments already made	@	@
Further interest remaining due and payable for earlier years	0.10	0.05

@ Amount is below the rounding off norm adopted by the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2018

(All amounts in Rupees Millions, unless otherwise stated)

40. Details of Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016

(Amount in INR)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 08, 2016	225,000	21,012	246,012
(+) Permitted receipts	-	-	-
(+)Receipts for non-permitted transactions *	10,500	376,021	386,521
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	235,500	-	235,500
(-) Paid for non-permitted transactions	-	307,326	307,326
Closing cash in hand as on December 30, 2016	**-**	**89,707**	**89,707**

* This pertained to collections in transit on 9 November 2016 and 10 November 2016 which were subsequently deposited in bank account.

41. More than 50% of PRCL's shareholding is held by Government/Public Sector Undertaking and it is therefore subject to a CAG Audit and associate company's audited Ind AS financial statements for the year ended 31 Match 2018 are yet to be released. Hence, Company's share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 225.64 million for the year ended 31 March 2018 in respect of the associate company, included in the Consolidated Ind AS Financial Statement of Company is based on associate company's management prepared Ind AS Financial information. The statutory auditors' have qualified their audit opinion stating that Company' share of total comprehensive income (comprising of profit and other comprehensive income) of Rs. 225.64 million for the year ended 31 March 2018 in respect of the associate company is based on un-audited financial information of the associate company.

42. Figures for the previous periods have been reclassified / regrouped wherever applicable, to conform with the current period classification.

As per our report of even date attached.

For Price Water house Chartered Accountants LLP
Firm Registration No: 012754N/ N-500016

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
17 May 2018

For and on Behalf of Board of Directors of
Gujarat Pipavav Port Limited
CIN: L63010GJ1992PLC018106

Keld Pedersen
Managing Director
DIN : 07144184

Pravin Laheri
Director
DIN: 00499080

Santosh Breed
Interim Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
17 May 2018

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APM Terminals Pipavav

Gujarat Pipavav Port Limited

(CIN: L63010GJ1992PLC018106)

Regd Office: Pipavav Port At Post Rampara- 2 Via Rajula Dist. Amreli 365560
Tel: 02794 302400 Fax: 02794 302413
Email: investorrelationinppv@apmterminals.com Website: www.pipavav.com

ATTENDANCE SLIP

26th Annual General Meeting Thursday 9th August 2018 at 2:00 P. M.

Regd. Folio No. / DP ID & Client ID*	
No. of Equity Shares held	

Name of the Shareholder	
Name of the Proxy	

I/We hereby record my/our presence at the 26th Annual General Meeting of the Members of the Company held on Thursday 9th August 2018 at 2:00 P. M. at Pipavav Port, At Post Ramapara- 2 via Rajula, District Amreli 365560.

SIGNATURE OF THE MEMBER OR THE PROXY ATTENDING THE MEETING

\--------------------------------------
If Member, please sign here

\--------------------------------------
If Proxy, please sign here

Note: This form should be signed and handed over at the Meeting venue

*Applicable for Members holding shares in electronic mode

APM TERMINALS Lifting Global Trade℠

APM TerminalsPipavav

Gujarat Pipavav Port Limited

(CIN: L63010GJ1992PLC018106)

Regd Office: Pipavav Port At Post Rampara- 2 Via Rajula Dist. Amreli 365560

Form No. MGT- 11

Proxy Form

[Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN	:	L63010GJ1992PLC018106
Name of the Company	:	Gujarat Pipavav Port Limited
Registered Office	:	Pipavav Port At Post Rampara- 2 Via Rajula Dist. Amreli 365560

Name of the Member (s):

Registered Address:

Email Id:

Folio No./ DP ID & Client ID:

I/We, being the Member(s) of ……………………………………… shares of the abovenamed company, hereby appoint

1. Name:
   Address:

   Email Id:
   Signature………………………………………………………… or failing him

2. Name:
   Address:

   Email Id:
   Signature………………………………………………………… or failing him

3. Name:
   Address:

   Email Id:
   Signature…………………………………………………………

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 26th Annual General Meeting of the Company, to be held on Thursday 9th August 2018 at 2:00 P. M. at Pipavav Port At Post Rampara- 2 Via Rajula Dist. Amreli 365560 and at any adjournment thereof, in respect of such resolutions as are indicated below:

Resolution No	Particulars
Ordinary Business	
1	To receive, consider and adopt: a. the Audited Standalone Financial Statements of the Company for the financial year ended 31st March 2018, along with the Reports of the Board of Directors and Auditors thereon; and b. the Audited Consolidated Financial Statements of the Company for the financial year ended 31st March 2018, along with the Report of the Auditors thereon.
2	To declare a final dividend of Rs. 1.70 per equity share and to approve the interim dividend of Rs. 1.70 per equity share already paid during the year, for the financial year ended 31st March 2018.
3	To appoint a Director in place of Mr. David Skov (DIN: 07810539) who retires by rotation and being eligible, offers himself for re-appointment.
Special Business	
4	To approve Re-appointment of Mr. Keld Pedersen (DIN: 07144184) as Managing Director of the Company and approve payment of his remuneration

Signed this …………………. day of ……………………………………… 2018

Signature of the Shareholder

Signature of the Proxy holder(s)

Please affix
Re.1 stamp
and sign across

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the meeting.


MAERSK
KMTC
HANJIN


MAERSK
NORFOLK

Lifting Global Trade.

APM TERMINALS

APM Terminals Pipavav
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