

22nd August 2016

National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051	BSE Limited Floor 14, P J Towers, Dalal Street, Mumbai 400 001
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Dear Madam/ Sir,

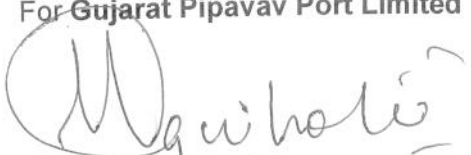
Sub: Submission of Annual Report as per Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Pursuant to the requirements under Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, kindly find attached herewith the Annual Report of the Company for the year ended 31st March 2016 for reference please. The matters therein were approved and adopted in the Company's Annual General Meeting held on 11th August 2016.

Please note that the Annual Report is already available on the Company website www.pipavav.com

Thank you.

Yours truly,
For **Gujarat Pipavav Port Limited**


Manish Agnihotri
Company Secretary & Compliance Officer



 Lifting Global TradeSM

APM TERMINALS

APM Terminals Pipavav

Gujarat Pipavav Port Limited

ANNUAL REPORT 2015-16



CHAIRMAN'S STATEMENT



Dear Members,

For and on behalf of the Board of Directors, I am pleased to present the Company's Annual Report and Financial Statements for the year ended 31st March 2016.

As your Company holds 38.8% shares in Pipavav Railway Corporation Limited (PRCL) it is an Associate Company as per the provisions of the Companies Act, 2013. Accordingly, the Company has for the first time prepared Standalone financial statement and Consolidated financial statement for the year ended 31st March 2016.

During the year your Company reported a Standalone Net Profit of Rs. 2,366.57 Million, the accumulated losses have been completely set off and the Board of Directors is pleased to recommend payment of Maiden Dividend of Rs. 1.90 per share on the Company's outstanding Equity Share Capital. 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 Dividend to its Shareholders subject to availability of profits, the Company's future funding needs and the applicable laws.

The Global Container trade continues to remain a challenge due to the overall general slowdown and shift in focus by China from international trade towards domestic consumption. According to International Monetary Fund (IMF) estimates the Global container port traffic grew by just 1.1 percent in 2015 which is less than half of the 3.5 percent increase in the Global Gross Domestic Product in 2015. This is also the first time the container volume growth-to-GDP multiplier fell below 1x. The year on year growth in Container volume of India has been in the range of 3% primarily driven by Imports while Exports continue to remain weak. In the overall weak economic environment, India is one of the few countries reporting comparatively stronger GDP numbers. The further improvement in trade would be dependent upon two factors - namely improvement in the rural economy of India which could help in strengthening of Imports into the country, and an improvement in the economies of Europe and the United States which are the main export markets for India.

The growth in Logistics directly supports the government's objective of 'Make in India'. As a result of the focus on growth in manufacturing industries there are many economic reforms taking shape in India. Investments in development of infrastructure at ports, creating freight corridors and national highways, and better railway network plays a vital role in growth of the economy. The Government has been focused on increased spending on the Road sector in particular which is expected to trigger a multiplier effect of growth in various other industries. RBI in its recent Monetary policy also recognises development of infrastructure, including ports, roads and railways as a positive sign of economic revival.

Your Company has completed its capacity addition in the Container Business in a timely manner in order to be able to participate in the growth opportunities of the country. The Port now has two dedicated Container berths with an increased capacity to 1.35 Million TEUs from the existing 850,000 TEUs. The Company is debt free and has the ability to leverage its Balance Sheet for ramping up the Port capacity based on the future growth opportunities.

The State of Gujarat is developing into an auto hub with several companies setting up their manufacturing facilities. During the year your Company started handling the RORO vessels for Export of cars. This business provides an opportunity to your Company in achieving an improved utilization of the existing Container berths and the waterfront.

As far as the Company's Dry bulk cargo handling business is concerned, it comprises two main commodities namely Coal and Fertiliser. The country has been witnessing a reduction in Coal imports on the back of improved availability of domestic coal for conventional power plants and the focus of the Central Government in promoting Renewable Energy. The Fertiliser Imports are likely to remain steady on the back of the above normal monsoon expected during the year. In the case of Liquid Cargo, the tankage facility of all three operators in the Port is operational and steadily ramping up.

Inland evacuation of cargo has been a major constraint from cost as well as time perspective for the country. A recent study conducted on Road transportation (TCI along with IIM Calcutta) indicates that India suffers a loss of USD 21.3 billion annually on account of inland transportation delays, additional fuel consumption due to poor road conditions and frequent halts by trucks. India has a long coast line which has remained underutilized. Like Railways, Waterways are also an environment friendly mode of transportation. The Government's focus in promoting coastal movement of cargo will not only bring in cost efficiencies and improve utilization of the country's water resources but it will also substantially reduce the strain on Road traffic and vehicular pollution. Your Company had an opportunity in handling the first ever Coastal RORO vessel movement within the country from Chennai to Pipavav. Depending upon the opportunities for two way movement of vehicles by the auto companies, coastal movement of RORO vessels can become an efficient and cost effective mode of transport. Similarly, frequent upward revision in freight rates in the past coupled with a reduction in diesel prices has resulted in cargo moving away from Rail to Road. This has adversely impacted freight earnings for the Railways apart from the pressure on the country's Highways. The steps towards rationalization of freight by Railways would contribute in the shift from Road to Rail, bring efficiencies into the system and reduce road congestion.

Your Company is committed to improving Safety at the Port for its Employees, their families, the Contractor's Employees and the local community. As part of the global initiative, APM Terminals has four underlying principles- Safety is the license to operate; has no hierarchy; it means no compromise and all companies should be actively committed to it. All terminals within the APM Terminals Portfolio are engaged in sharing of Best Practices. Your Company's Health, Safety, Security and Environment (HSSE) Team focuses on providing training on Personal Safety to all Truck Drivers visiting the Port and during the year has conducted approximately 37,000 training sessions for Truck Drivers. Safety Awareness Programmes are also conducted by the HSSE Team in schools in the vicinity of the port which helps in inculcating the habits of safe behavior at an early age amongst the students and it also brings positive change in behavior of the adults. Your Company has also launched a course on Road Safety with MS University, Vadodara and has also developed a Manual on Traffic Rules as part of the course.

Effective 1st July 2016 the International Maritime Organization (IMO) has adopted amendments to the Safety of Life at Sea (SOLAS) Convention under which every Export Container would be loaded on the vessel only if its Verified Gross Mass (VGM) has been submitted by the Shipper to the Shipping line or to the Port. The Indian Maritime Industry is all set to promulgate the new rule and the Director General of Shipping (DG Shipping) has issued detailed procedures for its implementation. As per the requirement under the Convention, your Company has completed the necessary actions and is ready to implement the amendment rule under the SOLAS Convention.

On behalf of the Board of Directors of the Company, I take this opportunity to express our sincere appreciation to all our shareholders, vendors and customers for their continuous support and to our employees 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. I look forward with optimism towards a sustained economic growth in India and a very exciting and prosperous year ahead for Gujarat Pipavav Port Limited.

With Best Wishes,

Yours truly,

Tejpreet Singh Chopra
Chairman

BOARD OF DIRECTORS

Mr. Tejpreet Singh Chopra	Chairman
Mr. A. K. Rakesh, IAS	Nominee Director- Gujarat Maritime Board (w.e.f 12th October 2015)
Ms. Hina Shah	
Mr. Jan Damgaard Sorensen	
Mr. Julian Bevis	
Mr. Pradeep Mallick	
Mr. Pravin Laheri, IAS (Retd.)	
Mr. Rizwan Soomar	
Mr. Keld Pedersen	Managing Director

CHIEF FINANCIAL OFFICER

Mr. Hariharan Iyer

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Manish Agnihotri

AUDITORS

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

REGISTRAR & TRANSFER AGENTS

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32
Gachibowli, Financial District, Nanakramguda
Hyderabad 500 032

REGISTERED OFFICE

Pipavav Port, At Post Ucchaiya Via Rajula
Dist. Amreli, Gujarat 365 560
CIN: L63010GJ1992PLC018106
Website: www.pipavav.com
Tel: 02794 302400
Fax: 02794 302413

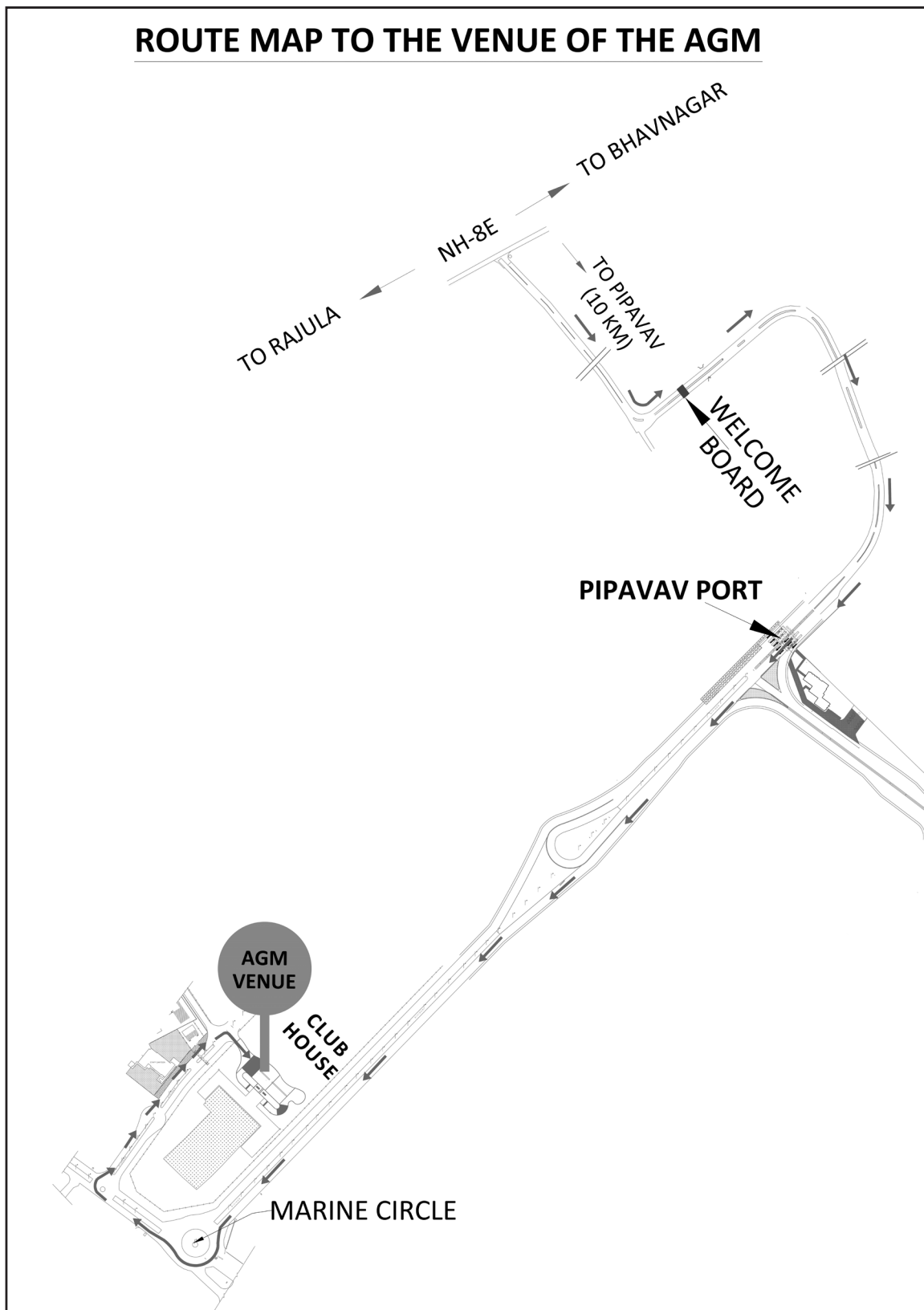
CORPORATE OFFICE

301, Trade Centre
BandraKurla Complex
Bandra (E)
Mumbai 400 098
Tel: 022 30011300
Fax: 022 26522422

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ROUTE MAP TO THE VENUE OF THE AGM



NOTICE is hereby given that the 24th Annual General Meeting of the Members of Gujarat Pipavav Port Limited (CIN:L63010GJ1992PLC018106) will be held at its Registered Office at Pipavav Port, At Post Ucchaiya via Rajula, District Amreli – 365 560 on Thursday 11th August 2016 at 2.00 p.m. to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt:
 - (a) the audited standalone financial statement of the Company for the financial year ended March 31, 2016, along with the Reports of the Board of Directors and Auditors thereon; and
 - (b) the audited consolidated financial statement of the Company for the year ended March 31, 2016 along with the Report of Auditors thereon.
2. To declare Dividend on Equity Shares for the financial year ended 31st March 2016.
3. To appoint a Director in place of Mr. Julian Bevis (DIN:00146000), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Rizwan Soomar (DIN:02398970), who retires by rotation and being eligible, offers himself for re-appointment.
5. To ratify the Appointment of Price Waterhouse Chartered Accountants LLP (ICAI Regn. No. 012754N/N-500016) as approved by the Members in the previous Annual General Meeting as Statutory Auditors of the Company, to hold office from the conclusion of this meeting i.e. Twenty fourth Annual General Meeting until the conclusion of the Twenty fifth Annual General Meeting of the Company and to fix their remuneration for the financial year ending 31st March 2017.

SPECIAL BUSINESS:

6. Approval of Related Party Transactions with Maersk Line A/S

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

“RESOLVED THAT pursuant to Regulation 23(8) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 (‘Regulations’) effective from 1st December, 2015 governing the Related Party Transactions and all other applicable Acts, Rules, Regulations, Guidelines (including any statutory modifications or re-enactment thereof, for the time being in force), approval of the shareholders of the Company be and is hereby accorded for contract(s)/ transaction(s) with Maersk Line A/S (including A. P. Moller- Maersk A/S and its affiliates), a Related Party in accordance with the Regulations, the details of which are provided herein below:

Name of the Party	Maersk Line A/S (including A. P. Moller- Maersk A/S and its affiliates)
Nature of relationship	Group Company, a Related Party as per revised Regulation 23 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015
Nature of Contract/Transaction	Rendering of Services related to Port Operations. These transactions are in the ordinary course of business and are conducted on an arm’s length basis.
Period of Contract/Transaction	1st October 2014 to 31st March 2017.
Amount of Contract / Transaction	Based on the past trend as per the details mentioned in the Explanatory Statement, we expect the revenue during each financial year to exceed 10% of the total consolidated turnover of the Company. The exact amount of transaction per annum pursuant to the arrangement depends on actual volume and vessel calls handled and hence cannot be estimated.

RESOLVED FURTHER THAT for the purpose of giving effect to the above, the Board of Directors of the Company be and is hereby authorized to agree, make, accept and finalize all such terms, condition(s), modification(s) and alteration(s) as it may deem fit and the Board is hereby further authorized to resolve and settle all questions, difficulties or doubts that may arise with regard to the said transaction and to finalize and execute all agreements, documents and writings and to do all acts, deeds and things in this connection and incidental thereto as the Board in its absolute discretion may deem fit without being required to seek any further consent or approval of the shareholders.”

7. Payment of Commission to Independent Directors of the Company

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 Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 149(9) of the Companies Act, 2013 and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, the Company do make payment amongst the Independent Directors of the Company on annual basis, of such remuneration by way of commission, the aggregate of which shall not exceed one percent of the Net Profit of the Company per annum computed in the manner prescribed under Section 198 of the Companies Act, 2013, subject to maximum ceiling of Rs. 15,000,000 for the year 2015-16 and Rs. 7,500,000 per annum for subsequent years upto Financial year 2020-21, in such amount and proportion and in such manner and in all such respects as may be determined by the Board of Directors (Board shall include Nomination & Remuneration Committee) from time to time.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take all such steps and do all such things including settling or resolving any doubts as may be required from time to time in connection with the aforesaid resolution and matters related thereto.”

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

Manish Agnihotri
Company Secretary
ACS 12045

Registered Office:

Pipavav Port, At Post Ucchaiya via Rajula

District Amreli, Gujarat 365560

CIN: L63010GJ1992PLC018106

Mumbai

19th May 2016

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”), concerning the Special Business in the Notice is annexed hereto and forms part of this Notice.
- c) Corporate Members intending to send their authorised representatives to attend the AGM are requested to send a duly certified copy of their Board Resolution authorising their representatives 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 5th August 2016 to Thursday 11th August 2016 (both days inclusive).
- h) SEBI has mandated the submission of Permanent Account Number (PAN) for participating in the securities market, deletion of name of deceased holder, 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.
- i) Members holding shares in physical form are requested to consider converting their holding to dematerialised form to eliminate all risks associated with physical shares and for ease in portfolio management. Members can contact Karvy for assistance in this regard.
- j) The Annual Report 2015-16 of the Company circulated to the Members of the Company, will be made available on the Company's website www.pipavav.com and also on the website of the respective Stock Exchanges www.bseindia.com and www.nseindia.com
- k) 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.
- l) **Voting Options:**

Remote E-voting: In compliance with the provisions of Section 108 of the Act, Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirement 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 e-voting are as under:

A. In case of Members receiving Notice by E-mail:

In case of Members receiving E-mail from Karvy (For Members whose e-mail addresses have been registered):

- (i) Open e-mail and open the attached PDF file "pipavav.e-voting.pdf" giving your DP ID / Client ID (in case you are holding shares in demat mode) or Folio No. (in case you are holding shares in physical mode) as default password the said pdf file contains your "User ID" and "Password" for e-voting.
- (ii) Open internet browser by typing the URL : <https://evoting.karvy.com>
- (iii) Click on "Shareholder - Login".
- (iv) Insert your User ID and password as initial password as mentioned in step (i) above and Login. In case you are already registered with Karvy, you can use your existing User ID and password for casting your vote.
- (v) "Password Change" menu appears. Change the password with the new password of your choice with minimum 8 digits / characters or combination thereof. Please note your new password. We strongly recommend that you do not share your new password and take utmost care to keep your password confidential.
- (vi) Home page of "e-voting" opens. Click on "e-voting-Active Voting Cycles".
- (vii) Select "EVEN" (E-Voting Event Number) of Gujarat Pipavav Port Limited for casting your votes in favour of or against the resolutions. For an EVEN, you can login any number of times on e-voting platform of Karvy till you have voted on the resolutions or till the end of voting period i.e. upto close of working hours on 10th August, 2016, whichever is earlier.
- (viii) Now you are ready for "e-voting" as "Cast Vote" page opens.

- (ix) Cast your vote by selecting appropriate option and click "Submit" and also "Confirm" when prompted. Upon confirmation, the message, "Vote cast successfully" will be displayed. Once you have voted on the resolution, you will not be allowed to modify your vote.
- (x) Institutional Members (i.e. other than Individuals, HUF, NRI, etc.) are also required to send scanned copy (PDF/JPG format) of the relevant Board Resolution / Authority Letter, etc. together with attested specimen signature of the duly authorised signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail at hsk@rathiandassociates.com with copy marked to evoting@karvy.com.

Please note that:

- Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the 'Forgot Password' option available on the site to reset the password.
- Your login ID and password can be used by you exclusively for e-voting on the resolutions placed by the companies in which you are the Member.
- It is strongly recommended that you do not share your password with any other person and take utmost care to keep it confidential.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting User Manual for Shareholders available at the "Downloads" section of <https://evoting.karvy.com>

B. In case of Members receiving physical copy of Notice

In case a Member receives physical copy of the Notice of AGM:

- (i) E-Voting Event Number (EVEN), User ID and Password is provided in the E-voting letter.
- (ii) Please follow all steps from Sl. No. (ii) to Sl. No. (x) above, to cast your vote by electronic means.
- (2) **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 AGM Venue.

Other Instructions:

- (i) The e-voting period commences on **Monday, 8th August, 2016 (9.00 a.m. IST)** and ends on **Wednesday, 10th August, 2016 (6.00 p.m. IST)**. During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on **Thursday 4th August 2016**, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Member, he / she / it shall not be allowed to change it subsequently.
- (ii) The voting rights of Members shall be in proportion to their shares of the paid-up equity share capital of the Company.
- (iii) 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.
- (iv) The Scrutinizer shall unblock the votes in the presence of at least two witnesses not in the 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 its AGM.
- (v) The results declared along with the Scrutinizer's Report shall also be placed on the Company's website www.pipavav.com and on the website of Karvy <https://evoting.karvy.com>

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

Item no. 6

The Company is engaged in operating and maintaining an all-weather Port at Pipavav, District Amreli, in the State of Gujarat, having multi-cargo and multi-user operations. The Company's Port is one of the principal gateways on the West Coast of India and provides access to shipping lines through international routes as well as for the cargo belt in North and North-West Region of India. In its normal course of business, the Company has entered into transactions with Maersk Line A/S (Related Party to the Company in terms of the Listing Regulations) for providing port services and operations.

The Company had, pursuant to the requirements under the then revised Clause 49(VII)(E) of the Stock Exchange Listing

Agreement effective 1st October 2014, in its previous Annual General Meeting held on 30th July 2015, sought approval of shareholders for the said contract. However, due to the promulgation of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 effective 1st December 2015, it would be necessary as per Regulation 23(8) of the said Regulations to seek approval of shareholders for all existing material related party contracts or arrangements entered into prior to the date of notification of the said Regulations and which is continuing. Accordingly, the details of the contract are as under:

The details of transactions with Maersk Line A/S, a related party, during past four years are as follows:

Particulars	Amount in Rupees Million				
	Year ended 31st Dec 2011	Year ended 31st Dec 2012	Year ended 31st Dec 2013	15 Months ended 31st March 2015	Year ended 31st March 2016
Revenue from Operations	3,958.54	4,160.33	5,179.35	8,670.27	6,599.54
Revenue from Maersk Line	1,061.13	909.95	898.57	1,910.60	1,213.03
% of Total Revenue from Operations	27%	22%	17%	22%	18%

Considering the past trend, it is expected that the aggregate amount of transactions with Maersk Line A/S would qualify as Material Transaction in terms of the said Regulations. The said transactions have been duly approved by the Audit Committee.

Further, disclosures in connection with the related party transaction/contract are:

Name of the Party	Maersk Line A/S (including A. P. Moller- Maersk A/S and its affiliates)
Nature of relationship	Group Company, a Related Party as per revised Regulation 23 of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015
Nature of Contract/ Transaction	Rendering of Services related to Port Operations. These transactions are in the ordinary course of business and are conducted on an arm's length basis.
Period of Contract/ Transaction	1st October 2014 to 31st March 2017.
Material Terms	As a customer Maersk Line A/S shall pay the port related charges as per published tariff and subject to discount based on volume handled.
Amount of Contract/ Transaction	Based on the past trend as per the details mentioned in the Explanatory Statement, we expect the revenue during each financial year to exceed 10% of the total consolidated turnover of the Company. The exact amount of transaction per annum pursuant to the arrangement depends on actual volume and vessel calls handled and hence cannot be estimated.

The above Related Party Transaction being in the ordinary course of business, at an arms' length basis and in accordance with the Company's Policy on Related Party Transactions, the requirement of shareholders approval as contemplated under Section 188 of the Companies Act, 2013, is not applicable.

Your Directors recommend, for your approval, the ordinary resolution as set out in Item No. 6 of the Notice.

None of the Directors/ Key Managerial Personnel of the Company/ their respective relatives are interested in the resolution as set out in Item No. 6 of the Notice. Since this matter pertains to the transactions with Related Party as defined under the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, none of the Related Parties shall be entitled to vote on the resolution.

Item no. 7

The provisions of Section 197 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Section 149(9) of the Companies Act, 2013 and Regulation 17(6)(a) of the SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015, provides that all fees/compensation (except sitting fees within the limits prescribed under the Companies Act, 2013 for payment of sitting fees without approval of the Central Government), if any paid to non-executive directors, including independent directors, shall require prior approval of shareholders in general meeting.

Accordingly, the approval of the members is sought in accordance with provisions of Section 197 of the Companies Act, 2013, for payment of remuneration by way of commission to the Independent Directors of the Company, on annual basis, upto 1% of the Net profit of the Company as calculated as per the provisions of Section 198 of the Companies Act, 2013,

but not exceeding Rs. 15,000,000 during the year 2016-17 and Rs. 7,500,000 per annum for subsequent years upto Financial year 2020-21. If approved by the Members, the said commission will be distributed amongst Independent Directors (other than the Managing Director(s) and / or Whole time Director(s)), on annual basis, in such amount, proportion and manner as the Board of Directors may decide.

Your Directors recommend the said resolution proposed vide Item No. 7 to be passed as a Special Resolution by the members.

None of the Promoter, Directors, Key Managerial Personnel of the Company and none of their relatives are deemed to be concerned or interested financially or otherwise in the said resolution, except the Independent Directors to the extent of the commission they may receive under authority of this resolution.

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

Manish Agnihotri
Company Secretary
ACS12045

Registered Office:

Pipavav Port, At Post Ucchaiya via Rajula
District Amreli, Gujarat 365560
CIN: L63010GJ1992PLC018106

Mumbai
19th May 2016

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

Particulars	Mr. Julian Bevis	Mr. Rizwan Soomar
Date of Birth	28 th April 1950	1 st June 1971
Date of Appointment	25 th July 2014	24 th December 2014
Qualification	Masters from Oxford University	Management Graduate from Chicago Booth School of Business and Diploma from Institute of Chartered Ship Brokers, London
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	None	None

DIRECTORS' REPORT

To
The Members,
Gujarat Pipavav Port Limited

The Directors have pleasure in submitting their 24th Annual Report to the Members of the Company together with the Audited Statement of Accounts for the year ended 31st March, 2016. The Company changed its Accounting year from January- December to April- March during the previous year in line with the provisions of the Companies Act, 2013, which prescribes for a uniform financial year. Therefore the figures for the previous year are for a period of fifteen months from 1st January 2014 to 31st March 2015 and are not comparable with the current year's figures for twelve months period from 1st April 2015 to 31st March 2016.

1. FINANCIAL STATEMENTS & RESULTS:

a. FINANCIAL RESULTS

(Rs. In Million)

Particulars	For the year ended 31st March 2016	For the fifteen month period ended 31st March 2015
Operating Income	6,599.54	8,670.27
Less: Total Expenditure	2,845.82	3,658.62
Operating Profit	3,753.72	5,011.65
Add: Other Income	248.05	400.53
Profit before Interest, Depreciation, Tax and Exceptional Item	4,001.77	5,412.18
Less: Interest	1.59	258.51
Less: Depreciation	963.60	832.86
Profit for the year before Exceptional Item	3,036.58	4,320.81
Add: Exceptional Income	604.09	---
Less: Exceptional Expenditure	----	448.01
Profit Before Tax	3,640.67	3,872.80
Less: Taxes *	(1,274.10)	---
Profit after Tax	2,366.57	3,872.80
Balance carried to Balance sheet	2,366.57	3,872.80

**Taxes represent 'Deferred Tax Liability' of the Company as at the end of respective period. The Company is 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 RORO vessels. The performance details are as follows:

Particulars	For the year ended 31st March 2016	For the fifteen month period ended 31st March 2015
Bulk Cargo Handled (In MT)	2,478,743	4,643,675
Containers Handled (In TEUs)	694,614	980,689
Liquid Handled (In MT)	706,877	304,548
RORO (No. of Cars)*	19,644	---

**The Company commenced handling of RORO vessels effective August 2015*

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

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 its accounts are to be consolidated with the Company's accounts. With more than 50% of PRCL's shareholding held by Government/ Public Sector Undertakings, 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.

d. DIVIDEND:

The Company has set off all its accumulated losses during the year ended 31st March 2016 and the Board of Directors is pleased to recommend a Maiden Dividend of Rs. 1.90 per share on the Company's outstanding Equity Share Capital.

The Dividend is subject to the approval of the Members at the Annual General Meeting on 11th August 2016 and will be paid on or after 12th August 2016, within the stipulated time limit to all Members whose Name appears in the Register of Members, as on the date of book closure ie. from Friday 5th August 2016 to Thursday 11th August 2016 (both days inclusive). The total dividend payout of Rs. 1.90 per equity share will aggregate to Rs. 1,110.74 Million including the Dividend Distribution Tax of Rs. 192.20 Million which will be borne by the Company

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, supported by underlying earnings growth and subject to i) availability of profits and funding requirements, ii) future funding needs as per the Company's growth plans, iii) applicable laws and in accordance with the recommendation of the Board of Directors and approval of Shareholders.

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:

During the previous year the Company changed its financial year from January- December to April- March. Therefore the financial statements for the previous year are for a period of fifteen months from 1st January 2014 to 31st March 2015.

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 period 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)(I) 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. During the year under review, no material or serious observation has been observed by the Statutory Auditors and the Internal Auditors of the Company for inefficiency or inadequacy of such controls. Wherever suggested by the auditors, the improved control measures have been implemented and their functioning is reviewed from time to time.

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

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

k. PARTICULAR OF CONTRACTS 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 ordinary course of business and at arms' length. Therefore they do not come within the purview of 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 the 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. The Company had obtained Shareholders Approval into the matter in its previous Annual General Meeting held on 30th July 2015 pursuant to the requirements under revised Clause 49(VII)(E) of the Stock Exchange Listing Agreement effective 1st October 2014. Due to the promulgation of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 effective 1st December 2015, the Company is required to once again obtain Shareholders approval as per the requirement under Regulation 23(8) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015. A resolution to that effect is included in the Notice convening the meeting.

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

The Company has not provided any loans, guarantees and securities. The Company does not have any investments except its shareholding in the Associate Company namely Pipavav Railway Corporation Limited.

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 furnished.

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 no information as per provisions of Section 54(1)(d) of the Act read with Rule 8(13) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

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

The Company has not issued any equity shares under Employees Stock Option Scheme during the year under review and hence no information as per provisions of Section 62(1)(b) of the Act read with Rule 12(9) of the Companies (Share Capital and Debenture) Rules, 2014 is furnished.

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. EXPANSION PROJECT AND NEW INVESTMENTS

The Company's expansion project for increase in Container handling capacity from 850,000 TEUs to 1.35 Million TEUs is complete. The old STS Cranes have been shipped out and the new Cranes are operational. The Container yard capacity is being progressively increased based on the storage requirement. The work on Internal Roads is complete. An old bulk cargo handling crane has been replaced with a new Gottwald Crane. The 2 new Rubber Tyre Gantry Cranes to be used in Container Yard and 1 Rail Mounted Gantry Crane to be used in the Rail Yard are expected to be delivered by June 2016. There are no new further investments envisaged.

3. OUTLOOK

The growth in volume of the Global Trade is expected to remain sluggish in the Year 2016 at 2.8%. It will be the fifth consecutive year of trade growth below 3%. But the demand for imported goods in the developing Asian economies is expected to improve and the Global trade is likely to grow at 3.6%. To that extent India has been in the forefront with a steady and consistent GDP growth inspite of the weak global market conditions.

4. RISKS AND AREAS OF CONCERN

The risks to the forecast are tilted to the downside, including further slowing in emerging economies and financial volatility including a sharper than expected slowing of the Chinese economy, worsening financial market volatility, and exposure of countries with large foreign debts to sharp exchange rate movements.

5. 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 the date of the Company's previous Annual General Meeting held on 30th July 2015.

The Members approved the appointment of Mr. Keld Pedersen (DIN: 07144184) as Managing Director effective 1st May 2015 in the Company's previous Annual General Meeting held on 30th July 2015.

Mr. A. K. Rakesh, IAS was appointed Nominee Director on 12th October 2015 representing Gujarat Maritime Board, the Port Regulator.

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.

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Julian Bevis (DIN: 00146000) and Mr. Rizwan Soomar (DIN: 02398970) are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer for re-appointment. Your Directors recommend the re-appointment.

b. DECLARATIONS BY INDEPENDENT DIRECTORS:

The Company has received declarations 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 previous AGM for a period of five years.

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

6. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES

a. BOARD MEETINGS:

The Board of Directors met four times during the year ended 31st March 2016 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, 2016, the Board of Directors hereby confirms that:

- a. in the preparation of the annual accounts, the applicable accounting standards had 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, 2016 and of the profit of the Company for that period;
- c. proper and sufficient care was taken for the 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 were operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively;

c. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee of Directors was constituted by the Board of Directors of the Company in accordance with the requirements of Section 178 of the Act.

The composition of the Committee is as under:

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. Rizwan Soomar, Non Independent 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, are 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 qualifications 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 qualifications, experience and expertise of the recommended candidate are satisfactory for the relevant appointment. In such circumstances, the Committee may call for an expert opinion on the appropriateness of the qualifications 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 requirements 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 are 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 of Directors was constituted 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 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 the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, there were no instances of recommendation of the 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 the Secretary of the Stakeholders' Relationship Committee.

f. VIGIL MECHANISM POLICY FOR THE DIRECTORS AND EMPLOYEES:

The Board of Directors of the Company has, pursuant to the provisions of 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 at the designated email id 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 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 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.

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, and define a structured approach to manage uncertainty and to make use of these in their decision making pertaining to all business divisions and corporate functions. Key business risks and their mitigation are 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 as under:

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, the details of which have been prescribed in Annexure A attached.

The CSR Policy of the Company is available on the Company's web-site and can be accessed in the link provided <http://pipavav.com/csr.php>

During the year ended 31st March 2016 the Company was required to spend Rs. 43.5 Million towards the CSR activities out of which an amount of Rs. 20.8 Million was spent in the areas of Education, Health, Safety & Environment, Women Empowerment and Skill Development and the Rural Development Project. The Company has been evaluating various activities in order to be able to make a meaningful contribution to the society in the nearby geographical areas. The balance unspent amount of Rs. 22.7 Million is being carried forward and will be spent during the current year ending 31st March 2017.

In addition to Rs. 20.8 Million spent during the year ended 31st March 2016, the activities underway during the year ended 31st March 2015 amounting to Rs. 12.3 Million have been completed below the budgeted amount during the year ended 31st March 2016 and has resulted into a saving of Rs 2.9 Million. This amount also will be spent along with the unspent of Rs. 22.7 Million arising from the year 2015-16. The amounts have been spent in the areas of Sanitation, Rural Development and Healthcare.

i. ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD:

The Independent Directors held their meeting to evaluate the performance of the Non Independent Directors and the Board as a whole. Each Board member's contribution, their participation was evaluated and the domain knowledge they bring. They also evaluated the manner in which the information flows between the Board and the Management and the manner in which the board papers and other documents are prepared and furnished. The Board also carried out the evaluation of Directors.

j. INTERNAL CONTROL SYSTEMS:

Adequate internal control systems commensurate with the nature of the Company's business and size and complexity of its operations are in place and have been operating satisfactorily. Internal control systems consisting of policies and procedures are designed to ensure reliability of financial reporting, timely feedback on 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 adequately protected.

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

The details under Section 197 of the Companies Act, 2013 read with Rule 5 of Companies (Appointment & Remuneration) Rules, 2014 regarding the employees will be provided upon request. The copies of Annual Report are being sent to the Members under Section 136 of the Companies Act, 2013 excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during the business hours on working days of the Company upto the date of the Company's forthcoming Annual General Meeting. Any Member who is interested in a copy of the employees' particulars may write to the Company Secretary.

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.

7. 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 2016:

There are no Audit Observations on the Standalone Financial Statements of the Company for the year ended 31st March 2016

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 2016 in Clause 7(a) and (b) of their Report as follows:

Basis for Qualified Opinion

7(a) The consolidated financial statements include the Company's share of net profit of Rs. 316.78 Million based on its unaudited financial statements as at 31 March 2016 in respect of its associate company not audited by us. The financial statements/ information of the associate is pending audit by their auditors. Accordingly, our opinion on the consolidated financial statements insofar as it relates to the aforesaid amount and disclosures included in respect of this associate company is based solely on the financial information of the associate company for the year ended on 31 March 2016 as furnished to us by the Management of the Company.

(b) Further, pending the audit of the associate for the year ended on 31 March 2016 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.

In this connection the Board of Directors would like to state that 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. With more than 50% of PRCL's shareholding held by Government/ Public Sector Undertakings, 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.

b. SECRETARIAL AUDIT REPORT FOR THE YEAR ENDED 31ST MARCH 2016:

Provisions of Section 204 read with Section 134(3) of the Companies Act, 2013, mandates to obtain Secretarial Audit Report from Practicing Company Secretary. Accordingly M/s Rathi and Associates, Company Secretaries have issued the Secretarial Audit Report for the year ended 31st March 2016.

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. RATIFICATION OF APPOINTMENT OF AUDITORS:

Pursuant to the provisions of Section 139 of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, Price Waterhouse Chartered Accountants LLP have been appointed as the Statutory Auditors of the Company for a period of five years in the previous Annual General Meeting held on 30th July 2015 subject to ratification of their appointment by the Members at every Annual General Meeting.

The matter for ratification of appointment of the said Auditors is included in the Notice of AGM.

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.

8. 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 2016 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 Port Development and Operations. 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 details regarding the foreign exchange earnings and outgo during the period under review are mentioned in Note no. 37 (c) and (d) of Notes to Accounts.

c. CORPORATE GOVERNANCE (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 2016 remains unchanged.

9. ACKNOWLEDGEMENTS AND APPRECIATION:

Your Directors thank the customers, shareholders, suppliers, bankers, business partners/associates and 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 growth till date.

For and on behalf of the Board

CHAIRMAN
DIN: 00317683

Date: 19th May 2016

Place: Mumbai

Registered Office

Pipavav Port,

At Post Ucchhaiya via Rajula

District Amreli 365560

CIN L63010GJ1992PLC018106

TEL No. 02794 302400 Fax No. 02794 302413

Website: www.pipavav.com EMail: investorrelationinppv@apmterminals.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. 2,176.7 Million

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

Rs. 43.5 Million

5. Details of CSR spent during the financial year;

(a) Total amount to be spent for the financial year; Rs. 43.5 Million

(b) Amount unspent if any; Rs. 22.7 Million.

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

(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*
Works Completed							
1	Supply of Education Material, Upgradation of school infrastructure	Education	Shiyal Bet, Jaffrabad Taluka; Kumbhariya village, Rajula Taluka, District Amreli	4,104,459	4,104,459	4,104,459	Direct
2	Organising Health Camps, Free OPD and medicine supply, Provide Bio Gas units, Mangrove Plantation, Environment awareness course	Health, Safety & Environment	Kumbhariya, village Rajula Taluka, District Amreli Vadodara & Surat	9,030,401	9,030,401	9,030,401	Direct Mangrove Plantation done through Gujarat Ecology Commission (GEC)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
3	Conducting training for women, creating awareness on women rights	Women Empowerment & Skill Development	Shiyal Bet, Jaffrabad Taluka; Kumbhariya, Rajula Taluka, Rajula Block	2,182,920	2,182,920	2,182,920	Direct and an NGO Vivekananda Research Training Institute, Rajula
4	Construction of Gram Panchayat Building, Animal Husbandry Construction of sanitation units, Water pipeline, Drip Irrigation, Disaster Relief and Rehabilitation & Other Expenses	Rural Development Project	Kumbhariya and Bherai in Rajula Taluka; Shiyal bet in Jaffrabad Taluka, Rajula Block Babapur and Villages in Savarkundla	5,446,439	5,446,439	5,446,439	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.

The Company was required to spend Rs. 43.5 Million towards the CSR activities out of which an amount of Rs. 20.8 Million was spent in the areas of Education, Health, Safety & Environment, Women Empowerment and Skill Development and the Rural Development Project. The Company, in conjunction with the CSR Committee is continuously evaluating various activities in order to be able to make a meaningful contribution to the society in the nearby geographical areas. The balance unspent amount of Rs.22.7 Million is being carried forward and will be spent during the current year ending 31st March 2017.

In addition to Rs. 20.8 Million spent during the year ended 31st March 2016, the activities underway during the year ended 31st March 2015 amounting to Rs. 12.3 Million have been completed below the budgeted amount during the year ended 31st March 2016 and has resulted into a saving of Rs. 2.9 Million. This amount also will be spent along with the unspent of Rs. 22.7 Million arising from the year 2015-16.

ANNEXURE B

EXTRACT OF ANNUAL RETURN

As on year ended on 31st March 2016

[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 Ucchaiya 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									

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	
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	0	207,903,931	43.01	207,903,931	0	207,903,931	43.01	---
d) Banks / FI									
e) Any other									
Sub-total (A)(2):	207,903,931	0	207,903,931	43.01	207,903,931	0	207,903,931	43.01	---
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	207,903,931	0	207,903,931	43.01	207,903,931	0	207,903,931	43.01	---
B. Public Shareholding									
(1) Institutions									
a) Mutual Funds	53,527,872	0	53,527,872	11.07	45,772,210	0	45,772,210	9.47	(1.6)
b) Banks / FI	5,344,478	0	5,344,478	1.10	5,369,940	0	5,369,940	1.11	0.01
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIs	179,150,602	0	179,150,602	37.06	192,772,138	0	192,772,138	39.87	2.81
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):	238,022,952	0	238,022,952	49.23	243,914,288	0	243,914,288	50.45	1.22
(2) Non-Institutions									
a) Bodies Corp.	14,549,817	28,000	14,577,817	3.02	9,322,692	28,000	9,350,692	1.93	(1.09)
i) Indian									
ii) Overseas									
b) Individuals									

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	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	13,121,187	491,481	13,612,668	2.82	15,277,474	513,808	15,791,282	3.27	0.45
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	7,886,410	73,826	7,960,236	1.65	4,279,446	0	4,279,446	0.89	(0.76)
c) Others (specify)	1,127,206	235,100	1,362,306	0.28	1,982,671	217,600	2,200,271	0.45	0.17
Sub-total(B)(2)	36,684,620	828,407	37,513,027	7.76	30,862,283	759,408	31,621,691	6.54	(1.22)
Total Public Shareholding (B)=(B)(1)+(B)(2)	274,707,572	828,407	275,535,979	56.99	274,776,571	759,408	275,535,979	56.99	0
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	482,611,503	828,407	483,439,910	100	482,680,502	759,408	483,439,910	100	-

ii. SHAREHOLDING OF PROMOTERS:

Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding during the year
	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
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

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

Sl. No.		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For each of the Top 10 Shareholders				
1	Matthews India Fund	10,373,564	2.15%	8,578,564	1.77%
2	Credit Suisse (Singapore) Ltd*	17,939,759	3.71%	---	---
3	Bajaj Allianz Life Insurance Co Ltd	7,940,476	1.64%	4,902,911	1.01%
4	Vanguard International Explorer Fund	9,841,063	2.04%	9,210,502	1.91%
5	Smallcap World Fund	14,361,367	2.97%	19,559,000	4.05%
6	ICICI Prudential Discovery Fund	9,981,210	2.06%	9,981,210	2.06%
7	Schroder Asia Pacific Fund	6,334,113	1.31%	--	--
8	Schroder Asian Alpha Plus Fund	6,481,228	1.34%	5,137,873	1.06%
9	New World Fund Inc	6,153,213	1.27%	20,480,000	4.24%
10	Morgan Stanley Investment Management INC	5,703,657	1.18%	---	---
11	Kotak Mahindra (International) Limited*	---	---	17,650,000	3.65%
12	Ashoka Pte Ltd	15,084,977	3.12%	14,624,116	3.03%
13	JP Morgan Sicav Investment Company (Mauritius) Ltd	961,265	0.20%	7,549,818	1.56%

*The underlying P-Note holder is the same in the case of Credit Suisse (Singapore) Ltd and Kotak Mahindra (International) Limited as a result there is no change in the holder

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

Sl. No.		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
	For each of the Directors and KMP				
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	---

Sl. No.		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
	For each of the Directors and KMP				
3	Mr. Manish Agnihotri, Company Secretary & Compliance Officer				
	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) shares purchased and transferred on 8/6/2015	5	--	5	--
	At the End of the year	5	--	5	--

II 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
Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
iii) Interest accrued but not due				
Total (i + ii + iii)				

III 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. 14,589,575	Rs. 14,589,575
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Rs. 26,451,710	Rs. 26,451,710
	(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	Nil	Nil
	Total (A)	Rs. 41,041,285	Rs. 41,041,285
	Ceiling as per the Act	Rs. 178,380,000	Rs. 178,380,000

**For the eleven month period from 1st May 2015 to 31st March 2016*

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. 500,000	Rs. 750,000	Rs. 900,000	Rs. 1,000,000	Rs. 3,150,000
Commission	---	---	---	---	---
Others, please specify	---	---	---	---	---
Total (1)	Rs. 500,000	Rs. 750,000	Rs. 900,000	Rs. 1,000,000	Rs. 3,150,000
2. Other Non-Executive Directors	Mr. Jan Damgaard Sorensen	Mr. Rizwan Soomar	Mr. Julian Bevis	Mr. A. K. Rakesh, IAS	
Fee for attending board / committee meetings	Nil	Nil	Nil	100,000	
Commission	Nil	Nil	Nil	Nil	
Others, please specify	Nil	Nil	Nil	Nil	
Total (2)	Nil	Nil	Nil	100,000	
Total (B)=(1+2)	Rs. 500,000	Rs. 750,000	Rs. 900,000	Rs. 1,100,000	Rs. 3,250,000
Total Managerial Remuneration	Rs. 500,000	Rs. 750,000	Rs. 900,000	Rs. 1,100,000	Rs. 3,250,000
Overall Ceiling as per the Act	NA	NA	NA	NA	NA

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

	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NA	4,338,804	13,195,284	17,534,088
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		NA	NA	NA
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		NA	NA	NA
2	Stock Option		NA	NA	NA
3	Sweat Equity		NA	NA	NA
4	Commission		NA	NA	NA
	- as % of profit				
	- others, specify				
5	Others, please Specify- Bonus		1,519,497	3,957,553	5,477,050
	Total		5,858,301	17,152,837	23,011,138

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	NA	NA	NA	NA	NA

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

(Details applicable to Listed Companies only, unless stated otherwise)

Median Remuneration: Rs. 319,161

Managing Director's Remuneration: Rs. 41,041,285

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 (Appointed w.e.f. 1st May 2015)	NA
Mr. Hariharan Iyer, CFO	5.5%
Mr. Manish Agnihotri, Company Secretary and Compliance Officer	14%

The percentage increase in the median remuneration of employees in the financial year: 11.30%

The number of permanent employees on the rolls of the Company: 539

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.

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 2016

To,
The Members
Gujarat Pipavav Port Limited
Pipavav Port
At Post Ucchaiya 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, 2016, 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, 2016, 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, Overseas Direct Investment and External Commercial Borrowings;
 - (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 which came into effect from 1st December, 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 following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013 and
- (ii) The Listing Agreement entered into by the Company with the Stock Exchange(s) (effective upto 30th November 2015).

During the financial year under report, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc mentioned above.

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.

Majority decision is carried through while the dissenting members' views, if any, are 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**

JAYESH M. SHAH
PARTNER
FCS 5637

Mumbai
Dated: 19th May 2016

ANNEXURE - I

List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the period ended 31st March 2015.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Risk Management Committee and Corporate Social Responsibility Committee held during the financial year under report along with Attendance Register.
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 received from the Directors of the Company pursuant to the provisions of Section 184 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 which came into effect from 1st December, 2015 during the financial year under report.
11. Filings made with the Reserve Bank of India under the Foreign Direct Investment Guidelines and for Overseas Direct Investments made by the Company.
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 which came into effect from 1st December, 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;

ANNEXURE - II

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

Registered office:

Pipavav Port at Post Ucchaiya 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 Ucchaiya 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 etc.

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ended March 31, 2016

Introduction

The Company changed its Accounting year from January- December to April- March during the previous year in line with the provisions of the Companies Act, 2013, which prescribes for a uniform financial year. Therefore the figures for the previous year are for a period of fifteen months from 1st January 2014 to 31st March 2015 and are not comparable with the current year's figures for twelve months period from 1st April 2015 to 31st March 2016.

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 fifteen months period ended 31 March 2015. This section has been prepared by the Management of Gujarat Pipavav Port Limited (referred to as "APM Terminals Pipavav" 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 the Company is required to consolidate its financial statement with PRCL. With more than 50% of PRCL's shareholding held by Government/ Public Sector Undertakings, 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 of PRCL provided by its 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 Indian GAAP, the Accounting Standards prescribed in the Companies (Accounting Standards) Rules, 2006, issued by Government of India and the relevant provisions of the Companies Act, 2013 as adopted by us.

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 Northwest of Mumbai. The port lies on the important maritime trade route which connects India with international destinations such as the Far East, Middle East, Africa, Europe and the US. The Company's expansion project for increase in Container handling capacity from 0.85 Million TEUs to 1.35 Million TEUs is complete. Details on the Expansion are elaborated in the Expansion Section of this Report. The Bulk Cargo capacity of the Port is approximately 4 to 5 Million MT per annum depending on cargo mix and Liquid Cargo capacity is approximately 2 Million MT per annum.

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 20,600 professionals serving 72 Port and Terminal facilities and 140 Inland Services Operations in 69 Countries around the Globe and provides Port Management and Operations to over 60 Shipping Companies which serve the world's leading Importers and Exporters of Containerized, Bulk, Liquid bulk, General cargo and other commodities. APM Terminals won the Lloyd's List Global Award "Port Operator of the Year" for 2015.

Economy & Port Sector

According to WTO, the growth in volume of the Global Trade is expected to remain sluggish in the Year 2016 at 2.8%. It will be the fifth consecutive year of trade growth below 3%. But the demand for imported goods in the developing Asian economies is expected to improve and the Global trade is likely to grow at 3.6% in the Year 2017. The risks to the forecast are tilted to the downside, including further slowing in emerging economies and financial volatility including a sharper than expected slowing of the Chinese economy, worsening financial market volatility, and exposure of countries with large foreign debts to sharp exchange rate movements. The low Crude Oil prices have adversely impacted the economies dependent on oil exports. To that extent India being a large oil import economy has been at an advantage and has also been at the forefront amongst all the growing economies reporting a steady and consistent GDP growth in spite of the weak global market conditions.

Our key customers the Global Shipping lines are facing severe rate erosion in freight earnings coupled with excess capacity upon deployment of large container vessels. The Commodity prices in the international market are falling and continue to remain under pressure.

The monsoons in India have been weak during last two years with a deficit of over 12%. The weather bureau expects an

above normal monsoon during the current year which is very important for our Agri-based economy and has the potential of further strengthening the overall GDP growth of the country.

India and the State of Gujarat in particular is developing into an Auto hub with several car manufacturers setting up their facility at Sanand, Mehsana etc. with a plan to Export cars as part of "Make in India" initiative by the Government of India.

In case of the Indian Container market, two thirds of the volume is handled on the West Coast and the volumes grew 3% year on year. The Non-major ports continue to grow faster than the Terminals at JNPT due to the capacity constraints at the Terminals as well as for evacuation. The Non-major ports have an edge over Major ports due to better draft and availability of larger Handling as well as Evacuation capacity.

Coal and Fertiliser are the two main Dry-bulk cargo commodities imported in the country. The West Coast ports witnessed about 12% reduction in Coal Imports due to improved availability of Domestic Coal while Fertilizer imports increased approximately 14%. Since Fertilizer is a subsidized commodity the Government in a positive move has directed all the Ports handling imported fertilizer to carry out compulsory quoting of Neem in order to prevent its misuse and ensure that the subsidized commodity is indeed used only for the agricultural purpose. As a result there could be a possibility that the Fertiliser imports may not significantly grow, going forward.

Operations Review

Container volume throughput for the year ended 31 March 2016 was 694,614 TEUs against 980,689 TEUs handled for the fifteen months period ended 31 March 2015. Though the figures are not exactly comparable, the Company witnessed shifting of one service out of Pipavav to the competition and one other service getting discontinued during the year. The Saurashtra Region of Gujarat where the Port is located witnessed one of the worst floods ever requiring the Company to declare Force Majeure from 23rd June 2015 to 11th July 2015. During the period, the Port did not suffer any significant loss or damage but certain sections of the rail line connecting Pipavav to Surendranagar were completely washed out causing suspension of rail movement to and from the Port. The suspension of rail operations adversely impacted the Container and Bulk cargo volumes during the period of June-July 2015. The Railways did a tremendous job in restoration of the entire Rail line but the volumes took some months to recoup.

The Dry Bulk cargo volumes at Pipavav continue to be driven primarily by Coal and Fertilizer albeit a significantly reduced Coal imports due to lower imports and the existing rail freight differential issues accentuated by every hike in rail freight. The Port handled 2.47 Million MT during the year ended 31st March 2016 against 4.64 Million MT during the fifteen months period ended 31 March 2015.

On Liquid cargo front, the storage terminals of all three customers have been commissioned during the year. The Port handled over 700,000 MT during the year ended 31st March 2016 as against about 300,000 MT during the fifteen month period 31st March 2015.

The Company continues its focus on the Core Business of Port Development and Operations and has adopted a landlord model for handling RORO vessels similar to the handling of Liquid Cargo vessels wherein, the Company has entered into agreement for providing land on lease and the lessee does the capital investment for the business. As mentioned earlier in the section, Gujarat is developing as an Auto hub and the Company has entered into agreement with NYK Logistics who are amongst the largest Car carrier companies in the world. NYK has set up a multi user car handling facility inside the Port. APM Terminals Pipavav commenced handling of the RORO vessels since August 2015 and over 19,000 Cars have been exported from Pipavav during the year under review. As part of the Government of India initiative to encourage Coastal movement of cargo thereby reducing the road traffic on Highways, the Company handled first ever Coastal movement of RORO vessel in the country from Chennai to Pipavav in February 2016.

The North and Northwest Region of the country is a major cargo generating center and it is serviced by the West Coast Ports. Therefore the Inland Container Depots(ICDs) located in the Region are key to the growing EXIM trade. The efficient rail evacuation of containers to and from the Port to the ICDs and facilitating movement of high cube double stack Container trains has been the Port's USP. Nearly 70% of the total Container volume handled by APM Terminals Pipavav is evacuated by rail and the Railway line has sufficient spare capacity for evacuation. The number of high cube double stack trains handled has also steadily increased, offering faster evacuation and optimizing the rail line capacity thus bringing the time and cost efficiencies into the system for all the stakeholders.

Expansion

The Company has invested about Rs. 3,600 Million to expand its Container handling capacity from 0.85 Million TEUs to 1.35 Million TEUs. The old STS Cranes have been shipped out and the new Cranes are operational. The Container Yard capacity is being progressively increased based on the storage requirement. The work on Internal Roads is complete. An old bulk

cargo handling crane has been replaced with a new Gottwald Crane. The 2 new Rubber Tyre Gantry Cranes to be used in Container Yard and 1 Rail Mounted Gantry Crane to be used in the Rail Yard are expected to be delivered by June 2016. This expansion has been accomplished on schedule and within the estimated cost.

The port has the ability to further scale up its seaside and landside infrastructure depending on the business opportunities.

Financial Review

During the year under review, the Company reached a new milestone by setting off all its Accumulated losses. The Company is now legally eligible to declare Dividend to its shareholders. In that connection the Board of Directors recommends a Dividend per share of Rs. 1.90 subject to the approval by the Members in the Company's Annual General Meeting proposed for Thursday 11th August 2016.

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, supported by underlying Earnings Growth and subject to i) Availability of profits and funding requirements, ii) Future funding needs as per the Company's growth plans, iii) Applicable laws and in accordance with the recommendation of the Board of Directors and approval by the Members.

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 2016 was Rs. 6,599.54 Million against Rs. 8,670.27 Million during the 15 month period ended March 31, 2015.

Income from Port Services consists of Income from Marine Services, Container & Cargo Handling, Storage services as well value-added Port Services. Income from Port Services totaled Rs. 6,195.30 Million for the year ended 31st March 2016 as against Rs. 7,921.88 Million for the 15 month period ended March 31, 2015, driven mainly by improvement in realization, start of liquid operations and favorable exchange rate.

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 Rs. 404.24 Million for the year ended 31st March 2016 as against Rs. 748.39 Million for the 15 month period ended March 31, 2015.

Total Expenditure consists of Operating expenses, Employee benefits, Depreciation and Other expenses. The Company incurred a Total Expenditure of Rs. 3,809.42 Million for the year ended 31st March 2016 against Rs. 4,491.48 Million for the 15 month period ended March 31, 2015.

Operating Expenses primarily include Equipment Hire charges, Handling expenses, Waterfront Royalty and Other direct costs. Operating expenses totaled Rs. 1,320.68 Million for the year ended 31st March 2016 against Rs. 1,852.20 million for the 15 month period ended March 31, 2015.

EBITDA amounted to Rs. 3,753.72 Million for the year ended 31st March 2016 against Rs. 5,011.65 Million for the 15 month period ended March 31, 2015. The Margins continue to remain steady at 57% compared to 58% during the fifteen months period ended 31st March 2015.

Dividend Income

The Company has not received any dividend income during the year from its Associate Company PRCL. PRCL is currently evaluating the investments required for efficient connectivity to the Western Dedicated Freight Corridor (DFC).

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. 248.05 Million for the year ended 31st March 2016 compared to Rs. 400.53 Million which included Dividend income from PRCL of Rs. 152 Million during the 15 month period ended March 31, 2015.

Debt

The Company continues to be debt free and is in a position to leverage its strong Balance Sheet for future growth opportunities.

Exceptional Items

In accordance with Accounting Standard-28 on Impairment of Assets, the Company has re-assessed the technical feasibility and future usability of its fixed assets and has reversed a net impairment provision amounting to Rs. 1,122.37 million. The Company has also created a Depreciation charge amounting to Rs. 518.26 Million on such assets had no impairment

been recognized in the prior accounting years, resulting into a Net Gain of Rs. 604.08 Million. This Net Gain has been disclosed as an Exceptional Item in the year ended 31 March, 2016. The Exceptional Item for the fifteen months period ended 31 March 2015 of Rs. 448 Million includes Rs. 102.19 Million paid to the Dredging Contractor as reimbursement of mobilization and Other charges of Rs. 345.81 Million represent one-time cost of syndication fees, structuring fees, commitment fees, legal & administration fees towards cancellation of foreign currency loan sanctioned by International Finance Corporation. Consequent to the cancellation of loan, the charge created on the assets has been released.

Deferred Tax Liability

The Company has been assessing its Deferred Tax position at each Balance Sheet date. As of fifteen months period ended 31st March 2015, the Company had Net Deferred Tax Asset position mainly due to carried forward tax losses of earlier years. With the Company turning around and reporting bottom line profits since Q4 CY2010, the carried forward tax losses have come down significantly and the position for current year ending 31st March 2016 is changing to a 'Deferred Tax Liability', mainly constituting the timing difference of book depreciation and tax depreciation. Accordingly, the Company has recorded a Tax charge of Rs. 1,274.10 Million. The Tax charge shall continue until 31st March 2017 and thereafter it shall start unwinding post the tax holiday period.

There is no change in the Company's taxability. It continues to be under Tax Holiday as per Section 80IA of the Income Tax Act until 31st March 2017 and will pay the Minimum Alternate Tax (MAT) on its book profits.

Net Profit

After providing for a Deferred Tax Liability of Rs. 1,274.10 Million, the Company has reported a Net Profit of Rs. 2,366.57 Million for the year ended 31st March 2016 as against Rs. 3,872.80 Million for the 15 month period ended March 31, 2015.

Risk Management and Internal Control

The Company has voluntarily set up a Risk Committee which 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 that 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 directly report to the Audit Committee of the Company.

While the Statutory Auditors have reviewed the Internal Financial Controls, their adequacy and have found them in order, the Management had mandated the Internal Auditors to review 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.

APM Terminals Group's initiatives, the Audit Questionnaire (AQ) and Internal Control Manual are the overarching framework that sets out the Company's approach to internal controls. It aims to bring in a certain discipline and consistency in the way activities are carried out on a daily basis. 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. To that extent the Company has been rated amongst the top APM Terminals entities in the Asia Pacific Region.

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.

The Company ensures Safety at its facility by regularly conducting initial and refresher Safety training including to all external Truck drivers visiting the Port. So far over 37,000 training sessions have been conducted for the Truck Drivers. It focuses on giving supervisory personnel the tools to be able to safely lead and supervise. This is done through training employees

in safety matters, communicating safety to workers, enforcing safety by setting an example, reinforcing safety rules and regulations and encouraging positive behavior towards Safety. All the APM Terminals Pipavav employees undergo Safety education and training before beginning to work in a facility. The Company conducts Safety Week as a part of the Global initiative of APM Terminals for all the Ports/Terminals within the APMT Portfolio. APM Terminals Pipavav not only involves all its employees in all the Departments, but it also involves the families of the employee located in the Port through various cultural programs wherein skits and plays are performed by the children to make them aware and inculcate in them the habits of Safety and Security.

As part of CSR initiative the Company regularly conducts Safety awareness functions and programs in various schools in and around the Port area with an idea to develop a Safety and Security conscious community. Through this initiative these children make the elders conscious about their unsafe habits/ behavior thus forcing them to improve/change those habits.

Contractors are an important part of the Company and ensure that client's expectations are being met through service delivery, maintenance of equipment and specialized services. However, they do present a risk. The Company ensures that all contractors and their employees have an in-depth understanding of the importance of improving safety performance and are well integrated into the APM Terminals goal of incident free way of working.

Corporate Social Responsibility (CSR)

APM Terminals Pipavav sees CSR as an integrated part of the way the Company does business. The Company engages with all relevant stakeholders to strengthen relations with local communities and support community development.

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 2016 some of the key CSR Projects carried out were:

- Three day Mega Camp was organized for differently abled. About 1012 people were beneficiaries and were provided with Jaipur foot, Callipers, Crutches, Tricycles, Wheel Chair, Hearing aids etc.
- Provided E-learning Software in 30 Primary Schools. It is an effective use of technology for teaching the students. The software covers all subjects for students from 1st to 5th and is helpful for understanding of subjects by the children even in absence of the Teacher
- Health and Safety Awareness sessions for students

-
- Providing free Medical facility and medicines to villagers at the Medical Centre inside the Port
 - Conducting Health Check up camps in villages for Women and Children, Eye checking Camp for Truck Drivers
 - Disaster Relief and Rehabilitation during the floods

Outlook

As per the International Monetary Fund (IMF) the pick-up in global activity is expected to be more gradual than it expected during October 2015. Especially in the case of the Emerging Markets and the Developing Economies the picture appears to be more challenging.

The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–17. The projected pickup in growth in the next two years—despite the ongoing slowdown in China—primarily reflects forecasts of a gradual improvement of growth rates in countries currently in economic distress, notably Brazil, Russia, and some countries in the Middle East, though even this projected partial recovery could be frustrated by new economic or political shocks.

India will be the fastest growing major economy in 2016-17 growing at 7.5%, ahead of China, at a time when global growth is facing increasing downside risks, as per the World Economic outlook released by the IMF. The April 2016 World Economic outlook titled 'Too slow for too long' retained India's growth forecast while lowering global growth projections pointing out that volatility in financial markets and non-economic risks posed by migration and terrorism are increasing risks of a derailed recovery. India's growth will continue to be driven by private consumption, which has benefited from lower energy prices and higher real incomes, IMF said, adding that "With the revival of sentiment and pickup in industrial activity, a recovery of private investment is expected to further strengthen growth."

The shipping industry continues to be heavily stressed by serious level of overcapacity in the short and medium term. Alliances by shipping lines to share large vessels on the trade routes is the way forward in their attempt to reduce the per unit cost in the subdued global trade.

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 at the top quartile. The Company has about 539 employees and the Management encourages them 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 also conducts an Annual Customer and Third Party Satisfaction Survey for all its 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 been showing consistent improvement in the Survey and has been ranked amongst the Top Quartile in comparison with all the Ports/Terminals within the APM Portfolio.

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 31st March 2016.

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 is available on Company's website www.pipavav.com/policies.php

Board of Directors

The Company's Board of Directors comprises total 9 Directors, out of which 1 is an Executive Director, 4 Independent Directors (including the Chairman of the Board) and 4 Non-Executive Non-Independent Directors (including the nominee of Gujarat Maritime Board "GMB"). 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.

Mr. A. K. Rakesh, IAS was appointed Nominee Director on 12th October 2015 representing Gujarat Maritime Board, the Port Regulator.

None of the Directors have 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 during the year ended 31st March 2016		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 31st March 2016
		Held	Attended			Chairman	Member	
Mr. Tejpreet Singh Chopra- Chairman DIN:00317683	Independent Non-Executive	4	4	Yes	1	1	Nil	Nil
Mr. A. K. Rakesh, IAS* DIN: 00063819	Non-Independent Non-Executive (GMB Nominee)	2	1	No	7	Nil	Nil	Nil
Ms. Hina Shah DIN:06664927	Independent Non-Executive	4	3	No	Nil	Nil	Nil	Nil
Mr. Jan Damgaard Sorensen DIN: 06408939	Non-Independent Non-Executive	4	2	No	Nil	Nil	Nil	Nil
Mr. Julian Bevis DIN: 00146000	Non-Independent Non-Executive	4	4	Yes	Nil	Nil	Nil	Nil

Name	Category	No. of Board Meetings during the year ended 31st March 2016		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 31st March 2016
Mr. Pradeep Mallick DIN:00061256	Independent Non-Executive	4	4	Yes	3	1	3	Nil
Mr. Pravin Laheri, IAS (Retd.) DIN:00499080	Independent Non-Executive	4	4	Yes	1	Nil	Nil	Nil
Mr. Rizwan Soomar DIN: 02398970	Non-Independent Non-Executive	4	4	Yes	Nil	Nil	Nil	Nil
Mr. Keld Pedersen DIN: 07144184 ^	Managing Director	4	4	Yes	1	Nil	Nil	Nil

* Mr. A. K. Rakesh, IAS was appointed effective 12th October 2015

^ Mr. Keld Pedersen was appointed effective 1st May 2015

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

Committees refer 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 31st March 2016 on: 28th May 2015, 30th July 2015, 29th October 2015 and 28th January 2016. 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.

Except payment of sitting fees to Independent Directors and to GMB Nominee, the Company did not have any pecuniary relationship with the Non- Executive Directors.

Various Committees of the Board of Directors

1. Audit Committee

The Audit Committee of the Company is constituted as per Regulation 18 of the 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.

The Audit Committee held discussions with the Statutory Auditors as well as Internal Auditors in absence of the Management, regarding the Company's accounts and its internal control systems. The Committee has also 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 the 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 International Financial Reporting Standards (IFRS) 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 requested, 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 Audit 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 31st March 2016	
		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	2
Mr. Pradeep Mallick	Non- Executive Independent	4	4

The Members of Audit Committee have requisite financial, legal and management expertise. During the year 4 Audit Committee Meetings were held on: 27th May 2015, 29th July 2015, 28th October 2015 and 27th January 2016. The necessary quorum was present at the Meetings.

The Chairman of Audit Committee briefs the Board about deliberations of the Audit Committee Meetings.

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

Name	Category
Mr. Pradeep Mallick, Chairman	Non- Executive Independent
Mr. Tejpreet Singh Chopra	Non- Executive Independent
Mr. Pravin Laheri, IAS (Retd.)	Non- Executive Independent
Mr. Rizwan Soomar	Non- Executive Non- Independent

The Nomination and Remuneration Committee held its Meeting on 28th January 2016. All members of the Committee attended the meeting.

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 Commission and value of the perquisites, shall not exceed the permissible limits as are mentioned within the provisions of the Companies Act, 2013. They shall not be entitled to any sitting fees.

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.

The Company has not paid any remuneration to its Non- Executive Directors except sitting fee paid to Independent Directors and GMB Nominee. A sitting fee is paid to the Directors at Rs. 100,000 per meeting for Audit Committee Meeting and Board Meeting and Rs. 50,000 for attending all other Committee Meetings.

Directors Remuneration

Name	Sitting Fees Paid for attending Board and Committee Meetings during year ended 31st March 2016
Mr. Tejpreet Singh Chopra, Chairman	Rs. 500,000
Ms. Hina Shah	Rs. 750,000
Mr. Pradeep Mallick	Rs. 900,000
Mr. Pravin Laheri, IAS (Retd.)	Rs. 1,000,000
Mr. A. K. Rakesh, IAS- GMB Nominee	Rs. 100,000

Managing Director

Name	Salary (Rs. Million)	Perquisites & Allowances (Rs. Million)	Performance Bonus (Rs. Million)
Mr. Keld Pedersen	14.59	26.45	Nil

The appointment of Mr. Pedersen is for a period of 3 years from 1st May 2015. His terms of appointment were approved by the Members by way of a Special Resolution in the previous AGM held on 30th July 2015. He is not entitled for severance fees as per his terms of appointment. 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 month 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 meetings are:

Name	Category
Mr. Pradeep Mallick- Chairman	Non-Executive Independent
Mr. Tejpreet Singh Chopra	Non-Executive Independent
Mr. Keld Pedersen	Managing Director

The Committee had its meeting on 28th January 2016. All members of the Committee attended the meeting.

The details of complaints received, cleared/ pending during the year ended 31st March 2016 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	0	0	0
3	Non-receipt of Annual Report	0	4	4	0
4	Non-receipt of Refund order	0	0	0	0
5	Non-receipt of Securities	0	2	2	0
6	Non-receipt of Securities after Transfer	0	5	5	0
	TOTAL	0	11	11	0

There were no pending requests for share transfer/dematerialisation of shares as of 31st March 2016.

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
Ms. Hina Shah- Chairperson	Non-Executive Independent
Mr. Pravin Laheri, IAS (Retd.)	Non-Executive Independent
Mr. Keld Pedersen	Managing Director

The CSR Committee held its meetings on 20th May 2015, 22nd September 2015 and 27th January 2016. All members of the Committee attended the meetings.

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

The Risk Committee Meeting was held on 16th October 2015.

Independent Directors' Meeting

The Independent Directors held their meeting on 28th January 2016, inter alia, to discuss and evaluate the performance of Non Independent Directors and the Board as a whole, the management and the quality, content, timelines of flow of information in order to enable the Board to effectively and reasonably perform its duties.

All Independent Directors attended the meeting.

Code of Conduct:

The Company has adopted 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 of the Company to make disclosure at the designated email id 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 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 and no person has been denied access to the Audit Committee.

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 2016 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 (SEBI Listing Obligations and Disclosure Requirement) Regulation 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 said Listing Regulations. The Company had obtained Shareholders Approval into the matter in its previous Annual General Meeting held on 30th July 2015 pursuant to the requirements under revised Clause 49(VII)(E) of the Stock Exchange Listing Agreement effective 1st October 2014. Due to the promulgation of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 effective 1st December 2015, the Company is required to once again obtain Shareholders approval as per the requirement under Regulation 23(8) of the said Regulations and has included the matter for shareholder's approval in the forthcoming Annual General Meeting. The Policy on Related Party Transactions is available on the Company's website www.pipavav.com/policies.php

6. Details of General Meetings

Location and time of meetings held during last 3 years

Meeting	Date	Time	Venue
AGM	2nd May 2013	2:00 PM	Pipavav Port, At Post Ucchaiya via Rajula, DistAmreli, Gujarat
AGM	6th May 2014	2:00 PM	Pipavav Port, At Post Ucchaiya via Rajula, DistAmreli, Gujarat
AGM	30th July 2015	2:00 PM	Pipavav Port, At Post Ucchaiya via Rajula, DistAmreli, Gujarat

All resolutions were passed as follows:

- (i) For the meetings held on 2nd May 2013 and 6th May 2014, by a show of hands in the meetings;
- (ii) For the meeting held on 30th July 2015, through remote e-voting facility from Monday 27th July, 2015 at 9:00 AM to Wednesday 29th July 2015 at 5:00 PM and later at the venue of the meeting

The details of Special Resolutions passed by show of hands are:

Meeting	Special Resolution Passed	Summary of the Resolution
AGM on 2nd May 2013	Yes	Remuneration to Managing Director Mr. Prakash Tulsiani
AGM on 6th May 2014	Yes	Re-appointment of Mr. Prakash Tulsiani as Managing Director and approve his Remuneration.

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

- (i) Appointment of Mr. Keld Pedersen (DIN:07144184) as Managing Director of the Company and approve 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

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 Accounting Standards 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

As part of the global policy of APM Terminals, the Company follows the internal control systems and procedures. The adequacy and effectiveness of these controls is reviewed by the internal auditors which is an external agency and reports directly to the Audit Committee.

(iv) CEO CFO Certification

The CEO 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 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 requirement 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 and the reporting by Internal Auditors of the Company 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) to (i) 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 reappointed**

Pursuant to the provisions of Section 152 of the Companies Act, 2013, Mr. Julian Bevis (DIN:00146000) and Mr. Rizwan Soomar (DIN:02398970) are liable to retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment. Your Directors recommend their re-appointment.

(xii) **Disclosure of Demat Suspense Account / Unclaimed Suspense Account and Undelivered Share Certificates as per Clause 5A of the Listing Agreement**

The Company does not have any demat Suspense Account/ Unclaimed Suspense Account. The Company is also not holding any undelivered share certificates.

8. Means of Communication

The Company submits its Quarterly Results to the Stock Exchanges and publishes them in the newspapers in all editions of Financial Express in English and in Awadh Times in Gujarati. The results are also displayed on the Company's Website www.pipavav.com/quarterlyResults.php

The Company arranges conference calls after the Quarterly Results and meets the institutional investors/ analysts from time to time. The presentation made during the conference calls is submitted to the Stock Exchanges and is displayed on the website www.pipavav.com/quarterlyPresentation.php The transcript of the conference calls is displayed on the website www.pipavav.com/conferenceCallTranscripts.php

There aren'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 NSDL and CDSL and in physical form and 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 11th August 2016 at 2.00 P. M.
Venue	Pipavav Port, At Post Ucchaiya via Rajula
Date of book closure	Friday 5th August 2016 to Thursday 11th August 2016 (both days inclusive)
Listing on Stock Exchanges	BSE Limited and the National Stock Exchange of India Limited
Dividend Payment Date	On or after 12th August 2016
Financial Year	1st April 2015- 31st March 2016

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.

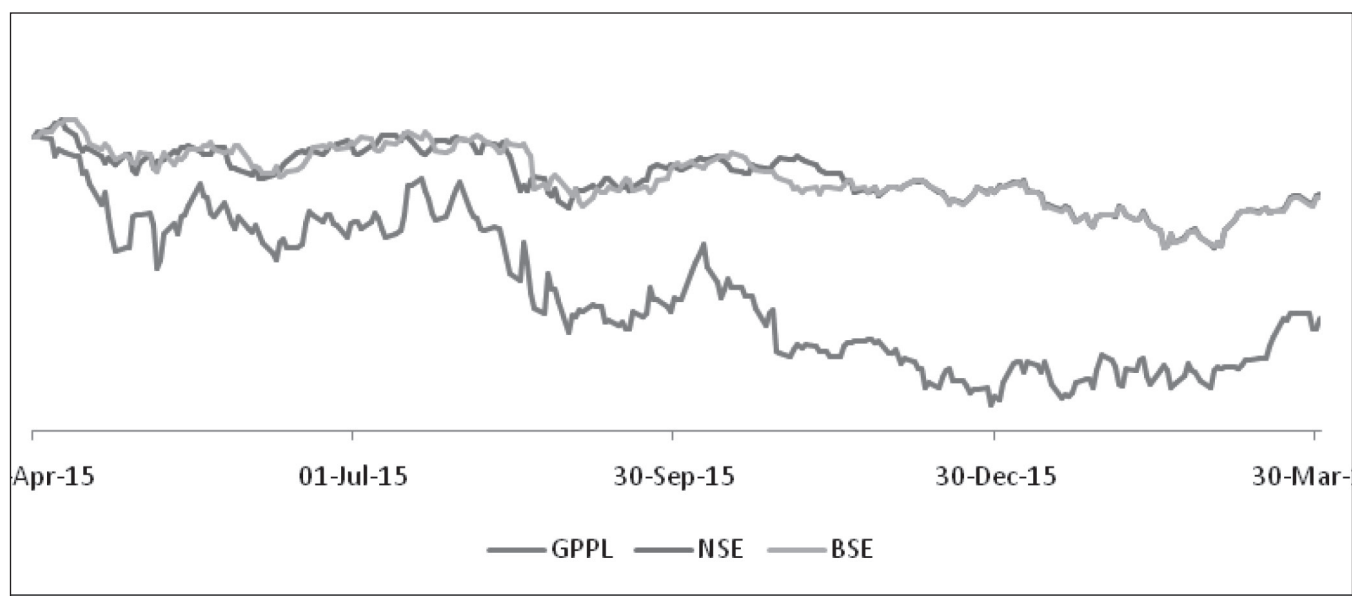
Market Information:

The monthly high and low prices of your Company's shares at Bombay Stock Exchange Limited (BSE) and National Stock Exchange (NSE) for the year ended 31st March 2016 are given as follows:

	BSE		NSE	
	High (Rs)	Low (Rs)	High (Rs)	Low (Rs)
Apr-2015	262.00	199.00	261.90	203.20
May-2015	235.50	195.95	236.00	196.00
June-2015	229.80	200.00	229.60	200.50
July-2015	242.00	208.00	242.50	210.35
Aug-2015	238.00	165.30	238.05	164.15
Sep-2015	191.50	169.30	192.00	169.15
Oct-2015	212.50	156.00	212.50	156.00
Nov-2015	173.05	155.00	172.80	155.00
Dec-2015	165.00	136.60	164.95	136.35
Jan- 2016	163.95	136.65	164.00	136.50
Feb- 2016	163.70	142.50	163.70	142.10
Mar- 2016	179.90	147.20	184.85	147.25

Note:High and low are in rupees per traded share.

Comparative Chart of prices to be given



Distribution of Shareholder holdings:

The distribution pattern of shareholding of your Company as on 31st March, 2016 by ownership and size class, respectively, is as follows:

		31-Mar-16		31-Mar-15	
		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	192,772,138	39.88	179,150,602	37.05
	Mutual Funds /UTI	45,772,210	9.47	53,527,872	11.06
	Bodies Corporate	9,350,692	1.93	14,577,817	3.02
	Financial Institutions/NBFCs/ Banks/Venture Capital Funds	5,401,492	1.12	5,344,478	1.11
	Individuals				
	(i) Individuals holding nominal share capital upto Rs. 2 lakh in March 2016 and upto Rs.1 lakh in March 2015	15,791,282	3.27	13,612,668	2.82
	(ii) Individuals holding nominal share capital upto Rs. 2 lakh in March 2016 and upto Rs.1 lakh in March 2015	4,279,446	0.89	7,960,236	1.65
	Trusts	10,900	0.00	8806	0.00
	Non-Resident Indians	1,242,183	0.26	1,175,993	0.24
	Clearing Members	909,511	0.19	177,507	0.04
	Foreign Nationals	6,125	0.01	0	0
	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%

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 with NSDL and CDSL to the extent of 99.84% and 0.16% in physical

form as of 31st March 2016.

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- 400 098

Tel: 022- 300 11 300

Fax: 022- 2652 2422

Email: manish.agnihotri@apmterminals.com

investorrelationinppv@apmterminals.com

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 2016 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.

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

Mumbai
19 May, 2016

Priyanshu Gundana
Partner
Membership Number 109553

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

We, Keld Pedersen, Managing Director and Hariharan Iyer, 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 2016 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 2016 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 2016.

Hariharan Iyer
Chief Financial Officer

Keld Pedersen
Managing Director
DIN:07144184

Place: Mumbai

Date: 19th May 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF Gujarat Pipavav Port Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of Gujarat Pipavav Port Limited ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 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 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 standards and matters which are required to be included in the audit report.
5. We conducted our audit 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 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 financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
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 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 financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016, and its profit and its cash flows for the year ended on that date.

Other Matter

9. The standalone financial statements of the Company for the fifteen months ended 31 March, 2015, were audited by another firm of chartered accountants under the Companies Act, 1956/ Companies Act, 2013 who, vide their report dated 28 May, 2015, expressed an unmodified opinion on those financial statements.

Our opinion is not qualified in respect of these matters.

Report on Other Legal and Regulatory Requirements

10. 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 (hereinafter referred to as 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.
11. As required by Section 143 (3) of the Act, we report that:
- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31 March, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
 - (g) 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 of pending litigations as at 31 March, 2016 on its financial position in its standalone financial statements – Refer Note 31
 - ii. The Company has long-term contracts as at 31 March, 2016 for which there were no material foreseeable losses. The Company did not have any derivative contracts as at 31 March, 2016.
 - 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, 2016.

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

Priyanshu Gundana
Partner
Membership Number 109553

Mumbai
19 May, 2016

ANNEXURE A TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph [12(f)] of the Independent Auditors' Report of even date to the members of Gujarat Pipavav Port Limited on the Standalone financial statements as of and for the year ended 31 March, 2016.

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, 2016 in conjunction with our audit of the Standalone 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 system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Mumbai
19 May, 2016

Priyanshu Gundana
Partner
Membership Number 109553

ANNEXURE B TO INDEPENDENT AUDITORS' REPORT

Referred to in paragraph [11] of the Independent Auditors' Report of even date to the members of Gujarat Pipavav Port Limited on the standalone financial statements as of and for the year ended 31 March, 2016.

- 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 fixed assets (Note 11) to the 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.
- 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 professional tax, income tax and service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, employees' state insurance, sales tax, duty of customs, duty of excise, value added tax, cess 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, service-tax, duty of customs, duty of excise or value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at 31 March, 2016 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	Forum where the dispute is pending
Income tax Act, 1961	Tax deducted at source	6.50	2005-06	Commissioner of Income Tax appeals
Income tax Act, 1961	Tax deducted at source	2.69	2006-07 and 2007-08	Income Tax Appellate Tribunal
Income tax Act, 1961	Tax deducted at source	0.73	2007-08	Assessing Officer

Name of the statute	Nature of dues	Amount (Rs in million)	Period to which the amount relates	Forum where the dispute is pending
Income tax Act, 1961	Tax deducted at source	5.54	2007-08 and 2008-09	Assessing Officer
Income tax Act, 1961	Tax deducted at source	0.02	2008-09	Assessing Officer
Income tax Act, 1961	Tax deducted at source	0.07	2009-10	Assessing Officer
Income tax Act, 1961	Tax deducted at source	2.27	2010-11	Assessing Officer
Income tax Act, 1961	Tax deducted at source	0.41	2011-12	Assessing Officer
Income tax Act, 1961	Tax deducted at source	0.24	2011-12	Assessing Officer
Income tax Act, 1961	Tax deducted at source	0.49	2012-13	Assessing Officer
Income tax Act, 1961	Tax deducted at source	0.08	2013-14	Assessing Officer

- 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. 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 therequisite 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 financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- 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
19 May, 2016

BALANCE SHEET AS AT 31 MARCH 2016

(Currency: Indian rupees in million)

	Note	As at 31 March 2016	As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	4,834.40	4,834.40
Reserves and surplus	4	14,329.30	13,073.47
		19,163.70	17,907.87
Non-current liabilities			
Deferred Tax Liabilities (net)	5	1,274.10	-
Other long-term liabilities	6	135.00	229.37
Long-term provisions	7	241.88	242.78
		1,650.98	472.15
Current liabilities			
Trade payables	8		
- Total outstanding dues of micro enterprises and small enterprises; and		0.24	1.46
- Total outstanding dues of creditors other than micro enterprises and small enterprises		141.27	269.31
Other current liabilities	9	1,540.15	1,087.55
Short-term provisions	10	1,280.19	166.85
		2,961.85	1,525.17
TOTAL		23,776.53	19,905.19
ASSETS			
Non-current assets			
Fixed assets	11		
- Tangible assets		13,386.73	13,372.26
- Intangible assets		6.62	20.94
- Capital work in progress		3,915.32	652.57
Non-current investments	12	830.00	830.00
Long-term loans and advances	13	2,107.44	1,780.85
Other non-current assets	14	28.37	28.24
		20,274.48	16,684.86
Current assets			
Inventories	15	128.93	134.89
Trade receivables	16	293.50	355.96
Cash and bank balances	17	2,898.04	2,439.11
Short-term loans and advances	18	130.56	219.31
Other current assets	19	51.02	71.06
		3,502.05	3,220.33
TOTAL		23,776.53	19,905.19
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached

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

Priyanshu Gundana
Partner
 Membership No: 109553

Mumbai
 19 May 2016

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

Keld Pedersen
Managing Director
 DIN : 07144184

Hariharan Iyer
Chief Financial Officer

Mumbai
 19 May 2016

Pravin Laheri
Director
 DIN: 00499080

Manish Agnihotri
Company Secretary

GUJARAT PIPAVAV PORT LTD.
Annual Report 2015-16

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian rupees in million)

	Note	For the Year ended 31 March 2016	For the Fifteen months ended 31 March 2015
Revenue from operations	20	6,599.54	8,670.27
Other income	21	248.05	400.53
Total revenue		6,847.59	9,070.80
Expenses			
Operating expenses	22	1,320.68	1,852.20
Employee benefits expense	23	471.02	617.39
Finance costs	24	1.59	258.51
Depreciation and amortisation expense	11 & 26	963.60	832.86
Other expenses	25	1,054.12	1,189.03
Total expenses		3,811.01	4,749.99
Profit before exceptional items and tax		3,036.58	4,320.81
Exceptional Items	26	(604.09)	448.01
Profit before tax		3,640.67	3,872.80
Tax expense:			
Current tax		782.00	768.00
Less : Minimum Alternative Tax Credit Entitlement		(782.00)	(768.00)
Deferred tax		1,274.10	-
Net profit for the year / period		2,366.57	3,872.80
Earnings per equity share (INR) [Face value of share - INR 10 each (March 2015 : INR 10 each)]	33		
- Basic and Diluted		4.90	8.01
Significant accounting policies	2		
The accompanying notes are an integral part of the financial statements			

As per our report of even date attached

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

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
19 May 2016

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

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
19 May 2016

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian rupees in million)

	For the Year ended 31 March 2016	For the Fifteen months ended 31 March 2015
A Cash flows from operating activities		
Net profit before tax Adjustments :	3,640.67	3,872.80
Depreciation and amortisation expense	963.60	832.86
Interest expenses and Bank charges	1.59	261.53
Interest income	(217.87)	(230.15)
Dividend income	-	(152.00)
Loss on sale of fixed assets (net)	61.35	0.90
Exceptional items (refer note 26)	(604.09)	448.01
Sundry balances written back (net)	(16.21)	(2.16)
Write offs / provisions for current assets, loans and advances	23.82	21.87
Unrealised exchange Loss/ (Gain) (net)	1.82	(3.36)
Operating profit before working capital changes	3,854.68	5,050.31
Adjustment for:		
Decrease in inventories	(14.50)	(36.05)
Decrease/(Increase) in trade receivables	59.12	(13.06)
Decrease/(Increase) in loans and advances, other non-current and current assets	571.50	(55.96)
Increase in trade payables, other current liabilities and provisions	224.40	294.65
Cash generated from operations	4,695.20	5,239.89
Income tax Paid (Net of refund)	(801.06)	(804.54)
Net cash generated from operating activities	3,894.14	4,435.35
B Cash flow from investing activities		
Purchase of fixed assets (tangible and intangible fixed assets, capital work in progress), including capital advances	(3,648.19)	(1,137.33)
Grant received	-	105.99
(Payment for dismantling of fixed assets on disposal) / Proceeds from sale of fixed assets (net)	(14.92)	0.29
Interest income	228.24	192.98
Decrease/(Increase) in deposits with banks (including earmarked balances)	578.70	(1,387.11)
Dividend Income	-	152.00
Net cash used in investing activities	(2,856.17)	(2,073.18)
C Cash flow from financing activities		
Repayments of borrowings	-	(3,038.75)
Finance cost paid	(1.59)	(276.80)
Net cash used in financing activities	(1.59)	(3,315.55)
Effect of exchange differences on translation of foreign currency cash and cash equivalents	-	0.01
Net increase in cash and cash equivalents (A+B+C)	1,036.38	(953.37)
Cash and cash equivalents at the beginning of the year / period	154.91	1,108.28
Cash and cash equivalents at the end of the year / period	1,191.29	154.91
Notes to cash flow statement		
1 Components of cash and cash equivalents:		
Cash on hand	0.19	0.30
Balances with banks:		
- Current accounts	211.10	64.61
- Deposit accounts (demand deposits and deposits having original maturity of 3 months or less)	980.00	90.00
	1,191.29	154.91
2 The Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.		
3 During the previous period, the Company changed its accounting year end to 31 March, 2015. Accordingly, the figures for the previous period are for the fifteen months' period from 1 January 2014 to 31 March 2015 and are not comparable with those of the current year.		
4 Previous period figures have been regrouped where necessary.		

As per our report of even date attached

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

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai 19 May 2016

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

Keld Pedersen
Managing Director
DIN : 07144184

Hariharan Iyer
Chief Financial Officer
Mumbai 19 May 2016

Pravin Laheri
Director
DIN: 00499080

Manish Agnihotri
Company Secretary

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

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

The accounting policies set out below have been applied consistently to the periods presented in these financial statements.

2.1. Basis of preparation of financial statements

These financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these financial statements have been prepared to comply in all material aspects with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Act. All figures, otherwise stated are Rupees in million.

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.

2.2. Use of estimates:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) 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. Fixed assets, depreciation and amortisation

Tangible assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Tangible fixed assets under construction are disclosed as capital work in progress and advances paid for the same are disclosed under long term loans and advances.

Tangible fixed assets acquired wholly or partly with specific grant/subsidy from government, are recorded at the net acquisition cost to the Company.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

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 Companies Act, 2013. Based on internal technical evaluation following assets have a different useful life than prescribed by schedule II of the Companies Act, 2013

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

Freehold land is not depreciated.

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 unamortized 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.

Assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and shown separately in the financial statement under the head 'Other current assets'. Any expected loss is recognised immediately in the Statement of Profit and Loss.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

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 Statement of Profit and Loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis based on the period of the licence in case

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

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. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

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.

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.

2.4. Impairment

Tangible and intangible fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

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

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. 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 CGU.

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.

2.5. Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor and assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Statement of Profit and Loss over the lease term.

Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

2.6. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current-non-current classification scheme of Schedule III of the Act.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Statement of Profit and Loss.

2.7. Inventories

Inventories comprise of stores, spares, loose tools, fuel and lubricants. These are carried at the lower of cost and net realisable value.

In determining the cost, first-in-first-out ('FIFO') basis method is used. 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.

The comparison of cost and net realisable value is made on an item-by-item basis.

2.8. Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus, short term compensated absences, ex-gratia, etc. The undiscounted amount of short term employee benefits to be paid in exchange for employee services is recognised as an expense as the related service is rendered by employees.

Post-employment benefits

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 FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the period in which they arise. 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.

Compensated absences

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. 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.

2.9. Revenue recognition

Revenue from operations is recognised as and when services are performed, the consideration is reliably determinable and no significant uncertainty exists regarding the collection of the consideration. The amount recognised as revenue is exclusive of service tax and education cess wherever applicable.

Interest income is recognised on a time proportion basis at the applicable interest rates.

Income from export incentives such as Served from India Scheme (SFIS) are recognised as other operating income provided no significant uncertainty exists for the measurability, realisation and utilisation of the credit under this scheme.

Dividend income is recognised when the right to receive payment is established.

2.10. Foreign currency transactions

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 and carried at historical cost are reported using the exchange rate on the date of the transaction. All non-monetary items denominated in foreign currency and which are carried at fair value or other similar valuations are reported using the exchange rate that existed when the values were determined.

Exchange difference arising on the forward exchange contracts entered into to hedge the foreign currency risk of existing assets and liabilities is recognised in the Statement of Profit and Loss.

Premium/Discount in respect of forward contracts, are recognised over the life of contract, and exchange difference arising on renewal or cancellation of forward exchange contracts are recognised in the Statement of Profit and Loss.

2.11. Provisions

A provision is recognised if, as a result of a past event, the Company has a present obligation that can be estimated

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

2.12. Contingent liabilities and contingent assets

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. Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

In case of certain litigations, legal opinions are obtained as necessary to support management estimates.

2.13. 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.

2.14. 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.

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 only to the extent there is reasonable certainty that the assets can be realised in future, however when there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Minimum Alternative Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as current tax. The credit available under the said act in respect of MAT is recognised as an 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 an 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.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

	As at 31 March 2016	As at 31 March 2015
3 Share capital		
Authorised share capital		
600,000,000 (31 March 2015 : 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 2015 : 483,439,910) equity shares of INR 10 each, fully paid-up	4,834.40	4,834.40
Total	4,834.40	4,834.40

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number	INR	Number	INR
Equity shares at the commencement of the year / period	483,439,910	4,834.40	483,439,910	4,834.40
At the end of the year / 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	Relationship	As at 31 March 2016		As at 31 March 2015	
		Number	Percentage	Number	Percentage
APM Terminals Mauritius Limited	Party with substantial interest	207,903,931	43.01%	207,903,931	43.01%

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

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

	As at 31 March 2016	As at 31 March 2015
4 Reserves and surplus		
(a) Securities premium reserve		
At the commencement of the year / period	14,288.86	14,288.86
At the end of the year / period	14,288.86	14,288.86
(b) (Deficit) / Surplus as per Statement of Profit and Loss		
At the commencement of the year / period	(1,215.39)	(5,088.19)
Profit for the year / period	2,366.57	3,872.80
Less: Appropriations		
- Proposed Dividend	918.54	-
- Dividend distribution tax on Proposed dividend	192.20	-
At the end of the year / period	40.44	(1,215.39)
Total	14,329.30	13,073.47
5 Deferred tax liabilities (net)		
Tax effect of items constituting deferred tax assets		
Unabsorbed depreciation carried forward	(797.08)	(2,969.16)
Tax effect of items constituting deferred tax assets	(797.08)	(2,969.16)
Tax effect of items constituting deferred tax liability		
On difference between book depreciation and tax depreciation	2,108.47	2,782.34
Impairment	(37.29)	(418.08)
Tax effect of items constituting deferred tax liability	2,071.18	2,364.26
Net deferred tax asset	-	(604.90)
Net deferred tax liability / (asset) (refer note below)	1,274.10	-
Note:		
The deferred tax assets as at 31 March 2016 of NIL (31 March 2015: INR 604.90 million) are not recognised, as they are not considered to be virtually certain of realization.		
6 Other long-term liabilities		
Retention monies payable	19.05	50.24
Security deposits received	27.22	90.40
Advances from customers	88.73	88.73
Total	135.00	229.37
7 Long-term provisions		
Provision for employee benefits:		
Gratuity (refer note 32)	11.59	2.92
Compensated absences (refer note 32)	13.63	11.48
Employee related payables	18.66	22.38
	43.88	36.78
Others provisions		
Provision for claims (refer note 31)	198.00	206.00
	198.00	206.00
Total	241.88	242.78

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

	As at 31 March 2016	As at 31 March 2015
8 Trade payables		
Trade payables	141.27	269.31
Dues to Micro, Small and Medium Enterprises [refer note 37(f)]	0.24	1.46
Total	141.51	270.77
9 Other current liabilities		
Payables towards capital expenditures	633.33	302.09
Statutory payable		
- Payable towards tax deducted at source	6.66	16.01
- Payable towards service tax	0.50	27.57
- Payable towards contribution to provident fund	3.16	0.74
- Payable towards work contract tax	0.18	0.59
- Payable towards value added tax and profession tax	0.05	0.10
Advances from customers	123.24	128.58
Security deposits received	64.80	0.55
Employee related payable	38.78	50.73
Retention monies payable	130.89	28.40
Other payables **#	529.26	526.59
Income received in advance	5.30	5.60
Total	1,540.15	1,087.55
**Includes amounts payable towards administrative, other indirect costs and contractual obligations.		
#Of the above INR 0.50 million is towards unclaimed share application money (31 March 2015 INR 0.50 million). There are no amounts due to be credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end. Section 125 of the Act which corresponds to Section 205C of the Companies Act, 1956 has not yet been enforced.		
10 Short-term provisions		
Provision for employee benefits:		
Gratuity (refer note 32)	11.72	9.29
Compensated absences (refer note 32)	0.69	0.52
	12.41	9.81
Others Provisions		
Provision for claims (refer note 31)	157.04	157.04
Proposed Dividend (refer note 30)	918.54	-
Dividend distribution tax on Proposed dividend	192.20	-
Total	1,267.78	157.04

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

11 Fixed assets [1 April 2015 to 31 March 2016]

Particulars	GROSS BLOCK		DEPRECIATION/AMORTISATION/IMPAIRMENT				Charge on account of		On Deductions /		NET BLOCK	
	As at 1 April 2015	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2016	Depreciation	Impairment	Depreciation / mortification for the year (Refer Note 26)	Impairment for the year	Adjustments (Depreciation) for the year	Adjustments (Impairment) for the year (Refer Note 26)	As at 31 March 2016	As at 31 March 2016
Tangible Fixed Assets												
Land and site development	321.86	-	-	321.86	-	-	-	-	-	-	-	321.86
Buildings	5,010.40	130.18	-	5,140.58	869.60	358.20	166.02	-	-	250.45	1,035.62	3,997.21
Plant, Machinery and Equipment	9,489.22	138.86	398.44	9,229.64	3,361.87	871.92	1,192.22	-	372.67	871.92	4,181.42	5,048.22
Dredging	4,411.78	107.02	-	4,518.80	649.63	-	89.25	-	-	-	738.88	3,779.92
Railway sidings	337.57	-	-	337.57	104.88	-	12.62	-	-	-	117.50	220.07
Furniture, Fittings and Leasehold Improvements	47.13	2.41	0.23	49.31	40.62	-	2.89	-	0.23	-	43.28	6.03
Motor Vehicles	21.56	6.28	-	27.84	10.54	-	3.88	-	-	-	14.42	13.42
Sub Total - A	19,639.52	384.75	398.67	19,625.60	5,037.14	1,230.12	1,466.88	-	372.90	1,122.37	6,131.12	13,386.73
Intangible Fixed Assets												
Computer Software	175.23	0.68	-	175.91	154.29	-	15.00	-	-	-	169.29	6.62
Sub Total - B	175.23	0.68	-	175.91	154.29	-	15.00	-	-	-	169.29	6.62
Total (A + B)	19,814.75	385.43	398.67	19,801.51	5,191.43	1,230.12	1,481.88	-	372.90	1,122.37	6,300.41	13,393.35
Tangible Capital work in progress												3,915.32
Grand Total												17,308.67

Notes :

- 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 244.84 million incurred towards permanent Land Filling and Site development.
- Gross Block of Buildings includes expenditure of INR 723.15 million (Net Block : INR 447.42 million) incurred during prior years for development of roads in order to provide road connectivity to the port on land owned by government bodies.
- Deduction under Plant, Machinery and Equipment includes asset held for sale / disposal having gross book value of INR 385.93 million and accumulated depreciation of INR 362.18 million. The net realisable value of such assets is Nil (Refer Note 19).
- Pursuant to Schedule II of the Act being effective from April 1, 2015 the Company has revised useful life of its assets on certain fixed assets as per the useful life specified in Part 'C' of Schedule II of the Act or as per the management's estimate based on internal evaluation. As a result of this change, the depreciation charge for the year ended 31 March 2016 is higher by INR 247.17 million (of which INR 21.78 million pertains to assets whose life is already exhausted as on 1 April 2015 in the Statement of Profit and Loss).
- Capital Work-in-Progress includes INR 67.07 million being salary and INR 8.78 million being other expense incurred towards capital projects.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

11 Fixed assets [1 January 2014 to 31 March 2015]

Particulars	GROSS BLOCK				DEPRECIATION/AMORTISATION/IMPAIRMENT				NET BLOCK	
	As at 1 January 2014	Additions during the period	Deductions/ Adjustments during the period	As at 31 March 2015	Depreciation	Impairment	Charge on account of	On Deductions /	As at 31 March 2015	As at 31 March 2015
								Adjustments (Depreciation) for the period	Depreciation / Impairment Amortisation	
Tangible Fixed Assets										
Land and site development	321.86	-	-	321.86	-	-	-	-	-	321.86
Buildings	4,453.33	557.07	-	5,010.40	541.64	358.20	328.30	0.34	869.60	3,782.60
Plant, Machinery and Equipment	9,422.55	69.01	2.34	9,489.22	3,019.36	871.92	344.42	1.91	3,361.87	5,255.43
Dredging	4,411.78	-	-	4,411.78	539.29	-	110.34	-	649.63	3,762.15
Railway sidings	337.57	-	-	337.57	81.74	-	23.14	-	104.88	232.69
Furniture, Fittings and Leasehold Improvements	45.91	1.24	0.02	47.13	35.90	-	4.74	0.02	40.62	6.51
Motor Vehicles	17.55	6.36	2.35	21.56	9.16	-	2.63	1.25	10.54	11.02
Sub Total - A	19,010.55	633.68	4.71	19,639.52	4,227.09	1,230.12	813.57	3.52	5,037.14	13,372.26
Intangible Fixed Assets										
Computer Software	159.62	15.61	-	175.23	135.00	-	19.29	-	154.29	20.94
Sub Total - B	159.62	15.61	-	175.23	135.00	-	19.29	-	154.29	20.94
Total (A + B)	19,170.17	649.29	4.71	19,814.75	4,362.09	1,230.12	832.86	3.52	5,191.43	13,393.20
Tangible Capital work in progress										652.57
Grand Total										14,045.77

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 joint venture rail 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 244.84 million incurred towards permanent Land Filling and Site development.
2. Buildings includes expenditure of INR 723.14 million (Net Block INR 486.90 million) incurred during prior years for development of roads on land not owned by the Company in order to provide better road connectivity.
3. Building includes road capitalised during the period, net of grant INR 200 million of which 105.99 million was received during the period. The grant received in 2013 was disclosed under 'Capital work in progress'
4. Deduction under Plant, Machinery and Equipment includes asset held for sale / disposal having gross book value of INR 16.94 million and accumulated depreciation of INR 12.49 million. (Refer Note 19)
5. Tangible Capital work in progress included expenditure of INR 345.83 million towards borrowings costs which has been fully written off in the 15 months period ended 31 March 2015 [Refer Note 26 (b)].
6. Capital Work-in-Progress includes INR 51.60 million being salary and INR 8.46 million being other expense incurred towards capital projects.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

	As at 31 March 2016	As at 31 March 2015
12 Non Current investments		
(Valued at cost unless stated otherwise)		
Non trade investments: Unquoted		
Investment in Associate:		
76,000,010 (31 March 2015 : 76,000,010) equity shares of INR 10 each of Pipavav Railway Corporation Limited, fully paid up.	830.00	830.00
Total	830.00	830.00
13 Long-term loans and advances		
Unsecured and considered good		
- Capital advances	1.25	479.29
- Security deposits	26.26	22.69
- Advance Tax***	353.93	334.87
- MAT Credit Entitlement	1,726.00	944.00
Other loans and advances, unsecured		
- Considered doubtful	10.08	11.28
- Less: Provision for doubtful loans and advances	(10.08)	(11.28)
Total	2,107.44	1,780.85
***Net of Provision for tax of INR 1,726.00 million (March 2015: INR 944.00 million)		
14 Other non-current assets		
Bank Deposits (refer note 'a' below)	26.66	27.91
Interest accrued but not due on fixed deposits with Banks	1.71	0.33
Total	28.37	28.24
Note:		
(a) Of the above bank deposits aggregating INR 26.66 million (31 March 2015 INR 27.91 million) is marked lien against bank guarantees issued to customs and other third parties.		
15 Inventories		
(Valued at the lower of cost and net realisable value)		
Stores and spares	111.02	118.29
Goods-in-transit - Stores and Spares	8.60	5.85
Fuel and lubricants	9.31	10.75
Total	128.93	134.89
16 Trade receivables		
Trade receivables outstanding for a period exceeding six months from the date they were due for payment:		
Unsecured, Considered good	13.85	6.66
Unsecured, Considered doubtful	16.91	14.58
Less: Provision for doubtful receivables	(16.91)	(14.58)
(A)	13.85	6.66

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

	As at 31 March 2016	As at 31 March 2015
Other Trade receivables:		
Secured	48.64	46.10
Unsecured Considered good	231.01	303.20
Unsecured, Considered doubtful	3.25	3.32
Less: Provision for doubtful receivables	(3.25)	(3.32)
(B)	279.65	349.30
Total (A + B)	293.50	355.96
Note:		
Trade receivables (unsecured, considered good) include due from APM Terminals India Private Limited of INR 0.44 million (31 March 2015: INR 0.85 million).		
17 Cash and bank balances		
Cash and cash equivalents		
Cash on hand	0.19	0.30
Balances with banks		
- in current accounts*	211.10	64.61
- in deposit accounts (with original maturity of 3 months or less)	980.00	90.00
Other bank balances		
Deposits with Banks with maturity upto 12 months from the reporting date	1,706.75	2,284.20
Total	2,898.04	2,439.11
*Of the above INR 0.50 million is towards unclaimed share application money (31 March 2015 INR 0.50 million).		
18 Short-term loans and advances		
Unsecured, considered good, unless otherwise stated		
SFIS receivable	26.01	123.25
Advance for supply of goods and services	48.69	34.26
Trade deposits	4.23	4.24
Loans and advances to employees	3.00	2.72
Prepaid expenses	13.23	14.03
CENVAT credit receivable	23.41	33.07
Security deposits	11.99	7.74
Total	130.56	219.31
19 Other current assets		
Interest accrued on fixed deposits with Banks	50.94	62.69
Asset held for sale [at lower of cost and net realisable value (refer note 11)]	-	0.56
Other receivables	0.08	7.81
Total	51.02	71.06

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

	Year ended 31 March 2016	Fifteen months ended 31 March 2015
20 Revenue from operations		
Income from port services	6,195.30	7,921.88
Other operating revenue	404.24	748.39
Total	6,599.54	8,670.27
21 Other income		
Interest income		
- banks	216.91	228.73
- others	0.96	1.42
Liabilities no longer required written back	16.21	2.16
Dividend income	-	152.00
Miscellaneous income	13.97	16.22
Total	248.05	400.53
22 Operating expenses		
Equipment hire charges	479.89	600.53
Handling expenses	557.60	920.80
Waterfront royalty	152.59	171.25
Business support service charges	52.79	63.42
Other direct costs	77.81	96.20
Total	1,320.68	1,852.20
23 Employee benefits expense		
Salaries, wages and bonus	408.98	558.49
Contribution to provident fund and other funds	19.64	19.16
Gratuity (refer note 32)	12.88	5.84
Compensated absences (refer note 32)	3.68	6.87
Staff welfare expenses	25.84	27.03
Total	471.02	617.39
24 Finance costs		
Interest expense on:		
- term loans	-	187.82
- others	1.59	70.69
Total	1.59	258.51

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

	Year ended 31 March 2016	Fifteen months ended 31 March 2015
25 Other expenses		
Power and fuel	248.32	373.13
Rent (refer note 29)	19.22	24.14
Repairs		
- Building	24.25	24.94
- Machinery and equipment	177.89	241.85
- Others	162.48	84.93
Insurance	37.46	46.21
Bank Charges	1.76	3.02
Rates and taxes	2.49	1.54
Travelling expenses	85.43	110.15
Legal and professional fees	61.72	80.04
Payment to auditors (refer note 36)	3.55	7.74
Expenditure towards Corporate Social Responsibility (refer note 38)	27.47	11.97
Advertisement and sales promotion	12.76	19.38
Communication expenses	6.48	8.42
Printing and stationery	4.83	7.21
Loss on sale / disposal of fixed assets (net) [Including costs for dismantling of assets of INR 35.71 million (31 March 2015: Nil)]	61.35	0.90
Loss on foreign currency transactions and translations (net)	1.87	33.01
Bad debts and advances written off (net)	1.10	10.67
Provisions for current assets (net)	22.72	11.20
Freight and forwarding	5.70	7.41
Water charges	12.73	17.26
Contract labour expenses	44.16	31.87
Miscellaneous expenses	28.38	32.04
Total	1,054.12	1,189.03

26. Exceptional items

- A. In the year 2015-16, the Company re-assessed the technical feasibility and future usability of its fixed assets. Based on this physical assessment and considering the current business performance and the financial projections for the foreseeable future, the Company has, reversed a net impairment provision amounting to INR 1,122.37 million. Further, in accordance with Accounting Standard-28 on Impairment of Assets under sub-section (3C) of Section 211 of the Companies Act, 1956, in order to bring the carrying value of the assets to its current realisable value that would have been determined had no impairment been recognised in the prior accounting years, the Company has created a depreciation charge amounting to INR 518.28 million, resulting into a net gain of INR 604.09 million. Consequently, the net impact of impairment reversal and depreciation charge on impairment reversal amounting to INR 604.09 million has been disclosed as an exceptional item for the year.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

- B. During the previous period, an amount of INR 448.01 million has been disclosed in the Statement of Profit and Loss as exceptional item which includes:

- a. Fees paid to International Finance Corporation (IFC) amounting to INR 345.82 million representing one-time cost of syndication fees, structuring fees, commitment fees, legal & administration fees.

In 2012, the Company was sanctioned External Commercial Borrowing (ECB) Loan of USD 152 Million by IFC for port expansion. Consequent to the revised project expansion plan approved by the Board in its meeting dated 17 April 2014, the original loan amount was reduced to USD 60 million in July 2014. Based on strong business performance over the years and cash generation, the Company concluded that the expansion project can be funded entirely through internal accruals and the Board in its meeting dated 31 March 2015 approved cancellation of the entire loan arrangement. Accordingly, the Company has cancelled the loan without any disbursement and fees paid to IFC has been fully written off as an exceptional item in this period. The charge on the assets pledged has been satisfied during the current year.

- b. Reimbursement of mobilization and other charges amounting to INR 102.19 million paid to the Dredging Company.

In January 2014, the Company paid the above amount towards mobilization and other services in relation to the dredging activity undertaken as part of the port expansion project. Consequent to the revision in the said port expansion plan approved by the Board in its meeting dated 17 April 2014, this amount was fully written off as an exceptional item in this period.

27. Taxation

a) *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 2015. Management believes that the Company's international transactions with related parties post 31 March 2015 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.

b) *Tax Holiday*

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 is entitled to tax holiday commencing from 1 April 2007 until 31 March 2017. Minimum Alternative Tax will apply after lower of unabsorbed book loss or depreciation is adjusted against book profits during the years of tax holiday.

28. 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.

For Financial years prior to 2010-11, the Company has disputed claims aggregating to INR 699.33 million (31 March 2015: INR 699.33 million) and included in the contingent liability.

29. Capital and other commitments

Capital Commitments

The estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) is INR 723.02 million (31 March 2015: INR 2,355.76 million).

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

Export Promotion Capital Goods Commitments

The Company had imported capital goods at concessional rate of import duty under Export Promotion Capital Goods ('EPCG') scheme by executing a legal undertaking in favour of Government of India with an obligation to export goods / services and realize foreign exchange to the extent of INR 2,065.55 million by 2021 (31 March 2015: INR 36.26 million by 2017) and INR 626.99 million by 2022 (31 March 2015: INR 40.95 million by 2018). Income arising out of handling container and bulk vessels owned by foreign shipping lines are considered as deemed exports and consequently form export obligations of the Company for the said EPCG commitment.

Lease Commitments

The Company's leasing arrangement is in respect of a non-cancellable operating lease for office premises. The future minimum lease payments payable under the said non-cancellable operating lease for rented premises are as follows:

(INR in million)

Particulars	Year ended 31 March 2016	Fifteen months ended 31 March 2015
Payable within one year	8.39	8.55
Payable between one and five years	6.83	32.77
Operating lease rentals debited to the Statement of Profit and Loss	8.28	12.33

The Company 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. The Concession Agreement requires the Company to pay GMB a lease rental annually INR 8.59 million (Fifteen months ended 31 March 2015: INR 10.74 million) with an escalation in every three years. Also as per High Court Order on special civil application no. 3016, the company is required to pay INR 1.22 million (Fifteen months ended 31 March 2015: INR 1.22 million) to Rampara – 2 Gram Panchayat for land bearing survey no. 42/B, calculated at the equivalent rate of lease rent payable to GMB every year.

The Company has given a total area of 1,111,813 Square Mtr. (Fifteen months ended 31 March 2015: 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.

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 (Fifteen months ended 31 March 2015: INR 350 million) towards consortium lending to a SKIL Group Company, Pipavav Shipyard Limited (formerly Pipavav Ship Dismantling & Engineering Limited) conditional to fulfilment of certain obligations by Pipavav Shipyard Limited and other parties. 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.

30. Proposed Dividend

Particulars	Year ended 31 March 2016	Fifteen months ended 31 March 2015
Proposed Dividend (INR in million)	918.54	--
Number of shares outstanding as at the end of the year/period	4,834,399,10	4,834,399,10
Dividend per Share (INR per Equity Share of INR 10 each)	1.9	--

31. Provisions and contingent liabilities

Claims against Company not acknowledged as debt aggregates to INR 1,838.07 million (31 March 2015: INR 1,823.14 million). Provisions made in respect of the same aggregates to INR 355.04 million (31 March 2015: INR 355.04 million).

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

Other contingent liabilities in respect of taxation matter not acknowledged as debt aggregates to INR 14.17 million (31 March 2015: INR 38.27 million). Provisions made in respect of the same is - NIL (31 March 2015: INR 8.00 million).

Movement in provisions

	Litigations / Disputes		Taxation Matters	
	31 March 2016	Fifteen months ended 31 March 2015	31 March 2016	Fifteen months ended 31 March 2015
At the commencement of the year / period	355.04	355.22	8.00	21.80
Provision made during the year / period	--	0.32	--	--
Provision reversed during theyear /period	--	(0.50)	(8.00)	(13.80)
At the end of the year / period	355.04	355.04	--	8.00

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.

32. Disclosure pursuant to Accounting Standard – 15 (Revised) Employee Benefits

- a. The Company recognised INR19.64 million(31 March 2015: INR 19.16 million) for provident fund contribution in the Statement of Profit and Loss.

- b. Gratuity (Defined benefit plan)

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.

- c. Compensated absence (Other employment benefit)

The leave salary is payable to all eligible employees for each day of accumulated leave on death or on resignation or upon superannuation. Compensated absence debited to Statement of Profit and Loss during the year amounts to INR 3.68 million (Fifteen months ended 31 March 2015: INR 6.87 million) and is included in Note 24 - 'Employee benefits expenses'. Accumulated non-current provision for leave encashment (refer note 7) aggregates to INR 13.63 million (31 March 2015: INR 11.48 million) and current provision (refer note 10) aggregates to INR 0.69 million (31 March2015: INR 0.52 million).

Payment for compensated absences aggregates INR 1.36 million (Fifteen months ended 31 March 2015:INR 6.31 million).

- d. The following table sets out the funded status of the gratuity plan and the amounts recognised in the Company's financial statements based on actuarial valuations being carried out as at 31 March 2016.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

i) Change in the present value of defined benefit obligations:

Defined Benefit Plan Gratuity

Particulars	Year ended 31 March 2016	Fifteen months ended 31 March 2015
Defined benefit obligation at the beginning of the year / period	37.17	29.19
Current Service cost	5.01	5.91
Interest cost	2.94	3.47
Actuarial loss	6.66	0.18
Benefit paid	(9.38)	(1.58)
Defined benefit obligation at the end of the year / period	42.40	37.17

ii) Change in fair value of plan assets:

Particulars	Year ended 31 March 2016	Fifteen months ended 31 March 2015
Fair value of plan asset at the beginning of the year / period	24.96	19.55
Expected return on plan assets	1.98	2.15
Employer's contribution	1.78	3.27
Benefit paid	(9.38)	(1.58)
Actuarial (loss) / gain	(0.25)	1.57
Fair value of plan assets at the end of the year / period	19.09	24.96

iii) Net gratuity cost for the year ended 31 March 2016

Particulars	Year ended 31 March 2016	Fifteen months ended 31 March 2015
Service cost	5.01	5.91
Interest on defined benefit obligation	2.94	3.47
Expected return on plan assets	(1.98)	(2.15)
Net actuarial loss / (gain) recognised during the year / period	6.91	(1.58)
Net gratuity cost	12.88	5.84

iv) Actual return on plan assets

Particulars	Year ended 31 March 2016	Fifteen months ended 31 March 2015
Expected return on plan assets	1.98	2.15
Actuarial (loss) / gain on plan assets	(0.25)	1.57
Actual return on plan assets	1.73	3.72

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

v) Balance sheet reconciliation

Particulars	Year ended 31 March 2016	Fifteen months ended 31 March 2015
Obligation at the end of the year / period	42.40	37.17
Fair value of Planned Assets at the end of the year / period	(19.09)	(24.96)
Net Liability at the end of the year / period	23.31	12.21
Amount recognised in balance sheet – current	11.72	9.29
Amount recognised in balance sheet – non current	11.59	2.92

vi) Experience adjustment

	Year ended 31 March 2016	Fifteen months ended 31 March 2015	31 December 2013	31 December 2012	31 December 2011
Experience adjustment on liability	6.79	(6.75)	(0.43)	3.38	(2.57)
Experience adjustment on asset	(0.25)	1.57	(0.67)	0.02	(0.88)

vii) Category of assets

	Year ended 31 March 2016	Fifteen months ended 31 March 2015
Insurer managed funds (100%)	19.09	24.96

viii) Assumptions used in accounting for the gratuity plan

	Year ended 31 March 2016	Fifteen months ended 31 March 2015
Discounting rate	7.95%	7.92%
Salary escalation rate	8.00%	8.00%
Expected rate of return on plan assets	7.95%	7.92%
Attrition rate	4.00%	4.00%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected contribution to be made by the Company during the financial year 2016-17 is INR 11.72 million (Fifteen months period 31 March 2015: INR 9.29 million).

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

33. Earnings per share

		Year ended 31 March 2016	Fifteen months ended 31 March 2015
Profit for the year / period (Rs. million)	(A)	2,366.57	3,872.80
Calculation of weighted average number of equity shares			
Number of equity shares at the beginning of the year /period		483,439,910	483,439,910
Number of equity shares at the end of the year / period		483,439,910	483,439,910
Weighted average number of equity shares outstanding during the year / period	(B)	483,439,910	483,439,910
Basic and diluted earnings per share (INR)	(A/B)	4.90	8.01

34. (A) List of related parties and their relationship

Relation	Party
A. Party with substantial interest and its associates	(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) Damco Denmark A/S, Denmark* (ix) Maersk Training India Private Limited, India (x) Gateway Terminals India Private Limited, India (xi) APM Terminals Gothenburg, Gothenburg (xii) Maersk Training Svendborg A/s, Denmark
B. Key management personnel	Managing director Mr. Prakash Tulsiani (upto 31 March 2015)* Mr. Keld Pedersen (w.e.f. 1 May 2015)
C. Associate	Pipavav Railway Corporation Limited

* No transaction during the year

34. (B) Related party transactions

Transactions during the year	APM Terminals Management (Singapore) Pte Ltd	APM Terminals Management B.V.	Maersk Line -A/S	APM Terminals India Private Limited	Pipavav Railway Corporation Limited	Maersk Training India Private Limited	Maersk Training Svendborg A/S	GPRO Services India Private Limited	Other Affiliates	Total
Income from port	-	-	1,213.03 1,910.60	1.95 6.01	-	-	-	-	-	1,214.98 1,916.61
Services	-	-	-	-	-	-	-	-	-	-
Professional services received	-	-	(14.48) (14.11)	-	-	-	-	(3.76)	(1.43)	(19.67) (14.11)

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

Transactions during the year	APM Terminals Management (Singapore) Pte Ltd	APM Terminals Management B.V.	Maersk Line -A/S	APM Terminals India Private Limited	Pipavav Railway Corporation Limited	Maersk Training India Private Limited	Maersk Training Svendborg A/S	GPRO Services India Private Limited	Other Affiliates	Total
Business support service charges	-	(52.79) (63.42)	- -	- -	- -	- -	- -	- -	- -	(52.79) (63.42)
Stevedoring Charges	- -	- -	- -	(0.82) (2.45)	- -	- -	- -	- -	- -	(0.82) (2.45)
Expenses incurred on our behalf	-	(65.83) (39.69)	(1.01) -	- -	- -	- -	- -	- -	- -	(66.84) (39.69)
Expenses incurred on their behalf	- -	- -	- -	- -	3.47 0.32	- -	- -	- -	0.41 0.35	3.88 0.67
Training expenses	(0.20) (0.49)	- -	- -	- (0.04)	- -	(0.33) -	(0.56) -	- -	- -	(1.09) (0.53)
Manpower cost	- -	- -	- -	- -	(1.97) (2.43)	- -	- -	- -	- -	(1.97) (2.43)
Capital Expenditure	- -	(14.62) (0.88)	- -	- -	- -	- -	- -	- -	- -	(14.62) (0.88)
Dividend Income	- -	- -	- -	- -	- 152.00	- -	- -	- -	- -	- 152.00
Closing balance										
Receivable	- -	- -	159.51 166.08	0.44 0.85	- -	- -	- -	- -	0.16 0.32	160.11 167.25
Advance from Customer	- -	- -	9.32 -	- -	- -	- -	- -	- -	- -	9.32 -
							-			
Payable	- -	60.11 51.24	10.19 -	- 0.29	1.97 -	- -	- -	3.76 -	0.98 -	77.01 51.53
							-	-		
Advance to Vendor	- -	- -	- -	- 0.46	- -	- -	- -	- -	- 0.15	- 0.61
								-		
Investments	- -	- -	- -	- -	830.00 830.00	- -	- -	- -	- -	830.00 830.00

Managerial Remuneration paid to Mr. Keld Pedersen INR 41.04 million (Fifteen months ended 31 March 2015 – Nil).

Managerial Remuneration paid to Mr. Prakash Tulsiani- Nil (Fifteen months ended March 2015: INR 110.22 million)

*Amounts in italics represent amounts as at 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

35. Segment reporting

The Company has only one reportable business segment, which is Port services and only one reportable geographical segment, which is the port at Pipavav. Accordingly, the Company is single segment Company in accordance with Accounting Standard 17 "Segment Reporting" notified in Companies (Accounting Standard) Rules, 2006.

36. Payment to auditors (excluding service tax):

As auditor	Year ended 31 March 2016	For the Fifteen months ended 31 March 2015
- Statutory audit	1.57	2.16
- Tax audit	0.87	1.06
- Limited review of quarterly results	1.09	1.64
In other capacity	--	--
- Taxation matter*	--	1.07
- Other matter*	--	0.54
- Other services	--	1.16
Reimbursement of expenses	0.02	0.11
Total	3.55	7.74

* In the period of Fifteen months ended 31 March 2015, these fees are paid to an affiliate member firm of the erstwhile statutory auditors

37. Other notes

a) CIF value of imports

	Year ended 31 March 2016	For the Fifteen months ended 31 March 2015
Capital goods	1,560.39	12.19
Spares	53.78	56.17

b) Value of imported and of indigenous spares consumed and percentage of each to total consumption

		Year ended 31 March 2016		For the Fifteen months ended 31 March 2015
	%	INR in million	%	INR in million
Repair Spares consumed of which		106.32		109.14
Imported	30%	32.26	40%	43.90
Indigenous	70%	74.06	60%	65.24

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

c) Expenditure in foreign currency (on accrual basis)

	Year ended 31 March 2016	For the Fifteen months ended 31 March 2015
Borrowing Costs*	--	93.82
Consultancy fees*	28.96	49.76
Legal fees*	--	0.55
Travelling	--	0.14
Other Expenses*	121.92	152.67

*Borrowing cost of - Nil (31 March 2015: INR 93.82 million), Consultancy fees of INR 14.62 million (31 March 2015: Nil), Legal fees of - Nil (31 March 2015: INR 0.55 million) and Other expenses of - Nil (31 March 2015: INR. 2.08 million) have been capitalised under 'Capital work in progress'.

d) Earnings in foreign exchange (on accrual basis)

	Year ended 31 March 2016	For the Fifteen months ended 31 March 2015
Deemed foreign currency receipts	5,284.54	6,591.88

e) Exposure in Foreign Currency

Foreign currency exposure not covered by Forward Contracts as at 31 March 2016:

Details	USD Exposure		EURO Exposure		GBP Exposure	
	INR	USD	INR	Euro	INR	GBP
Receivables/Advance to Vendor	159.51	2.41	-	-	-	-
	<i>(629.17)</i>	<i>(10.08)</i>	<i>(0.02)</i>	<i>(0.01)</i>	<i>(0.01)</i>	<i>0.00@</i>
Payables	32.83	0.50	0.02	0.00@	-	-
	<i>(2.97)</i>	<i>(0.05)</i>	<i>(2.83)</i>	<i>(0.04)</i>	-	-
Cash and Bank Balance	0.00@	0.00@	-	-	-	-
	<i>(0.68)</i>	<i>(0.01)</i>	-	-	-	-

@ Amount is below the rounding off norm adopted by the Company.

Amounts in italics represent amounts as at 31 March 2015

f) 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:

	Year ended 31 March 2016	For the Fifteen months ended 31 March 2015
Principal amount due to any supplier as at the year end	0.24	1.46
Interest due on the principal amount unpaid at the year end to any supplier	0.05	0.05
Principal amounts paid to the suppliers beyond appointed day during the year	0.58	2.33

NOTES TO THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian Rupees in million)

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	@	0.05
Further interest remaining due and payable for earlier years	0.05	-

@ Amount is below the rounding off norm adopted by the Company.

38. Corporate Social Responsibility Expenditure

- (a) Gross amount required to be spent by the Company during the year ended 31 March 2016: INR 43.53 Million.
(b) Amount spent during the year: INR 20.76 million*

Sr no		In cash (INR Million)	Yet to be paid in Cash (INR Million)	Total (INR Million)
(i)	Construction/acquisition of any asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	20.76	--	20.76

* Excludes amount of INR 6.71 million spent during the year since such was approved to be spent during the period ended 31 March 2015.

- (a) Gross amount required to be spent by the Company during the Fifteen months ended 31 March 2015: INR 21.50 million
(b) Amount spent during the period: INR 11.97 million

Sr no		In cash (INR Million)	Yet to be paid in Cash (INR Million)	Total (INR Million)
(i)	Construction/acquisition of any asset	Nil	Nil	Nil
(ii)	On purposes other than (i) above	11.97	--	11.97

39. During the previous period, the Company changed its accounting year end to 31 March, 2015. Accordingly, the figures for the previous period are for the fifteen months' period from 1 January 2014 to 31 March 2015 and are not comparable with those of the current year.

40. Previous period figures have been regrouped wherever considered necessary.

As per our report of even date attached.

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

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
19 May 2016

**For and on behalf of the Board of Directors of
Gujarat Pipavav Port Limited**
CIN: L63010GJ1992PLC018106

Keld Pedersen
Managing Director
DIN : 07144184

Hariharan Iyer
Chief Financial Officer

Mumbai
19 May 2016

Pravin Laheri
Director
DIN: 00499080

Manish Agnihotri
Company Secretary

INDEPENDENT AUDITORS' REPORT**To the Members of Gujarat Pipavav Port Limited****Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of Gujarat Pipavav Port Limited ("hereinafter referred to as the Company") and its associate company (refer Note 1 to the attached consolidated financial statements), comprising of the consolidated Balance Sheet as at 31 March, 2016, the consolidated Statement of Profit and Loss, the consolidated Cash Flow Statement 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 Financial Statements").

Management's Responsibility for the Consolidated Financial Statements

2. The Company's Board of Directors is responsible for the preparation of these consolidated 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 and consolidated cash flows of the Company including its associate in accordance with accounting principles generally accepted in India including the Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014. The Company's Board of Directors is also responsible for ensuring accuracy of records including financial information considered necessary for the preparation of Consolidated Financial Statements. The Board of Directors of its associate is responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the associate 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 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 financial statements by the Directors of the Company, as aforesaid.

Auditors' Responsibility

3. Our responsibility is to express an opinion on these consolidated 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 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 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 financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated 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 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 financial statements.
6. We believe that the audit evidence obtained by us and matter specified in the Other Matter paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the consolidated financial statements.

Basis for Qualified Opinion

7. (a) The consolidated financial statements include the Company's share of net profit of Rs. 316.78 million based on its unaudited financial statements as at 31 March, 2016 in respect of its associate company not audited by us. The financial statements of the associate is pending audit by their auditors. Accordingly, our opinion on the consolidated financial statements insofar as it relates to the aforesaid amount and disclosures included in respect of this associate company is based solely on the financial information of the associate company for the year ended on 31 March, 2016 as furnished to us by the Management of the Company.
- (b) Further, pending the audit of the associate for the year ended on 31 March, 2016 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 paragraph above, the aforesaid consolidated 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, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matter

9. The standalone financial statements of the Company as at 31 March, 2015 and for the fifteen months period then ended and the financial statements of the Associate as at 31 March, 2015 and for the year then ended were audited by other firms of Chartered Accountants who, vide their reports dated 25 May, 2015 and 20 August, 2015 respectively, expressed an unmodified opinion on those financial statements.

Our opinion on the consolidated financial statements above, is not modified in respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

10. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
- (a) We have sought and, except for the possible effect 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 financial statements.
 - (b) In our opinion, except for the possible effect of the matter described in the paragraph Basis for Qualified Opinion above, 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 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 and the Consolidated Cash Flow Statement dealt with by this Report, except for the possible effect 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 financial statements.
 - (d) In our opinion, except for the possible effect of the matter described in the paragraph Basis for Qualified Opinion above, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received, except for the possible effect of the matter described in the paragraph Basis for Qualified Opinion above, from the directors of the Company as on 31 March, 2016 taken on record by the Board of Directors of the Company none of the directors of the Company is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) With respect to the adequacy of the internal financial controls over financial reporting and operating effectiveness of such controls of the associate company incorporated in India, we are unable to obtain sufficient appropriate audit evidence as described in the Basis of Qualification para above. Accordingly, we refer to Annexure A of our report of even date on the stand alone financial statements of the Company with respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls.
 - (g) 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 effect of the matter described in the paragraph Basis for Qualified Opinion above, the consolidated financial statements disclose the impact, if any, of pending litigations as at March 31, 2016 on the consolidated financial position of the Company and its associate— Refer Note 31 to the consolidated financial statements.
 - ii. Except for the possible effect 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, 2016.
 - 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 March 31, 2016.

For Price Waterhouse Chartered Accountants LLP
Firm Registration Number: 012754N / N500016
Chartered Accountants

Priyanshu Gundana
Partner
Membership Number 109553

Mumbai
19 May, 2016

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

(Currency: Indian rupees in million)

EQUITY AND LIABILITIES	Note	As at 31 March 2016
Shareholders' funds		
Share capital	3	4,834.40
Reserves and surplus	4	15,188.04
		<u>20,022.44</u>
Non-current liabilities		
Deferred Tax Liabilities (net)	5	1,274.10
Other long-term liabilities	6	135.00
Long-term provisions	7	241.88
		<u>1,650.98</u>
Current liabilities		
Trade payables	8	
- Total outstanding dues of micro enterprises and small enterprises; and		0.24
- Total outstanding dues of creditors other than micro enterprises and small enterprises		141.27
Other current liabilities	9	1,540.15
Short-term provisions	10	1,280.19
		<u>2,961.85</u>
TOTAL		<u><u>24,635.27</u></u>
ASSETS		
Non-current assets		
Fixed assets	11	
- Tangible assets		13,386.73
- Intangible assets		6.62
- Capital work in progress		3,915.32
Non-current investments	12	1,688.74
Long-term loans and advances	13	2,107.44
Other non-current assets	14	28.37
		<u>21,133.22</u>
Current assets		
Inventories	15	128.93
Trade receivables	16	293.50
Cash and bank balances	17	2,898.04
Short-term loans and advances	18	130.56
Other current assets	19	51.02
		<u>3,502.05</u>
TOTAL		<u><u>24,635.27</u></u>
Significant accounting policies	2	
The accompanying notes are an integral part of the consolidated financial statements		

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

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

Priyanshu Gundana
Partner
 Membership No: 109553

Keld Pedersen
Managing Director
 DIN : 07144184

Pravin Laheri
Director
 DIN: 00499080

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
 19 May 2016

Mumbai
 19 May 2016

Consolidated Statement of Profit and Loss for the year ended 31 March 2016

(Currency: Indian rupees in million)

	Note	Year ended 31 March 2016
Revenue from operations	20	6,599.54
Other income	21	248.05
Total revenue		6,847.59
Expenses		
Operating expenses	22	1,320.68
Employee benefits expense	23	471.02
Finance costs	24	1.59
Depreciation and amortisation expense	11 & 26	963.60
Other expenses	25	1,054.12
Total expenses		3,811.01
Profit before exceptional items and tax		3,036.58
Exceptional Items	26	(604.09)
Profit before tax		3,640.67
Tax expense:		
Current tax		782.00
Less : Minimum Alternative Tax Credit Entitlement		(782.00)
Deferred tax		1,274.10
Net profit for the year		2,366.57
Share of net profit of Associate for the year	40	316.78
Profit for the year after taxes and share of profit of Associate		2,683.35
Earnings per equity share (INR) (Face value of share - INR 10 each)	33	
- Basic and Diluted		5.55
Significant accounting policies	2	
The accompanying notes are an integral part of the consolidated financial statements		

As per our report of even date attached

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

Priyanshu Gundana
Partner
Membership No: 109553 DIN : 07144184

Mumbai
19 May 2016

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

Keld Pedersen
Managing Director
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Pravin Laheri
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DIN: 00499080

Hariharan Iyer
Chief Financial Officer

Manish Agnihotri
Company Secretary

Mumbai
19 May 2016

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian rupees in million)

Year ended 31 March 2016

A	Cash flows from operating activities	
	Net profit before tax	3,640.67
	Adjustments :	
	Depreciation and amortisation expense	963.60
	Interest expenses and Bank charges	1.59
	Interest income	(217.87)
	Dividend income	-
	Loss on sale of fixed assets (net)	61.35
	Exceptional items (refer note 26)	(604.09)
	Sundry balances written back (net)	(16.21)
	Write offs / provisions for current assets, loans and advances	23.82
	Unrealised exchange Loss/ (Gain) (net)	1.82
	Operating profit before working capital changes	3,854.68
	Adjustment for:	
	Increase in inventories	(14.50)
	Decrease in trade receivables	59.12
	Decrease in loans and advances, other non-current and current assets	571.50
	Increase in trade payables, other current liabilities and provisions	224.40
	Cash generated from operations	4,695.20
	Income taxes paid (net of refund)	(801.06)
	Net cash generated from operating activities	3,894.14
B	Cash flow from investing activities	
	Purchase of fixed assets (tangible and intangible fixed assets, capital work in progress), including capital advances	(3,648.19)
	Grant received	-
	(Payment for dismantling of fixed assets on disposal) / Proceeds from sale of fixed assets (net)	(14.92)
	Interest income	228.24
	Decrease in deposits with banks (including earmarked balances)	578.70
	Dividend Income	-
	Net cash used in investing activities	(2,856.17)
C	Cash flow from financing activities	
	Repayment of borrowings	-
	Finance cost paid	(1.59)
	Net cash used in financing activities	(1.59)

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2016

(Currency: Indian rupees in million)

	Year ended 31 March 2016
Effect of exchange differences on translation of foreign currency cash and cash equivalents	-
Net increase in cash and cash equivalents (A+B+C)	1,036.38
Cash and cash equivalents at the beginning of the year/period	154.91
Cash and cash equivalents at the end of the year /period	1,191.29

Notes to cash flow statement

- 1 Components of cash and cash equivalents:

Cash on hand	0.19
Balances with banks:	
- Current accounts	211.10
- Deposit accounts (demand deposits and deposits having original maturity of 3 months or less)	980.00
	1,191.29
- 2 The Consolidated Cash Flow Statement has been prepared under the indirect method as set out in Accounting Standard - 3 on Cash Flow Statements prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Central Government, in consultation with the National Advisory Committee on Accounting Standards.
- 3 Also refer note 40 of the consolidated financial statements

As per our report of even date attached

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

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

Priyanshu Gundana
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Company Secretary

Mumbai
19 May 2016

Mumbai
19 May 2016

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

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) The consolidated financial statements have been prepared on the following basis:

- i. Investment in Associate Company has been accounted under the equity method as per Accounting Standard (AS) 23 "Accounting for Investments in Associates in Consolidated Financial Statements", whereby the investment is initially recorded at cost, identifying any goodwill/capital reserve arising at the time of acquisition. The carrying amount of the investment is adjusted thereafter for the post acquisition change in the Company's share of net assets of the Associate Company.
- ii. The excess of cost to the Company of its investment in the Associate is recognised in the consolidated financial statements as Goodwill, which is tested for impairment on every balance sheet date.
- iii. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate financial statements.
- 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, 2016
1	Pipavav Railway Corporation Limited (the 'Associate company')	India	38.8%

2. Significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these consolidated financial statements.

2.1. Basis of preparation of consolidated financial statements

These consolidated financial statements have been prepared in accordance with the generally accepted accounting principles in India under the historical cost convention on accrual basis. Pursuant to section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, till the standards of accounting or any addendum thereto are prescribed by Central Government in consultation and recommendation of the National Financial Reporting Authority, the existing Accounting Standards notified under the Companies Act, 1956 shall continue to apply. Consequently, these consolidated financial statements have been prepared to comply in all material aspects

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

with the accounting standards notified under Section 211(3C) of the Companies Act, 1956 [Companies (Accounting Standards) Rules, 2006, as amended] and other relevant provisions of the Act. All figures, otherwise stated are Rupees in million.

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.

2.2. Use of estimates:

The preparation of consolidated financial statements in conformity with Generally Accepted Accounting Principles in India (Indian GAAP) 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. Fixed assets, depreciation and amortisation

Tangible assets

Tangible fixed assets are carried at cost of acquisition or construction less accumulated depreciation and/or accumulated impairment loss, if any. The cost of an item of tangible fixed asset comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the asset to its working condition for its intended use; any trade discounts and rebates are deducted in arriving at the purchase price.

Borrowing costs are interest and other costs (including exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the period in which they are incurred.

Tangible fixed assets under construction are disclosed as capital work in progress and advances paid for the same are disclosed under long term loans and advances.

Tangible fixed assets acquired wholly or partly with specific grant/subsidy from government, are recorded at the net acquisition cost to the Company.

Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.

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 Companies Act, 2013. Based on internal technical evaluation following assets have a different useful life than prescribed by schedule II of the Companies Act, 2013

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

2.3 Fixed assets, depreciation and amortisation (Continued)

Freehold land is not depreciated.

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 unamortized 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.

Assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and shown separately in the consolidated financial statement under the head 'Other current assets'. Any expected loss is recognised immediately in the Consolidated Statement of Profit and Loss.

Losses arising from retirement or gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Consolidated Statement of Profit and Loss.

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 over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. 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. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortisation method is changed to reflect the changed pattern.

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.

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.

2.4. Impairment

Tangible and intangible fixed assets are reviewed at each reporting date to determine if there is any indication of impairment. For assets in respect of which any such indication exists and for intangible assets mandatorily tested annually for impairment, the asset's recoverable amount is estimated. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount.

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

The recoverable amount of an asset or CGU is the greater of its value in use and its net selling price. 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 CGU.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

2.4. Impairment (Continued)

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

2.5 Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor and assets acquired under leases other than finance leases are classified as operating leases. The total lease rentals (including scheduled rental increases) in respect of an asset taken on operating lease are charged to the Consolidated Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern of the benefit. Initial direct costs incurred specifically for an operating lease are deferred and charged to the Consolidated Statement of Profit and Loss over the lease term.

Assets given by the Company under operating lease are included in fixed assets. Lease income from operating leases is recognised in the Consolidated Statement of Profit and Loss on a straight line basis over the lease term unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. Costs, including depreciation, incurred in earning the lease income are recognised as expenses.

2.6 Investments

Investments that are readily realisable and intended to be held for not more than a year from the date of acquisition are classified as current investments. All other investments are classified as long-term investments. However, that part of long term investments which is expected to be realized within 12 months after the reporting date is also presented under 'current assets' as "current portion of long term investments" in consonance with the current-non-current classification scheme of Schedule III of the Act.

Long-term investments (including current portion thereof) are carried at cost less any other-than-temporary diminution in value, determined separately for each individual investment.

Current investments are carried at lower of cost and fair value. The comparison of cost and fair value is done separately in respect of each category of investments.

Any reductions in the carrying amount and any reversals of such reductions are charged or credited to the Consolidated Statement of Profit and Loss.

2.7 Inventories

Inventories comprise of stores, spares, loose tools, fuel and lubricants. These are carried at the lower of cost and net realisable value.

In determining the cost, first-in-first-out ('FIFO') basis method is used. 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.

The comparison of cost and net realisable value is made on an item-by-item basis.

2.8 Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. These benefits include salaries and wages, bonus, short term compensated absences, ex-gratia, etc. The undiscounted amount of short term employee benefits to be paid in exchange for employee services is

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

2.8 Employee benefits (Continued)

recognised as an expense as the related service is rendered by employees.

Post-employment benefits

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.

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.

Actuarial losses/ gains are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise. 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.

Compensated absences

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. 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.

2.9. Revenue recognition

Revenue from operations is recognised as and when services are performed, the consideration is reliably determinable and no significant uncertainty exists regarding the collection of the consideration. The amount recognised as revenue is exclusive of service tax and education cess wherever applicable.

Interest income is recognised on a time proportion basis at the applicable interest rates.

Income from export incentives such as Served from India Scheme (SFIS) are recognised as other operating income provided no significant uncertainty exists for the measurability, realisation and utilisation of the credit under this scheme.

Dividend income is recognised when the right to receive payment is established.

2.10. Foreign currency transactions

Foreign currency transactions are recorded in Indian rupees using the rates prevailing on the date of the respective

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

2.10. Foreign currency transactions (Continued)

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

Exchange difference arising on the forward exchange contracts entered into to hedge the foreign currency risk of existing assets and liabilities is recognised in the Consolidated Statement of Profit and Loss.

Premium/Discount in respect of forward contracts, are recognised over the life of contract, and exchange difference arising on renewal or cancellation of forward exchange contracts are recognised in the Consolidated Statement of Profit and Loss.

2.11. Provisions

A provision is recognised if, as a result of a past event, the Company has a present 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 recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. The provisions are measured on an undiscounted basis.

2.12. Contingent liabilities and contingent assets

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. Contingent assets are neither recognised nor disclosed in the consolidated financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

In case of certain litigations, legal opinions are obtained as necessary to support management estimates.

2.13. 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.

2.14. 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.

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 only to the extent there is reasonable certainty that the assets can be realised in future, however when there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognised only if there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

2.14. Income taxes (Continued)

Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably / virtually certain (as the case may be) to be realised.

Minimum Alternative Tax (MAT) under the provisions of the Income Tax Act, 1961 is recognised as current tax. The credit available under the said act in respect of MAT is recognised as an 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 an 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.

3 Share capital

Authorised share capital	As at 31 March 2016
600,000,000 equity shares of INR 10 each	6,000.00
	6,000.00
Issued, subscribed and paid up share capital	
483,439,910 equity shares of INR 10 each, fully paid-up	4,834.40
Total	4,834.40

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

Particulars	As at 31 March 2016	
	Number	INR
Equity shares at the commencement of the year	483,439,910	4,834.40
At the end of the year	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	Relationship	As at 31 March 2016	
		Number	Percentage
APM Terminals Mauritius Limited	Party with substantial interest	207,903,931	43.01%

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

As at 31 March 2016

4	Reserves and surplus	
	(a) Securities premium reserve	
	At the end of the year	14,288.86
	(b) (Deficit) / Surplus as per Statement of Profit and Loss	(1,215.39)
	At the commencement of the year	
	Adjustment:	
	Effect of transitional provisions provided in Accounting Standard 23 -Accounting for Investments in Associates in Consolidated Financial Statements (refer note 39)	541.96
		(673.43)
	Profit for the year	2,683.35
	Less: Appropriations	
	- Proposed Dividend	918.54
	- Dividend distribution tax on Proposed dividend	192.20
	At the end of the year	899.18
	Total	15,188.04
5	Deferred tax liabilities (net)	
	Tax effect of items constituting deferred tax assets	(797.08)
	Unabsorbed depreciation carried forward	(797.08)
	Tax effect of items constituting deferred tax assets	
	Tax effect of items constituting deferred tax liability	2,108.47
	On difference between book depreciation and tax depreciation	
	Impairment	(37.29)
	Tax effect of items constituting deferred tax liability	2,071.18
	Net deferred tax liability	1,274.10
6	Other long-term liabilities	
	Retention monies payable	19.05
	Security deposits received	27.22
	Advances from customers	88.73
	Total	135.00
7	Long-term provisions	
	Provision for employee benefits:	
	Gratuity (refer note 32)	11.59
	Compensated absences (refer note 32)	13.63
	Employee related payables	18.66
		43.88
	Others provisions	
	Provision for claims (refer note 31)	198.00
		198.00
	Total	241.88

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

	As at 31 March 2016
8. Trade payables	
Trade payables	141.27
Dues to Micro, Small and Medium Enterprises [refer note 37(f)]	0.24
Total	141.51
9 Other current liabilities	
Payables towards capital expenditure	637.33
Statutory payable	
- Payable towards tax deducted at source	6.66
- Payable towards service tax	0.50
- Payable towards contribution to provident fund	3.16
- Payable towards work contract tax	0.18
- Payable towards value added tax and profession tax	0.05
Advances from customers	123.24
Security deposits received	64.80
Employee related payable	38.78
Retention monies payable	130.89
Other payables **#	529.26
Income received in advance	5.30
Total	1,540.15
**Includes amounts payable towards administrative, other indirect costs and contractual obligations.	
#Of the above INR 0.50 million is towards unclaimed share application money. There are no amounts due to be credited to Investor Education and Protection Fund under Section 205C of the Companies Act, 1956 as at the year end. Section 125 of the Act which corresponds to Section 205C of the Companies Act, 1956 has not yet been enforced.	
10 Short-term provisions	
Provision for employee benefits:	
Gratuity (refer note 32)	11.72
Compensated absences (refer note 32)	0.69
	12.41
Others Provisions	
Provision for claims (refer note 31)	157.04
Proposed Dividend (refer note 30)	918.54
Dividend distribution tax on Proposed dividend	192.20
	1,267.78
Total	1,280.19

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

11 Fixed assets [1 April 2015 to 31 March 2016]

Particulars	GROSS BLOCK			DEPRECIATION / AMORTISATION / IMPAIRMENT						NET BLOCK			
	As at 1 April 2015	Additions during the year	Deductions/ Adjustments during the year	As at 31 March 2016	Depreciation	Impairment	Depreciation / Amortisation for the year (Refer Note 26)	Impairment for the year	Adjustments (Depreciation) for the year	Adjustments (Impairment) for the year (Refer Note 26)	Depreciation / Amortisation	Impairment	As at 31 March 2016
Tangible Fixed Assets													
Land and site development	321.86	-	-	321.86	-	-	-	-	-	-	-	-	321.86
Buildings	5,010.40	130.18	-	5,140.58	869.60	358.20	166.02	-	-	250.45	1,035.62	107.75	3,997.21
Plant, Machinery and Equipment	9,489.22	138.86	398.44	9,229.64	3,361.87	871.92	1,192.22	-	372.67	871.92	4,181.42	-	5,048.22
Dredging	4,411.78	107.02	-	4,518.80	649.63	-	89.25	-	-	-	738.88	-	3,779.92
Railway sidings	337.57	-	-	337.57	104.88	-	12.62	-	-	-	117.50	-	220.07
Furniture, Fittings and Leasehold Improvements	47.13	2.41	0.23	49.31	40.62	-	2.89	-	0.23	-	43.28	-	6.03
Motor Vehicles	21.56	6.28	-	27.84	10.54	-	3.88	-	-	-	14.42	-	13.42
Sub Total - A	19,639.52	384.75	398.67	19,625.60	5,037.14	1,230.12	1,466.88	-	372.90	1,122.37	6,131.12	107.75	13,386.73
Intangible Fixed Assets													
Computer Software	175.23	0.68	-	175.91	154.29	-	15.00	-	-	-	169.29	-	6.62
Sub Total - B	175.23	0.68	-	175.91	154.29	-	15.00	-	-	-	169.29	-	6.62
Total (A + B)	19,814.75	385.43	398.67	19,801.51	5,191.43	1,230.12	1,481.88	-	372.90	1,122.37	6,300.41	107.75	13,393.35
Tangible Capital work in progress													
Grand Total													3,915.32
													17,308.67

Notes :

- 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 244.84 million incurred towards permanent Land Filling and Site development.
- Gross Block of Buildings includes expenditure of INR 723.15 million (Net Block : INR 447.42 million) incurred during prior years for development of roads in order to provide road connectivity to the port on land owned by government bodies.
- Deduction under Plant, Machinery and Equipment includes asset held for sale / disposal having gross book value of INR 385.93 million and accumulated depreciation of INR 362.18 million. The net realisable value of such assets is Nil (Refer Note 19).
- Capital Work-in-Progress includes INR 67.07 million being salary and INR 8.78 million being other expense incurred towards capital projects.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

		As at 31 March 2016
12	Non Current investments	
	(Valued at cost unless stated otherwise)	
	Non trade investments: Unquoted	
	Investment in Associate:	
	Equity Accounted Associate	
	76,000,010 equity shares of INR 10 each of Pipavav Railway Corporation Limited, fully paid up (including INR 400.41 million of goodwill arising on consolidation)	830.00
	Add:	
	(i) Effect of transitional provisions provided in Accounting Standard 23 -Accounting for Investments in Associates in Consolidated Financial Statements (refer note 39)	541.96
	(ii) Share of profit of Associate (refer note 40)	316.78
	Total	1,688.74
13	Long-term loans and advances	
	Unsecured and considered good	
	- Capital advances	1.25
	- Security deposits	26.26
	- Advance Tax***	353.93
	- MAT Credit Entitlement	1,726.00
	Other loans and advances, unsecured	
	- Considered doubtful	10.08
	- Less: Provision for doubtful loans and advances	(10.08)
	Total	2,107.44
	***Net of Provision for tax of INR 1,726.00 million.	
14	Other non-current assets	
	Bank Deposits (refer note 'a' below)	26.66
	Interest accrued but not due on fixed deposits with Banks	1.71
	Total	28.37
	Note:	
	(a) Of the above bank deposits aggregating INR 26.66 million is marked lien against bank guarantees issued to customs and other third parties.	
15	Inventories	
	(Valued at the lower of cost and net realisable value)	
	Stores and spares	111.02
	Goods-in-transit - Stores and Spares	8.60
	Fuel and lubricants	9.31
	Total	128.93

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

As at 31 March 2016

16	Trade receivables	
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment:	
	Unsecured, Considered good	
	Unsecured, Considered doubtful	13.85
	Less: Provision for doubtful receivables	16.91
	(A)	(16.91)
	Other Trade receivables:	13.85
	Secured	48.64
	Unsecured Considered good	231.01
	Unsecured, Considered doubtful	3.25
	Less: Provision for doubtful receivables	(3.25)
	(B)	279.65
	Total (A + B)	293.50
	Note:	
	Trade receivables (unsecured, considered good) include due from APM Terminals India Private Limited of INR 0.44 million.	
17	Cash and bank balances	
	Cash and cash equivalents	
	Cash on hand	0.19
	Balances with banks	
	- in current accounts*	211.10
	- in deposit accounts (with original maturity of 3 months or less)	980.00
	Other bank balances	
	Deposits with Banks with maturity upto 12 months from the reporting date	1,706.75
	Total	2,898.04
	*Of the above INR 0.50 million is towards unclaimed share application money.	
18	Short-term loans and advances	
	Unsecured, considered good, unless otherwise stated	
	SFIS receivable	26.01
	Advance for supply of goods and services	48.69
	Trade deposits	4.23
	Loans and advances to employees	3.00
	Prepaid expenses	13.23
	CENVAT credit receivable	23.41
	Security deposits	11.99
	Total	130.56

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

As at 31 March 2016

19	Other current assets	
	Interest accrued on fixed deposits with Banks	50.94
	Asset held for sale [at lower of cost and net realisable value (refer note 11)]	-
	Other receivables	0.08
	Total	51.02
20	Revenue from operations	
	Income from port services	6,195.30
	Other operating revenue	404.24
	Total	6,599.54
21	Other income	
	Interest income	
	- banks	216.91
	- others	0.96
	Liabilities no longer required written back	16.21
	Miscellaneous income	13.97
	Total	248.05
22	Operating expenses	
	Equipment hire charges	479.89
	Handling expenses	557.60
	Waterfront royalty	152.59
	Business support service charges	52.79
	Other direct costs	77.81
	Total	1,320.68
23	Employee benefits expense	
	Salaries, wages and bonus	408.98
	Contribution to provident fund and other funds	19.64
	Gratuity (refer note 32)	12.88
	Compensated absences (refer note 32)	3.68
	Staff welfare expenses	25.84
	Total	471.02

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

As at 31 March 2016

24	Finance costs	
	Interest expense on:	
	- term loans	-
	- others	1.59
	Total	1.59
25	Other expenses	
	Power and fuel	248.32
	Rent (refer note 29)	19.22
	Repairs	
	- Building	24.25
	- Machinery and equipment	177.89
	- Others	162.48
	Insurance	37.46
	Bank Charges	1.76
	Rates and taxes	2.49
	Travelling expenses	85.43
	Legal and professional fees	61.72
	Payment to auditors (refer note 36)	3.55
	Expenditure towards Corporate Social Responsibility (refer note 38)	27.47
	Advertisement and sales promotion	12.76
	Communication expenses	6.48
	Printing and stationery	4.83
	Loss on sale / disposal of fixed assets (net) [Including costs for dismantling of assets of INR 35.71 million]	61.35
	Loss on foreign currency transactions and translations (net)	1.87
	Bad debts and advances written off (net)	1.10
	Provisions for current assets (net)	22.72
	Freight and forwarding	5.70
	Water charges	12.73
	Contract labour expenses	44.16
	Miscellaneous expenses	28.38
	Total	1,054.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

26. Exceptional items

- A. In the year 2015-16, the Company re-assessed the technical feasibility and future usability of its fixed assets. Based on this physical assessment and considering the current business performance and the financial projections for the foreseeable future, the Company has, reversed a net impairment provision amounting to INR 1,122.37 million. Further, in accordance with Accounting Standard-28 on Impairment of Assets under sub-section (3C) of Section 211 of the Companies Act, 1956, in order to bring the carrying value of the assets to its current realisable value that would have been determined had no impairment been recognised in the prior accounting years, the Company has created a depreciation charge amounting to INR 518.28 million, resulting into a net gain of INR 604.09 million. Consequently, the net impact of impairment reversal and depreciation charge on impairment reversal amounting to INR 604.09 million has been disclosed as an exceptional item for the year.

27. Taxation

a) Tax Holiday

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 is entitled to tax holiday commencing from 1 April 2007 until 31 March 2017. Minimum Alternative Tax will apply after lower of unabsorbed book loss or depreciation is adjusted against book profits during the years of tax holiday.

28. Traffic guarantee commitment

The Company has entered into tripartite Transportation and Traffic Guarantee Agreement with the associate company 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.

For Financial years prior to 2010-11, the Company has disputed claims aggregating to INR 699.33 million and included in the contingent liability.

29. Capital and other commitments

Capital Commitments

The estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) is INR 723.02 million.

Export Promotion Capital Goods Commitments

The Company had imported capital goods at concessional rate of import duty under Export Promotion Capital Goods ('EPCG') scheme by executing a legal undertaking in favour of Government of India with an obligation to export goods / services and realize foreign exchange to the extent of INR 2,065.55 million by 2021 and INR 626.99 million by 2022. Income arising out of handling container and bulk vessels owned by foreign shipping lines are considered as deemed exports and consequently form export obligations of the Company for the said EPCG commitment.

Lease Commitments

The Company's leasing arrangement is in respect of a non-cancellable operating lease for office premises. The future minimum lease payments payable under the said non-cancellable operating lease for rented premises are as follows:

(INR in million)

Particulars	Year ended 31 March 2016
Payable within one year	8.39
Payable between one and five years	6.83
Operating lease rentals debited to the Consolidated Statement of Profit and Loss	8.28

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

The Company 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. The Concession Agreement requires the Company to pay GMB a lease rental annually INR 8.59 million with an escalation in every three years. Also as per High Court Order on special civil application no. 3016, the company is required to pay INR 1.22 million to Rampara – 2 Gram Panchayat for land bearing survey no. 42/B, calculated at the equivalent rate of lease rent payable to GMB every year.

The Company has given a total area of 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.

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 towards consortium lending to a SKIL Group Company, Pipavav Shipyard Limited (formerly Pipavav Ship Dismantling & Engineering Limited) conditional to fulfilment of certain obligations by Pipavav Shipyard Limited and other parties. 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.

30. Proposed Dividend

	Year ended 31 March 2016
Proposed Dividend (INR in million)	918.54
Number of shares outstanding as at the end of the year	4,834,399,10
Dividend per Share (INR per Equity Share of INR 10 each)	1.9

31. Provisions and contingent liabilities

Claims against Company not acknowledged as debt aggregates to INR 1,838.07 million. Provisions made in respect of the same aggregates to INR 355.04 million.

Other contingent liabilities in respect of taxation matter not acknowledged as debt aggregates to INR 14.17 million. Provisions made in respect of the same is - NIL.

Movement in provisions

	Litigations / Disputes 31 March 2016	Taxation Matters 31 March 2016
At the commencement of the year	355.04	8.00
Provision made during the year	--	--
Provision reversed during the year	--	(8.00)
At the end of the year	355.04	--

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.

32. Disclosure pursuant to Accounting Standard – 15 (Revised) Employee Benefits

- The Company has recognised INR 19.64 million for provident fund contribution in the Consolidated Statement of Profit and Loss.
- Gratuity (Defined benefit plan)

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 CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

32. Disclosure pursuant to Accounting Standard – 15 (Revised) Employee Benefits (Continued)

c. Compensated absence (Other employment benefit)

The leave salary is payable to all eligible employees for each day of accumulated leave on death or on resignation or upon superannuation. Compensated absence debited to Consolidated Statement of Profit and Loss during the year amounts to INR 3.68 million and is included in Note 24 - 'Employee benefits expenses'. Accumulated non-current provision for leave encashment (refer note 7) aggregates to INR 13.63 million and current provision (refer note 10) aggregates to INR 0.69 million.

Payment for compensated absences aggregates INR 1.36 million.

d. The following table sets out the funded status of the gratuity plan and the amounts recognised in the consolidated financial statements based on actuarial valuations being carried out as at 31 March 2016 for the Company.

i) Change in the present value of defined benefit obligations:

Defined Benefit Plan - Gratuity

	Year ended 31 March 2016
Defined benefit obligation at the beginning of the year	37.17
Current Service cost	5.01
Interest cost	2.94
Actuarial loss	6.66
Benefit paid	(9.38)
Defined benefit obligation at the end of the year	42.40

ii) Change in fair value of plan assets:

	Year ended 31 March 2016
Fair value of plan asset at the beginning of the year	24.96
Expected return on plan assets	1.98
Employer's contribution	1.78
Benefit paid	(9.38)
Actuarial loss	(0.25)
Fair value of plan assets at the end of the year	19.09

iii) Net gratuity cost for the year ended 31 March 2016

	Year ended 31 March 2016
Service cost	5.01
Interest on defined benefit obligation	2.94
Expected return on plan assets	(1.98)
Net actuarial loss recognised during the year	6.91
Net gratuity cost	12.88

iv) Actual return on plan assets

	Year ended 31 March 2016
Expected return on plan assets	1.98
Actuarial loss on plan assets	(0.25)
Actual return on plan assets	1.73

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

v) Balance sheet reconciliation

	Year ended 31 March 2016
Obligation at the end of the year	42.40
Fair value of Planned Assets at the end of the year	(19.09)
Net Liability at the end of the year	23.31
Amount recognised in balance sheet – current	11.72
Amount recognised in balance sheet – non current	11.59

vi) Experience adjustment

	Year ended 31 March 2016
Experience adjustment on liability	6.79
Experience adjustment on asset	(0.25)

vii) Category of assets

	Year ended 31 March 2016
Insurer managed funds (100%)	19.09

viii) Assumptions used in accounting for the gratuity plan

	Year ended 31 March 2016
Discounting rate	7.95%
Salary escalation rate	8.00%
Expected rate of return on plan assets	7.95%
Attrition rate	4.00%
Mortality	Indian Assured Lives Mortality (2006-08)

Estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

The expected contribution to be made by the Company during the financial year 2016-17 is INR 11.72 million.

33. Earnings per share

		Year ended 31 March 2016
Profit for the year	(A)	2,683.35
Calculation of weighted average number of equity shares		
Number of equity shares at the beginning of the year		483,439,910
Number of equity shares at the end of the year		483,439,910
Weighted average number of equity shares outstanding during the year	(B)	483,439,910
Basic and diluted earnings per share (INR)	(A/B)	5.55

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

34. (A) List of related parties and their relationship

Relation	Party
A. Party with substantial interest and its associates	(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) Damco Denmark A/S, Denmark * (ix) Maersk Training India Private Limited, India (x) Gateway Terminals India Private Limited, India (xi) APM Terminals Gothenburg, Gothenburg (xii) Maersk Training Svendborg A/s, Denmark
B. Key management personnel	Managing director Mr. Keld Pedersen (w.e.f. 1 May 2015)
C. Associate	Pipavav Railway Corporation Limited

* No transaction during the year

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

34. (B) Related party transactions

Transactions during the period	APM Terminals Management (Singapore) Pte Ltd	APM Terminals Management B.V.	Maersk Line A/S	APM Terminals India Private Limited	Pipavav Railway Corporation Limited	Maersk Training India Private Limited	Maersk Training Svendborg A/S	GPRO Services India Private Limited	Other Affiliates	Total
Income from port Services	-	-	1,213.03	1.95	-	-	-	-	-	1,214.98
Professional services received	-	-	(14.48)	-	-	-	-	(3.76)	(1.43)	(19.67)
Business support service charges	-	(52.79)	-	-	-	-	-	-	-	(52.79)
Stevedoring Charges	-	-	-	(0.82)	-	-	-	-	-	(0.82)
Expenses incurred on our behalf	-	(65.83)	(1.01)	-	-	-	-	-	-	(66.84)
Expenses incurred on their behalf	-	-	-	3.47	-	-	-	-	0.41	3.88
Training expenses	(0.20)	-	-	-	-	(0.33)	(0.56)	-	-	(1.09)
Manpower cost	-	-	-	-	(1.97)	-	-	-	-	(1.97)
Capital Expenditure	-	(14.62)	-	-	-	-	-	-	-	(14.62)
Closing balance Receivable	-	-	159.51	0.44	-	-	-	-	0.16	160.11
Advances from Customer	-	-	9.32	-	-	-	-	-	-	9.32
Payable	-	60.11	10.19	-	1.97	-	-	3.76	0.98	77.01
Investments	-	-	-	-	830.00	-	-	-	-	830.00

Managerial Remuneration paid to Mr. Keld Pedersen INR 41.04 million.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

35. Segment reporting

The Company has only one reportable business segment, which is Port services and only one reportable geographical segment, which is the port at Pipavav. Accordingly, the Company is single segment Company in accordance with Accounting Standard 17 "Segment Reporting" notified in Companies (Accounting Standard) Rules, 2006.

36. Payment to auditors (excluding service tax):

As auditor	Year ended 31 March 2016
- Statutory audit	1.57
- Tax audit	0.87
- Limited review of quarterly results	1.09
Reimbursement of expenses	0.02
Total	3.55

37. Other notes

a) CIF value of imports

	Year ended 31 March 2016
Capital goods	1,560.39
Spares	53.78

b) Value of imported and of indigenous spares consumed and percentage of each to total consumption

	Year ended 31 March 2016	
	%	INR in million
Repair Spares consumed of which		106.32
Imported	30%	32.26
Indigenous	70%	74.06

c) Expenditure in foreign currency (on accrual basis)

	Year ended 31 March 2016
Consultancy fees*	28.96
Other Expenses	121.92

* Consultancy fees of INR 14.62 million have been capitalised under 'Capital work in progress'.

d) Earnings in foreign exchange (on accrual basis)

	Year ended 31 March 2016
Deemed foreign currency receipts	5,284.54

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

e) Exposure in Foreign Currency

Foreign currency exposure not covered by Forward Contracts as at 31 March 2016:

Amount in million

Details	USD Exposure		EURO Exposure	
	INR	USD	INR	Euro
Receivables/Advance to Vendor	159.51	2.41	-	-
Payables	32.83	0.50	0.02	0.00@
Cash and Bank Balance	0.00@	0.00@	-	-

@ Amount is below the rounding off norm adopted by the Company.

f) 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:

	Year ended 31 March 2016
Principal amount due to any supplier as at the year end	0.24
Interest due on the principal amount unpaid at the year end to any supplier	0.05
Principal amounts paid to the suppliers beyond appointed day during the year	0.58
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	0.05

@ Amount is below the rounding off norm adopted by the Company.

38. Corporate Social Responsibility Expenditure

(a) Gross amount required to be spent by the Company during the year ended 31 March 2016: INR 43.53 Million.

(b) Amount spent during the year: INR 20.76 million*

Sr no	In cash (INR Million)	Yet to be paid in Cash (INR Million)	Total (INR Million)
(i) Construction/acquisition of any asset	Nil	Nil	Nil
(ii) On purposes other than (i) above	20.76	--	20.76

* Excludes amount of INR 6.71 million spent during the year since such was approved to be spent during the period ended 31 March 2015.

39. Pursuant to the applicability of sub section 3 of Section 129 of the Act, to the Company w.e.f. 1 April, 2015, this is the first occasion that the Company has prepared consolidated financial statements for the financial year 2015-2016. While preparing the consolidated financial statements for the first time, as per the transitional provisions provided in Accounting Standard (AS) 23 'Accounting for Investment in Associates in Consolidated Financial Statements' the amount of investment in the associate company – PRCL, as at 1 April 2015 has been accounted for, as per the Equity Method of Accounting had the equity method of accounting been followed since the acquisition of the associate

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As at and for the year ended 31st March 2016

(Currency: Indian Rupees in million)

company. Consequent to application of such transitional provisions; (i) Cost of investment in the associate company of INR 830.00 million includes goodwill of INR 400.41 million (refer note 12); and (ii) The difference between value of investment as per equity method and carrying amount of the Investment as at 31 March 2015 amounting to INR 541.96 million has been adjusted to the opening balance of the retained earnings (refer note 4 and 12).

40. More than 50% of PRCL's shareholding is held by Government/Public Sector Undertaking and it is therefore subject to a CAG Audit and PRCL audited financial statements for the year ended 31 March 2016 are yet to be released. Hence, Company's share of net profit of INR 316.78 million in respect of the associate company for the year ended 31 March 2016 included in the Consolidated Financial Statement is based on associate company's management prepared financial information for the year ended 31 March 2016. The statutory auditors have qualified their audit opinion on the consolidated financial statement stating that Company's share of net profit of INR 316.78 million in respect of associate company is based on unaudited financial information of the associate company.

As per our report of even date attached.

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

Priyanshu Gundana
Partner
Membership No: 109553

Mumbai
19 May 2016

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

Keld Pedersen
Managing Director
DIN : 07144184
Hariharan Iyer
Chief Financial Officer

Mumbai
19 May 2016

Pravin Laheri
Director
DIN: 00499080
Manish Agnihotri
Company Secretary

APM Terminals Pipavav

Gujarat Pipavav Port Limited

(CIN: L63010GJ1992PLC018106)

Regd Office: Pipavav Port At Post Ucchaiya via Rajula Dist. Amreli- 365 560

Tel: 02794 302400 Fax: 02794 302413

Email: investorrelationinppv@apmterminals.com Website: www.pipavav.com

ATTENDANCE SLIP

24th Annual General Meeting Thursday 11th August 2016 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 24th Annual General Meeting of the members of the Company held on Thursday 11th August 2016 at 2:00 PM at Pipavav Port, At Post Ucchaiya via Rajula, District Amreli- 365 560.

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 Pipavav

Gujarat Pipavav Port Limited

Regd Office: Pipavav Port At Post Ucchaiya via Rajula Dist. Amreli- 365 560

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 Ucchaiya via Rajula Dist. Amreli- 365 560

Name of the member (s):

Registered address:

Email Id:

Folio No./ Client Id:

DP ID:

I/We, being the member(s) of shares of the above named 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:, or failing him

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 24th Annual General Meeting of the company, to be held on Thursday 11th day of August 2016 at 2:00 p.m. at Pipavav Port At Post Ucchaya via Rajula Dist. Amreli- 365 560 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 statement of the Company for the financial year ended March 31, 2016, along with the Reports of the Board of Directors and Auditors thereon; and b. the audited consolidated financial statement of the Company for the year ended March 31, 2016 along with the Report of Auditors thereon.
2	To declare Dividend on Equity Shares for the financial year ended 31st March 2016.
3	To appoint a Director in place of Mr. Julian Bevis (DIN:00146000), who retires by rotation and being eligible, offers himself for re-appointment
4	To appoint a Director in place of Mr. Rizwan Soomar (DIN:02398970), who retires by rotation and being eligible, offers himself for re-appointment
5	To ratify the Appointment of Price Waterhouse, Chartered Accountants LLP (ICAI Regn. No. 012754N/ N-500016) as approved by the Members in the previous Annual General Meeting as Statutory Auditors of the Company, to hold office from the conclusion of this meeting i.e. Twenty fourth Annual General meeting until the conclusion of the Twenty fifth Annual General Meeting of the Company and to fix their remuneration for the financial year ending 31st March 2017
Special Business	
6	To approve the Related Party Transaction with Maersk Line A/S in terms of Regulation 23(8) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 for the period from 1st October 2014 to 31st March 2017
7	To approve the Payment of Commission to Independent Directors of the Company

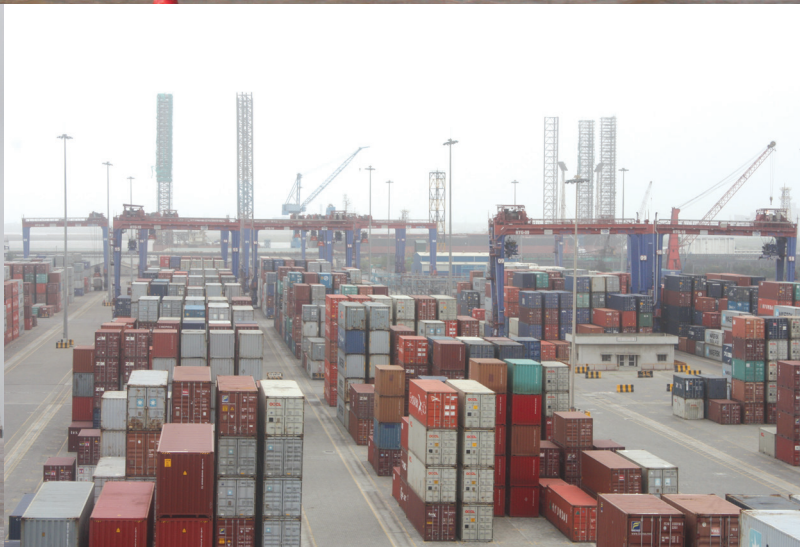
Signed this..... day of..... 2016

Signature of Shareholder

Signature of Proxy holder(s)

Please affix
Re. 1/- Stamps
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.





APM TERMINALS

APM Terminals Pipavav
Gujarat Pipavav Port Limited
Port of Pipavav, Post Uchaiya via Rajula,
District Amreli, Gujarat 365 560, India
www.pipavav.com