

DIRECTORS' REPORT

To

The Members,
Gujarat Pipavav Port Limited

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

1. FINANCIAL STATEMENTS & RESULTS:

a. FINANCIAL RESULTS:

(Rs. In Million)

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

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

b. OPERATIONS:

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

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

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

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

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

d. DIVIDEND:

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

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

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

e. TRANSFER TO RESERVES:

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

f. REVISION OF FINANCIAL STATEMENT:

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

g. DEPOSITS:

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

h. DISCLOSURES UNDER SECTION 134(3)(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 considering the nature of its business and the scale of operations. During the year under review, no material or serious observation has been made by the Statutory Auditors and the Internal Auditors of the Company regarding inefficiency or inadequacy of such controls. Wherever suggested by the auditors, the control measures have been further strengthened and implemented.

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

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

k. PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES:

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

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

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

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

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

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

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

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

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

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

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

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

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

2. OUTLOOK:

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

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

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

3. RISKS AND AREAS OF CONCERN:

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

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

4. MATTERS RELATED TO DIRECTORS AND KEY MANAGERIAL PERSONNEL:

a. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

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

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

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

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

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

b. DECLARATION BY INDEPENDENT DIRECTORS:

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

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

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

5. DISCLOSURES RELATED TO BOARD, COMMITTEES AND POLICIES:

a. BOARD MEETINGS:

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

b. DIRECTOR'S RESPONSIBILITY STATEMENT:

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

- a. in preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b. such accounting policies have been selected and applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March 2018 and of the profit of the Company for that period;
- c. proper and sufficient care was taken for maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. the annual accounts of the Company have been prepared on a Going Concern basis;
- e. internal financial controls have been laid down by the Company and that such internal financial controls are adequate and operating effectively;
- f. proper systems have been devised to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

c. NOMINATION AND REMUNERATION COMMITTEE:

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

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

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

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

- a) While appointing a Director, it shall always be ensured that the candidate possesses appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical, operations or other disciplines related to the Company's business.
- b) In case of appointment as an Executive Director, the candidate must have the relevant technical or professional qualification and experience as considered necessary based on the job description of the position. In case no specific qualification or experience is prescribed or thought necessary for the position then, while recommending the appointment, the HR Department shall provide the job description to the Committee and justify that the qualification, experience and expertise of the recommended candidate is satisfactory for the relevant position. The Committee may also call for an expert opinion on the appropriateness of the qualification and experience of the candidate for the position of the Executive Director.
- c) In case of appointment as a Non-Executive Director, the candidate must have a post graduate degree, diploma or a professional qualification in the field of his practice/ profession/ service and shall have not less than five years of working experience in such field as a professional in practice, advisor, consultant or as an employee. Provided that the Board may waive the requirement of qualification and/ or experience under this paragraph for a deserving candidate.
- d) The Board, while making the appointment of a Director, shall also try to assess from the information available and from the interaction with the candidate that he is a fair achiever in his chosen field and that he is a person with integrity, diligence and open mind.
- e) While determining the remuneration of Executive Directors and Key Managerial Personnel, the Board shall consider following factors:
 - i) Criteria/ norms for determining the remuneration of such employees prescribed in the HR Policy.
 - ii) Existing remuneration drawn.
 - iii) Industry standards, if the data in this regard is available.
 - iv) The job description.
 - v) Qualifications and experience levels of the candidate.
 - vi) Remuneration drawn by the outgoing employee, in case the appointment is to fill a vacancy on the death, resignation, removal etc. of an existing employee.
 - vii) The remuneration drawn by other employees in the grade with matching qualifications and seniority, if applicable.
- f) The remuneration payable to the Executive Directors, including the Commission and value of the perquisites, shall not exceed the permissible limits as mentioned within the provisions of the Companies Act, 2013. They shall not be eligible for any sitting fees for attending any meetings.
- g) The Non-Executive Directors shall not be eligible to receive any remuneration/ salary from the Company. However, they shall be paid sitting fees for attending the meeting of the Board or committees thereof and commission, as may be decided by the Board/ Shareholders from time to time. They shall also be eligible for reimbursement of out of pocket expenses for attending Board/ Committee Meetings.

d. AUDIT COMMITTEE:

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

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

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

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

The Company Secretary acts as Secretary of the Committee.

e. STAKEHOLDERS RELATIONSHIP COMMITTEE:

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

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

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

f. VIGIL MECHANISM POLICY FOR THE DIRECTORS AND EMPLOYEES:

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

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

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

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

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

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

g. RISK MANAGEMENT POLICY:

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

h. CORPORATE SOCIAL RESPONSIBILITY POLICY:

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

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

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

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

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

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

i. ANNUAL EVALUATION OF DIRECTORS, COMMITTEE AND BOARD:

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

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

j. INTERNAL CONTROL SYSTEMS:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

6. AUDITORS AND REPORTS

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

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

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

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

Basis for Qualified Opinion

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

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

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs above, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the consolidated state of affairs of the Company and its associate as at 31 March 2018, their consolidated comprehensive income (comprising of consolidated profit and consolidated other comprehensive income), their consolidated cash flows and consolidated changes in equity for the year ended on that date.

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

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

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

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

c. STATUTORY AUDITORS:

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

d. COST AUDITORS:

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

7. OTHER DISCLOSURES:

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

a. EXTRACT OF ANNUAL RETURN:

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

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

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

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

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

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

d. CHANGE IN SHARE CAPITAL:

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

8. ACKNOWLEDGEMENT AND APPRECIATION:

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

For and on behalf of the Board

CHAIRMAN
DIN: 00317683

Date: 17th May 2018
Place: Mumbai

Registered Office

Pipavav Port, At Post Rampara-2 via Rajula
District Amreli 365560
CIN L63010GJ1992PLC018106
Tel No. 02794 302400 Fax No. 02794 302413
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