



**Vadinar Oil Terminal Limited**  
**Annual Report 2016-17**



# Corporate Information

## **BOARD OF DIRECTORS** (Upto August 14, 2017)

### **Rajiv Agarwal**

Chairman

### **P. K. Srivastava**

Director

### **Capt. B. S. Kumar**

Independent Director

### **V. G. Raghavan**

Independent Director

### **K. K. Sinha**

Director

### **Capt. Deepak Sachdeva**

Director

### **Suparna Singh**

Director

## **AUDITORS**

Deloitte Haskins & Sells

## **BANKERS**

ICICI Bank Ltd.

AXIS Bank Ltd.

IDBI Bank Ltd.

IDFC Bank Ltd.

Punjab National Bank

IFCI Ltd.

## **REGISTRARS & TRANSFER AGENTS**

Data Software Research Company Private Limited

19, Pycroft Garden Road

Off. Haddows Road

Nungambakkam

Chennai 600006

Tel: + 91 44 2821 3738, 2821 4487

Fax: +91 442814636

e-mail: [votl@dsrc-cid.in](mailto:votl@dsrc-cid.in)

## **REGISTERED OFFICE**

Essar Refinery Site

39, KM Stone

Okha Highway (SH-25)

Taluka Khambhalia

Dist: Devbhumi Dwarka – 361305 Gujarat

Tel: +91 2833661449

Fax: +91 2833662929

e-mail: [votlcosec@essaroil.co.in](mailto:votlcosec@essaroil.co.in)

## **CORPORATE OFFICE**

Equinox Business Park, Tower – 2

Off. Bandra Kurla Complex

L.B.S. Marg, Kurla (W)

Mumbai – 400070.

Tel: +91-22-67335000

Fax: +91-22-67082183

e-mail: [votlcosec@essaroil.co.in](mailto:votlcosec@essaroil.co.in)

## NOTICE

**NOTICE** is hereby given that the Twenty Fourth Annual General Meeting of the members of **VADINAR OIL TERMINAL LIMITED** will be held at the Registered Office of the Company at Essar Refinery Site, 39KM Stone, Jamnager Okha Highway (SH-25), Khambalia, District Devbhumi Dwarka - 361305, Gujarat on Friday, September 29, 2017 at 11:00 a.m. to transact, the following business:

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017 together with the reports of Board of Directors and Auditors thereon.
2. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2017 together with the report of Auditors thereon.
3. To appoint auditors and fix their remuneration.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions of the Companies Act, 2013 and Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the recommendations of the Audit Committee and the Board of Directors of the Company, M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm registration number 301003E/E300005), be and are hereby appointed as Statutory Auditors of the Company, in place of M/s. Deloitte Haskins & Sells, Chartered Accountants (Firm registration number 117366W/W-100018) whose tenure expires at the conclusion of the Twenty Fourth Annual General Meeting of the Company, on such remuneration as shall be fixed by the Board of Directors of the Company.

**RESOLVED FURTHER THAT** M/s S. R. Batliboi & Co. LLP, Chartered Accountants, if appointed, shall hold the office for a period of five years, from the conclusion of the Twenty Fourth Annual General Meeting till the conclusion of the Twenty Ninth Annual General Meeting of the Company, subject to ratification by the Members at every Annual General Meeting held after the Twenty Fourth Annual General Meeting, and the Board of Directors of the Company (which shall be deemed to include the Audit Committee thereof) be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this resolution.”

### SPECIAL BUSINESS

#### 4. Appointment of Mr. B. Anand as Director of the Company

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies

Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (“Act”), Mr. B. Anand (DIN: 02792009), who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 5, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

#### 5. Appointment of Mr. C. Manoharan as Director of the Company

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (“Act”), Mr. C. Manoharan (DIN 00184471), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 14, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

#### 6. Appointment of Ms. Gayathri S. as Director of the Company

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161 and other applicable provisions of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) (“Act”), Ms. Gayathri S. (DIN 07115908), who was appointed by the Board of Directors as an Additional Director of the Company with effect from September 5, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing her candidature for the office of Director, be and is hereby appointed as a Director of the Company liable to retire by rotation.”

#### 7. Appointment of Mr. Mohan Lal Sharma as an Independent Director of the Company

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to the provisions of Sections 149, 152, 161, Schedule IV and other applicable provisions

of the Companies Act, 2013 and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) ("Act"), Mr. Mohan Lal Sharma (DIN 02724685), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 14, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director, and who has submitted a declaration that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013, be and is hereby appointed as an Independent Director of the Company for a period of three years with effect from August 14, 2017 to August 13, 2020."

**8. Appointment of Capt. Alok Kumar as Director of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions of the Companies Act, 2013 ("Act") and the Rules framed thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force), Capt. Alok Kumar (DIN07151716), who was appointed by the Board of Directors as an Additional Director of the Company with effect from August 14, 2017 pursuant to Section 161 of the Act and who holds office until the date of the next Annual General Meeting and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Act proposing his candidature for the office of Director be and is hereby appointed as a Director of the Company."

**9. Appointment of Capt. Alok Kumar as Whole time Director of the Company**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Sections 196, 197, 198 and all other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) ("the Act") read with Schedule V of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time and Articles of Association of the Company and subject to such approvals, permissions and sanctions, as may be required, the consent of the members be and is hereby accorded to the appointment of Capt. Alok Kumar (DIN 07151716) as Whole time Director of the Company for a period of five years from August 14, 2017 to August 13, 2022 (both days inclusive), on terms and conditions including remuneration as set out in the Explanatory Statement annexed to this Notice which is hereby specifically approved with the Board of Directors (hereinafter referred to the "Board" which term shall be deemed to include the Nomination and Remuneration Committee of the Board) being authorised to alter and vary the terms and conditions of appointment and/or

remuneration including period in office, as it may deem fit, within the parameters set out in the Explanatory Statement, without being required to seek any further consent or approval of the members, and subject to the remuneration not exceeding the limits specified under Section 197 read with Schedule V of the Act."

**"RESOLVED FURTHER THAT** the Board of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper and expedient to give effect to this resolution."

**10. To approve the remuneration paid to Capt. Deepak Sachdeva as Whole time Director in the financial year 2016-17**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

**"RESOLVED THAT** in furtherance to the resolution passed by the members at the Annual General Meeting of the Company held on September 26, 2014, and pursuant to the provisions of sections 197, 198, Schedule V and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof for time being in force) (the "Act") and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for time being in force) and subject to such approvals, consents, permissions as may be required from any person or authority, and subject to any conditions and/or modifications as may be imposed and/or suggested by such authority while granting such approvals, consent of the members of the Company be and is hereby accorded by way of a special resolution for the remuneration paid to Capt. Deepak Sachdeva as Whole time Director of the Company in the financial year ended on March 31, 2017 as set out in the Explanatory Statement annexed to this Notice, which was in excess of the limits for total managerial remuneration specified in Schedule V of the Act, which is hereby specifically approved."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorised to take such steps as may be necessary or expedient to give effect to this resolution."

By order of the Board of Directors

Nihar Avasare  
Company Secretary

Place: Mumbai  
Date: September 5, 2017

**Registered Office:**

Essar Refinery Site, 39KM Stone, Okha Highway (SH-25), Khambalia  
Jamnagar - 361 305, Gujarat, India  
Corporate Identity Number: U35111GJ1993PLC053434  
Phone : 91 02833 661444, Fax: 91 02833 662929  
Email : votlcosec@essaroil.co.in

#### Notes:

1. The explanatory statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts is annexed hereto.
2. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and the proxy need not be a member of the Company. The proxy, in order to be effective, must be deposited at the Registered Office of the Company not less than 48 hours before the commencement of the meeting, i.e. before 11:00 a.m. on September 27, 2017.**
3. The Board of Directors of the Company has been reconstituted on August 14, 2017. Approval of the Shareholders is being sought for appointment of newly appointed Directors pursuant to provisions of sections 149 and 152 of the Companies Act, 2013. Accordingly, there are no directors who are retiring by rotation at this Annual General Meeting.
4. As per Section 105 of the Companies Act, 2013 and relevant rules made there under, a person can act as a proxy on behalf of not more than 50 (fifty) members and holding in aggregate not more than ten percent (10%) of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent (10%) of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
5. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged, at any time during the business hours of the Company between 10:00 a.m. to 1:00 p.m., provided that not less than three days of notice in writing of the intention so to inspect the proxies is given to the Company.
6. Physical copies of Notice of Annual General Meeting, attendance Slip and Proxy form are being sent by permitted mode to all the members. Members may further note that the said documents will also be available on the Holding Company's website <http://essaroil.co.in> and at website of the service provider providing e-voting platform i.e. <https://www.evoting.nsdl.com> for download. Physical copies of the aforesaid documents will also be available at the Company's registered office for inspection during normal business hours i.e. from 10:00 a.m. to 1:00 p.m. on any working day, excluding Saturday and Sunday. For any communication, the members may also send requests to the Company's email ID viz. [votlcosec@essaroil.co.in](mailto:votlcosec@essaroil.co.in)
7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company on all working days, except Saturdays, Sundays and Bank holidays, between 10:00 a.m. and 1:00 p.m. up to the date of the Annual General Meeting. Copies of the documents referred to in the accompanying Notice will also be kept open for inspection at the Corporate Office of the Company located at Equinox Business Park, 5th Floor, Tower-2, Off Bandra Kurla Complex, L.B.S. Marg, Kurla (W), Mumbai - 400070.
8. Pursuant to Section 101 of the Act and rules made there under, companies are allowed to send communication to members electronically. We thus request you to kindly register/update

your email IDs with your respective DP (in case of electronically held shares) and Company's Share Transfer Agents (in case of shares in physical form) and make this initiative a success.

9. Members / proxies should bring the attendance slip duly filled in for attending the meeting.
10. Corporate Members intending to send their authorised representatives to attend the Meeting are requested to send a duly certified copy of the Board Resolution authorising their representative(s) to attend and vote on their behalf at the Annual General Meeting.
11. Members can avail of the facility of nomination in respect of shares held by them in physical form pursuant to the provisions of Section 72 of the Act. Members desiring to avail this facility may send their nomination in the prescribed Form SH-13 duly filled in to M/s. Data Software Research Company Pvt. Ltd. The prescribed form in this regard may also be obtained from M/s. Data Software Research Company Pvt. Ltd. It can also be downloaded from the Holding Company's website.
12. The particulars of the venue of the Meeting including route map and prominent land mark has been enclosed for easy location.
13. Members are requested to produce the enclosed attendance slip duly signed as per the specimen signature recorded with the Company for admission to the meeting hall.

#### VOTING THROUGH ELECTRONIC MEANS

1. Pursuant to Section 108 of the Act read with the Companies (Management and Administration) Rules, 2014, the Company will provide remote e-voting facility as an option to the members to exercise their right to vote on resolutions proposed to be considered at the Annual General Meeting. All business to be transacted at the Annual General Meeting can be transacted through the electronic voting system. The facility of casting the votes by the members using the electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

It may be noted that this remote e-voting facility is optional. The remote e-voting facility will be available at the link <https://www.evoting.nsdl.com> during the following voting period:

Commencement of remote e-voting:	From 8:00 a.m. of September 24, 2017
End of remote e-voting:	Up to 5:00 p.m. of September 28, 2017

Remote e-voting shall not be allowed beyond 5:00 p.m. of September 28, 2017. During the remote e-voting period, members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date may cast their vote electronically. The cut-off date for the purpose of remote e-voting is September 22, 2017.

You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).

2. The notice of AGM will be sent to the members, whose names appear in the register of members / depositories as at closing hours of business, on September 1, 2017 and any recipient of

the notice whose name does not appear as a member in relation to the shares as on the aforesaid date should treat the same as an intimation only.

3. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.
4. Once the vote on a resolution is cast by the member, the member shall not be allowed to change it subsequently.
5. The members shall have one vote per equity share held by them. The facility of remote e-voting would be provided once for every folio/ client id, irrespective of the number of joint holders.
6. The voting rights of members shall be in proportion to their share of the paid up equity share capital of the Company as on the cut-off date of September 22, 2017.
7. Any person, who acquires shares of the Company and become member after dispatch of the notice and holding shares as of the cut-off date i.e. September 22, 2017 may obtain the login ID and password by sending a request to NSDL at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in). Members may also contact Mr. Benjamin Rajaratnam of the Share Transfer Agent i.e. Data Software Research Company Pvt. Ltd at 044-28213738 or send email at [B.Rajaratnam@dsrco.in](mailto:B.Rajaratnam@dsrco.in).
8. The Board of Directors of the Company has appointed Mr. Prakash Pandya (Membership No. FCS – 3901 COP No. 2311) of M/s P. K. Pandya & Co., Practicing Company Secretaries as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
9. The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than three days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by the Board of Directors, who shall countersign the same and declare the result of the voting forthwith.
10. The results of the voting on the resolution at the AGM shall be declared by the Chairman or his authorized representative or anyone of the Directors of the Company on/or after the date of the AGM within the prescribed time limits.
11. The result of the remote e-voting along with the report of scrutiniser will also be placed on the website of the Holding Company viz. <http://essaroil.co.in> and on the website of NSDL.
12. The scrutinizer's decision on the validity of remote e-voting will be final.

#### INSTRUCTIONS FOR REMOTE E-VOTING

The physical copy of this Notice is being sent to all the members by courier. Member(s) may obtain a password for casting his / her vote by remote e-voting by sending a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) or by contacting NSDL at the toll free no.: 1800-222-990" providing the details such as Demat account no or Folio no, PAN no, etc.

Please note that In case Shareholders are holding shares in demat mode, User ID is the combination of (DPID+ClientID) and in case Shareholders are holding shares in physical mode, USER-ID is the combination of (Even No+Folio No). If you are already registered with NSDL for remote e-voting then you can use your existing User ID and password/PIN for casting your vote.

NOTE: Shareholders who forgot the User Details/Password can use "Forgot User Details/Password?" or "Physical User Reset Password?" option available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or by contacting NSDL at the toll free no.: 1800-222-990.

The member(s) is advised to take the following steps for casting his / her vote by remote e-voting:

- (a) Launch internet browser and type the URL: <https://www.evoting.nsdl.com/>.
- (b) Click on "Shareholder - Login".
- (c) Enter user ID and password. Click Login.
- (d) Home page of remote e-voting opens. Click on "remote e-voting: Active Voting Cycles".
- (e) Select "E-voting event number" (EVEN-107677) of "Vadinar Oil Terminal Limited" for casting your vote.
- (f) Now you are ready for remote e-voting as "Cast Vote" page opens.
- (g) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (h) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (i) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (j) Institutional shareholders (i.e. Other than Individuals, HUF, NRI etc.) are required to send scanned copy (PDF/ JPG Format) of the relevant Board Resolution / Authority Letter etc. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to [info@pkpandya.com](mailto:info@pkpandya.com) with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in).
- (k) In case of any queries, you may refer the Frequently Asked Questions (FAQs) for members and remote e-voting user manual for members available at downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on toll free no.: 1800-222-990.

## Annexure to Notice

**As required by Section 102 of the Companies Act, 2013, the following explanatory statement sets out all material facts relating to the business mentioned under Item Nos. 3 to 10 of the accompanying Notice:**

### Item No. 3

Under the provisions of section 139(2) of the Companies Act, 2013 (the "Act"), statutory auditors cannot be re-appointed on completion of two consecutive terms of five years each. To comply with these provisions, the Act provided for a transition period of three years to companies, whose accounts were audited by audit firms for more than ten years as of April 1, 2014. The current statutory auditors, M/s Deloitte Haskins & Sells, Chartered Accountants, have been auditors of the Company for a period of over ten years as of April 1, 2014 and hence the Company has availed the benefit of the transition period which came to an end on March 31, 2017. Consequently, the Company is required to appoint a new audit firm to audit its books of account for financial year ending March 31, 2018 onwards.

On the recommendations of the Audit Committee, the Board of Directors recommends the appointment of M/s S. R. Batliboi & Co. LLP, Chartered Accountants (Firm registration number 301003E/E300005), as statutory auditors, for a period of five years from the conclusion of the ensuing 24th Annual General Meeting to the conclusion of 29th Annual General Meeting. M/s S. R. Batliboi & Co. LLP have confirmed that they are eligible to be appointed as Auditors and are not disqualified to act as Auditors as per the applicable provisions of the Act and have also given their consent to act as Auditors of the Company.

### Item Nos. 4 to 6

In accordance with the Share Purchase Agreements dated October 15, 2016 (collectively the "SPAs") entered into inter-alia amongst Essar Energy Holdings Limited and Oil Bidco (Mauritius) Limited (the erstwhile controlling shareholders of the Holding Company, Essar Oil Limited) and Petrol Complex Pte. Limited ("Petrol Complex") and Kesani Enterprises Company Limited ("Kesani"), the entire non-public share capital of the Company was acquired by Essar Oil Limited ("EOL") and accordingly the Company became subsidiary of EOL. Accordingly with the change in ownership, the Board of Directors of the Company was re-constituted. All Directors except for Captain B S Kumar, Independent Director resigned from the Board. The Board of Directors of the Company in their meeting held on August 14, 2017 appointed Mr. C. Manoharan as Non Executive Director and Captain Alok Kumar as Whole-time Director of the Company. Further the Board of Directors at its Meeting held on September 5, 2017 has appointed Mr. B. Anand and Ms. Gayathri S. as Non-Executive Directors. In terms of section 161(1) of the Companies Act, 2013 (Act) and Articles of Association of the Company, the above said Additional Directors would hold office up to the date of the forthcoming Annual General Meeting. Under Section 152 of the Act, the appointment to the office of additional director requires approval of the members by passing Ordinary Resolution.

The Company has received from each of the Directors, consent to act as Director of the Company and also declaration confirming that s/he is not disqualified from being appointed as Directors in terms of Section 164 of the Act. The Company has also received notice in writing, under Section 160 of the Companies Act, 2013, from members proposing the appointment of above said persons as Directors of the Company.

As required under Secretarial Standard 2 specified by Institute of Company Secretaries of India and approved by the Central Government, the details of the Directors proposed to be appointed are appended at the end of the Notice.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except the respective Directors, to whom the resolution for appointment of respective directors relates, are concerned or interested, financially or otherwise, in the resolution mentioned at Item Nos. 4 to 6 of the Notice.

All the Directors proposed to be appointed are highly qualified and experts in their respective fields. The Board is of the opinion that the association of these individuals would be beneficial to the Company. Accordingly the Board recommends the resolutions set forth in Item Nos. 4 to 6 for the approval of the members of the Company as Ordinary Resolutions.

### Item No. 7

Pursuant to the provisions of Section 149 of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Company is required to have minimum two independent directors who are not liable to retire by rotation and who shall hold office for a term of upto five years. They may be appointed for a maximum of two consecutive terms.

Mr. V. G. Raghavan, who was an Independent Director had resigned with effect from August 14, 2017. In his place the Board of Directors at its meeting held on the same day had appointed Mr. Mohan Lal Sharma as an Independent Director for a period of three years to hold office from August 14, 2017 to August 13, 2020. The Company has received from Mr. Mohan Lal Sharma his consent to act as Director and other relevant disclosures. He has also given a disclosure that he meets the criteria of independence prescribed under Section 149 of the Companies Act, 2013. In the opinion of the Board he is independent of management.

Requisite notice along with the deposit as prescribed under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Mohan Lal Sharma has been received. The terms and conditions of appointment of Mr. Mohan Lal Sharma shall be open for inspection by any member at the registered and corporate offices of the Company during business hours on any working day except Saturday, Sunday and Holidays.

The details of Mr. Mohan Lal Sharma as required under Secretarial Standard 2 are provided in this Notice. Considering the rich and varied experience of Mr. Mohan Lal Sharma the Board is of the opinion that that the appointment of Mr. Mohan Lal Sharma would be beneficial to the Company.

None of the Directors and Key Managerial Personnel of the Company or their respective relatives, except Mr. Mohan Lal Sharma, are concerned or interested, financially or otherwise, in the resolution mentioned at Item No. 7 of the Notice.

Accordingly the Board recommends to the shareholders the resolution in item number 7 for their approval.

#### Item Nos. 8 and 9

Capt. Deepak Sachdeva who was appointed as Whole-time Director has tendered his resignation with effect from August 14, 2017. In his place the Board of Directors at the meeting held on August 14, 2017 had appointed Capt. Alok Kumar as an Additional Director and thereafter as Whole-time Director for a period of five years with effect from August 14, 2017 to August 13, 2022.

Pursuant to the provisions of Section 161 of the Companies Act, 2013 and Articles of Association of the Company, Capt. Alok Kumar holds office of Director till the date of the ensuing Annual General Meeting. Approval of shareholders is required under section 152 of the Act for appointment of Capt. Alok Kumar as Director liable to retire by rotation. Hence, the resolution at Item no. 8 is being proposed for approval of shareholders.

Further under the provisions of Section 196 and 197 read with Schedule V of the Companies Act, 2013 appointment of Capt. Alok Kumar as Whole time Director for a period of five years from August 14, 2017 to August 13, 2022 will require approval of shareholders. Hence, the resolution at Item No. 9 is being proposed for approval of shareholders.

The Company has received consent from Capt. Alok Kumar to act as Director and also declaration confirming that he is not disqualified from being appointed as Director in terms of Section 164 of the Act. The Company has also received a notice in writing from a member proposing appointment of Capt. Alok Kumar as Director of the Company.

The Board was informed that Capt. Alok Kumar is a Nautical Sciences graduate from T. S. Chanakya, one of India's premier nautical college. After passing out in 1994 he joined Shipping Corporation of India as Trainee Nautical Officer. He grew in ranks and sailed with various shipping companies and became a Master in the year 2006.

Capt. Alok Kumar joined Vadinar Oil Terminal Limited (VOTL) in January 2008 as Port Captain. He spent his initial years stabilising Marine Operations at Vadinar. He became Head Marine in April 2013 and is responsible for managing all aspect of the Marine Terminal including Operations, HSE and Maintenance. Under his leadership throughput of Marine facilities increased to 30 MMTPA.

He played a key role in getting several awards and certifications for VOTL. Under his leadership, the Company secured various accolades including the prestigious 5 star rating on Occupational Health, Safety and Environment, by the British Safety Council. Special tasks where he led VOTL's successful efforts include commissioning of second berth in 2009, construction and replacement of new SPM in 2011 besides successful turnaround of offshore facilities during 2011 and 2015.

He is an avid reader. He is a Master (Foreign Going) and a qualified Risk Assessor and Lead Auditor for Quality & Security Management System.

The remuneration payable to Capt. Alok Kumar on his appointment as Whole time Director is ₹ 49 lakhs p.a. comprising of basic salary, allowances and perquisites including house rent allowance, special allowance, reimbursement of expenses for operating vehicle for official use, entertainment, telephone, professional pursuit and medical expenses, food coupons, leave travel allowance and contribution to provident fund, all as per Company rules. In addition, he will be paid annual performance linked incentive of ₹ 21 lakhs which depending on performance of the Company and his performance assessed as per Company policy can range from 100% to 200% of the Annual Performance Linked incentive as may be decided by the Board / Nomination and Remuneration Committee. In addition to the salary and annual performance linked incentive, Capt. Alok Kumar shall be paid a retention bonus of ₹ 10 lakh each per annum for three consecutive years beginning August 2017 and ending in August 2019. He will also be covered under Company's Provident Fund /Gratuity / Hospitalisation / Health Insurance / Group Personal Accident Scheme/ and mobile reimbursement policy. The Board/ Nomination and Remuneration Committee of the Board is authorized to increase remuneration payable to Capt. Alok Kumar annually, based on the performance of the Company and his individual performance, provided that remuneration in any financial year shall not exceed the limits, for that financial year, specified under Section 197 of Companies Act, 2013. The perquisite value of the facilities / benefits / allowances and performance linked incentive shall be evaluated, wherever applicable, as per the Income Tax Act, 1961 and the Rules framed thereunder.

In the event of loss or inadequacy of profits in any financial year during the period of appointment, the remuneration payable by way of salary, perquisites, allowances and performance linked incentive as aforesaid and as revised by Nomination and Remuneration Committee from time to time will be paid to Capt. Alok Kumar as minimum remuneration subject to the remuneration not exceeding the limits specified under Section 197 and Schedule V of the Companies Act, 2013.

The Board of Directors is of the opinion that the appointment of Capt. Alok Kumar as Whole time Director of the Company from August 14, 2017 to August 13, 2022 and payment of proposed remuneration to Capt. Alok Kumar would be in the interest of your Company.

Except for Capt. Alok Kumar, none of the other Directors and Key managerial personnel of the Company or their respective relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 8 and 9 of the Notice.

The Board recommends the resolution at Item No 8 and 9 of the Notice for your approval.

#### Item No. 10

The members of the Company at their 21st Annual General Meeting held on September 26, 2014 approved the reappointment of Capt Deepak Sachdeva as Whole time Director for a period of three years with effect from October 18, 2014. At the time of his appointment, the remuneration payable was within the limits of total managerial remuneration payable to directors in accordance with and subject to the provisions of sections 197 read with section 198 and Schedule V of the Companies Act, 2013 as per the net profits of the Company as per the latest audited financial statements.

However, as per the audited balance sheet of the Company for the financial year ended March 31, 2017, the net profits of the Company are inadequate under the provisions of sections 197 read with sections 198 and Schedule V of the Act. Due to the said inadequacy of profits, approval of the members at General Meeting is required in terms of section 197(3) read with Schedule V of the Act for payment of managerial remuneration to Whole-time Director for the financial year 2016-17.

The relevant information required to be provided to members as per Schedule V of the Act is set out below:

## I General Information

### (1) Nature of Industry:

The Company provides ports and terminal facilities. It is an existing company engaged in providing facilities for storage and handling of liquid cargo of Refinery of Essar Oil Limited.

### (2) Commencement of commercial production:

The Company is an operating entity. The Company commenced its commercial production in the year 2008.

### (3) Financial performance:

(₹ in crore)

Financial parameters	Financial year ended March 31		
	2015@	2016@	2017*
Revenue from Operations (Including other Income)	584.07	538.04	1588.58
Earnings before finance cost, depreciation and amortization, exceptional items and tax (EBIDTA)	426.17	440.04	1358.27
Net profit/(loss) after tax as per Statement of Profit & Loss	39.08	16.92	(564.56)
Net profit / (loss) computed u/s 198 of the Act	57.72	23.83	(393.07)

@figures as per previous IGAAP

\*figures as per Indian Accounting Standards (IndAS)

Note: Profit / (Loss) for the FY 2016-17 is as per Ind AS and for the FY 2014-15 and FY 2015-16 is as per Previous GAAP.

### (4) Foreign investments and collaborations, if any:

No foreign investment or collaboration was made in the Company. However pursuant to the Scheme of Arrangement approved by the Honourable High Court of Gujarat at Ahmedabad amongst the Company, Vadinar Ports & Terminals Limited, Essar Power and Minerals Limited, Yash Hotels Private Limited, Hazira Coke Limited and Essar Ports Limited (the Scheme) effective July 1, 2016.

Essar Ports & Shipping Limited (EPSL), Mauritius became the holding company of your Company.

The shares held by EPSL were subsequently acquired by Essar Steel Jharkhand Limited (ESJL) and as a consequence, ESJL became the holding company of your Company effective March 31, 2017.

Accordingly for a short period of time the Company was a subsidiary of a foreign Company.

## II Information about Whole-time Director

### Capt Deepak Sachdeva

Capt. Deepak Sachdeva, aged 44 was serving as a whole time Director since October 18, 2011 and was responsible for all the day to day operations of the Company subject to superintendence and control of the Board of Directors. Capt. Deepak Sachdeva played a stellar role in the successful operation of the Company.

Capt. Sachdeva joined Essar Shipping Limited in 1993 as a cadet and sailed in Essar Shipping till becoming Captain. Thereafter he joined the Company on December 27, 2005 as a Port Captain and was promoted to Head Marine in January 2007. He was elevated to Chief Operating Officer in 2011 and Chief Executive Officer in November 2015.

Capt. Deepak Sachdeva is a Master (Foreign Going) and a qualified Risk Assessor and Lead Auditor for ISO 9000, 14000, 18000 and 28000. He does not hold any shares in the Company and he is not related to any director or key managerial personnel of the Company. During the year under review he attended four out of four meetings of the Board. He is a director in Salaya Bulk Terminals Limited, Essar Bulk Terminal (Salaya) Limited, Essar Dredging Limited, Petro Tankages India Limited and Vega Marine Consultants Private Limited. He is not a member or chairman of any committees of the Board in any company where he is a Director. During the year ended March 31, 2016, he was paid remuneration of ₹ 80.88 lacs. He has been awarded as Certified Lead Auditor, ISO 9000, 14000 and 29000 certified risk assessor. Besides performance in the terminal operations, he has been responsible for securing several awards and certifications including the prestigious Sword of Honor and double five star recognition by the British Safety Council. He has been a part of various functional and Governmental and Non-Governmental Committees.

Since the Company is not listed, it does not include section on "Corporate Governance" in its Annual Report. During the financial year 2016-17 Capt. Sachdeva has been paid remuneration of ₹ 94,63,752 which included ₹ 32,02,308 as basic salary, ₹ 25,74,453 as perquisites and allowances, ₹ 32,03,114 as performance linked incentive ₹ 4,83,877 towards contribution to Provident Fund and other Superannuation funds.

The remuneration paid/proposed to be paid to the Capt. Deepak Sachdeva is comparable with the remuneration being paid for similar assignments in the industry.

Capt. Deepak Sachdeva during his tenure in office did not have direct or indirect pecuniary relationship with the Company or relationship with the managerial personnel other than getting remuneration as the Whole-time Director of the Company. Capt. Deepak Sachdeva is not related to any Director or any other key managerial personnel of the Company. None of the Directors/Key managerial personnel of the Company / their relatives are in any way, concerned or interested, financially or otherwise, in the resolutions set out at Item No. 10 of the Notice.

### III Other information

#### (1) Reasons for inadequacy of profits, if any

The Company has been generating profits in the preceding three financial years. In the financial year ended March 31, 2017 the Company generated Earnings before Interest Tax Depreciation and Amortization (EBITDA) of ₹ 1358.27 crores. In spite of a good EBITDA the Company has incurred a loss of ₹ 564.56 crore mainly due to losses arising out of certain one- times exceptional item which are detailed below:-

- a The Company was under Corporate Debt Restructuring (CDR) Scheme which governed term loans and funded interest. The Company has proposed to exit the CDR and in view hereof certain provisioning was required to be made which has impacted the profit and loss account to the extent of ₹ 363.83 crore. The additional liability determined based on the revised terms as per the CDR Scheme, has increased the interest expenses for the Company.
- b Loss of ₹ 177.50 crore on re-assessment of the Company's ability to collect certain receivables.
- c Loss of ₹ 377.35 crore on extinguishment of lease arrangement

#### (2) Steps taken or proposed to be taken for improvement and expected increase in productivity and profits in measurable terms:

As stated above, the Company generated EBITDA of ₹ 1,358.27 crore in the current year i.e. 2016-17. The operations of the Company were more than satisfactory. The losses incurred in FY 2016-17 are exceptional in nature and are not expected to repeat. The entire stake in the Company has been acquired, from the controlling shareholders (other than the public shareholders) by Essar Oil Limited which is the captive user of the crude and product handling and storage facility services being provided by the Company. On account of the acquisition, the Company will be benefitted by better synergies between operations of the Company and that of Essar Oil Limited.

There was a delay in repayment of debts or interest due thereon for a continuous period of thirty days to certain tenders in the financial year (2013-14) preceding the re-appointment of Capt. Sachdeva. Accordingly, the Company is seeking approval of central government for payment of remuneration to Captain Deepak Sachdeva for the financial year 2016-17.

None of the Directors and Key managerial personnel of the Company or their respective relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 10 of the Notice.

Accordingly, the Directors recommend the resolution at Item Nos. 10 of the Notice for your approval.

By order of the Board of Directors

Nihar Avasare  
Company Secretary

Place: Mumbai

Date: September 5, 2017

#### Registered Office:

Essar Refinery Site, 39KM Stone, Okha Highway (SH-25), Khambalia Jamnagar - 361 305, Gujarat, India  
Corporate Identity Number: U35111GJ1993FLC053434  
Phone : 91 02833 661444, Fax: 91 02833 662929  
Email : votlcosec@essaroil.co.in

**Details of Directors, pursuant to Secretarial Standard 2 seeking appointment/ re-appointment at this General Meeting**

Particulars	Mr. B. Anand	Mr. C. Manoharan	Ms. Gayathri S	Mr. Mohan Lal Sharma
<b>Age</b>	53	63	53	68
<b>Qualification</b>	Bachelor's degree in Commerce from Nagpur university and Chartered Accountant	Chemical Engineer from Calicut University	Chartered Accountant	BSc (Chemistry Hons) from Delhi University, Civil Engineering upto final year in Delhi College of Engineering, MA in Economics from Karnataka University, MSc in Forest economics from University of Alberta, Canada under Commonwealth scholarship and a PhD from University of Newcastle upon Tyne, UK in Valuation techniques of Protected Areas
<b>Experience</b>	Mr. B. Anand worked as Chief Financial Officer of Trafigura India Private Limited, since July 2012 based in Mumbai. Currently he is working as Chief Executive Officer of Essar Oil Limited. He has almost 30 years of experience in the field of corporate finance, strategy and investment banking. Prior to Trafigura he worked with Future Group, Vedanta Resources, Motorola India, Credit Lyonnais Bank, HSBC, IL&FS Limited and Citibank. Mr. Anand is also the Independent Non-Executive Chairman of Just Dial and an Independent Director in Reliance Retail Group.	Mr. Manoharan started his career in 1977 at Indian Oil Corporation Limited (IOCL) and handled a variety of key assignments in various positions in Refining Operations, Maintenance, and Technical Services at Gujarat Refinery, Panipat Refinery as well as Head Office (Refinery Division). His last assignment with IOCL was at Panipat Refinery as Executive Director prior to joining Essar Oil Limited. Currently he is working as Director & Head of Refinery of Essar Oil Limited. Mr. Manoharan has also worked for 2 years on deputation to Nigeria providing technical assistance to the operating personnel at Port Harcourt Refinery of NNPC. He was a Board member and also served as Chairman of Indian Oil Technologies Limited. He also has the distinction of being the first Indian to be on the panel of NPRA's Q&A 2003 session held at New Orleans in U.S.A.	Ms. Gayathri S. joined the Essar Group in November, 2009 as Group Head, Direct Taxes. In this role, she managed a corporate team that handled tax matters for six businesses and multiple tax jurisdictions in the areas of tax strategies and planning, transactions and structuring, transfer pricing, litigation and day to day advisory, besides driving tax related systems and process improvements. Currently, she is working as Senior Vice President and Head Taxation of Essar Oil Limited. Gayathri carries with her 27 years of post-qualification experience and prior to joining the corporate domain, her career was in the area of consultancy services. Immediately prior to joining Essar, she was Partner, Tax and Regulatory services at Grant Thornton, and before that, she worked with KPMG and A.F. Ferguson & Co in senior positions. A frequent speaker at various tax based conferences, and presently, a member of the Direct Tax committees of CII, Indian Merchants' Chambers, ICAI, and FICCI and has been involved in making representations to the Government on various proposed legislations and the annual budget exercise, besides to the OECD on the recent slew of anti-tax avoidance measures proposed by them.	Mr. Mohan Lal Sharma retired as the Principal Chief Conservator of Forests, Gujarat in 2009. Mr. Sharma joined Indian Forest service in 1973. During his service period with the Government of India, he had worked as Deputy Director (Project Tiger), Director Animal welfare, Deputy inspector General of Forests (Fire Fighting) and Director (Animal Welfare). He also served at various levels in the State of Gujarat viz Chief General Manager, Gujarat State Forest Development Corporation, Chief Conservator of Forests, Development & Management, Principal Chief Conservator of Forests, Principal Chief Conservator of Forests & Head of Forest Force. He had been associated in biodiversity related issues after his retirement from the Indian Forest service in 2009. He was also a member of Infrastructure and CRZ and building construction Expert appraisal Committee of MOEF for 6 years.

Particulars	Mr. B. Anand	Mr. C. Manoharan	Ms. Gayathri S	Mr. Mohan Lal Sharma
<b>Terms and conditions of appointment/re-appointment</b>	Subject to retirement by rotation	Subject to retirement by rotation	Subject to retirement by rotation	Appointed as an Independent Director of the Company for a period of 3 years w.e.f. August 14, 2017 to August 13, 2020. Further he shall not be liable to retirement by rotation
<b>Remuneration sought to be paid</b>	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time	Sitting fees and Commission on profits as may be approved by the Board from time to time
<b>Remuneration last drawn</b>	Not applicable	Not applicable	Not applicable	Not applicable
<b>Date of first appointment by the Board</b>	September 5, 2017	August 14, 2017	September 5, 2017	August 14, 2017
<b>Shareholding in the Company</b>	Nil	Nil	Nil	Nil
<b>Relationship with other directors, KMPs</b>	Not related	Not related	Not related	Not related
<b>Number of meetings of the Board attended during the year</b>	Not applicable	Not applicable	Not applicable	Not applicable
<b>Other directorships</b>	<ul style="list-style-type: none"> <li>Just Dial Limited</li> <li>Ryker Base Private Limited</li> <li>Reliance Trading Limited</li> <li>Vadinar Power Company Limited</li> </ul>	<ul style="list-style-type: none"> <li>Vadinar Power Company Limited, (VPCL)</li> <li>Vadinar Properties Limited (VPL)</li> <li>Essar Oil Limited</li> <li>Vadinar Liquid Terminals Limited (VLTL)</li> </ul>	Nil	<ul style="list-style-type: none"> <li>Bhander Power Limited (BPL)</li> <li>Vadinar Power Company Limited (VPCL)</li> <li>Essar Power Hazira Limited (EPHL)</li> <li>Vadinar Properties Limited (VPL)</li> </ul>
<b>Chairmanship of committee of other Boards</b>	Nil	Nil	Nil	Nil
<b>Membership of committee of other Boards</b>	Nil	<ul style="list-style-type: none"> <li>Nomination and Remuneration Committee of VPL and VPCL</li> <li>CSR, Sustainability and Safety Committee of VPCL</li> </ul>	Nil	<ul style="list-style-type: none"> <li>Audit Committee and Nomination and Remuneration Committees of BPL, VPCL, EPHL and VPCL</li> <li>CSR, Sustainability and Safety Committee of VPCL</li> </ul>

Particulars	Capt. Alok Kumar
Age	45
Qualification	BSc (Nautical Sciences) from T. S. Chanakya, one of India's premier nautical college
Experience	As mentioned in explanatory statement to item number 8 & 9
Terms and conditions of appointment / re-appointment	To hold office for a period of five years w.e.f. August 14, 2017 to August 13, 2022
Remuneration sought to be paid	As mentioned in explanatory statement to item number 8 & 9
Remuneration last drawn	Not Applicable
Date of first appointment by the Board	August 14, 2017
Shareholding in the Company	Nil
Relationship with other directors, KMPs	Not Applicable
Number of meetings of the Board attended during the year	Not Applicable
Other directorships	Vega Marine Consultants Private Limited (Dormant Company)
Chairmanship of committee of other Boards	Nil
Membership of committee of other Boards	Nil

## DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting their twenty-fourth Annual Report together with the Audited Financial Statements for the year ended March 31, 2017.

### FINANCIAL RESULTS

The summary of financial results of your Company for the year ended March 31, 2017 is furnished below:

Particulars	For the Year ended 31st March 2017	For the Year ended 31st March 2016
Total Income	1,730.89	945.65
Total Expenses	1,383.04	993.94
Earnings before exceptional items and tax	347.85	(48.29)
Less: Exceptional items	918.68	--
Loss before tax	(570.83)	(48.29)
Tax expense	(6.27)	(24.32)
Loss for the year	(564.56)	(23.97)

### DIVIDEND

Considering the losses incurred during the financial year, the Board has not recommended any dividend for the financial year ended March 31, 2017. Further, no amounts are proposed to be transferred to the General Reserve.

### OPERATIONS OF THE COMPANY

During the year under review, your Company has handled 42.47 million metric tonnes (MMT) of crudes and products against 38.30 MMT during the previous year. Your Company has continued to serve its customer by handling various grades of crude and petroleum products at the Jetty and SPM.

During the year, 18.72 MMT of cargo was handled at the SPM with an average occupancy of 53%. This performance is highly significant considering the wide variety of crude being handled at the SPM and increase in handling of higher density crude which has lower discharge rate. 12.57 MMT of cargo was handled at the two jetties with the jetty occupancy of 64%. The jetties were able to operate at higher than the designated capacity whenever the need arose.

Your Company has always focused on Quality, Health, Safety and Environment and has been conferred with the following awards and commendations during the year under review.

- Declared winner in the category of "Port/Terminal of the year – Health, Safety, Environment" at Maritime event "Gujarat Star Awards 2016.
- Declared runner up in the category of Best Port of the year (Non – Containerised).

#### Other highlights:

- Completed 3841 LTI Free Days as on March 31, 2017.
- Completed 10 years of safe operation on September 22, 2016. Safe Operations Day as on March 31, 2017 stood at 3841.

- Terminal cumulatively crossed 3000 vessel handling on August 5, 2016. Total vessel count as on March 31, 2017 was 3222.
- BP, Singapore carried out vetting of our Marine Terminal in line with OCIMF- MTMSA.
- Disaster Management Institute (DMI), Bhopal carried out site verification for VOTL-ERDMP certification - Document vetted and Level -II Mock drill conducted after site inspection.
- Consent for operation of SPM and associated offshore pipeline facilities received from OISD under the "Petroleum and Natural Gas (Safety in offshore operations) Rules".
- 24" Ball Valve Safely replaced at Cross country pipeline # 1.
- Terminal conducted Level-III Offsite Emergency Response Mock Drill at cross country pipeline corridor in consultation with District Administration and other stake holders.

### SCHEME OF ARRANGEMENT AND CHANGE IN HOLDING COMPANY

As on March 31, 2016, Essar Ports Limited (EPL) was the holding company of the Company. In view of the Composite Scheme of Arrangement amongst the Company, Vadinar Ports & Terminals Limited, Essar Power and Minerals Limited, Yash Hotels Private Limited, Hazira Coke Limited and Essar Ports Limited (the Scheme) as approved by the Hon'ble High Court of Gujarat effective July 1, 2016, Essar Power and Minerals Limited (EPML) and Vadinar Ports & Terminals Limited have merged with your Company.

As a result, your Company has issued equity shares to all the shareholders of EPML as on the record date fixed for the same. The shares held by EPL in your Company have been cancelled as a consequence of the Scheme.

In view of the above, upon the implementation of the Scheme Essar Ports & Shipping Limited (EPSL), Mauritius became the holding company of your Company.

The shares held by EPSL were acquired by Essar Steel Jharkhand Limited (ESJL) and as a consequence, ESJL became the holding company of your Company effective March 31, 2017.

Thereafter, Essar Oil Limited has acquired the entire shareholding held by ESJL constituting 97.63% of Share Capital of your Company and as on date is the holding company.

## RISK MANAGEMENT

The risk associated with the operations of the Company is managed by regular vetting and inspections of the facilities of the Company by various external national and international agencies. The Company also regularly conducts mock drills and emergency response drills to evaluate the preparedness of the employees to face any eventuality. In the opinion of the Board the Company has no risk which could threaten its existence.

## SUBSIDIARIES AND ASSOCIATE COMPANY

As on March 31, 2017, Enneagon Limited was wholly owned subsidiary and Vadinar Liquid Terminals Limited was an associate company of your Company.

## RELATED PARTY TRANSACTIONS

All Related Party Transactions entered during the year were in ordinary course of business and on an arm's length basis. Details of related party transaction entered during the financial year 2016-17 are provided in the prescribed form AOC-2 as annexure A to this report. The details of material related party transactions entered during the year by the Company have also been included in the form AOC-2. Though the Companies Act, 2013 has not defined the criteria for "Material Related Party Transactions" and the Company is not listed on Stock Exchanges, the Material Related Party Transaction as per the criteria prescribed under SEBI (Listing Obligations and Disclosure Requirements), 2015 have been considered. Accordingly the details of transaction exceeding ten percent of the annual consolidated turnover as per the last audited financial statements have been provided in material related party transactions.

## MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which this financial statements relate and the date of this Report.

## FIXED DEPOSITS

The Company has not accepted any fixed deposits during the year under review.

## DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR

During the financial year 2016-17 following persons were designated as key managerial personnel:

- Capt. Deepak Sachdeva - Whole time Director
- Shri. Manoj Contractor, Company Secretary of Essar Ports Limited resigned as Company Secretary of the Company on August 26, 2016 in view of the change of holding company on implementation of Scheme of Arrangement.
- Shri. Girish Joshi resigned as Chief Financial Officer on March 24, 2017.

- Shri. Kumar Nandula was appointed as the Chief Financial Officer on March 24, 2017 and resigned on July 31, 2017.

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Shri. P. K. Srivastava (DIN 00843258) and Shri. K. K. Sinha (DIN 00009113), retire at the ensuing Annual General Meeting of the Company.

IFCI Limited nominated Shri. Sachikanta Mishra as their nominee on the Board of your Company in place of Shri. Sudhir Garg as their Nominee Director effective December 27, 2016.

## NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS / COMMITTEES AND ATTENDANCE OF THE DIRECTORS

The details of meetings of the Board of Directors and Committees thereof and the attendance of each director thereat are provided as annexure B to this report.

## DECLARATION OF INDEPENDENCE

The Company has received Declarations of Independence as stipulated under Section 149(6) of the Companies Act, 2013 from Independent Directors.

## COMPOSITION OF THE AUDIT COMMITTEE

As on the date of this report the Audit Committee of the Board comprised of 3 Non Executive Directors, 2 of which are Independent. Capt. B. S. Kumar acts as the Chairman of the Committee and Shri. V. G. Raghavan and Shri. Rajiv Agarwal are the other members of the Committee. All the recommendations of the Audit Committee have been accepted by the Board.

## CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of Section 135 of Companies Act, 2013, your Company has constituted a Corporate Social Responsibility Committee. The composition and terms of reference of the Corporate Social Responsibility Committee is in accordance with the Companies Act, 2013. Capt. B. S. Kumar acts as the Chairman of the Committee and Shri. Rajiv Agarwal and Shri. K. K. Sinha are the other members of the Committee.

Your Company has also formulated a Corporate Social Responsibility Policy. Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 (the Rules) has been appended as Annexure C to this report.

Your Company has been carrying on CSR activities in and around Vadinar. Your Company has identified further areas for CSR activities and has initiated work towards the same. The planned projects will be implemented over the coming years.

## PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

All Directors responded through a structured questionnaire giving feedback about the performance of the Board, its Committees, individual Directors and the Chairman. The questionnaire included inputs on composition, functioning, information availability, effectiveness, etc. The questionnaire also covered, in the case of individual directors, qualitative assessment and in the case of Chairman additional criteria like leadership qualities and other key aspects of his role.

The inputs received were circulated to the members of the Nomination and Remuneration Committee of the Board and were also discussed at the subsequent meeting of the Board.

### EXTRACT OF ANNUAL RETURN

The extract of annual return in Form MGT 9 as required under Section 92(3) and Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as Annexure D to this Report.

### INTERNAL CONTROL FRAMEWORK

Your Company conducts its business with integrity and high standards of ethical behaviour and in compliance with the laws and regulations that govern its business. Your Company has a well-established framework of internal controls in its operations, including suitable monitoring procedures. In addition to an external audit, the financial and operating controls of your Company at various locations are reviewed by Internal Auditors, who report their observations to the Audit Committee of the Board.

The Statutory Auditors have pointed out certain deficiency in the Internal Financial Controls and the same have been addressed in the Directors Report in the paragraph below under the heading Explanation to Qualifications in the Auditors Report on Standalone and Consolidated Financial Statements.

### HUMAN RESOURCE

Your Company is known for developing future leaders and having the best people practices. This coupled with the ability to attract the best talent, provides a competitive edge to the organisation.

### CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 and prepared in accordance with the applicable Accounting Standards.

### AUDITORS AND AUDIT

Under the provisions of section 139(2) of the Companies Act, 2013 (the "Act"), statutory auditors cannot be re-appointed on completion of two consecutive terms of five years each. To comply with these provisions, the Act provided for a transition period of three years to companies, whose accounts were audited by audit firms for more than ten years as of April 1, 2014. The current statutory auditors, M/s Deloitte Haskins & Sells, Chartered Accountants have been auditors of the Company for a period of over ten years as of April 1, 2014 and hence the Company has availed the benefit of the transition period which came to an end on March 31, 2017. Consequently, the Company is required to appoint a new audit firm to audit its books of account for financial year ending March 31, 2018 onwards.

The Audit Committee of the Company will evaluate the audit firms for appointment as Statutory Auditors and will recommend them to the Board. The Board will thereafter seek the approval of the members of the Company for appointment of the Statutory Auditors.

The Report given by M/s. Deloitte Haskins & Sells, the Statutory Auditors on the financial statements of the Company forms part of the Annual Report.

### EXPLANATIONS TO QUALIFICATIONS IN THE AUDITOR'S REPORT ON STANDALONE AND CONSOLIDATED FINANCIAL STATEMENTS

- (a) Management response to qualification under Basis for Qualified Opinion in the Auditor's report on Standalone and Consolidated Financial Statements:

The Company had receivables from various group companies and other entities, operating in Steel, Shipping and other sectors. Due to the weakening of these sectors and deterioration of the financial condition (including restructuring of debts) of these entities, a situation has arisen wherein the value of the receivables from these entities has significantly declined and recovery of their dues is likely to take a substantial amount of time. The Company, therefore reassessed, after considering the report of an independent third party, its ability to collect the outstanding balances.

Further, as reported in the earlier year, controlling stake being non-public shareholding in the Company was to be acquired by Essar Oil Limited (EOL) as a condition precedent to the Share Purchase Agreements (SPAs) executed on October 15, 2016 by the majority stakeholders of EOL to sell their shareholding to Petrol Complex Pte. Ltd. and Kesani Enterprises Company Limited. As a result, the Company will no longer remain a part of the Essar group and accordingly the Company intends to settle all its assets and liabilities and realise the dues from related parties and other entities as envisaged in the Transaction Documents executed pursuant to the SPAs.

After due consideration, the Company sold the portfolio of outstanding receivables amounting to ₹ 2,569.42 crore and payables amounting to ₹ 2,298.21 crore from certain related and other entities to Essar Steel Jharkhand Limited and Ibrox Aviation and Trading Private Limited, at fair valuation. On the basis of fair valuation of these outstanding receivables and payables, the Company has debited to Profit and Loss ₹ 177.50 crore as an Exceptional Item. The Company expects to realise the carrying values of the investments and other dues through the escrow arrangement shortly.

- (b) Management response to Qualified Opinion relating to Internal Financial Control under Annexure 'A' to Auditor's report on Standalone and Consolidated Financial Statements:

The qualification of the auditors on Internal Financial Control apparently is incidental to the Basis for Qualified Opinion against item (a) which the Company has adequately addressed above.

### REPORTING OF FRAUD

There were no instances of fraud committed against the Company by its officers or employees as specified under Section 143(12) of the Companies Act, 2013 and accordingly no such reporting was done by the Auditors of the Company.

## INFORMATION TECHNOLOGY

Your Company has successfully implemented SAP in its financial and related systems. The Company has also implemented various software's which help in monitoring the operations of the Company.

## VIGIL MECHANISM

Your Company has adopted a Whistle Blower Policy, as part of the vigil mechanism to provide appropriate avenues to the Directors and employees to report their genuine concerns which is perceived to be in violation of or in conflict with the fundamental business principles of the Company. The policy provides for adequate safeguards against victimization of persons who use the mechanism and has a process for providing direct access to the Chairman of the Audit Committee in appropriate or exceptional cases.

## SECRETARIAL AUDIT

During the year, the Company has undertaken the Secretarial Audit for the year 2016-17, which, inter alia, includes audit of compliance with the Companies Act, 2013, and the Rules made under the Act.

The Secretarial Audit was carried out by M/s. Ferrao MSR & Associates, Company Secretaries, the Secretarial Auditor of the Company for the financial year 2016-17. The remarks given by Secretarial Auditors of the Company are self-explanatory. During the year the Company had initiated steps to identify a suitable candidate for post of Company Secretary. The Company is in the process of appointing a Company Secretary to meet the requirement of the Companies Act, 2013. The detailed report on Secretarial Audit is appended as an annexure E to this report.

## PROTECTION OF WOMEN AT WORKPLACE

The Company has formulated a policy on Prevention of Sexual Harassment at workplace as per the provisions of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder. During the financial year no cases were filed under the above said Act.

## FOREIGN EXCHANGE EARNINGS & OUTGO

1. Earned : ₹ Nil
2. Outgo : ₹ 4.58 crore.

## PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company is providing infrastructural facilities in terms of Section 186 read with Schedule VI to the Companies Act, 2013 and hence is exempted from the provisions of Section 186 of the Companies Act, 2013 with respect to loans and guarantees given and security provided. The Company has not made any investments during the year other than in its wholly owned subsidiary.

## POLICY ON APPOINTMENT OF DIRECTORS AND REMUNERATION

The policy formulated by the Board of Directors under Section 178 of the Companies Act, 2013 for appointment and remuneration of the Directors and Senior Management employees is annexed as an Annexure F to this report.

## STATEMENT OF DIRECTORS RESPONSIBILITIES

Pursuant to the requirement of Section 134(5) of the Companies Act, 2013 and based on the information provided by the management, your Directors state that:

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(3)(c) of the Act, it is hereby confirmed that:

- (i) In the preparation of the annual accounts for FY 2016-17, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) The Directors had selected such accounting policies, and applied them consistently and 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 at the end of FY 2016-17 and of the profit and loss of the Company for the period;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts for the year ended March 31, 2017 on a 'going concern' basis;
- (v) The Directors had devised proper systems to ensure compliance with the provisions of all applicable laws, and that such systems were adequate and operating effectively.

## GENERAL DISCLOSURES

Your Directors state that for the year ended March 31, 2017, no disclosure is required in respect of the following items and accordingly confirm as under:

- The Executive Director did not receive any remuneration from the holding and/or subsidiary companies.
- The Company has neither revised the financial statements nor the report of Board of Directors.
- The Company has not issued equity shares with differential rights as to dividend, voting, or otherwise or sweat equity shares.
- No significant or material orders were passed by the Regulators or Courts or Tribunals, which impact the going concern status or Company's operations in future.
- The Company has not bought back any shares during the year.

## APPRECIATION AND ACKNOWLEDGEMENTS

Your Directors thank the Financial Institutions and Banks, Kandla Port Trust, Indian Coast Guard, other business associates, shareholders and employees for their continued support and co-operation.

**For and on behalf of the Board**

**K. K. Sinha**  
Director

**Suparna Singh**  
Director

Mumbai,  
August 14, 2017

## Annexure A

### Form No. AOC – 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto.

#### 1. Details of contacts or arrangements or transactions not at arm's length basis:

Sr.no.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements / transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Justification for entering into such contracts or arrangements or transactions	Date(s) of approval by the Board	Amount paid as advances, if any	Date on which the special resolution was passed in general meeting as required under first proviso to section 188
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Nil

#### 2. Details of material contracts or arrangement or transactions at arm's length basis:

(₹ in crore)

Sr. No.	Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements / transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any	Amount paid as advances, if any
1	Essar Bulk Terminal Limited	Fellow Subsidiary	Purchase of 0.01% Compulsorily Convertible Cumulative Participating Preference Shares of Essar Bulk Terminal (Salaya) Limited	One time	The shares were acquired on the basis of an independent third party valuation report for an amount aggregating ₹ 108.73 crore.	March 15, 2016	Nil

For and on behalf of the Board

**K. K. Sinha**  
Director

**Suparna Singh**  
Director

Mumbai  
August 14, 2017

## Annexure B

### Details of attendance at meetings of the Board and Committees

#### BOARD MEETINGS

Name of the Director	Category of Director	Number of Board Meetings held and attended during the year	
		Held during the year	Attended
Shri. Rajiv Agarwal	Non - Executive Chairman	4	4
Shri. P. K. Srivastava	Non - Executive Director	4	4
Shri. Kamla Kant Sinha	Non - Executive Director	4	4
Shri. A. S. Bali*	Non - Executive Director	4	1
Capt. Deepak Sachdeva	Wholetime Director	4	4
Shri. Sudhir Garg^	Nominee Director	4	1
Shri. Ajay Sharma	Nominee Director	4	3
Shri. Sachikanta Mishra**	Nominee Director	4	0
Smt. Suparna Singh	Non - Executive Director	4	3
Dr. Jose Paul\$	Independent Director	4	0
Capt. B.S. Kumar	Independent Director	4	4
Shri. V. G. Raghavan^^	Independent Director	4	3

\$Dr. Jose Paul resigned on 30.04.2016

^^Shri. V. G. Raghavan was appointed on 27.06.2016

\*Shri. A. S. Bali resigned on 29.06.2016

^Shri. Sudhir Garg resigned on 27.12.2016

\*\*Shri. Sachikanta Mishra was appointed on 27.12.2016

#### AUDIT COMMITTEE MEETINGS

Name of the Director	Category of Director	Held during the year	Attended
Capt. B. S. Kumar	Chairman	3	3
Shri. V. G. Raghavan	Member	3	2
Shri. Rajiv Agarwal	Member	3	3
* Dr. Jose Paul	Member	3	0

\* Dr. Jose Paul resigned on 30.04.2016

#### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE MEETING

Name of the Director	Category of Director	Held during the year	Meetings attended
Shri. P. K. Srivastava	Chairman	1	1
Shri. V. G. Raghavan	Member	1	1
Shri. Kamla Kant Sinha	Member	1	1

\* The CSR Committee was re-constituted on March 24, 2017 with Capt. B. S. Kumar as the Chairman and Shri. Rajiv Agarwal and Shri. K. K. Sinha as members.

For and on behalf of the Board

K. K. Sinha  
Director

Suparna Singh  
Director

Mumbai  
August 14, 2017

## Annexure C

### 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 vision of Vadinar Oil Terminal Limited CSR Policy is to empower the communities around the areas of Operation towards development that is collaborative, progressive, inclusive and sustainable through optimal realization of human potential and responsible utilization of resources. The objectives of the policy are:

- To undertake sustainable initiatives under agreed thematic areas that lead to measurable progress in the targeted human development indicators especially in areas of education, maternal and child health indicators and environment.
- To initiate and fuel the entrepreneurial aptitude among the people and institutions we associate with towards substantial economic development of communities boosting the annual family income of targeted population.
- To ensure care and support to the marginalised and vulnerable sections of the communities especially the elderly, women and children towards leading a life of dignity and self-dependence.
- To undertake responsible business practices and ensure safety of communities around our operational areas following standard safety practices.

The focus is on undertaking various projects or activities including Health, Promoting Education Programmes and Livelihoods Generation.

It has been decided that the CSR activities of Vadinar Oil Terminal Limited will be implemented by "Essar Group Foundation".

2. The composition of the CSR Committee as on date of this report is as below:

Sl. No.	Name	Chairman/ Members
1	Capt. B. S. Kumar	Chairman
2	Shri. Rajiv Agarwal	Member
3	Shri. K. K. Sinha	Member

3. Average Net Profit of the Company for last three financial years - ₹ (73.10) crore.

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

The Company was not required to spend 2 % of average net profit for the last three financial years as the Company incurred average net loss of ₹ (73.10) crore in the preceding three financial years. However as responsible corporate citizen the Company has spent ₹ 1.05 crore on CSR in financial year 2016-17.

5. Details of CSR spent during the financial year:

(a) Total amount to be spent for the financial year: Nil

(b) Amount unspent if any: Not Applicable

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

Sr. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency*
1	<ul style="list-style-type: none"> <li>Program for promotion of Creative Methods of Education comprising activity based educational materials.</li> <li>Program for quality education programs across primary, elementary, senior secondary school levels.</li> </ul>	Promotion of education, employment enhancing vocation skills among differently abled	Pan India	₹ 0.65 crore	₹ 0.65 crore direct expenditure on the projects.	₹ 0.65 crore	Through Essar Foundation and Bharti Foundation
2	<ul style="list-style-type: none"> <li>Livelihoods enhancement project through agriculture and animal husbandry activities</li> </ul>	Rural development Project	Jamnagar (Gujarat)	₹ 0.30 crore	₹ 0.30 crore direct expenditure on the projects.	₹ 0.30 crore	Through Essar Foundation
3	<ul style="list-style-type: none"> <li>Skills Training Projects</li> </ul>	Livelihood enhancement projects	Jamnagar (Gujarat)	₹ 0.10 crore	₹ 0.10 crore direct expenditure on the projects.	₹ 0.10 crore	Through Essar Foundation
<b>Total</b>				<b>₹ 1.05 crore</b>	<b>₹ 1.05 crore</b>	<b>₹ 1.05 crore</b>	

\* Give details of the Implementing Agency:

- In case the Company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board Report - Not Applicable
- A responsibility statement of the CSR Committee that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

The implementation and monitoring of the CSR Policy is in compliance with the objectives and Policy of the Company.

For and on behalf of the Board

**B.S. Kumar**  
Chairman – CSR Committee

**Rajiv Agarwal**  
Member – CSR Committee

## Annexure D

### EXTRACT OF ANNUAL RETURN

#### Form No. MGT-9

(As on the Financial Year ended on 31st March, 2017)

[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:

1	CIN	U35111GJ1993PLC053434
2	Registration Date	June 22, 1993
3	Name of the Company	Vadinar Oil Terminal Limited
4	Category/Sub-category of the Company	Public Limited Company
5	Address of the Registered office & contact details	Essar Refinery Site, 39 K.M. Stone, Okha Highway (SH-25), Taluka Khambalia Dist. Jamnagar, Gujarat 381 305 Tel: +91-2833-661444, Fax: +91-2833-662929, Email: votlcosec@essaroil.co.in
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	M/s. Data Software Research Company Pvt. Ltd., Unit – Vadinar Oil Terminal Limited 19, Pycrofts Garden Road, Off Haddows Road Nungambakkam, Chennai 600 006 Phone : +91 44 2821 3738, 2821 4487 Fax : +91 44 2821 4636 E-mail : B.Rajaratnam@dsrco.co.in

#### 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)

Sr. No.	Name and Description of main products / services	NIC Code of the Product/ service*	% to total turnover of the company
1	Owning and operations of Ports & Terminals	521 and 522	100

\*As per National Industrial Classification 2008 – Ministry of Statistics and Programme Implementation

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Essar Steel Jharkhand Limited, P.O. Hazira, Dist. Surat, Gujarat 394270	U27100GJ2005PLC046272	Holding Company	97.59	2(46)
2	Enneagon Limited Essar House, 10, Frere Felix de Valois Street, Port Louis Mauritius	NA	Subsidiary Company	100	2(87)
3	Vadinar Liquid Terminals Limited Salaya Administrative Building, 44 KM, Mile Stone, Okha Highway, Jam Khambhaliya, Khajurda, Gujarat	U74140GJ2015PLC082393	Associate Company	25	2(6)

#### IV. 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 year (As on 1-April-2016)				No. of Shares held at the end of the year (As on 31-March-2017)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A.</b>	<b>Promoters</b>									
(1)	Indian									
	a) Individual/ HUF	0	0	0	-	0	0	-	-	0.00
	b) Central Govt	0	0	0	-	0	0	-	-	0.00
	c) State Govt(s)	0	0	0	-	0	0	-	-	0.00
	d) Bodies Corp.	11,68,90,566	34,659	11,69,25,225	36.40	31,34,02,199	1,51,236	31,35,53,435	97.62	61.22
	e) Banks / FI	0	0	0	-	0	0	-	-	0.00
	f) Any other	0	0	0	-	0	0	-	-	0.00
	<b>Sub Total (A) (1)</b>	<b>11,68,90,566</b>	<b>34,659</b>	<b>11,69,25,225</b>	<b>36.40</b>	<b>31,34,02,199</b>	<b>1,51,236</b>	<b>31,35,53,435</b>	<b>97.62</b>	<b>61.22</b>
(2)	Foreign									
	a) NRI Individuals	0	0	0	-	0	0	-	-	0.00
	b) Other Individuals	0	0	0	-	0	0	-	-	0.00
	c) Bodies Corp.	19,62,73,314	0	19,62,73,314	61.11	0	0	-	-	-61.11
	d) Any other	0	0	0	-	0	0	-	-	0.00
	<b>Sub Total (A) (2)</b>	<b>19,62,73,314</b>	<b>0</b>	<b>19,62,73,314</b>	<b>61.11</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>-61.11</b>
	<b>TOTAL (A)</b>	<b>31,31,63,880</b>	<b>34,659</b>	<b>31,31,98,539</b>	<b>97.51</b>	<b>31,34,02,199</b>	<b>1,51,236</b>	<b>31,35,53,435</b>	<b>97.62</b>	<b>0.11</b>
<b>B.</b>	<b>Public Shareholding</b>									
1.	<b>Institutions</b>									
	a) Mutual Funds	2,485	24,036	26,521	0.01	2,485	15,539	26,521	0.01	0.00
	b) Banks / FI	1,584	26,176	27,760	0.01	1,584	36,624	38,208	0.01	0.00
	c) Central Govt	0	0	0	-	0	0	-	-	0.00
	d) State Govt(s)	0	0	0	-	0	0	-	-	0.00
	e) Venture Capital Funds	0	0	0	-	0	0	-	-	0.00
	f) Insurance Companies	0	24	24	0.00	0	0	24	0.00	0
	g) FIs	2,547	9,221	11,768	0.00	0	9,221	9,221	0.00	0.00
	h) Foreign Venture Capital Funds	0	0	0	-	0	0	-	-	0.00
	i) Others (specify)									
	Foreign Banks	715	10,448	11,163	0.00	715	0	715	0.00	0.00
	<b>Sub-total (B)(1):-</b>	<b>7,331</b>	<b>69,905</b>	<b>77,236</b>	<b>0.02</b>	<b>4,784</b>	<b>61,384</b>	<b>74,689</b>	<b>0.02</b>	<b>0</b>
2.	<b>Non-Institutions</b>									
	a) Bodies Corp.									
	i) Indian	2,37,106	98,236	3,35,342	0.10	1,94,899	65,418	2,60,317	0.08	-0.02
	ii) Overseas	0	0	0	-	0	0	-	-	0.00
	b) Individuals									
	i) Individual shareholders holding nominal share capital upto ₹1 lakh	39,39,441	32,41,441	71,80,882	2.24	37,60,013	31,41,168	69,01,181	2.15	-0.09
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	95,262	64,584	1,59,846	0.05	95,262	64,584	1,59,846	0.05	0.00
c)	<b>Others (specify)</b>									
	i) NRI	1,04,229	1,36,125	2,40,354	0.07	1,06,934	1,35,797	2,42,731	0.08	0.01
	ii) NRI Non-Rept	0	0	0	-	0	0	-	-	0.00
	iii) Foreign Bodies	0	0	0	-	0	0	-	-	0.00
	iv) Foreign National	0	0	0	-	0	0	-	-	0.00
	<b>Sub-total (B)(2):-</b>	<b>43,76,038</b>	<b>35,40,386</b>	<b>79,16,424</b>	<b>2.46</b>	<b>41,57,108</b>	<b>34,06,967</b>	<b>75,64,075</b>	<b>2.35</b>	<b>-0.11</b>
	<b>Total Public (B)</b>	<b>43,83,369</b>	<b>36,10,291</b>	<b>79,93,660</b>	<b>2.49</b>	<b>41,61,892</b>	<b>34,68,351</b>	<b>76,38,764</b>	<b>2.38</b>	<b>-0.11</b>
	<b>C. Shares held by Custodian for GDRs &amp; ADRs*</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>0</b>	<b>0</b>	<b>-</b>	<b>-</b>	<b>0.00</b>
	<b>Grand Total (A+B+C)</b>	<b>31,75,47,249</b>	<b>36,44,950</b>	<b>32,11,92,199</b>	<b>100.00</b>	<b>31,75,64,091</b>	<b>36,19,587</b>	<b>32,11,92,199</b>	<b>100.00</b>	<b>0.00</b>

## (ii) Shareholding of Promoter

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year *
		No. of Shares	% of Shares total of the company	% of Shares Pledged/encumbered to total shares	No. of Shares	% of Shares total of the company	% of Shares Pledged/encumbered to total shares	
1	Essar Projects (India) Ltd	3,15,62,547	9.83	9.83	0	-		-9.83
2	Essar Shipping & Logistics Ltd	25,040	0.01		0	-		-0.01
3	Essar Global Limited	49	0.00		0	-		0.00
4	Essar Port Holdings Mauritius Limited	1962,48,225	61.10		0	-		-61.10
5	Imperial Consultants And Securities Pvt Ltd	8,53,62,678	26.58	26.34	1,16,577	0.04		-26.54
6	Essar Steel Jharkhand Ltd	-	-		31,34,36,858	97.59	97.11	97.59
	<b>Total</b>	<b>31,31,98,539</b>	<b>97.51</b>	<b>36.17</b>	<b>31,35,53,435</b>	<b>97.62</b>	<b>97.11</b>	<b>0.11</b>

## (iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.	Name of Shareholder	Shareholding at the beginning of the year as on April 1, 2016		Date	Reason	Increase / Decrease in shareholding		Cumulative shareholding during the year	
		No. of Shares	% of total shares of the Company			No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
1	Essar Projects (India) Ltd	3,15,62,547	9.83	31.03.2017	SOLD	3,15,62,547	9.83	0	0
2	Essar Shipping & Logistics Ltd	25040	0.01	31.03.2017	SOLD	25,040	0.01	0	0
3	Essar Global Limited	49	0	31.03.2017	SOLD	49	0	0	0
4	Essar Ports Holdings Mauritius Limited	19,62,48,225	61.1	31.03.2017	SOLD	19,62,48,225	61.1	0	0
5	Essar Steel Jharkhand Ltd	0	0	17.10.2016	BOUGHT	34,659	0.01	31,34,36,858	97.59
				21.10.2016	BOUGHT	8,53,28,019	26.57		
				24.02.2017	BOUGHT	17,937	0.01		
				31.03.2017	BOUGHT	22,80,56,243	71		
6	Imperial Consultants And Sec Pvt Ltd	8,53,62,678	26.58	28.10.2016	BOUGHT	17,937	0.01	1,16,577	0.04
				27.01.2017	BOUGHT	75	0.00		
				17.02.2017	BOUGHT	63	0.00		
				24.02.2017	BOUGHT	478	0.00		
				03.03.2017	BOUGHT	1,370	0.00		
				10.03.2017	BOUGHT	127	0.00		
				10.03.2017	BOUGHT	62,667	0.02		
				17.03.2017	BOUGHT	1,249	0.00		
				17.03.2017	BOUGHT	38,836	0.01		
				24.03.2017	BOUGHT	2,31,589	0.07		
				14.10.2016	SOLD	34,659	0.01		
				21.10.2016	SOLD	8,53,01,462	26.56		
				21.10.2016	SOLD	26,557	0.01		
				24.02.2017	SOLD	17,937	0.01		
				31.03.2017	SOLD	2,15,706	0.07		
				31.03.2017	SOLD	4,171	0.00		

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs)

Sr. No.	Name of Shareholders	Shareholding at the beginning of the year		Increase during the year	Decrease during the year	Cumulative shareholding during the year	
		No. of Shares	% of total shares of the company			No. of Shares	% of total shares of the company
1	Lal Tolani	0	0.00	52,363	0	52,363	0.02
2	R J Shares and Securities Pvt Limited	0	0.00	21,403	0	21,403	0.01
3	Sushil Kumar Gupta	0	0.00	21,391	0	21,391	0.01
4	Ritu Jain	0	0.00	20,100	0	20,100	0.01
5	Bank of India - In House Account	0	0.00	19,018	0	19,018	0.01
6	Ripon Estates Limited	0	0.00	18,000	0	18,000	0.01
7	K D Parekh	0	0.00	18,000	0	18,000	0.01
8	R P David	0	0.00	18,000	0	18,000	0.01
9	Shrinivas Vasudeva Dempo	0	0.00	18,000	0	18,000	0.01
10	Satyavati R Ruia	0	0.00	16,630	0	16,630	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

Directors or Key Managerial Personnel of the Company did not hold any shares during the financial year 2016 - 17

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	3,209.93	1,950.00	-	5,159.94
ii) Interest due but not paid	38.55	-	-	38.55
iii) Interest accrued but not due	37.64	58.73	-	96.37
Total (i+ii+iii)	3,286.12	2,008.73	-	5,294.86
<b>Change in Indebtedness during the financial year</b>				
Addition	2,763.70			2,763.70
Reduction *	-	(1,950.00)		(1,950.00)
Interest accrued / paid (net)	(39.88)	(58.73)	-	(98.61)
Net Change	2,723.82	(2,008.73)	-	715.09
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	5,973.63	-		5,973.63
ii) Interest due but not paid	5.53			5.53
iii) Interest accrued but not due	30.79			30.79
<b>Total (i+ii+iii)</b>	<b>6,009.95</b>	<b>-</b>	<b>-</b>	<b>6,009.95</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
	Name	Capt. Deepak Sachdeva	(₹ in lacs.)
	Designation	Whole time Director	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	32.02	32.02
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961	25.74	25.74
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission		
	- as % of profit	0	0
	- others, specify	0	0
5.	Others, please specify		
	- Employers Contribution to Provident Fund	4.84	4.84
	- Performance Linked Incentives	32.03	32.03
	<b>Total (A)</b>	<b>94.63</b>	<b>94.63</b>
	<b>Ceiling as per the Act</b>	<b>5% of net profit</b>	

### B. Remuneration to other Directors:

(₹ in lacs)

Sr.No.	Name	Commission*	Sitting Fees	Total Compensation
	<b>Independent Directors</b>			
1)	Mr. V. G. Raghavan	-	1.50	1.50
2)	Mr. P. K. Srivastava	-	1.50	1.50
3)	Capt B. S. Kumar	-	2.10	2.10
	<b>Total</b>	<b>-</b>	<b>5.10</b>	<b>5.10</b>
	<b>Overall Ceiling as per the Companies Act, 2013</b>	1% of net profit	₹1,00,000 per meeting	

**C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD**

(₹ in lacs)

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel				
	Designation	CEO	CFO		CS	Total
	Name		Mr. Girish Joshi*	Mr. Kumar Nandula**	Mr. Manoj Contractor***	
1	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		58.68	1.20	0.00	59.88
	(b) Value of perquisites under section 17(2) Income-tax Act, 1961				0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961		0.00	0.00	0.00	0.00
2	Stock Option					
3	Sweat Equity		0.00	0.00	0.00	0.00
4	Commission		0.00	0.00	0.00	0.00
	- as % of profit		0.00		0.00	0.00
	- others, specify		0.00		0.00	0.00
5	Others, please specify					
	Contribution to Fund		2.61	0.05	0.00	2.66
	<b>Total</b>		<b>61.29</b>	<b>1.25</b>		<b>62.54</b>

\*\* Ceased to be CFO w.e.f. March 24, 2017

\*\*\* Appointed as CFO w.e.f. March 24, 2017

\*\*\* Ceased to be a Company Secretary w.e.f. August 26, 2016

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NOT APPLICABLE**

For and on behalf of the Board

**K. K. Sinha**  
Director

**Suparna Singh**  
Director

Mumbai,  
August 14, 2017

## Annexure E

### SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To,

The Members,

**VADINAR OIL TERMINAL LIMITED**

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by VADINAR OIL TERMINAL 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 my opinion thereon.

Based on our verification of the books, papers, minute 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 audit period covering the financial year ended on 31st March, 2017, 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:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder; - Not applicable
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder- Not Applicable
- (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') are not applicable to the Company:-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 and The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; -
  - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; -
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; - and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; -
- (vi) we have also examined the compliances of the provisions of the following other laws applicable specifically to the Company wherein we have also relied on the compliance certificates issued by the head of the respective departments in addition to the checks carried out by us:
  - 1) The Air (Prevention and Control of Pollution) Act, 1981,
  - 2) Water (Prevention and Control of Pollution) Act, 1974
  - 3) Environment Protection Act, 1986
  - 4) The Explosives Act, 1884
  - 5) The Explosive Substances Act, 1908
  - 6) Hazardous Waste (Management and Handling) Rules, 1989

- 7) The Petroleum Act, 1934
- 8) The Petroleum Rules, 1976
- 9) The Static and Mobile Pressure Vessels (Unfired) Rules, 1981
- 10) The Coastal Regulatory Zone Notification, 1991
- 11) E-Waste (M & H) Rules 2011

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India. (SS-1 & SS-2)
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges. (Not applicable as it is an Unlisted Company)

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and its authorized representatives during the conduct of Secretarial Audit we hereby report that in our opinion during the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**We further report that:**

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors except Company Secretary who resigned with effect from 26th August, 2016. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. 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.
3. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company 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 audit period the Company has:-

1. In the Annual General Meeting held on 22nd December, 2016:
  - a. Has taken approval from Registrar of Companies for extension of Annual General Meeting.
  - b. Regularisation of Mr. V.G. Raghavan as an Independent Director of the Company
  - c. Has taken approval for increasing the Authorized Share Capital from ₹ 5630,00,00,000 to ₹ 9000,00,00,000 in accordance with Section 61(1) of the Companies Act, 2013.
  - d. Has taken approval for alteration of Articles of Association due to Increase in Authorised Share Capital
  - e. Has taken approval under Section 180(1)(c) for limit of ₹ 15000 Crore
  - f. Has taken approval under Section 180(1)(a)

**For Ferrao MSR & Associates  
Company Secretaries**

**Sherlyn Rebello  
Partner  
A.C.S. No. 41541  
C. P. No. 16401**

Place: Mumbai  
Dated: 23rd June, 2017

This report is to be read with our letter which is annexed as Annexure A and forms an integral part of this report.

**'Annexure A'**

To,  
The Members,  
**Vadinar Oil Terminal Limited**

Our report is to be read along with this letter.

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

For **Ferrao MSR & Associates**  
**Company Secretaries**

**Sherlyn Rebello**  
**Partner**  
**A.C.S. No. 41541**  
**C. P. No. 16401**

Place: Mumbai  
Dated: 23rd June, 2017

## Annexure F

### Policy on Appointment of Directors and payment of remuneration to them

#### 1. GENERAL

- 1.1 The Companies Act, 2013 requires the Company to formulate the criteria for determining qualifications, positive attributes and independence of directors. The Company is also required to adopt a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- 1.2 To meet these objectives, the policy on appointment, remuneration and evaluation of directors has been adopted by the Board of Directors on August 8, 2017.

#### 2. SELECTION, IDENTIFICATION AND APPOINTMENT OF DIRECTORS

- 2.1 The Nomination and Remuneration Committee is responsible for evaluating the qualifications of each director candidate and of those directors who are to be nominated for election by shareholders at each Annual General Meeting of shareholders, and for recommending duly qualified director nominees to the full Board for election. The qualification criteria set forth herein are designed to describe the qualities and characteristics desired for the Board as a whole and for Board members individually.

##### 2.2 Director Selection Procedures

- 2.2.1 For each shortlisted director candidate considered for election to the Board, the Nomination and Remuneration Committee shall evaluate each director candidate and recommend to the Board any duly qualified director candidates.
- 2.2.2 To aid in the short listing and screening process the Nomination and Remuneration Committee may take the support of professional agencies, conduct interviews or have a personality check undertaken or take any other steps to ensure that the right candidates are identified.
- 2.2.3 A determination of a director's qualifications to serve on the Board shall be made by the Board, upon the recommendation of the Committee, prior to nominating said director for election at the Company's next Annual General Meeting.
- 2.2.4 Appointment of all Directors, other than directors appointed pursuant to nomination by Financial Institutions under section 161(3) of the Act will be approved by shareholders at a general meeting.
- 2.2.5 The company shall issue a formal letter of appointment to independent directors in the manner as provided in Paragraph IV(4) of Schedule IV the Act.

##### 2.3 Director qualification criteria

- 2.3.1 The director candidates should have completed the age of 21 years. The maximum age of executive directors shall not be more than 70 years at the time of appointment / re-appointment. However a candidate who has attained the age of 70 years may be appointed if approved by shareholders by passing of special resolution.
- 2.3.2 The Board has not established specific education, years of business experience or specific types of skills for Board members, but, in general, expects qualified directors to have ample experience and a proven record of professional success, leadership and the highest level of personal and professional ethics, integrity and values.
- 2.3.3 The candidate to be appointed as Director shall have a Director Identification Number allotted under section 154 of the Companies Act, 2013 (Act).
- 2.3.4 A person shall not be eligible for appointment as director of the Company if:
  - 2.3.4.1 He is disqualified for being appointed under section 164 of the Act.
  - 2.3.4.2 The number of directorships post appointment as Director in the Company exceed the total number of directorships permitted under section 165 of the Act.

- 2.3.5 In addition any person to be appointed as a Managing Director or whole time director in the Company (hereinafter referred to as 'Executive Directors') shall have to meet the following requirements for being eligible for appointment shall have to meet the requirements set out in Part I of Schedule V of the Act.
- 2.3.6 Further, while selecting Independent Directors:
- 2.3.6.1 the Company may select the candidate from data bank(s) containing names, address, qualification of persons who are eligible and willing to act as Independent Directors maintained by anybody, institute or association as may be notified by the Central Government having expertise in creation and maintenance of such data bank.
- 2.3.6.2 The prospective candidates for appointment as Independent Directors shall have to meet the criteria of Independence laid down in sub-section (6) of section 149 of the Act.
- 2.3.7 In the process of short listing Independent Directors, the Board shall ensure that there is appropriate balance of skills, experience and knowledge in the Board so as to enable the Board to discharge its functions and duties effectively.

### 3. CRITERIA FOR APPOINTMENT OF SENIOR MANAGEMENT EXECUTIVES

- 3.1 The Nomination and Remuneration Committee is responsible for the appointment of senior management executives in accordance with the laid down criteria.
- 3.2 The criteria laid down for the appointment of senior management executives just below the Executive Directors including the Key Managerial Personnel is set out below.
- 3.3 The Senior Management Executives are sourced from Internal and external sources. These resumes are shortlisted by the hiring manager and the shortlisted candidates are scheduled for Interviews.

### 4. REMUNERATION

- 4.1 All remuneration / fees / compensation, payable to directors shall be fixed by the Board of Directors and payment of such remuneration fees / compensation shall require approval of shareholders in general meeting except for sitting fee payable to Non-Executive Directors for attending Board / Committee and other meetings.
- 4.2 The Board shall decide on the remuneration / fees / compensation, payable to directors based on the recommendations of the Nomination and Remuneration Committee.
- 4.3 The total managerial remuneration payable, to its directors, including managing director and whole-time director, (and its manager) in respect of any financial year shall not exceed eleven per cent of the net profits of the company for that financial year computed in the manner laid down in section 198 of the Act. Provided that the company in general meeting may, with the approval of the Central Government, authorise the payment of remuneration exceeding eleven per cent of the net profits of the company, subject to the provisions of Schedule V of the Act:
- 4.4 The Nomination and Remuneration Committee shall ensure the following while recommending the remuneration / fee / compensation payable to Directors:
- 4.4.1 Executive Directors
- 4.4.1.1 The remuneration payable to any one managing director; or whole-time director or manager shall not exceed five per cent of the net profits of the company and if there is more than one such director remuneration shall not exceed ten per cent of the net profits to all such directors and manager taken together. Else the remuneration will be subject to approval of central government as may be required.
- 4.4.1.2 In case of inadequacy of profits mentioned in 4.3 and 4.4.1 above, the Committee while approving the remuneration for executive directors
- 4.4.1.2.1 take into account, financial position of the company, trend in the industry, appointee's qualification, experience, past performance, past remuneration, etc.
- 4.4.1.2.2 be in a position to bring about objectivity in determining the remuneration package while striking a balance between the interest of the company and the shareholders.

- 4.4.2 While considering payment of remuneration / increase in remuneration payable to executive directors, key managerial personnel and other executives, the Nomination and Remuneration Committee may among other factors consider the following:
- 4.4.2.1 the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully
- 4.4.2.2 relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- 4.4.2.2.1 remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.
- 4.4.2.2.2 the factors mentioned in The Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, may be considered, which are required to be disclosed in the Directors Report.
- 4.4.3 Non-executive Directors including Independent Directors
- 4.4.3.1 The remuneration payable to Non-Executive Directors shall not exceed 1% of the net profits of the Company.
- 4.4.3.2 A Non-Executive director may be paid remuneration by way of fee for attending meetings of the Board or Committee thereof or for any other purpose whatsoever. The amount of such fee shall not exceed ₹ 1,00,000 for attending each such meeting or such higher amount as may be prescribed by the Central Government.
- 4.4.3.3 An independent director shall not be entitled to any stock option

For and on behalf of the Board

**K. K. Sinha**  
Director

**Suparna Singh**  
Director

Mumbai,  
August 14, 2017

# INDEPENDENT AUDITOR'S REPORT

## To The Members of Vadinar Oil Terminal Limited

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Vadinar Oil Terminal Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

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

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

### Auditor's Responsibility

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

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the

standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our qualified audit opinion on the aforesaid standalone financial statements.

### Basis for Qualified Opinion

Attention is invited to Note no. 56 regarding the ability of the Company to realise investment in a subsidiary company and amounts due from certain related parties, which is predicated on successful closure of the sale of shares by the majority shareholders of Essar Oil Limited, the holding Company, and application of the sales consideration towards discharge of the aforesaid amounts, as explained in the note. In view of the delay in achieving closure of the said share sale transaction and consequent collection of the amounts as envisaged, and further the reassessment by the Company of its ability to realise the entire investment and other dues through the escrow arrangement, we are unable to express an opinion on recoverability of the carrying values of the investment and the dues aggregating to ₹ 3,613.44 crore as at 31st March, 2017 or debit to the Statement of Profit and Loss of ₹ 177.50 crore for the year.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects/ possible effects of the matter described in the Basis for Qualified Opinion paragraph above, 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 31st March, 2017, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Emphasis of Matters

Attention is invited to Note 57 to the financial statements regarding the Company's ability to discharge its financial obligations, and be able to continue as a going concern which is predicated on collection of outstanding dues from certain related parties in the near term (refer basis of qualified opinion paragraph above) under the mechanism explained in the note.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Statement of Cash flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) Except for the effects / possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) The going concern matter described in the Emphasis of Matters paragraph read with the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company, and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses a qualified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting in respect of management's ability to assess recoverability of outstanding amounts more particularly the Company's ability to make recoverability assessments considering all relevant factors.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the

Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company did not have any holdings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 117365W)

Samir R. Shah  
Partner  
Membership No. 101708

MUMBAI, August 14, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

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

### Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of Vadinar Oil Terminal Limited (“the Company”) as of March 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

#### Management’s Responsibility for Internal Financial Controls

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

#### Auditor’s Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls Over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### Basis for Qualified Opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at March 31, 2017, relating to inadequate internal financial controls over financial reporting in respect of recoverability of the outstanding amounts more particularly the Company’s ability to make assessments considering all relevant factors (reference is invited to the Basis for Qualified Opinion paragraph foregoing).

A ‘material weakness’ is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

#### Qualified Opinion

In our opinion, to the best of our information and according to the explanations given to us, except for the possible effects of the material weakness described above, the Company has, in all material respects, an adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on the Guidance Note.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the standalone Ind AS financial statements of the Company for the year ended March 31, 2017.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm’s Registration No. 117365W)

Samir R. Shah  
Partner  
Membership No. 101708

MUMBAI, August 14, 2017

## ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the confirmation directly received by us from lenders, we report that immovable property of land, which is freehold, whose title deed has been pledged as a security for loans, is held in the name of the Company as at the balance sheet date. The Company has no acquired buildings and also there are no land and buildings that have been taken on lease.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the Register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under paragraph 3(v) of the Order is not applicable.
- (vi) Having regard to the nature of the Company's business/ activities, reporting under paragraph 3(vi) of the Order is not applicable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Customs Duty, Value Added Tax, Works Contract Tax, cess and other material statutory dues applicable to it with the appropriate authorities except Service Tax and Tax deducted at source where there have been significant delays in a large number of cases. As informed to us, the provisions for Employee's State Insurance and Excise duty were not applicable to the Company during the year.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March, 2017 for a period of more than six months from the date they became payable except as under:

Name of the statute	Nature of the dues	Amount (₹ in crores)	Period to which the amount relates	Due date	Date of payment
Income Tax Act, 1961	Tax deducted at source	0.11	May 2016	7th June 2016	8th August 2017
		11.79	June 2016	7th July 2016	
		0.12	July 2016	7th August 2016	
		0.34	August 2016	7th September 2016	

- (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax as on March 31, 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and financial institutions except as under :

Particulars	Amount of default of repayment (₹ in crores)		Period of default (in days)
	Principal	Interest	
<b>Dues to Financial Institutions :</b>			
General Insurance Corporation of India	-	0.41	1
Life Insurance Corporation of India	6.34	5.12	1

The aforesaid amounts have been paid subsequent to the balance sheet date.

The Company has not taken any loans or borrowings from government or has not borrowed any sum through issue of debentures.

- (ix) In our opinion and according to the information and explanations given to us, term loans have been applied by the Company during the year for the purpose for which they were obtained. The Company has not raised any moneys by way of initial public offer/ further public offer (including debt instruments).
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the managerial remuneration of ₹ 0.84 crores was paid/ provided during the year to a whole-time director without

prior approval of Central Government. The Company has since made an application to the Central Government for which the response is awaited.

- (xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties (attention is however invited to the Basis of Qualification paragraph in our Report above), and the details of related party transactions have been disclosed in the financial statements etc., as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under paragraph 3(xiv) of the Order is not applicable to the Company.

- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 117365W)

Samir R. Shah  
Partner  
Membership No. 101708

MUMBAI, August 14, 2017

# Balance Sheet as at March 31, 2017

(₹ in crore)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>I ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	5	4,456.06	4,693.69	4,925.87
(b) Capital work-in-progress	6	41.87	21.96	2.26
(c) Intangible assets	7	-	-	0.01
(d) Financial assets				
(i) Investments	9	0.01	0.06	0.06
(ii) Loans	10	20.50	1,354.78	167.70
(iii) Other financial assets	11	11.20	65.95	17.15
(e) Other non-current assets	13	0.04	0.68	0.12
(f) Current tax assets	14	68.49	28.37	20.25
<b>Total non-current assets</b>		<b>4,598.17</b>	<b>6,165.49</b>	<b>5,133.42</b>
<b>Current assets</b>				
(a) Inventories	15	5.75	5.12	4.02
(b) Financial assets				
(i) Investments	16	3,033.21	-	-
(ii) Trade receivables	17	124.34	0.64	11.38
(iii) Cash and cash equivalents	18	2.84	11.64	112.18
(iv) Bank balances other than cash and cash equivalents	19	-	2.88	1.94
(v) Loans	20	0.01	641.85	413.56
(vi) Other financial assets	21	595.11	853.10	30.16
(c) Other current assets	22	69.52	28.05	57.85
(d) Investments classified as held for sale	23	0.05	-	-
<b>Total current assets</b>		<b>3,830.83</b>	<b>1,543.28</b>	<b>631.09</b>
<b>Total Assets</b>		<b>8,429.00</b>	<b>7,708.77</b>	<b>5,764.51</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	24	321.19	1,046.14	1,046.14
(b) Other equity	25	(254.11)	(316.48)	17.70
<b>Total equity</b>		<b>67.08</b>	<b>729.66</b>	<b>1,063.84</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	26	5,122.31	3,141.06	3,464.53
(ii) Other financial liabilities	27	1,681.39	1,103.64	298.11
(b) Deferred tax liabilities (net)	12	435.22	441.37	477.39
<b>Total non-current liabilities</b>		<b>7,238.92</b>	<b>4,686.07</b>	<b>4,240.03</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	28	-	1,450.00	-
(ii) Trade payables	29	78.02	33.08	24.95
(iii) Other financial liabilities	30	981.24	768.12	418.32
(b) Other current liabilities	31	62.64	40.79	8.58
(c) Provisions	32	0.72	0.67	0.53
(d) Current tax liabilities	33	0.38	0.38	8.26
<b>Total current liabilities</b>		<b>1,123.00</b>	<b>2,293.04</b>	<b>460.64</b>
<b>Total Liabilities</b>		<b>8,361.92</b>	<b>6,979.11</b>	<b>4,700.67</b>
<b>Total equity and liabilities</b>		<b>8,429.00</b>	<b>7,708.77</b>	<b>5,764.51</b>

See accompanying notes to the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Mumbai, August 14, 2017

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
Chairman

**K. K. Sinha**  
Director

Mumbai, August 08, 2017

## Statement of Profit and Loss for the year ended March 31, 2017

(₹ in crore)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>I</b> Revenue from operations	34	1,588.58	775.40
<b>II</b> Other income	35	142.31	170.25
<b>III Total Income (I + II)</b>		<b>1,730.89</b>	<b>945.65</b>
<b>IV Expenses</b>			
(a) Operating expenses	36	90.56	115.84
(b) Employee benefits expense	37	18.85	15.32
(c) Other expenses	38	263.21	67.24
(d) Depreciation and amortisation expense	8	0.85	239.85
(e) Finance costs	39	1,009.57	555.69
<b>Total expenses (IV)</b>		<b>1,383.04</b>	<b>993.94</b>
<b>V Earnings before exceptional items and tax (III-IV)</b>		<b>347.85</b>	<b>(48.29)</b>
<b>VI</b> Exceptional items	40	918.68	-
<b>VII Loss before tax (V-VI)</b>		<b>(570.83)</b>	<b>(48.29)</b>
<b>VIII Tax expense/(benefit):</b>	53		
(a) Current tax		-	11.71
(b) Deferred tax		(6.27)	(36.03)
		<b>(6.27)</b>	<b>(24.32)</b>
<b>IX Loss for the year (VII-VIII)</b>		<b>(564.56)</b>	<b>(23.97)</b>
<b>Other comprehensive income</b>			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurement of the defined benefit plans		0.34	0.03
(b) Income tax relating to items that will not be reclassified to profit or loss		(0.12)	(0.01)
<b>X Total other comprehensive income</b>		<b>0.22</b>	<b>0.02</b>
<b>XI Total comprehensive loss for the year (IX+X)</b>		<b>(564.34)</b>	<b>(23.95)</b>
<b>XII Earnings per equity share (face value of ₹10 each)</b>			
Basic and diluted (in ₹)	49	(17.58)	(0.75)
See accompanying notes to the financial statements			

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Mumbai, August 14, 2017

For and on behalf of the Board of Directors

**Rajiv Agarwal**  
Chairman

Mumbai, August 08, 2017

**K. K. Sinha**  
Director

## Statement of Changes in Equity for the year ended March 31, 2017

### A. Equity share capital

(₹ in crore)

Particulars	Amount
<b>Balance as at April 01, 2015</b>	<b>1,046.14</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2016</b>	<b>1,046.14</b>
Cancellation of equity shares upon implementation of the Composite Scheme of arrangement (the "Scheme") (refer note 54)	(1,046.14)
Issue of equity shares pursuant to the scheme (refer note 54)	321.19
<b>Balance as at March 31, 2017</b>	<b>321.19</b>

### B. Other equity

(₹ in crore)

Particulars	Reserves and surplus				Other Comprehensive income	Total
	Capital reserve		Equity component of compound financial instruments	Retained earnings	Remeasurements of the net defined benefit plans	
	On common control business combination	Others				
Balance as at April 01, 2015	3.38	-	3.04	11.28	-	17.70
Loss for the year	-	-	-	(23.97)	-	(23.97)
Other comprehensive income for the year, net of income tax	-	-	-	-	0.02	0.02
Total comprehensive income/ (loss) for the year	-	-	-	(23.97)	0.02	(23.95)
Accounting effects pursuant to implementation of the Scheme (refer note 54):						
- Transfer of payables to the Company pertaining to loans and advances given during the year upon merger of EPML	-	-	-	(138.24)	-	(138.24)
- Investments made by VPTL during the year not taken over	-	-	-	(171.99)	-	(171.99)
Balance as at March 31, 2016	3.38	-	3.04	(322.92)	0.02	(316.48)
Loss for the year	-	-	-	(564.56)	-	(564.56)
Other comprehensive income for the year, net of income tax	-	-	-	-	0.22	0.22
Total comprehensive income/ (loss) for the year	-	-	-	(564.56)	0.22	(564.34)
Accounting effects pursuant to implementation of the Scheme (refer note 54):						
- Effect of elimination of Investments in the Company upon merger of EPML		1,046.14				1,046.14
- Issue of fresh share capital		(321.19)				(321.19)
- Transfer of payables to the Company pertaining to loans and advances given during the year upon merger of EPML		-	-	(98.24)	-	(98.24)
Balance as at March 31, 2017	3.38	724.95	3.04	(985.72)	0.24	(254.11)

See accompanying notes to the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**For and on behalf of the Board of Directors**

**Samir R. Shah**  
Partner

Mumbai, August 14, 2017

**Rajiv Agarwal**  
Chairman

Mumbai, August 08, 2017

**K.K. Sinha**  
Director

## Statement of Cash Flow for the year ended March 31, 2017

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>I) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(570.83)	(48.29)
Adjustment for:		
Debit to profit or loss on re-assessment of the Company's ability to collect the amount specified in note 56	177.50	-
Claim receivable, written off	0.53	-
Loss on extinguishment of lease arrangement	377.35	-
Capital work in progress written off	2.40	-
Depreciation and amortisation expense	0.85	239.85
Costs on account of CDR exit	363.83	-
Finance costs	1,009.57	555.69
Interest income on loans and advances	(96.32)	(168.76)
Unrealised exchange loss (gain)	(1.41)	1.82
Loss on derivative liability	176.81	-
Interest Income on bank deposits	(0.73)	(0.31)
Allowance for bad and doubtful receivables / loans (Expected credit loss)	14.52	39.03
Dividend on preference shares #	-	(0.00)
<b>Operating profit before working capital changes</b>	<b>1,454.07</b>	<b>619.03</b>
Adjustment for (increase) / decrease in operating assets :		
Inventories	(0.63)	(1.10)
Trade receivables, loans, other financial assets and other assets	(297.33)	35.54
Adjustment for increase / (decrease) in operating liabilities :		
Trade payables, other financial liabilities, other liabilities and provisions	(134.16)	831.28
<b>Cash generated from operations</b>	<b>1,021.95</b>	<b>1484.75</b>
Income taxes paid (net)	(40.12)	(27.66)
<b>Net cash generated from operating activities (I)</b>	<b>981.83</b>	<b>1457.09</b>
<b>II) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment including capital work in progress	(24.84)	(26.20)
Interest received on loans and advances given	12.45	9.43
Refund of Inter-corporate deposits	32.92	189.32
Placement of Inter-corporate deposits	(178.02)	(1,580.38)
Advance given for purchase of shares	-	(761.10)
Dividend on preference shares received #	-	0.00
Share application money given	-	(10.00)
Fixed deposits placed for a period of more than three months	-	(2.64)
Proceeds from maturity of fixed deposits	3.88	1.72
Interest received on fixed deposits	0.78	0.04
Investment in equity shares of a subsidiary	(3,033.21)	-
<b>Net cash used in investing activities (II)</b>	<b>(3,186.04)</b>	<b>(2,179.81)</b>

## Statement of Cash Flow for the year ended March 31, 2017

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>III) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	3,716.24	-
Repayment of borrowings	(942.62)	(98.41)
Loans and advances received from body corporates	-	2,800.00
Loans and advances repaid to body corporates	-	(1,350.00)
Interest and finance costs paid	(578.21)	(419.18)
<u>Cash outflows resulting from the Scheme (refer note 54)</u>		
- Loans and advances given to EPL; subsequently transferred to the Company and eliminated	-	(138.24)
- Investments by VPTL, not taken over (and hence considered as part of financing activities)	-	(171.99)
<b>Net cash generated from financing activities (III)</b>	<b>2,195.41</b>	<b>622.18</b>
<b>Net decrease in cash and cash equivalents (I+II+III)</b>	<b>(8.80)</b>	<b>(100.54)</b>
Cash and cash equivalents at the beginning of the year (refer note 18)	11.64	112.18
<b>Cash and cash equivalents at the end of the year</b>	<b>2.84</b>	<b>11.64</b>
# Amount 0.00 represents amount less than ₹ 0.01 crore		
<b>Notes :</b>		
<b>1. Non cash transactions</b>		
The company has transferred receivables of ₹ 2,569.42 crore and payables of ₹ 2,298.21 crore to related parties. (refer note 58)		
<b>2.</b> The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under Section 133 of The Companies Act 2013, read together with Companies (Indian Accounting Standard) Rules 2015 (as amended).		

See accompanying notes forming part of the financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Mumbai, August 14, 2017

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
Chairman

**K. K. Sinha**  
Director

Mumbai, August 08, 2017

## Notes to the financial statements for the year ended March 31, 2017

### 1. Corporate Information

Vadinar Oil Terminal Limited ("the Company") is a public limited company incorporated under the Companies Act, 1956 and its registered office is located at Essar Refinery Site, 39, KM Stone, Okha Highway (SH-25), Taluka Khambalia, Dist- Jamnagar, Gujarat 361 305. Principal place of business of the Company is located at Vadinar, Gujarat.

The Company has an integrated oil terminal situated at Vadinar, Gujarat. It has capacity of 58 MMTPA and handles crude oil and petroleum products. The facilities consist of an off-shore single point mooring (SPM), two jetties for handling liquid petroleum products, tanks for storage of crude oil and petroleum products and rail and road gantries for dispatch of petroleum products.

The financial statements were approved for issue by the board of directors on August 8, 2017.

The financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crore, except where otherwise indicated.

On October 15, 2016 the majority shareholders of Essar Oil Limited ("EOL") had entered into agreements (SPAs) to sell their shares following which, inter alia, the Company became subsidiary of EOL, and has initiated and is presently in the final stages of liquidating amounts due from certain related parties (refer note 56).

### 2. Basis of preparation and presentation

**Statement of Compliance with Indian Accounting Standards (Ind AS):** The Financial Statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016 and accounting principles generally accepted in India.

For all periods up to and including the year ended 31st March 2016, the Company prepared its financial statements in accordance with requirements of the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP"). These are the first Ind AS Financial Statements of the Company. The date of transition to Ind AS is April 1, 2015. Refer note 59 for the details of first-time adoption exemptions availed by the Company.

**First-time adoption:** In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Company's first Ind AS financial statements include, three balance sheets, namely, the opening balance sheet as at April 1, 2015 and balance sheets as at March 31, 2016 and March 31, 2017, and, two statements each of profit and loss, cash flows and changes in equity for the years ended March 31, 2016 and 2017 together with related notes (together hereinafter referred to as "the Financial Statements"). The same accounting policies have been used for all periods presented, except where the Company has made use of exceptions and exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet

(refer note 59). The balance sheets, statement of profit and loss, statement of cash flows and statement of changes in equity of prior years presented have been recast in accordance with Ind ASs.

The Financial Statements have been prepared on the historical cost basis except for certain financial instruments and property, plant and equipment measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

**Fair value:** is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Company takes in to account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurement that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purposes, fair value measurement are categorized into level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3. Summary of significant accounting policies:

#### A. Property, plant and equipment and depreciation

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets.

Capital work in progress comprise of those costs that relate directly to specific assets and those that are attributable to the construction or project activity in general and can be allocated to specific assets up to the date the assets are put to their intended use. At the point when an asset is operating at management's

## Notes to the financial statements for the year ended March 31, 2017

intended use, the capital work in progress is transferred to the appropriate category of property, plant and equipment and depreciation commences. Major inspections and overhauls are identified and accounted for as an asset if that component is used over more than one reporting period.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of assets	Years
Buildings and civil structures	5 – 30
Roads	10
Plant and equipment	10 – 30
Marine structures and plant and equipment to be handed over under an agreement with Kandla Port Trust	20
Furniture and fixtures	10
Office equipment	3 – 6

When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Freehold land is not depreciated.

The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

### B. Intangible assets and amortisation

Intangible fixed assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets are amortised uniformly over the best estimate of their useful lives. The Company has estimated the useful life of software ranging from 3 - 5 years from the date of acquisition.

### C. Impairment of assets

At the end of each reporting period, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate

the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Statement of Profit and Loss.

### D. Leases

#### As lessor -

Operating lease income for equipment rentals is recognized on a straight-line basis over the lease term. An arrangement that is not in the legal form of a lease is accounted for as a lease if it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Receivables from finance leases, in which the Company as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognized at an amount equal to the net investment in the lease. Finance income is subsequently recognized based on a pattern reflecting a constant periodic rate of return on the net investment using the effective interest method.

#### As Lessee -

Leases in which the Company is the lessee and has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in other short-term and other non-current liabilities. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the assets and the lease term.

Leases in which the Company is the lessee and in which substantially all risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

## Notes to the financial statements for the year ended March 31, 2017

In case of changes in the provisions of the lease resulting in different classification, the revised agreement is regarded as a new agreement over its term. Gain / loss, if any, resulting from the reclassification is charged to the Statement of Profit and Loss.

### E. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories mainly comprise the cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Costs of inventories are determined on weighted average basis.

### F. Revenue recognition

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### Revenue from operations

Revenue from operations which include cargo handling and storage services are recognized as per proportionate completion method based on services completed till reporting date. See policy on leases with respect to interest on finance leases.

#### Interest income

Interest income is recognised on a time proportion basis following effective interest method.

#### Dividend income

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

### G. Government grants

Government grants are recognised when there is reasonable assurance that the conditions attached to the grants will be complied with and where such benefits have been earned and it is reasonably certain that the ultimate collection will be made.

Government grants are recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

### H. Borrowing costs

General and specific borrowing costs attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the

borrowing costs eligible for capitalisation. Capitalisation of the borrowing costs is suspended during extended periods in which it suspends active development of a qualifying asset.

All other borrowing costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, hedge related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

### I. Employee benefits

#### Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the Statement of profit and loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the statement of financial position represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

## Notes to the financial statements for the year ended March 31, 2017

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

### Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

### **J. Foreign currencies**

The functional currency of the Company is determined on the basis of the primary economic environment in which it operates. The functional currency of the Company is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks;
- exchange difference arising on settlement / restatement of long-term foreign currency monetary items recognized in the financial statements for the year ended March 31, 2016 prepared under previous GAAP, are capitalized as a part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary item, whichever is earlier and charged to the Statement of Profit and

Loss. The un-amortised exchange difference is carried under other equity as "Foreign currency monetary item translation difference account" net of tax effect thereon, where applicable.

### **K. Financial Instruments**

Financial instruments comprise of financial assets and financial liabilities. Financial asset primarily comprise of investments, loans and advances, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings, trade and other payables.

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Statement of Profit and Loss.

#### **I. Financial assets**

##### **a) Recognition and initial measurement**

The Company initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Company becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

##### **b) Investments in subsidiaries and associates**

Investment in subsidiaries and associates are shown at cost. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to Statement of Profit and Loss.

##### **c) Classification of financial assets**

On initial recognition, a financial asset is measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

## Notes to the financial statements for the year ended March 31, 2017

- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value. If the Company has made an irrevocable election to designate an equity instrument at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognized in statement of Profit and Loss. The net gain or loss recognized in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- The Company's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### d) Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the Statement of Profit and Loss if such gain or loss would have otherwise been recognised in the Statement of Profit and Loss on disposal of that financial asset.

### e) Impairment

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

## Notes to the financial statements for the year ended March 31, 2017

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

### f) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in the Statement of Profit and Loss and is included in the 'Other income' line item.

## II. Financial liabilities and equity instruments

### a) Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Statement of Profit and Loss.

## Notes to the financial statements for the year ended March 31, 2017

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit and Loss.

### Other financial liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Company enters into deferred payment arrangements (acceptances) whereby overseas lenders such as banks and other financial institutions make payments to supplier's banks for import of raw materials and capital expenditure. The banks and financial institutions are subsequently repaid by the Company at a later date. These are normally settled up to 12 months (for raw materials) and up to 60 months (for capital expenditure). These arrangements for raw materials are recognized as Acceptances (under trade payables) and the arrangements for capital expenditure are recognised as other financial liabilities.

### Derecognition of financial liabilities:

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Statement of Profit or Loss.

#### **d) Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

#### **e) Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates,

## Notes to the financial statements for the year ended March 31, 2017

credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through Statement of profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Statement of profit or loss, unless designated as effective hedging instruments.

### L. Taxation

Income tax expense represents the sum of the current tax and deferred tax.

#### Current tax

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

#### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an

asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

#### Current and deferred tax for the period

Current and deferred tax are recognised in the Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### M. Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive), as a result of past event, and it is probable that an outflow of resources embodying economic benefits, that can be reliably estimated, will be required to settle such an obligation.

Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources is remote. Contingent assets are disclosed where inflow of economic benefits is probable.

### N. Business combinations under common control

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method.

Under pooling of interest method, the assets and liabilities of the combining entities or businesses are reflected at their carrying amounts after making adjustments necessary to harmonise the accounting policies. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination. The identity of the reserves is preserved in the same form in which they appeared in the financial statements of the transferor and the difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve.

## Notes to the financial statements for the year ended March 31, 2017

### 4. Key sources of estimation uncertainty and critical accounting judgements

The preparation of the financial statements requires management to make judgements, estimates and assumptions about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Company's accounting policies and that have the most significant effect on the amount recognised in the financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

#### i) Going Concern

The management at each close makes an assessment of the Company's ability to continue as a going concern. In making such evaluation, it considers, inter alia, the quantum and timing of its cash flows, in particular collection of all its recoverable and settlement of its obligations to pay creditors and lenders on due dates. The accounting policy choices in preparation and presentation of the financial statements is based on the Company's assessment that the Company will continue as a going concern in the foreseeable future. (Refer Note 57)

#### ii) Determination of functional currency

The management makes judgement in defining the functional currency based on economic substance of the transaction relevant to the Company. In concluding that Indian Rupees is the functional currency for the Company, the management considered (i) the currency that mainly influences the charges for services, the labour, material and other costs of providing services, and (ii) the effect of the competitive forces and regulations of the country which mainly determine the sales prices of services. The management also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

#### iii) Arrangement in the nature of lease and separating payments of lease from the other considerations

The Company has entered into arrangements on take or pay basis to provide crude and petroleum products receipt, storage, handling and dispatch services to Essar Oil Limited. Based on assessment of the terms of the arrangements, the

Company has concluded that these arrangements are in the nature of lease.

#### iv) Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

#### v) Impairment indicators

The management performs annual impairment tests on cash generating units and capital work-in-progress for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon various assumptions including margins, commencement date, cargo traffic etc.

#### vi) Income Taxes

Deferred tax assets (including MAT recoverable) are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

#### vii) Recoverability of financial assets

Assessment of recoverability of dated receivables require significant judgment. Factors considered include the credit rating, assessment of intention and ability of the counter party to discharge the liability, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. As stated in Note 56 the recoverability of amounts due from certain related parties is predicated on the sale of shares by the majority shareholders of Essar Oil Limited and deployment of the sale consideration towards liquidating the dues. The assessment of recoverability of these amounts is based on management's to date understanding of the amounts expected to be collected and passed through to the Company through the escrow arrangement.

#### viii) Fair value measurement of financial instruments

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

## Notes to the financial statements for the year ended March 31, 2017

### 5 PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Freehold land	Buildings and civil structure	Roads	Marine structures	Plant and equipment	Furniture and fixtures	Office equipment	Total
<b>Cost or deemed cost</b>								
<b>As at April 01, 2015</b>	<b>0.05</b>	<b>273.49</b>	<b>5.85</b>	<b>297.61</b>	<b>4,348.16</b>	<b>0.51</b>	<b>0.20</b>	<b>4,925.87</b>
Additions #	-	-	-	-	7.55	0.00	0.11	7.66
<b>As at March 31, 2016</b>	<b>0.05</b>	<b>273.49</b>	<b>5.85</b>	<b>297.61</b>	<b>4,355.71</b>	<b>0.51</b>	<b>0.31</b>	<b>4,933.53</b>
Additions (refer note (a) below)	-	249.73	2.74	250.37	3,956.10	0.02	0.06	4,459.02
Disposals (refer note (a) below)	-	(273.49)	(5.85)	(297.61)	(4,358.51)	-	-	(4,935.46)
<b>As at March 31, 2017</b>	<b>0.05</b>	<b>249.73</b>	<b>2.74</b>	<b>250.37</b>	<b>3,953.30</b>	<b>0.53</b>	<b>0.37</b>	<b>4,457.09</b>
<b>Accumulated depreciation and impairment</b>								
<b>As at April 01, 2015</b>	-	-	-	-	-	-	-	-
Depreciation expense	-	11.88	1.56	23.62	202.60	0.11	0.07	239.84
<b>As at March 31, 2016</b>	-	<b>11.88</b>	<b>1.56</b>	<b>23.62</b>	<b>202.60</b>	<b>0.11</b>	<b>0.07</b>	<b>239.84</b>
Eliminated on disposal (refer note (a) below)	-	(11.88)	(1.56)	(23.62)	(202.60)	-	-	(239.66)
Depreciation expense	-	0.03	0.01	0.06	0.55	0.11	0.09	0.85
<b>As at March 31, 2017</b>	-	<b>0.03</b>	<b>0.01</b>	<b>0.06</b>	<b>0.55</b>	<b>0.22</b>	<b>0.16</b>	<b>1.03</b>
Carrying amount								
<b>As at April 01, 2015</b>	<b>0.05</b>	<b>273.49</b>	<b>5.85</b>	<b>297.61</b>	<b>4,348.16</b>	<b>0.51</b>	<b>0.20</b>	<b>4,925.87</b>
<b>As at March 31, 2016</b>	<b>0.05</b>	<b>261.61</b>	<b>4.29</b>	<b>273.99</b>	<b>4,153.11</b>	<b>0.40</b>	<b>0.24</b>	<b>4,693.69</b>
<b>As at March 31, 2017</b>	<b>0.05</b>	<b>249.70</b>	<b>2.73</b>	<b>250.31</b>	<b>3,952.75</b>	<b>0.31</b>	<b>0.21</b>	<b>4,456.06</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

#### Notes

- A long term take-or-pay arrangement in the nature of finance lease pertaining to the Terminal Facilities became effective from April 01, 2016. A change in the remaining term of the arrangement on March 30, 2017 has resulted in reclassification of the arrangement from finance lease to operating lease (refer note 41(ii)). The resultant loss of ₹ 377.35 crore on reclassification is debited to the Statement of Profit and Loss as an Exceptional Item (refer note 40). Approval of the lenders for the amendment is awaited.
- All the property, plant and equipment of the Company have been pledged to secure borrowings of the Company. (refer note 26).
- The Company has elected to measure plant and equipment, buildings, roads and marine structure at their fair value at the date of transition to Ind AS (i.e. April 01, 2015) and use those fair value as their deemed cost. This valuation is based on the report of an independent third party valuer. The carrying amounts of these assets under the previous GAAP and fair value adjustments are as follows:

(₹ in crore)

Particulars	Buildings and civil structure	Roads	Marine structures	Plant and equipment	Total
<b>Cost or deemed cost</b>					
<b>At April 01, 2015 as per previous GAAP</b>	187.58	7.31	124.49	2,707.67	3,027.05
Fair value adjustment	85.91	(1.46)	173.12	1,640.49	1,898.06
<b>At April 01, 2015 as per Ind AS</b>	<b>273.49</b>	<b>5.85</b>	<b>297.61</b>	<b>4,348.16</b>	<b>4,925.11</b>

## Notes to the financial statements for the year ended March 31, 2017

6 Capital work in progress comprises a crude tank under construction.

### 7 INTANGIBLE ASSETS

(₹ in crore)

Particulars	Computer software
<b>Cost or deemed cost</b>	
As At April 01, 2015	0.01
Additions	-
As at March 31, 2016	0.01
Additions	-
As at March 31, 2017	0.01
<b>Accumulated amortisation and impairment</b>	
As at April 01, 2015 #	0.00
Amortisation expense	0.01
As at March 31 2016	0.01
Amortisation expense	-
As at March 31 2017	0.01
Carrying amount	
As at April 01, 2015	0.01
As at March 31, 2016	-
As at March 31, 2017	-

# Amount 0.00 represents amount less than ₹ 0.01 crore

### 8 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of Property, plant and equipment (refer note 5)	0.85	239.84
Amortisation of intangible assets (refer note 7)	-	0.01
<b>Total</b>	<b>0.85</b>	<b>239.85</b>

### 9 INVESTMENTS (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Investments in equity instruments</b>			
<b>Associate: (at deemed cost)</b>			
Vadinar Liquid Terminals Limited 12,500 (as at March 31, 2016: 12,500; as at April 01, 2015: 12,500) equity shares of ₹ 10 each fully paid	0.01	0.01	0.01
<b>Others: (Measured at fair value through other comprehensive income)</b>			
Essar Vizag Terminals Limited (refer note 23) Nil (as at March 31, 2016: 50,000; as at April 01, 2015: 50,000) equity shares of ₹ 10 each fully paid	-	0.05	0.05
<b>Total</b>	<b>0.01</b>	<b>0.06</b>	<b>0.06</b>
<b>Aggregate carrying value of unquoted investments</b>	<b>0.01</b>	<b>0.06</b>	<b>0.06</b>
<b>Aggregate amount of impairment in value of investments</b>	-	-	-

## Notes to the financial statements for the year ended March 31, 2017

### 10 LOANS (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured and considered good, unless otherwise stated</b>			
(a) Security deposits			
- to related parties (refer note 58)	-	3.46	-
(b) Loans (refer note below)			
- to related parties (refer note 58)			
Considered good	20.50	1,351.32	75.58
Considered doubtful	-	35.49	1.86
Less: Allowance for bad and doubtful loans (expected credit loss)	-	(35.49)	(1.86)
- to others			
Considered good	-	-	92.12
Considered doubtful	-	-	5.88
Less: Allowance for bad and doubtful loans (expected credit loss)	-	-	(5.88)
<b>Total</b>	<b>20.50</b>	<b>1,354.78</b>	<b>167.70</b>

**Foot note:** (i) The business activities of the Company fall under the category of "Infrastructure" and therefore, it is exempted from the provisions of Section 186(2) to Section 186(13) of the Companies Act, 2013 with respect to the loans made, guarantees given and securities provided.

### 11 OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured and considered good, unless otherwise stated</b>			
(a) Deposits in escrow account with maturity of more than 12 months #	0.00	0.99	0.99
(b) Margin money with bank - In time deposits (Debt service reserve account as per the term loan agreement) with maturity of more than 12 months	11.20	11.20	11.20
(c) Interest accrued on loans given			
- to related parties (refer note 58)			
Considered good	-	53.76	0.00
Considered doubtful	-	1.71	0.02
Less: Allowance for bad and doubtful receivables (expected credit loss)	-	(1.71)	(0.02)
- to others			
Considered good	-	-	0.03
Considered doubtful #	-	-	0.00
Less: Allowance for bad and doubtful loans (expected credit loss) #	-	-	(0.00)
(d) Advance towards allotment of shares to related parties (refer note 58)	-	-	4.93
<b>Total</b>	<b>11.20</b>	<b>65.95</b>	<b>17.15</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

## Notes to the financial statements for the year ended March 31, 2017

### 12 DEFERRED TAX LIABILITIES (NET)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>(a) Deferred tax liabilities in relation to</b>			
(i) Difference between book balance and tax balance of fixed assets	1,090.24	1,095.41	1,067.86
	<b>1,090.24</b>	<b>1,095.41</b>	<b>1,067.86</b>
<b>(b) Deferred tax assets in relation to</b>			
(i) Borrowings	170.79	50.71	44.49
(ii) Allowance for doubtful debts and advances	-	25.54	11.82
(iii) Unabsorbed depreciation loss carried forward	423.99	527.17	495.21
(iv) Minimum Alternate Tax	50.61	50.61	38.95
(v) Others	9.63	0.01	-
	<b>655.02</b>	<b>654.04</b>	<b>590.47</b>
<b>Total</b>	<b>435.22</b>	<b>441.37</b>	<b>477.39</b>

### 13 OTHER NON-CURRENT ASSETS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Prepaid expenses	0.04	0.68	0.12
<b>Total</b>	<b>0.04</b>	<b>0.68</b>	<b>0.12</b>

### 14 CURRENT TAX ASSETS (NON CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax / Tax deducted at source (net of provision for tax of ₹ 19.59 crore (as at March 31, 2016 ₹ 19.59 crore, as at April 01, 2015 ₹ 19.88 crore)	68.49	28.37	20.25
<b>Total</b>	<b>68.49</b>	<b>28.37</b>	<b>20.25</b>

### 15 INVENTORIES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Stores and spares (Valued at lower of cost and net realisable value)	5.75	5.12	4.02
<b>Total</b>	<b>5.75</b>	<b>5.12</b>	<b>4.02</b>

The cost of inventories recognised as an expense during the year was ₹ 2.20 crore (for the year ended March 31, 2016: ₹ 2.69 crore).

Inventories in the nature of stores and spares of ₹ 2.45 crore (As at March 31, 2016 ₹ 2.65 crore, As at March, 2015 ₹ 2.55 crore) are expected to be recovered after twelve months.

## Notes to the financial statements for the year ended March 31, 2017

### 16 INVESTMENTS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Trade Investment (unquoted , fully paid up)</b>			
<b>Investments in Equity Instruments of a subsidiary - At cost</b>			
Enneagon Limited (refer footnote (i) and (ii) below	3,033.21	-	-
450,000,000 (as at March 31, 2016: Nil; as at April 01, 2015: Nil) equity shares of USD. 1/- each			
<b>Total investments</b>	<b>3,033.21</b>	<b>-</b>	<b>-</b>
<b>Aggregate carrying value of unquoted investments</b>	<b>3,033.21</b>	<b>-</b>	<b>-</b>
<b>Aggregate amount of impairment in value of investments</b>	<b>-</b>	<b>-</b>	<b>-</b>

**Foot note:** (i) considered as investment in a wholly owned subsidiary as the only share prior to the investment was held by another share holder for sole benefit of and as nominee of the Company. (ii) Enneagon Limited's offer to buy back the share capital has been accepted by the Company (refer note 56).

### 17 TRADE RECEIVABLES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good	124.34	0.64	11.38
<b>Total</b>	<b>124.34</b>	<b>0.64</b>	<b>11.38</b>

The average credit period on sale of services is 30 days. No interest is charged on overdue receivables.

In determining the allowances for doubtful trade receivables, the Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. The Company does not have any past due trade receivables.

### 18 CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance with banks in current accounts (refer note 55)	2.84	11.64	112.18
<b>Total</b>	<b>2.84</b>	<b>11.64</b>	<b>112.18</b>

### 19 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Margin money (In time deposits for letters of credit facilities and guarantees)	-	2.64	1.72
(b) Time deposits	-	0.24	0.22
<b>Total</b>	<b>-</b>	<b>2.88</b>	<b>1.94</b>

### 20 LOANS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured, considered good, unless otherwise stated</b>			
(a) Security deposits			
- to related parties (refer note 58)	-	4.32	3.00
- to others	0.01	0.01	1.32

## Notes to the financial statements for the year ended March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(b) Loans (refer foot note (i) to note 10)			
- to related parties (refer note 58)			
Considered good	-	637.52	232.77
Considered doubtful	-	32.66	14.49
Less: Allowance for bad and doubtful loans (expected credit loss)	-	(32.66)	(14.49)
- to others			
Considered good	-	-	176.47
Considered doubtful	-	-	11.26
Less: Allowance for bad and doubtful loans (expected credit loss)	-	-	(11.26)
<b>Total</b>	<b>0.01</b>	<b>641.85</b>	<b>413.56</b>

### 21 OTHER FINANCIAL ASSETS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured, considered good, unless otherwise stated</b>			
(a) Interest accrued on loans given to related parties (refer note 58)			
Considered good	-	51.09	0.77
Considered doubtful	-	2.40	0.05
Less: Allowance for bad and doubtful receivables (expected credit loss)	-	(2.40)	(0.05)
(b) Interest accrued on loans given to others			
Considered good	-	-	0.05
Considered doubtful #	-	-	0.00
Less: Allowance for bad and doubtful receivables (expected credit loss) #	-	-	(0.00)
(c) Interest accrued on bank deposits #	0.21	0.25	0.00
(d) Earnest money deposits	4.48	4.48	4.48
(e) Other receivables			
- from related parties (refer note 58)			
Considered good (includes ₹580.23 crore referred in note 56)	590.42	18.58	7.20
Considered doubtful	14.52	0.42	0.16
Less: Allowance for bad and doubtful receivables (expected credit loss)	(14.52)	(0.42)	(0.16)
- from others			
Considered good	-	17.60	17.66
Considered doubtful	-	1.12	1.04
Less: Allowance for bad and doubtful receivables (expected credit loss)	-	(1.12)	(1.04)
(f) Advances to related parties for purchase of investments (refer note 58)	-	761.10	-
<b>Total</b>	<b>595.11</b>	<b>853.10</b>	<b>30.16</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

## Notes to the financial statements for the year ended March 31, 2017

### 22 OTHER CURRENT ASSETS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Claim receivable (refer foot note (i) to note 35)	42.32	-	-
(b) Net assets for gratuity (refer note 52)	-	-	0.53
(c) Advances to related parties towards provision of services (refer note 58)	4.68	-	15.98
(d) Balances with government authorities	10.38	12.98	29.83
(e) Prepaid expenses	10.84	8.47	9.30
(f) Advances to vendors	1.26	6.57	2.20
(g) Advances to employees	0.04	0.02	0.01
(h) Others	-	0.01	-
<b>Total</b>	<b>69.52</b>	<b>28.05</b>	<b>57.85</b>

### 23 INVESTMENTS CLASSIFIED AS HELD FOR SALE

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Investment in equity instruments</b>			
Essar Vizag Terminals Limited	0.05	-	-
50,000 (as at March 31, 2016: Nil; as at April 01, 2015: Nil) equity shares of ₹ 10 each fully paid			
<b>Total</b>	<b>0.05</b>	<b>-</b>	<b>-</b>

The Board of Directors of the Company has vide resolution dated March 24, 2017 decided to transfer the investments in equity shares of Essar Vizag Terminals Limited within next twelve months. Based on the fair valuation report obtained from an independent third party the management has estimated the fair value of equity shares to be marginally higher than the carrying amount.

### 24 EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital</b>						
Equity shares of ₹ 10/- each	9,000,000,000	9,000.00	4,000,000,000	4,000.00	4,000,000,000	4,000.00
<b>Total</b>	<b>9,000,000,000</b>	<b>9,000.00</b>	<b>4,000,000,000</b>	<b>4,000.00</b>	<b>4,000,000,000</b>	<b>4,000.00</b>
<b>Issued capital</b>						
Equity shares of ₹ 10/- each	321,192,199	321.19	1,046,142,000	1,046.14	1,04,61,42,000	1,046.14
<b>Total</b>	<b>321,192,199</b>	<b>321.19</b>	<b>1,046,142,000</b>	<b>1,046.14</b>	<b>1,046,142,000</b>	<b>1,046.14</b>
<b>Subscribed and fully paid up</b>						
Equity shares of ₹ 10/- each	321,192,199	321.19	1,046,142,000	1,046.14	1,046,142,000	1,046.14
<b>Total</b>	<b>321,192,199</b>	<b>321.19</b>	<b>1,046,142,000</b>	<b>1,046.14</b>	<b>1,046,142,000</b>	<b>1,046.14</b>

## Notes to the financial statements for the year ended March 31, 2017

### Notes:-

#### (i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening balance	Cancellation of equity shares on account of scheme of arrangement (refer note 54)	Issue of equity shares pursuant to the scheme of arrangement (refer note 54)	Closing balance
<b>Equity Shares</b>				
<b>Year ended March 31, 2017</b>				
- Number of shares	1,04,61,42,000	(1,04,61,42,000)	32,11,92,199	32,11,92,199
- Amount (₹ in crore)	1,046.14	(1,046.14)	321.19	321.19
<b>Year ended March 31, 2016</b>				
- Number of shares	1,04,61,42,000	-	-	1,04,61,42,000
- Amount (₹ in crore)	1,046.14	-	-	1,046.14

#### (ii) Terms/ Rights attached to equity shares

The Company has one class of equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

#### (iii) Shares held by the holding company

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	% of shares	Number of shares	% of shares	Number of shares	% of shares
<b>Equity shares</b>						
Essar Steel Jharkhand Limited (Holding Company w.e.f March 27, 2017 )	31,34,36,858	97.69%	-	-	-	-
Essar Ports Limited (Holding Company upto September 15, 2016)	-	-	1,04,61,42,000	100%	1,04,61,42,000	100%

#### (iv) Shares issued for consideration other than cash

During the year the Company has issued 321,192,199 shares of ₹ 10 each fully paid to the Share holders of Essar Power and Minerals Limited for a consideration other than cash under the composite scheme of arrangement. (refer note 54)

## 25 OTHER EQUITY

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Capital reserve on common control business combination (refer note 54)	3.38	3.38	3.38
(b) Capital reserve on cancellation and fresh issue of equity share capital (refer note 54)	724.95	-	-
(c) Remeasurement of defined benefit plans	0.24	0.02	-
(d) Equity component of compound financial instrument (refer note 50)	3.04	3.04	3.04
(e) Retained earnings	(985.72)	(322.92)	11.28
<b>Total</b>	<b>(254.11)</b>	<b>(316.48)</b>	<b>17.70</b>

## Notes to the financial statements for the year ended March 31, 2017

### 26 BORROWINGS (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Secured borrowings- at amortised cost</b>			
(a) Rupee term loans from banks	5,294.96	2,414.21	1,503.92
(b) Rupee term loans from financial institutions	709.88	787.75	1,777.23
(c) Unamortised portion of ancillary borrowing cost	(64.18)	(25.02)	(28.16)
(d) Amount included under other financial liability (current) (refer note 30)	(818.35)	(188.87)	(122.61)
<b>Unsecured borrowings- at amortised cost</b>			
(a) Foreign Currency Convertible Bonds (FCCBs) (refer note 50)	32.97	32.99	30.48
(b) Loans from a related party (refer note 58)	-	500.00	500.00
(c) Amount included under other financial liability (current) (refer note 30)	(32.97)	(380.00)	(196.33)
<b>Total</b>	<b>5,122.31</b>	<b>3,141.06</b>	<b>3,464.53</b>

#### Notes:

#### Security details, repayment terms and interest rate, breach of loan agreement (if any)

- a) Term loans from banks and financial institutions including funded interest facilities of ₹ 2,608.52 crore (as at March 31, 2016 - ₹ 2,802.04 crore, as at April 1, 2015 - ₹ 2,914.49 crore) governed by Master Restructuring Agreement ("MRA") dated 17 December 2004 under Corporate Debt Restructuring Scheme (the "CDR") are secured by, excluding securities referred to in footnote (b) and (c) below, first ranking security interests over all movable and immovable assets of the Company, present and future, and immoveable assets of Essar Oil Limited ("EOL") pertaining to the Terminal Project, rights, title and interests under project documents, trust and retention accounts and all sub-accounts created thereunder, pledge of certain shares of the Company held by promoters (as defined in MRA) / associates of promoters or the Company and by personal guarantees of promoters and a guarantee of Essar Ports Limited ("EPL") for ₹ 250 crore (as at March 31, 2016 - ₹ 250 crore, as at April 1, 2015 - ₹ 250 crore) together with all collateral securities.

The Company has obtained requisite sanctions for exiting the CDR and implementation of Flexible Restructuring Scheme (the "Scheme") under the guidelines of the Reserve Bank of India is underway. Additional liability of ₹ 363.83 crore accrued based on the terms proposed under the Scheme and would form part of loan liability under the common loan agreement to be entered into with the lenders (refer note 40)

Term loans and funded interest facilities availed by the Company includes various facilities carrying interest rates ranging from 5% to 12.50% per annum and are repayable by June 2027, over varied quarterly instalments as per repayment terms given under MRA. Term loan facilities amounting to ₹ 552.55 crore agreed to be prepaid to certain MRA lenders in March 2017, have been classified as current.

- b) Term loan from a bank and a financial institution of ₹ 896.53 crore (as at March 31, 2016 - ₹ 954.66 crore, as at April 1, 2015 - ₹ 952.10 crore) under Common Loan Agreement dated 23 March 2013 entered into by Vadinar Ports & Terminal Limited (VPTL) (combined with the Company pursuant to the Composite Scheme of Arrangement - refer note 54) are secured by first mortgage and charge over all present and future movable and immovable assets / properties of VPTL combined with the Company.

Term loan from a bank and a financial institution carry interest rate 3.6% per annum over and above bank's benchmark rate and are repayable in 40 quarterly installments beginning from June, 2016 till March, 2026.

- c) Term loan from banks of ₹ 3,020.64 crore (as at March 31, 2016 - ₹ Nil, as at April 1, 2015 - ₹ Nil) under Rupee Facility Agreement dated 5 July 2016 are secured by second ranking charge over all the assets of the Company and/or Essar Port Group companies, both present and future, and first ranking charge on incremental revenue under the take or pay agreement, first ranking pledge of certain shares of the Company held by a related party and first ranking pledge of shares held by Company in its subsidiary.

Term loans from banks carry interest rate linked with respective bank's base rate plus 2.9% margin and are repayable in 84 quarterly installments beginning from March 2017 till September 2037.

- d) Inter corporate deposit from a related party carry interest rate of 13% per annum and is repayable in two quarterly installments due on December 31, 2016 and March 31, 2017.

## Notes to the financial statements for the year ended March 31, 2017

- e) The Company has obtained waiver letters from the lenders condoning the breach of loan covenants triggering an event of default and accelerated repayment of underlying borrowings as on March 31, 2017. Accordingly, the classification of borrowings continues as per the repayment schedule under the respective loan agreements.

### 27 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Security deposit from a customer (refer note 58)	1,088.78	1,088.78	298.00
(b) Interest accrued but not due on borrowings from a related party (refer note 58)	-	14.86	0.11
(c) Interest accrued but not due on security deposit from a related party (refer note 58)	134.77	-	-
(d) Additional liability on account of CDR exit (refer note 26 (a))	363.83	-	-
(e) Derivative liability - At fair value	94.01	-	-
<b>Total</b>	<b>1,681.39</b>	<b>1,103.64</b>	<b>298.11</b>

### 28 BORROWINGS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured - At amortised cost</b>			
- Loan from a related party (refer note 58)	-	1,450.00	-
<b>Total</b>	<b>-</b>	<b>1,450.00</b>	<b>-</b>

#### Note:

Inter corporate deposit from a related party carries interest rate of 13% per annum.

### 29 TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Micro and small enterprise (refer note below)	-	-	-
(b) Others	78.02	33.08	24.95
<b>Total</b>	<b>78.02</b>	<b>33.08</b>	<b>24.95</b>

The average credit period on purchases of certain goods and services is 30 to 90 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

#### Dues payable to Micro and Small Enterprises:

There is no amount due to Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprise Development Act, 2006". The information has been determined to the extent such parties have been identified on the basis of information available with the Company.

### 30 OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Current maturities of long-term borrowings (refer foot notes to note 26 for details of security)			
-from a related party (refer note 58)	-	380.00	180.00
-from banks and financial institutions	818.35	188.87	122.61
- foreign currency convertible bonds	32.97	-	16.33

## Notes to the financial statements for the year ended March 31, 2017

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(b) Interest accrued but not due on borrowings			
-to related parties (refer note 58)	-	58.73	0.07
-to banks and financial institutions	30.79	37.64	37.76
(c) Interest accrued on borrowings	5.53	38.55	35.26
(d) Payable in respect of capital expenses			
-to related parties (refer note 58)	7.58	6.20	8.36
-to others	3.22	4.27	0.94
(e) Interest accrued on security deposits from a customer (refer note 58)	-	53.86	16.99
(f) Derivative liability - At fair value	82.80	-	-
<b>Total</b>	<b>981.24</b>	<b>768.12</b>	<b>418.32</b>

### 31 OTHER CURRENT LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Statutory dues	62.64	40.78	8.53
(b) Staff payables	-	0.01	0.05
<b>Total</b>	<b>62.64</b>	<b>40.79</b>	<b>8.58</b>

### 32 PROVISIONS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Provision for employee benefits</b>			
(i) Provision for compensated absences	0.38	0.42	0.53
(ii) Provision for gratuity (refer note 52)	0.34	0.25	-
<b>Total</b>	<b>0.72</b>	<b>0.67</b>	<b>0.53</b>

### 33 CURRENT TAX LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for taxation (net of advance tax of ₹ 13.66 crore, as at March 31, 2016 ₹ 13.66 crore, as at April 01, 2015 ₹ 10.81 crore)	0.38	0.38	8.26
<b>Total</b>	<b>0.38</b>	<b>0.38</b>	<b>8.26</b>

### 34 REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Sale of services (refer note 58)		
- Crude and petroleum product storage revenue	10.37	588.72
- Crude and petroleum product handling services	493.99	149.24
- Wharfage and port charges	-	37.44
(b) Other operating income (finance lease income) (refer note 58)	1,084.22	-
<b>Total</b>	<b>1,588.58</b>	<b>775.40</b>

## Notes to the financial statements for the year ended March 31, 2017

### 35 OTHER INCOME

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest income earned on financial assets that are not designated as at FVTPL		
- Interest income from loans and advances to related parties (refer note 58)	95.38	131.05
- Interest income from loans and advances to others	0.94	37.71
- Interest income from bank deposits	0.73	0.31
(b) Income from Services Exports from India Scheme (SEIS) (refer foot note (i) below)	42.32	-
(c) Interest on income tax refund	-	0.35
(d) Net gain on foreign currency transactions / translations	1.41	-
(e) Dividend received on investment carried at FVTPL #	-	0.00
(f) Miscellaneous income	1.53	0.83
<b>Total</b>	<b>142.31</b>	<b>170.25</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

#### Foot note:

- (i) Income from SEIS is represented by the incentive under the Services Export from India Scheme issued by the Ministry of Commerce & Industry for specified services rendered with effect from April 1, 2015. On the basis of a careful evaluation, Management has concluded that no significant uncertainty exists in connection with the realisability of the credit under the Scheme.

### 36 OPERATING EXPENSES

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Wharfage and port charges	-	37.44
(b) Hire charges	12.59	12.35
(c) Lease rent	6.70	5.86
(d) Operation and maintenance	33.13	26.27
(e) Manning management	21.40	19.86
(f) Consumption of stores and spares	2.20	2.69
(g) Repairs and maintenance - buildings	3.97	0.55
(h) Power and fuel	0.70	0.22
(i) Insurance	9.56	9.88
(j) Others	0.31	0.72
<b>Total</b>	<b>90.56</b>	<b>115.84</b>

## Notes to the financial statements for the year ended March 31, 2017

### 37 EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Salaries, wages and allowance	17.73	14.56
(b) Contributions to provident and other funds (refer note 52)	0.99	0.52
(c) Staff welfare expenses	0.13	0.24
<b>Total</b>	<b>18.85</b>	<b>15.32</b>

### 38 OTHER EXPENSES

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Consultancy and professional charges	24.59	17.40
(b) Office rent	-	0.66
(c) Rates and taxes	0.74	0.25
(d) Travelling	7.93	2.17
(e) Communication	0.41	0.17
(f) Expenditure on Corporate Social Responsibility (refer note 48)	1.05	3.05
(g) Auditors' remuneration (refer note below)	0.97	0.38
(h) Directors sitting fees	0.06	0.03
(i) Advertisement expenses	0.39	0.05
(j) Stamp duty expenses	32.69	-
(k) Allowance for bad and doubtful receivables / loans (Expected credit loss)	14.52	39.03
(l) Loss on derivative liability	176.81	-
(m) Claim receivable, written off	0.53	-
(n) Capital work in progress written off	2.40	-
(o) Exchange differences (net)	-	1.82
(p) General expenses	0.12	2.23
<b>Total</b>	<b>263.21</b>	<b>67.24</b>

#### Note: Auditors' remuneration (excluding service tax)

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) As Auditors	0.76	0.37
(b) For certification and other services	0.20	-
(c) For reimbursement of expenses	0.01	0.01
<b>Total</b>	<b>0.97</b>	<b>0.38</b>

## Notes to the financial statements for the year ended March 31, 2017

### 39 FINANCE COSTS

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest on borrowings from banks	495.09	206.96
(b) Interest on borrowings from financial institutions	100.44	170.10
(c) Interest on inter corporate deposit from a related party (refer note 58)	253.50	112.50
(d) Interest on security deposit from a related party (refer note 58)	141.54	61.30
(e) Other borrowing costs	19.00	4.83
<b>Total</b>	<b>1,009.57</b>	<b>555.69</b>

### 40 EXCEPTIONAL ITEMS

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Debit to profit or loss on re-assessment of the Company's ability to collect the amount specified in note 56	177.50	-
(b) Costs on account of CDR exit (refer footnote (a) to note 26)	363.83	-
(c) Loss on extinguishment of lease arrangement (refer foot note (a) to note 5)	377.35	-
<b>Total</b>	<b>918.68</b>	<b>-</b>

### 41 LEASES

#### i) Operating lease

##### The Company as lessee

The Company has entered into the following non-cancellable operating lease agreements:

- Two berths for the period of 30 years (remaining period of approximate 10.5 years) with annual lease rental of ₹ 3.63 crore for next financial year and with yearly escalation of 5%.
- For office premises in October 2012 for the period of 5 years with annual lease rental of ₹ 0.14 crore which has been terminated mutually by both the parties with effect from April 16, 2015.

##### Payments recognised as an expense

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Minimum lease payments	3.45	3.58

##### Non-cancellable operating lease commitments

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Payable not later than 1 year	3.63	3.45	3.58
Payable later than 1 year and not later than 5 years	16.43	15.64	15.33
Payable later than 5 years	28.64	33.05	37.24
<b>Total</b>	<b>48.70</b>	<b>52.14</b>	<b>56.15</b>

## Notes to the financial statements for the year ended March 31, 2017

### ii) Finance lease

#### The Company as lessor

During the year, the Company has given certain storage and handling facilities on lease for 3 years under a non-cancellable operating lease arrangement which is renewable on mutually agreed terms and conditions.

#### Non-cancellable operating lease receivables

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Receivable not later than 1 year	953.03	-	-
Receivable later than 1 year and not later than 5 years	981.97	-	-
Receivable later than 5 years	-	-	-
<b>Total</b>	<b>1,935.00</b>	<b>-</b>	<b>-</b>

### 42 CAPITAL COMMITMENTS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	57.61	56.68	1.09
<b>Total</b>	<b>57.61</b>	<b>56.68</b>	<b>1.09</b>

### 43 CIF VALUE OF IMPORTED GOODS

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Capital goods	2.36	4.80
Components, stores and spares parts	0.45	0.84
<b>Total</b>	<b>2.81</b>	<b>5.64</b>

### 44 EXPENDITURE IN FOREIGN CURRENCY

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Travelling #	0.00	0.08
Insurance	0.44	0.46
Consultancy and professional charges	1.16	0.31
Others	0.17	0.06
<b>Total</b>	<b>1.77</b>	<b>0.91</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

### 45 DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

#### a) Unhedged foreign currency exposure

The foreign currency exposure of the Company as at the balance sheet date that have not been hedged by a derivative instrument or otherwise are given below. :

## Notes to the financial statements for the year ended March 31, 2017

Particulars	Currency	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Amount ₹ in crore	Amount of foreign currency (in crore)	Amount ₹ in crore	Amount of foreign currency (in crore)	Amount ₹ in crore	Amount of foreign currency (in crore)
<b>Amount payable in foreign currency on account of the following #</b>							
Import of equipment / materials and services	USD	2.48	0.04	5.03	0.08	0.10	0.00
	EURO	-	-	0.14	0.00	0.20	0.00
	SGD	-	-	0.04	0.00	-	-
	GBP	0.80	0.01	0.94	0.01	0.91	0.01
Debt portion of Foreign currency convertible bonds	USD	32.97	0.45	32.99	0.45	30.48	0.45
<b>Total</b>		<b>36.25</b>		<b>39.14</b>		<b>31.69</b>	
<b>Amount receivable in foreign currency on account of the following #</b>							
Advance to vendor for materials and services	EURO	0.17	0.00	0.09	0.00	0.23	0.00
	GBP	0.03	0.00	0.00	0.00	0.00	0.00
<b>Total</b>		<b>0.20</b>		<b>0.09</b>		<b>0.23</b>	

# Amount 0.00 represents amount less than 0.01 crore

- b) There were no forward / option contracts entered into by the Company during the current or previous financial year to hedge its foreign currency exposures.

### 46 CONSUMPTIONS OF IMPORTED AND INDIGENOUS COMPONENTS, STORES AND SPARE PARTS

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	₹ in crore	%	₹ in crore	%
Imported	0.98	44.49	0.03	1.17
Indigenous	1.22	55.51	2.66	98.83
<b>Total</b>	<b>2.20</b>	<b>100.00</b>	<b>2.69</b>	<b>100.00</b>

### 47 FINANCIAL INSTRUMENTS

#### 1 Capital management

The Company's objective while managing capital is to safeguard its ability to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (non-current borrowings, current borrowings and current portion of non-current borrowings as detailed in notes 26, 28 and 30 respectively, offset by cash and bank balances) and total equity. As part of externally imposed capital requirements, the Company is required to maintain certain financial covenants as specified in the loan agreements. The Company monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes borrowings less cash and cash equivalents and other bank balances.

## Notes to the financial statements for the year ended March 31, 2017

### 1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows.

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Debt #	5,973.63	5,159.93	3,783.47
Less: cash and cash equivalents (refer note 18)	2.84	11.64	112.18
Less: Bank balances other than cash and cash equivalents (refer note 19)	-	2.88	1.94
<b>Net debt</b>	<b>5,970.79</b>	<b>5,145.41</b>	<b>3,669.35</b>
<b>Total equity</b>	<b>67.08</b>	<b>729.66</b>	<b>1,063.84</b>
<b>Net debt to equity ratio</b>	<b>89.00</b>	<b>7.05</b>	<b>3.45</b>

Increase in capital gearing ratio as at March 31, 2017 is mainly attributable to the exceptional items debited to the statement of profit and loss (refer note 40)

### 2 Categories of financial instruments

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Carrying amount	Fair values	Carrying amount	Fair values	Carrying amount	Fair values
<b><u>Financial assets</u></b>						
<b>Measured at amortised cost</b>						
Loans	20.51	20.51	1,996.63	1,996.63	581.26	581.26
Other financial assets	606.31	606.31	919.05	919.05	47.31	47.31
Trade receivables	124.34	124.34	0.64	0.64	11.38	11.38
Cash and cash equivalents	2.84	2.84	11.64	11.64	112.18	112.18
Bank balances other than above cash and cash equivalents	-	-	2.88	2.88	1.94	1.94
<b>Total financial assets carried at amortised cost (A)</b>	<b>754.00</b>	<b>754.00</b>	<b>2,930.84</b>	<b>2,930.84</b>	<b>754.07</b>	<b>754.07</b>
<b>Measured at fair value through other comprehensive income</b>						
Non-current Investment	-	-	0.05	0.05	0.05	0.05
<b>Total financial assets at fair value through other comprehensive income (B)</b>	<b>-</b>	<b>-</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>	<b>0.05</b>
<b>Total financial assets (A+B)</b>	<b>754.00</b>	<b>754.00</b>	<b>2,930.89</b>	<b>2,930.89</b>	<b>754.12</b>	<b>754.12</b>
<b><u>Financial liabilities</u></b>						
<b>Measured at amortised cost</b>						
Long-term borrowings #	5,973.63	5,925.16	3,709.93	3,574.50	3,783.47	3,645.35
Short-term borrowings	-	-	1,450.00	1,450.00	-	-
Other financial liabilities	1,811.31	1,811.31	1,302.89	1,302.89	397.49	397.49
Trade payables	78.02	78.02	33.08	33.08	24.95	24.95
<b>Financial liabilities measured at amortised cost</b>	<b>7,862.96</b>	<b>7,814.49</b>	<b>6,495.90</b>	<b>6,360.47</b>	<b>4,205.91</b>	<b>4,067.79</b>

# including current maturities of long-term borrowings

## Notes to the financial statements for the year ended March 31, 2017

### 3 Financial risk management objectives

The Company's Corporate finance department monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identification and mapping controls against these risks, monitor the risk and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and Company's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Company. The Company's finance function reports quarterly to the Company's Board of Directors that monitors risks and policies implemented to mitigate risk exposures. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

#### 3.1 Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. Quarterly reports are submitted to Board of Directors on the unhedged foreign currency exposures.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(₹ in crore)

Particulars	As at March 31, 2017				As at March 31, 2016				As at April 01, 2015			
	USD	INR	Others	Total	USD	INR	Others	Total	USD	INR	Others	Total
<b>Financial assets</b>												
Non-current investments	-	-	-	-	-	0.05	-	0.05	-	0.05	-	0.05
Loans	-	20.51	-	20.51	-	1,996.63	-	1,996.63	-	581.26	-	581.26
Trade receivables	-	124.34	-	124.34	-	0.64	-	0.64	-	11.38	-	11.38
Cash and cash equivalents	-	2.84	-	2.84	-	11.64	-	11.64	-	112.18	-	112.18
Bank balances other than cash and cash equivalents	-	-	-	-	-	2.88	-	2.88	-	1.94	-	1.94
Other financial assets	-	606.11	0.20	606.31	-	918.96	0.09	919.05	-	47.08	0.23	47.31
<b>Total financial assets (A)</b>	<b>-</b>	<b>753.80</b>	<b>0.20</b>	<b>754.00</b>	<b>-</b>	<b>2,930.80</b>	<b>0.09</b>	<b>2,930.89</b>	<b>-</b>	<b>753.89</b>	<b>0.23</b>	<b>754.12</b>
<b>Financial liabilities</b>												
Long-term borrowings	-	5,122.31	-	5,122.31	32.99	3,108.07	-	3,141.06	14.15	3,450.38	-	3,464.53
Short-term borrowings	-	-	-	-	-	1,450.00	-	1,450.00	-	-	-	-
Trade payables	2.48	75.43	0.11	78.02	5.03	27.74	0.31	33.08	0.10	24.52	0.33	24.95
Other financial liabilities	32.97	2,628.97	0.69	2,662.63	-	1,870.97	0.80	1,871.77	16.33	699.32	0.78	716.43
<b>Total financial liabilities (B)</b>	<b>35.45</b>	<b>7,826.71</b>	<b>0.80</b>	<b>7,862.96</b>	<b>38.02</b>	<b>6,456.77</b>	<b>1.11</b>	<b>6,495.90</b>	<b>30.58</b>	<b>4,174.22</b>	<b>1.11</b>	<b>4,205.91</b>
<b>Excess of financial liabilities over financial assets (B)-(A)</b>	<b>35.45</b>	<b>7,072.91</b>	<b>0.60</b>	<b>7,108.96</b>	<b>38.02</b>	<b>3,525.97</b>	<b>1.02</b>	<b>3,565.01</b>	<b>30.58</b>	<b>3,420.33</b>	<b>0.88</b>	<b>3,451.79</b>
<b>Hedge for foreign currency risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net exposure of foreign currency</b>	<b>35.45</b>	<b>7,072.91</b>	<b>0.60</b>	<b>7,108.96</b>	<b>38.02</b>	<b>3,525.97</b>	<b>1.02</b>	<b>3,565.01</b>	<b>30.58</b>	<b>3,420.33</b>	<b>0.88</b>	<b>3,451.79</b>
<b>Sensitivity impact on Net liabilities/(assets) exposure at 10%</b>	<b>3.55</b>	<b>NA</b>	<b>0.06</b>	<b>3.61</b>	<b>3.80</b>	<b>NA</b>	<b>0.10</b>	<b>3.90</b>	<b>3.06</b>	<b>NA</b>	<b>0.09</b>	<b>3.15</b>

## Notes to the financial statements for the year ended March 31, 2017

### Foreign currency sensitivity analysis

The Company is mainly exposed to USD currency.

The above table details the Company's sensitivity to a 10% increase and decrease in the INR against relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency risk denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A negative number above indicates an increase in profit/equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit/equity and the balances above would be positive.

### 3.2 Interest rate risk management

The Company is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Company has exposure to interest rate risk, arising principally on changes in MCLR and base rates. The Company uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like long term loans and short term loans. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

#### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both fixed and floating rate borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The following table provides a break-up of the Company's fixed and floating rate borrowings and interest rate sensitivity analysis.

(₹ in crore)

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Gross amount	Interest rate sensitivity @0.50%	Gross amount	Interest rate sensitivity @0.50%
Borrowings with fixed interest rate	2,120.64	NA	4,229.58	NA
Borrowings with variable interest rate	3,852.99	19.26	930.35	4.65
<b>Total</b>	<b>5,973.63</b>	<b>19.26</b>	<b>5,159.93</b>	<b>4.65</b>

### 3.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Company's credit risk arises principally from the trade receivables, loans, cash and cash equivalents and other financial assets.

#### Trade receivables

Trade receivables consists of a single customer, Essar Oil Limited (a related party). The operations of the customer are limited to single industry and geographical area. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue trade receivables.

The Company has taken security deposit from the customer as a collateral which is equivalent to nine months tariff charges liable under long-term arrangement with its customer.

#### Cash and bank balances

The credit risk on liquid funds and other bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

## Notes to the financial statements for the year ended March 31, 2017

### Loans, deposits and advances

The Company's corporate treasury function manages the financial risks related to the business. The treasury function focuses on capital protection, liquidity and yield maximisation.

Loans, deposits and advances are extended to counterparties after assessing their financial capabilities. Counterparty credit limits are reviewed and approved by Board/Audit Committee of the Company. These limits are set to minimise the concentration of risks and therefore mitigates the financial loss through counterparty's potential failure to make payments. Expected credit losses are provided based on the credit risk of the counterparties.

### Collateral held as security and other credit enhancements

The Company does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial asset, except that the credit risk associated with trade receivable is mitigated because the Company has received security deposit as a collateral against the trade receivables. The carrying amount of trade receivables amounts to ₹ 124.34 crore (as at March 31, 2016 : ₹ 0.64 crore; as at April 01, 2015 : ₹ 11.38 crore) and the fair value of the security deposit is ₹ 1,088.78 crore (as at March 31, 2016 : ₹ 1,088.78 crore; as at April 01, 2015 : ₹ 298 crore).

### 3.4 Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. Ultimate responsibility for liquidity risk management rests with the board of directors. The Company manages liquidity risk by maintaining reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods and its financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate existing at the end of the reporting period.

(₹ in crore)

Particulars	As at March 31, 2017				As at March 31, 2016				As at April 01, 2015			
	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total	< 1 year	1-5 years	> 5 years	Total
<b>Financial assets</b>												
Non-current investments	-	-	-	-	-	0.05	-	0.05	-	0.05	-	0.05
Loans	0.01	20.50	-	20.51	641.85	1,354.78	-	1,996.63	413.56	167.70	-	581.26
Trade receivables	124.34	-	-	124.34	0.64	-	-	0.64	11.38	-	-	11.38
Cash and cash equivalents	2.84	-	-	2.84	11.64	-	-	11.64	112.18	-	-	112.18
Bank balances other than cash and cash equivalents	-	-	-	-	2.88	-	-	2.88	1.94	-	-	1.94
Other financial assets	595.11	0.00	11.20	606.31	853.10	54.75	11.20	919.05	30.16	5.95	11.20	47.31
<b>Total financial assets</b>	<b>722.30</b>	<b>20.50</b>	<b>11.20</b>	<b>754.00</b>	<b>1,510.11</b>	<b>1,409.58</b>	<b>11.20</b>	<b>2,930.89</b>	<b>569.22</b>	<b>173.70</b>	<b>11.20</b>	<b>754.12</b>
<b>Financial liabilities</b>												
Long-term borrowings	-	1,201.78	3,920.53	5,122.31	-	1,123.18	2,017.88	3,141.06	-	1,193.79	2,270.74	3,464.53
Short-term borrowings	-	-	-	-	1,450.00	-	-	1,450.00	-	-	-	-
Trade payables	78.02	-	-	78.02	33.08	-	-	33.08	24.95	-	-	24.95
Other financial liabilities	981.24	1,317.56	363.83	2,662.63	768.12	1,103.64	-	1,871.76	418.32	298.11	-	716.43
<b>Total financial liabilities</b>	<b>1,059.26</b>	<b>2,519.34</b>	<b>4,284.36</b>	<b>7,862.96</b>	<b>2,251.20</b>	<b>2,226.82</b>	<b>2,017.88</b>	<b>6,495.90</b>	<b>443.27</b>	<b>1,491.90</b>	<b>2,270.74</b>	<b>4,205.91</b>

## Notes to the financial statements for the year ended March 31, 2017

### Future interest obligations:-

Particulars	As at March 31, 2017				As at March 31, 2016				As at April 01, 2015			
	< 1year	1-5 years	> 5 years	Total	< 1year	1-5 years	> 5 years	Total	< 1year	1-5 years	> 5 years	Total
Long Term Borrowings	757.61	2,376.76	3,586.22	6,720.59	402.74	1,195.95	867.50	2,466.19	412.86	1,297.65	1,111.10	2,821.61
<b>Total</b>	<b>757.61</b>	<b>2,376.76</b>	<b>3,586.22</b>	<b>6,720.59</b>	<b>402.74</b>	<b>1,195.95</b>	<b>867.50</b>	<b>2,466.19</b>	<b>412.86</b>	<b>1,297.65</b>	<b>1,111.10</b>	<b>2,821.61</b>

### 4 Fair value measurements

This note provides information about how the Company determines fair values of various financial assets and financial liabilities. Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	Level	Valuation technique and key inputs
Investment in equity instruments of Essar Vizag Terminals Limited measured at FVTOCI	-	0.05	0.05	3	Net assets method was used to capture the present value of the expected future economic benefits that will flow to the entity due to the investments.
<u>Long-term and short-term borrowings (including current maturities)</u>					
Carrying amount	5,973.63	5,159.93	3,783.47	2	Discounted cash flow method- future cash flows based on scheduled repayment terms discounted at the rate that reflects market risks.
Fair value	5,925.16	5,024.50	3,645.35		Discounted cash flow method - Difference in the forward exchange rates (based on observable forwards rates) at the inception and at the year end discounted at a rate that reflects the credit risk of the counter parties
Embedded derivatives liability	176.81	-	-	2	

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other bank balances are considered to be the same as their fair value due to their short term nature.

- 48 The Company has spent ₹ 1.05 crore (previous year ₹ 2.38 crore) towards schemes of Corporate Social Responsibility as prescribed under section 135 of the Companies Act, 2013, as summarised hereunder.

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
i) Education	0.65	1.50
ii) Rural development	0.30	0.50
iii) Livelihood enhancement projects	0.10	0.38
<b>Total</b>	<b>1.05</b>	<b>2.38</b>

## Notes to the financial statements for the year ended March 31, 2017

### 49 EARNINGS PER SHARE

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic Earnings per share (in ₹)	(17.58)	(0.75)
Diluted Earnings per share (in ₹) *	(17.58)	(0.75)

\* Diluted EPS for the year ended March 31, 2017 and March 31, 2016 are considered same as basic EPS, since the effect is anti dilutive.

#### Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Loss for the year attributable to owners of the Company (₹ in crore)	(564.56)	(23.97)
Weighted average number of equity shares for the purposes of basic earnings per share #	321,192,199	321,192,199
Earnings per share - Basic (in ₹)	(17.58)	(0.75)

#### Diluted earnings per share

The earnings used in calculation of diluted earnings per share are as follows.

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Earnings used in the calculation of basic earnings per share (₹ in crore)	(564.56)	(23.97)
Interest on Foreign Currency Convertible Bonds (after tax at 34.608%) (₹ in crore)	0.47	1.56
Foreign exchange loss (gain) / loss	(0.49)	1.19
<b>Earnings used in the calculation of diluted earnings per share (₹ in crore)</b>	<b>(564.58)</b>	<b>(21.22)</b>
Weighted average number of equity shares for the purposes of diluted earnings per share	323,818,213	323,818,213
Diluted earnings per share (₹)	(17.44)	(0.66)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Weighted average number of equity shares used in the calculation of basic earnings per share #	321,192,199	321,192,199
Potential equity shares to be issued upon conversion of FCCBs	2,626,014	2,626,014
<b>Weighted average number of equity shares used in the calculation of Diluted EPS</b>	<b>323,818,213</b>	<b>323,818,213</b>

# the number of equity shares issued pursuant to the scheme (refer note 54) without corresponding change in resources, have been considered for all the periods presented.

## Notes to the financial statements for the year ended March 31, 2017

### 50 Foreign Currency Convertible Bonds (FCCBs)

Pursuant to the Composite Scheme of Arrangement (refer note 54), the obligations relating to Foreign currency convertible bonds (FCCBs) of ₹ 32.11 Crore (Equivalent of US\$ 5,130,069) ((₹ 14.91 Crore (US\$ 2,748,251 ) Series A Bond and ₹ 17.20 Crore (US\$ 2,381,818 ) Series B Bond) are attributable to the port and terminal business of the Company out of FCCBs of ₹ 250.36 Crore (equivalent of US\$ 39,999,988) issued by Essar Ports Limited as on the transition date have been transferred to the Company (refer note 54).

Salient terms of the FCCBs are as under:

- The series A Bonds and the Series B Bonds bears interest rate of 5% per annum payable in arrears semi-annually.
- The Series A Bonds and the Series B Bonds are convertible at an initial conversion price of ₹ 91.70 per share with a fixed rate of exchange on conversion of ₹ 46.94 to USD 1.00.
- The Series A Bonds and the Series B Bonds are convertible by the respective bondholders into fully paid equity shares with full voting rights with a par value of ₹ 10 each of the Company. The conversion price is subject to adjustment in certain circumstances.

Equity element of the FCCBs attributable to the Company has been recognized under Reserves and Surplus as Equity component of compound financial instruments.

Subsequent to the balance sheet date, the aforesaid FCCBs attributable to the Company, listed in the name of Essar Ports Limited, have been converted into equity shares of the Company upon exercise of conversion rights by its holders.

### 51 Segment information

The Company is in the business of providing services relating to receipts, storage and dispatch of crude and petroleum products primarily operated through its port and terminal facilities at Vadinar, Gujarat and regularly reviewed by Chief Operating Decision Maker for assessment of Company's performance and resources allocation.

Revenue from the operations of the Company is mainly from a customer (related party) located in India and all the non-current assets other than financial instruments are also located in India.

### 52 Employee benefits

#### Defined contribution plans

The Company operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Company in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Company are reduced by the amount of forfeited contributions.

The Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹ 0.34 crore (Year ended 31st March, 2016 ₹ 0.50 crore) for Provident Fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the Scheme.

#### Defined benefit plans

The Company sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by Life Insurance Corporation of India (LIC) and every year the required contribution amount is paid to LIC.

Under the Gratuity plan, the eligible employees are entitled to post-retirement benefit at the rate of 15 days salary for each year of service until the retirement age of 58 with the payment ceiling of ₹ 1,000,000. The vesting period for Gratuity as payable under The Payment of Gratuity Act is 5 years. Under the Compensated absences plan, leave encashment is payable to all eligible employees on separation from the Company due to death, retirement, superannuation or resignation. Leave balance as on 31st December 2015 to the extent not availed by the employees is available for encashment on separation from the company upto a maximum of 120 days at the rate of daily salary as at December 31, 2015.

## Notes to the financial statements for the year ended March 31, 2017

The plans in India typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is re-insured by an external Insurance Company. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2017 by M/s Willis Towers Watson. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

### A Gratuity:

The principal assumptions used for the purposes of actuarial valuation were as follows:

Particulars	Valuation as at		
	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate (p.a)	6.90%	7.70%	7.80%
Expected rate(s) of salary increase (p.a)	7.00%	9.00%	9.00%
Expected return on plan assets (p.a)	8.50%	8.50%	8.50%
Attrition rate (p.a)	10.00%	10.00%	10.00%

In assessing the Company's post retirement liabilities, the Company monitors mortality assumptions and uses up-to-date mortality tables, the base being the Indian assured lives mortality (2006-08) ultimate.

Expected return on planned assets is based on expectation of the average long term rate of return expected on investment of the fund during the estimated term of the obligation after considering several applicable factors such as the composition of plan assets, investment strategies, market estimated scenario etc.

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

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Amount recognised in Statement of profit and loss in respect of these defined benefit plans are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	0.09	0.12
Net interest expense	0.01	0.08
<b>Component of defined benefit costs recognised in Statement of Profit and Loss</b>	<b>0.10</b>	<b>0.20</b>
<u>Remeasurement of net defined benefit liability:</u>		
Actuarial gain on defined benefit obligation	(0.34)	(0.03)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.34)</b>	<b>(0.03)</b>
<b>Total</b>	<b>(0.24)</b>	<b>0.17</b>

## Notes to the financial statements for the year ended March 31, 2017

The current service cost and net interest expense for the year are included in the 'Employee benefit expense' line item in the Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in balance sheet arising from the entity's obligation in respect of its defined benefit plans are as follows:

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Present value of funded defined benefit obligation	1.39	1.25	1.03
Fair value of plan assets	1.05	1.00	1.56
<b>Net liability/(asset) arising from defined benefit obligation (refer note 22 and 32)</b>	<b>0.34</b>	<b>0.25</b>	<b>(0.53)</b>

Movement in the present value of the defined benefit obligation are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at the beginning of the year	1.25	1.03
Current service cost	0.09	0.12
Interest cost	0.05	0.08
Remeasurement (gains)/losses:		
Actuarial (gains)/losses	0.04	(0.03)
Benefits paid	(0.04)	-
Acquisitions cost	-	0.05
<b>Balance at the end of the year</b>	<b>1.39</b>	<b>1.25</b>

Movement in the fair value of the plan assets are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at the beginning of the year	1.00	1.56
Acquisition adjustment	-	(0.70)
Interest income on plan assets	0.05	0.07
Remeasurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)#	0.02	(0.00)
Contribution from the employer	0.02	0.07
Benefits paid	(0.04)	-
<b>Balance at the end of the year</b>	<b>1.05</b>	<b>1.00</b>

# Amount 0.00 represents amount less than 0.01 crore

Composition of the plan assets:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Scheme of insurance - conventional products	100%	100%	100%

The fair value of the instruments are determined based on quoted market prices in active markets.

The actual return on plan assets for the year ended March 31, 2017 was ₹ 0.38 crore (for the year ended March 31, 2016: ₹ 0.07 crore).

## Notes to the financial statements for the year ended March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Estimate of amount of contribution in the immediate next year	0.21	0.22	0.11

### Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Particulars	As at March 31, 2017		As at March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(0.04)	0.04	(0.03)	0.04
Future salary growth (0.5% movement)	0.02	(0.02)	0.02	(0.02)
Attrition rate (0.5% movement)	0.05	(0.07)	0.02	(0.04)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Each year an Asset-Liability-Matching study is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study.

The weighted average duration of the benefit obligation at March 31, 2017 is 6 years (as at March 31, 2016: 6 years).

The expected benefits payments analysis of projected benefit obligation is as follows:

(₹ in crore)

Particulars	Less than a year	Between 2 to 5 years	Over 5 years	Total
<b>As at March 31, 2017</b>				
Defined benefit obligation	0.21	0.84	0.71	1.76
<b>As at March 31, 2016</b>				
Defined benefit obligation	0.22	0.76	0.76	1.74
<b>As at April 01, 2015</b>				
Defined benefit obligation	0.11	0.62	0.81	1.54

### B Compensated Absences

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Present value of unfunded obligation (₹ in crore)	0.38	0.42	0.53
Expense recognised in Statement of Profit and Loss (₹ in crore)	0.01	(0.06)	0.12
Discount rate (p.a)	6.90%	7.70%	7.80%
Salary escalation rate (p.a)	7.00%	9.00%	9.00%
Attrition rate (p.a)	10.00%	10.00%	10.00%

## Notes to the financial statements for the year ended March 31, 2017

### 53 INCOME TAXES

The Company is subject to Indian income tax on a standalone basis. Entity is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31. For each fiscal year, the entity profit or loss is subject to the higher of the regular income tax payable or the Minimum Alternative Tax ("MAT").

Provision for tax is determined based on book profits prepared under generally accepted accounting principles and adjusted for, inter alia, the Company's assessment of allowable expenditure (as applicable), including exceptional items, set off of tax losses and unabsorbed depreciation. Statutory income tax is charged at 30% plus a Surcharge and Cess. MAT for the fiscal year 2016-17 is payable at 18.5% as increased by Surcharge and Cess. MAT paid in excess of regular income tax payable during a year can be carried forward and set off against regular income taxes payable within a period of fifteen years succeeding the fiscal year in which MAT credit arises.

#### a) Income taxes (₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Recognised in statement of profit and loss</b>		
<b>Current tax</b>		
In respect of the current year	-	11.71
<b>Deferred tax</b>		
In respect of the current year	(6.27)	(36.03)
<b>Total (A)</b>	<b>(6.27)</b>	<b>(24.32)</b>
Recognised in other Comprehensive Income		
Deferred tax	0.12	0.01
<b>Total (B)</b>	<b>0.12</b>	<b>0.01</b>
<b>Total (A + B)</b>	<b>(6.15)</b>	<b>(24.31)</b>

A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognise income tax expense for the year indicated are as follows :

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Loss before taxes</b>	<b>(570.83)</b>	<b>(48.29)</b>
Enacted tax rate in India	34.61%	34.61%
Income tax at statutory tax rate	(197.55)	(16.71)
<b>Effect of:</b>		
Tax effect of non deductible expenses	59.22	4.33
Tax effect of non taxable income	(0.31)	-
Deferred tax asset not recognised on long term capital losses	74.18	-
Reversal of deferred tax asset on unabsorbed depreciation being not allowed to carry forward pursuant to Scheme of arrangement	58.19	-
Impact due to increase in statutory tax rate from 33.99% to 34.608%	-	(11.94)

## Notes to the financial statements for the year ended March 31, 2017

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Income taxes recognised in the statement of income		(6.27)	(24.32)
Deferred tax assets and liabilities (₹ in crore)			
Deferred tax balances in relation to	As at March 31, 2016	Recognised/ reversed during the year	As at March 31, 2017
	(₹ in crore)	(₹ in crore)	(₹ in crore)
Property, plant and equipment	1,095.41	(5.17)	1,090.24
Unabsorbed depreciation	(527.17)	103.18	(423.99)
Borrowings	(50.71)	(120.08)	(170.79)
Allowance for doubtful debts	(25.54)	25.54	-
MAT credit entitlement	(50.61)	-	(50.61)
Provision for employee benefits	0.01	0.12	0.13
Others	(0.02)	(9.74)	(9.76)
Total	441.37	(6.15)	435.22
Components of deferred tax assets and liabilities (₹ in crore)			
Deferred tax balances in relation to	As at April 01, 2015	Recognised/ reversed during the year	As at March 31, 2016
	(₹ in crore)	(₹ in crore)	(₹ in crore)
Property, plant and equipment	1,067.86	27.55	1,095.41
Unabsorbed depreciation	(495.21)	(31.96)	(527.17)
Borrowings	(44.49)	(6.22)	(50.71)
Allowance for doubtful debts	(11.82)	(13.72)	(25.54)
MAT credit entitlement	(38.95)	(11.66)	(50.61)
Provision for employee benefits	-	0.01	0.01
Others	-	(0.02)	(0.02)
Total	477.39	(36.02)	441.37

Deferred tax asset on long term capital losses of ₹ 214.34 crore expiring in fiscal year 2021-22 ( as at March 31, 2016 ₹ Nil, as at April 01, 2015 ₹ Nil) has not been recognised in the absence of reasonable certainty of its utilization.

### 54 Composite Scheme of arrangement

As reported in the previous year, pursuant to a composite scheme of arrangement under relevant provisions of the Companies Act, 1956 and the Companies Act, 2013, with effect from 30 June 2016 as an appointed date, Tankage Business of VPTL and certain strategic investments on a going concern basis was demerged and transferred to and vested in EPL. With effect from 1 July 2016 as an appointed date, the Tankage Business was demerged from EPL and along with investments in VOTL and VPTL, and related liabilities (including loans and other liabilities payable to the Company and VPTL) were transferred to and vested in EPML. With effect from 2 July, 2016 as an appointed date, EPML and residual VPTL have been amalgamated into VOTL, and consequently all properties, assets and liabilities of EPML and residual VPTL were transferred to and vested in VOTL.

Upon merger of EPML into VOTL, 1,046,142,000 equity shares of ₹ 10 each (the then existing equity share capital of the Company) were cancelled, and 321,192,199 equity shares of ₹ 10 each were issued by the Company to the shareholders of EPML (1 equity share of VOTL for each equity share held in EPML).

## Notes to the financial statements for the year ended March 31, 2017

The above transaction, in substance, involved combination of VPTL's business (port and terminal facilities at Vadinar, Gujarat to handle the receipts, storage and dispatch of crude oil and petroleum products) with the Company. This being a common control business combination, was accounted for using pooling of interest method. Accordingly, the assets and liabilities acquired are reflected at their carrying amounts with effect from April 1, 2015. The identity of reserves of VPTL were preserved. The difference of ₹ 3.38 crore between the investment in VPTL (including investment in VPTL acquired from EPL pursuant to the above scheme) and the amount of share capital of VPTL as at April 1, 2015 is transferred to capital reserve – refer note 25.

Cancellation of equity share capital and issuance of shares as aforesaid by the Company is recorded on July 2, 2016. The resultant difference of ₹ 724.95 crore is transferred to capital reserve - refer note 25.

55 The Company did not have any holdings or dealings in Specified Bank Notes or other denomination notes as defined in MCA notification G.S.R. 308 (E) dated March 30, 2017 during the period from November 08, 2016 to December 30, 2016 .

56 As reported in the earlier year, majority stake in the Company was to be acquired by Essar Oil Limited (EOL) as a condition precedent to the agreements (SPAs) entered into by the majority shareholders of EOL to sell their stake to third parties, and an escrow arrangement was to be put in place to apply the sales consideration, to the extent required, towards discharge of amounts due to the Company from certain related parties. The majority stake in the Company has since been acquired by EOL. However, the closure of sale of the stake in EOL is taking longer than previously envisaged. The Company in the interim continued to transact with the related parties, and has reassessed its ability to realise the dues from related parties (including investment in a subsidiary company pursuant to acceptance of offer to buyback the shares from the subsidiary), through the said escrow arrangement, based on which it has debited to the Statement of Profit and Loss ₹ 177.50 crore as an Exceptional Item. The carrying values of the investment and other dues to be realized through the escrow arrangement aggregate at March 31, 2017 to ₹ 3,613.44 crore (comprises investment in equity shares of Enneagon of ₹ 3,033.21 crore - refer note 16, and other receivables of ₹ 580.23 crore - refer note 21).

### 57 GOING CONCERN

The ability of the Company to continue as a going concern is predicated on the successful implementation of the SPAs together with the escrow arrangement for deployment of the sales consideration towards the liquidation of amounts due to the Company from certain related parties and have the required cash flows to meet its financial obligations.

### 58 Related party relationship, transactions and balances.

a. Names of the related parties and description of relationship

Sr. No.	Nature of relationship	Name of Related Parties
1	Holding	Essar Global Fund Limited, Cayman Island, (ultimate holding company) Essar Ports Holdings Mauritius Limited, Mauritius (intermediate holding company) (from 19 February 2016) Essar Shipping & Logistics Limited, Cyprus, (intermediate holding company) (till 19 February 2016) Essar Ports & Shipping Mauritius Limited, Mauritius (intermediate holding company) (till 19 February 2016) Essar Ports & Shipping HoldCo Limited, Mauritius (intermediate holding company) (from 27 March 2015) Essar Ports & Shipping Jersey Limited, Jersey (intermediate holding company) (from 27 March 2015) Essar Ports & Shipping Limited, Mauritius (intermediate holding company) (from 27 March 2015) Essar Ports Limited (immediate holding company) (till 1 July, 2016) Essar Steel Jharkhand Limited (immediate holding company) (from 27 March 2017)
2	Entity having significant influence over the Company	Imperial Consultants & Securities Private Limited ( from January 15, 2016 till March 3, 2016) M/s Imperial Consultants & Securities (from March 3, 2016 till October 19, 2016 and from 20 March 2017 till March 27 2017)
3	Associate	Vadinar Liquid Terminals Limited
4	Key Management Personnel	Captain Deepak Sachdeva - Whole Time Director Mr. Kumar Nandula - Chief Financial Officer (from 24 March 2017) Mr. Girish Joshi- Chief Financial Officer (till 24 March 2017) Captain Alok Kumar - Manager (from 10 August 2015 to 02 July 2016) Mr. P.K. Srivastava - Director Mr. Rajiv Agarwal - Director Mr. K.K. Sinha - Director Mr. B.S. Kumar - Director Mr. V.G. Raghavan - Director Mrs. Suparna Singh - Director
5	Subsidiaries	Enneagon Limited, Mauritius (from September 30, 2016) Petro Tankages India Limited (up to 28 March 2016) Essar Dredging Limited (from 17 December 2015 to 30 June 2016) LNG Terminals Hazira Limited (Formerly Essar Energy Services Limited) (from 22 December 2015 to up to 28 March 2016) Essar Ports Netherlands Cooperatief U.A ( from 23 December 2015 to 30 June 2016)

## Notes to the financial statements for the year ended March 31, 2017

Sr. No.	Nature of relationship	Name of Related Parties
6	Fellow subsidiaries / other related parties	Essar Oil Limited Essar Energy Overseas Limited, Mauritius Aegis Limited Essar Bulk Terminal Limited Essar Bulk Terminal Paradip Limited Essar Bulk Terminal (Salaya) Limited Essar Ports Limited (from 2 July 2016) Essar Steel India Limited Essar Power M.P. Limited Essar Vizag Terminals Limited Essar Dredging Limited (from 1 July 2016) Arkay Logistics Limited Essar Projects (India) Limited Essar Engineering Services Limited (Division of Aegis Limited) LNG Terminals Hazira Limited (Formerly Essar Energy Services Limited) (from 29 March 2016) Essar Shipping Limited Petro Tankages India Limited (from 29 March 2016) Essar Exploration & Production India Limited Essar Paradip Terminals Limited Essar Project Management Consultants Limited Salaya Bulk Terminals Limited Hazira Cargo Terminals Limited Ibrox Aviation and Trading Private Limited Essar Offshore Subsea Limited Essar Services India Private Limited Essar Infrastructure Services Private Limited Equinox Business Parks Private Limited Essar House Private Limited Futura Travels Limited Indus Greens Private Limited Essar Power and Minerals Limited Essar Ports Netherlands Cooperatief U.A ( from 1 July 2016)

b. Transactions with related parties (₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Revenue from operations - sale of services</b>						
Essar Oil Limited	-	-	504.36	775.40	504.36	775.40
<b>Finance lease income</b>						
Essar Oil Limited	-	-	1,084.22	-	1,084.22	-
<b>Interest income on inter-corporate deposit given</b>						
Aegis Limited	-	-	0.06	-	0.06	-
Essar Bulk Terminal Limited	-	-	16.40	15.76	16.40	15.76
Essar Bulk Terminal Paradip Limited	-	-	15.43	11.79	15.43	11.79
Essar Bulk Terminal (Salaya) Limited	-	-	11.01	6.62	11.01	6.62
Essar Ports Limited	10.43	7.90	0.35	-	10.78	7.90
Essar Steel India Limited	-	-	-	41.30	-	41.30
Imperial Consultants and Securities	-	-	31.82	0.36	31.82	0.36
Essar Power M. P. Limited	-	-	0.33	-	0.33	-

## Notes to the financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Essar Vizag Terminals Limited	-	-	3.45	1.07	3.45	1.07
Essar Shipping Limited	-	-	5.70	4.17	5.70	4.17
Essar Power and Minerals Limited	-	-	0.40	-	0.40	-
Essar Dredging Limited	-	-	-	42.08	-	42.08
<b>Total</b>	<b>10.43</b>	<b>7.90</b>	<b>84.95</b>	<b>123.15</b>	<b>95.38</b>	<b>131.05</b>
<b>Miscellaneous Income</b>						
Essar Vizag Terminals Limited	-	-	-	0.27	-	0.27
<b>Recovery of expense</b>						
Essar Oil Limited	-	-	0.92	0.72	0.92	0.72
<b>Hire charges</b>						
Essar Ports Limited	2.87	11.53	8.63	-	11.50	11.53
<b>Lease rent - expense</b>						
Essar Oil Limited	-	-	1.84	1.82	1.84	1.82
<b>Operation and maintenance service expense</b>						
Essar Oil Limited	-	-	32.95	25.63	32.95	25.63
<b>Manning management expense</b>						
Essar Oil Limited	-	-	13.52	13.80	13.52	13.80
Essar Exploration & Production India Limited	-	-	4.20	4.81	4.20	4.81
<b>Total</b>	<b>-</b>	<b>-</b>	<b>17.72</b>	<b>18.61</b>	<b>17.72</b>	<b>18.61</b>
<b>Power and fuel expense</b>						
Essar Oil Limited	-	-	0.79	-	0.79	-
<b>Consultancy and professional charges</b>						
Essar Ports Limited	2.36	8.42	7.07	-	9.43	8.42
Aegis Limited	-	-	-	0.68	-	0.68
Essar Services India Private Limited	-	-	2.48	0.96	2.48	0.96
Essar Projects (India) Limited	-	-	-	0.27	-	0.27
<b>Total</b>	<b>2.36</b>	<b>8.42</b>	<b>9.55</b>	<b>1.91</b>	<b>11.91</b>	<b>10.33</b>
<b>Purchase of fixed assets / Capital work in progress</b>						
Essar Steel India Limited	-	-	-	13.03	-	13.03
Essar Projects (India) Limited	-	-	19.84	-	19.84	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>19.84</b>	<b>13.03</b>	<b>19.84</b>	<b>13.03</b>
<b>Interest expense on advance received</b>						
Essar Oil Limited	-	-	1.18	-	1.18	-
<b>Travelling</b>						
Essar Oil Limited	-	-	-	0.19	-	0.19
<b>Office rent</b>						
Essar House Private Limited	-	-	-	0.14	-	0.14
Essar Ports Limited	-	0.05	-	-	-	0.05
<b>Total</b>	<b>-</b>	<b>0.05</b>	<b>-</b>	<b>0.14</b>	<b>-</b>	<b>0.19</b>

## Notes to the financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Reimbursement of expense</b>						
Essar Oil Limited	-	-	0.84	1.28	0.84	1.28
<b>Security deposit received from a customer</b>						
Essar Oil Limited	-	-	-	790.78	-	790.78
<b>Inter-corporate deposit received</b>						
Essar Oil Limited	-	-	-	1,450.00	-	1,450.00
Essar Ports Limited	-	1,350	-	-	-	1,350.00
<b>Total</b>	-	1,350	-	<b>1,450.00</b>	-	<b>2,800.00</b>
<b>Inter-corporate deposit given</b>						
Essar Bulk Terminal Limited	-	-	0.65	80.30	0.65	80.30
Essar Bulk Terminal Paradip Limited	-	-	1.29	90.78	1.29	90.78
Essar Bulk Terminal (Salaya) Limited	-	-	70.78	94.69	70.78	94.69
Essar Steel India Limited	-	-	-	29.78	-	29.78
Essar Vizag Terminals Limited	-	-	4.75	11.78	4.75	11.78
Essar Shipping Limited	-	-	-	43.05	-	43.05
Essar Dredging Limited	-	-	-	1,193.35	-	1,193.35
Essar Power M.P. Limited	-	-	10.00	-	10.00	-
Imperial Consultants and Securities	-	-	21.99	-	21.99	-
Aegis Limited	-	-	19.00	-	19.00	-
Essar Ports Limited	-	-	49.56	-	49.56	-
<b>Total</b>	-	-	<b>178.02</b>	<b>1,543.73</b>	<b>178.02</b>	<b>1,543.73</b>
<b>Loans and advances given, received back</b>						
Essar Bulk Terminal (Salaya) Limited	-	-	8.87	68.60	8.87	68.60
Essar Bulk Terminal Limited	-	-	-	4.08	-	4.08
Essar Bulk Terminal Paradip Limited	-	-	-	2.57	-	2.57
Essar Power M.P. Limited	-	-	5.00	-	5.00	-
Imperial Consultants and Securities Private Limited	-	-	0.05	-	0.05	-
Aegis Limited	-	-	19.00	-	19.00	-
<b>Total</b>	-	-	<b>32.92</b>	<b>75.25</b>	<b>32.92</b>	<b>75.25</b>
<b>Interest expense on inter corporate deposit received</b>						
Essar Oil Limited	-	-	253.50	77.36	253.50	77.36
Essar Ports Limited	-	35.14	-	-	-	35.14
<b>Total</b>	-	<b>35.14</b>	<b>253.50</b>	<b>77.36</b>	<b>253.50</b>	<b>112.50</b>
<b>Interest expense on security deposit received</b>						
Essar Oil Limited	-	-	141.54	61.30	141.54	61.30
<b>Other expense - license fees</b>						
Essar Ports Limited	-	1.85	-	-	-	1.85

## Notes to the financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Advance given</b>						
Vadinar Liquid Terminals Limited	-	-	-	10.44	-	10.44
<b>Advance given for purchase of investments</b>						
Petro Tankages India Limited	-	-	-	761.10	-	761.10
<b>Loan from related parties, repaid back</b>						
Essar Ports Limited	-	1,350	-	-	-	1,350.00
<b>Sale of Investments</b>						
Essar Bulk Terminal Paradip Limited	-	-	-	0.05	-	0.05
<b>Capital advance</b>						
Essar Projects (India) Limited	-	-	-	2.00	-	2.00
Essar Steel India Limited	-	-	-	13.04	-	13.04
<b>Total</b>	-	-	-	<b>15.04</b>	-	<b>15.04</b>
<b>Advance for allotment of shares</b>						
Essar Vizag Terminals Limited	-	-	-	10.00	-	10.00
<b>Conversion of advance given towards allotment of shares to inter corporate deposit</b>						
Essar Bulk Terminal (Salaya) Limited	-	-	-	5.70	-	5.70
Essar Bulk Terminal Paradip Limited	-	-	-	4.93	-	4.93
Essar Vizag Terminals Limited	-	-	-	10.00	-	10.00
<b>Total</b>	-	-	-	<b>20.63</b>	-	<b>20.63</b>
<b>Expense paid on behalf of other company</b>						
LNG Terminals Hazira Limited (Formerly Essar Energy Services Limited) #	-	-	0.00	0.00	0.00	0.00
Hazira Cargo Terminal Limited	-	-	0.03	-	0.03	-
Salaya Bulk Terminal Limited	-	-	0.03	-	0.03	-
Essar Bulk Terminal Paradip Limited	-	-	-	0.01	-	0.01
<b>Total</b>	-	-	<b>0.06</b>	<b>0.01</b>	<b>0.06</b>	<b>0.01</b>
<b>Training and conference expense</b>						
Equinox Business Parks Private Limited #	-	-	0.00	0.00	0.00	0.00
<b>Travelling expense</b>						
Futura Travels Limited	-	-	3.18	0.07	3.18	0.07
<b>Staff welfare</b>						
Indus Greens Private Limited #	-	-	0.00	0.00	0.00	0.00
<b>Assets and liabilities transferred to Essar Steel Jharkhand Limited for ₹ 15.13 crore (net)</b>						

## Notes to the financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Liabilities transferred</b>						
Inter corporate deposit taken	1,250.71	-	-	-	1,250.71	-
Interest on Inter corporate deposit taken	301.74	-	-	-	301.74	-
Interest on security deposit taken	46.47	-	-	-	46.47	-
<b>Total</b>	<b>1,598.92</b>	-	-	-	<b>1,598.92</b>	-
<b>Assets transferred</b>						
Inter corporate deposit given	1,353.68	-	-	-	1,353.68	-
Interest receivable on inter corporate deposit given	56.17	-	-	-	56.17	-
Advances given for purchase of shares	186.96	-	-	-	186.96	-
security deposit given	5.53	-	-	-	5.53	-
Other advances and receivables	11.71	-	-	-	11.71	-
<b>Total</b>	<b>1,614.05</b>	-	-	-	<b>1,614.05</b>	-

# Amount 0.00 represents amount less than ₹ 0.01 crore

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Assets and liabilities transferred to Ibrox Aviation and Trading Private Limited for ₹ 4.78 crore (net)</b>						
<b>Liabilities transferred</b>						
Inter corporate deposit taken	-	-	699.29	-	699.29	-
<b>Assets transferred</b>						
Inter corporate deposit given	-	-	738.25	-	738.25	-
Interest receivable on inter corporate deposit	-	-	211.94	-	211.94	-
Security deposit given	-	-	3.00	-	3.00	-
Other advances and receivables	-	-	2.18	-	2.18	-
<b>Total</b>	-	-	<b>955.37</b>	-	<b>955.37</b>	-

### The details of transactions with Key management personnel during the year.

(₹ in crore)

Nature of transactions	2016-17	2015-16
<b>Remuneration*</b>		
Captain Deepak Sachdeva	0.95	0.75
Mr. Kumar Nandula ( from 24 March 2017)	0.01	-
Mr. Girish Joshi (till 24 March 2017)	0.60	-
Capt. Alok Kumar	-	0.49
<b>Total</b>	<b>1.56</b>	<b>1.24</b>

\*Figures do not include the amount payable towards gratuity and compensated absence by the Company as the same is calculated for the company as whole on actuarial basis.

## Notes to the financial statements for the year ended March 31, 2017

### c. Balances with related parties

(₹ in crore)

Nature of balances	Holding companies			Other related parties			Total		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Trade payables</b>									
Aegis Limited	-	-	-	-	0.70	0.92	-	0.70	0.92
LNG Terminals Hazira Limited	-	-	-	-	-	1.04	-	-	1.04
Essar Exploration & Production India Limited	-	-	-	-	0.48	-	-	0.48	-
Essar Oil Limited	-	-	-	-	9.51	7.60	-	9.51	7.60
Essar Services India Limited	-	-	-	-	2.06	-	-	2.06	-
Essar House Private Limited	-	-	-	-	0.03	-	-	0.03	-
Essar infrastructure services Private Limited.	-	-	-	-	0.08	-	-	0.08	-
Essar Steel India Limited	-	-	-	0.15	0.17	0.17	0.15	0.17	0.17
Futura Travels Limited	-	-	-	1.24	0.66	-	1.24	0.66	-
Indus Green Private Limited #	-	-	-	0.01	0.00	-	0.01	0.00	-
Essar Projects (India) Limited	-	-	-	-	0.14	0.14	-	0.14	0.14
<b>Total</b>	-	-	-	<b>1.40</b>	<b>13.83</b>	<b>9.87</b>	<b>1.40</b>	<b>13.83</b>	<b>9.87</b>
<b>Other receivables</b>									
Essar Bulk Terminal Limited	-	-	-	-	1.17	1.10	-	1.17	1.10
Essar Bulk Terminal Paradip Limited	-	-	-	-	0.01	0.05	-	0.01	0.05
Essar Paradip Terminals Limited	-	-	-	-	1.81	1.81	-	1.81	1.81
Essar Shipping Limited	-	-	-	-	0.02	0.02	-	0.02	0.02
Essar Vizag Terminals Limited	-	-	-	-	0.28	-	-	0.28	-
Essar Ports Limited	-	-	-	-	1.79	3.85	-	1.79	3.85
Essar Projects (India) Limited	-	-	-	-	0.94	0.53	-	0.94	0.53
Imperial Consultants and Securities	-	-	-	-	2.09	-	-	2.09	-
LNG Terminals Hazira Limited (Formerly Essar Energy Services Limited)	-	-	-	-	0.00	-	-	0.00	-
Petro Tankages India Limited	-	-	-	574.59	0.45	-	574.59	0.45	-
Essar Steel Jharkhand Limited	15.13	-	-	-	-	-	15.13	-	-
Vadinar Liquid Terminals Limited	-	-	-	10.44	10.44	-	10.44	10.44	-
Ibrox Aviation and Trading Private Limited	-	-	-	4.78	-	-	4.78	-	-
Less: Allowance for bad and doubtful receivables (expected credit loss)	(0.36)	-	-	(14.16)	(0.42)	(0.16)	(14.52)	(0.42)	(0.16)
<b>Total</b>	<b>14.77</b>	-	-	<b>575.65</b>	<b>18.58</b>	<b>7.20</b>	<b>590.42</b>	<b>18.58</b>	<b>7.20</b>

## Notes to the financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of balances	Holding companies			Other related parties			Total		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Payable for capital expense</b>									
Essar Projects (India) Limited	-	-	-	7.58	2.71	4.88	7.58	2.71	4.88
Essar Engineering Services Limited (Division of Aegis Limited)	-	-	-	-	0.32	0.32	-	0.32	0.32
Essar Projects (India) Limited (formerly Aegis Limited. - EESD)	-	-	-	-	0.13	0.12	-	0.13	0.12
Essar Project Management Consultants Limited	-	-	-	-	1.44	1.44	-	1.44	1.44
Essar Offshore Subsea Limited	-	-	-	-	1.60	1.60	-	1.60	1.60
<b>Total</b>	-	-	-	<b>7.58</b>	<b>6.20</b>	<b>8.36</b>	<b>7.58</b>	<b>6.20</b>	<b>8.36</b>
<b>Inter corporate deposit received</b>									
Essar Oil Limited	-	-	-	-	1,950.00	500.00	-	1,950.00	500.00
<b>Security deposit received from a customer</b>									
Essar Oil Limited	-	-	-	1,088.78	1,088.78	298.00	1,088.78	1,088.78	298.00
<b>Interest on security deposit received from a customer</b>									
Essar Oil Limited	-	-	-	134.77	53.86	16.99	134.77	53.86	16.99
<b>Interest on Inter corporate deposit received</b>									
Essar Bulk Terminal Limited #	-	-	-	-	0.00	0.00	-	0.00	0.00
Essar Oil Limited	-	-	-	-	73.59	0.18	-	73.59	0.18
<b>Total</b>	-	-	-	-	<b>73.59</b>	<b>0.18</b>	-	<b>73.59</b>	<b>0.18</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

Nature of balances	Holding companies			Other related parties			Total		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Inter corporate deposit given</b>									
Essar Bulk Terminal Limited	-	-	-	-	123.22	56.41	-	123.22	56.41
Essar Bulk Terminal (Salaya) Limited	-	-	-	-	37.83	7.00	-	37.83	7.00
Essar Bulk Terminal Paradip Limited	-	-	-	-	115.85	22.71	-	115.85	22.71
Essar Steel India Limited	-	-	-	-	302.87	238.58	-	302.87	238.58
Essar Shipping Limited	-	-	-	-	43.05	-	-	43.05	-
Essar Vizag Terminals Limited	-	-	-	-	21.78	-	-	21.78	-
Essar Dredging Limited	-	-	-	-	1,193.35	-	-	1,193.35	-
Imperial Consultants and Securities	-	-	-	-	219.04	-	-	219.04	-
Essar Ports Limited	-	-	-	20.50	-	-	20.50	-	-
Less: Allowance for bad and doubtful loans (expected credit loss)	-	-	-	-	(68.15)	(16.35)	-	(68.15)	(16.35)
<b>Total</b>	-	-	-	<b>20.50</b>	<b>1,988.84</b>	<b>308.35</b>	<b>20.50</b>	<b>1,988.84</b>	<b>308.35</b>

## Notes to the financial statements for the year ended March 31, 2017

Nature of balances	Holding companies			Other related parties			Total		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Interest accrued on inter corporate deposit given</b>									
Essar Bulk Terminal Limited	-	-	-	-	13.30	0.02	-	13.30	0.02
Essar Bulk Terminal (Salaya) Limited	-	-	-	-	2.79	0.00	-	2.79	0.00
Essar Bulk Terminal Paradip Limited	-	-	-	-	11.43	0.82	-	11.43	0.82
Essar Steel India Limited	-	-	-	-	2.66	-	-	2.66	-
Essar Shipping Limited	-	-	-	-	3.75	-	-	3.75	-
Essar Vizag Terminals Limited	-	-	-	-	0.97	-	-	0.97	-
Essar Dredging Limited	-	-	-	-	42.08	-	-	42.08	-
Imperial Consultants and Securities	-	-	-	-	31.98	-	-	31.98	-
Less: Allowance for bad and doubtful loans (expected credit loss)	-	-	-	-	(4.11)	(0.07)	-	(4.11)	(0.07)
<b>Total</b>	-	-	-	-	<b>104.85</b>	<b>0.77</b>	-	<b>104.85</b>	<b>0.77</b>
<b>Advances given for purchase of investments</b>									
Petro Tankages India Limited	-	-	-	-	761.10	-	-	761.10	-
<b>Advances given for provision of services</b>									
Essar Ports Limited	-	-	-	4.68	-	12.33	4.68	-	12.33
Essar Projects (India) Limited	-	-	-	-	-	3.65	-	-	3.65
Essar Vizag Terminals Limited	-	-	-	-	-	0.00	-	-	0.00
<b>Total</b>	-	-	-	<b>4.68</b>	-	<b>15.98</b>	<b>4.68</b>	-	<b>15.98</b>
<b>Security deposit given</b>									
Essar Services India Limited	-	-	-	-	3.46	-	-	3.46	-
Essar House Private Limited	-	-	-	-	0.28	-	-	0.28	-
Essar infrastructure services Private Limited	-	-	-	-	1.04	-	-	1.04	-
Essar Shipping Limited	-	-	-	-	3.00	3.00	-	3.00	3.00
<b>Total</b>	-	-	-	-	<b>7.78</b>	<b>3.00</b>	-	<b>7.78</b>	<b>3.00</b>
<b>Trade receivables</b>									
Essar Oil Limited	-	-	-	124.34	0.42	11.38	124.34	0.42	11.38
<b>Advance towards allotment of shares</b>									
Essar Bulk Terminal Paradip Limited	-	-	-	-	-	4.93	-	-	4.93
<b>Guarantees given by others on behalf of the Company</b>									
Essar Ports Limited	-	250.00	250.00	250.00	-	-	250.00	250.00	250.00

### 59 Disclosure made under Ind AS 101- first time Ind AS adoption of Ind AS

#### First time adoption – mandatory exceptions, optional exemptions

##### Overall principle

The Company has prepared the opening Balance Sheet as per Ind AS as of April 01, 2015 (the transition date) by, recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exception and certain optional exemptions availed by the Company as detailed below.

## Notes to the financial statements for the year ended March 31, 2017

### (i) Deemed cost for property, plant and equipment

The Company has elected to measure certain property, plant and equipment i.e. plant and equipment and building at fair value as its deemed cost on the date of transition.

### (ii) Determining whether an arrangement contains a lease

The Company has opted to apply the Appendix C of Ind AS 17 to determine whether an arrangement contains a lease, on the basis of facts and circumstances existing as at transition date.

### (iii) Long term foreign currency monetary item

The Company has continued with the policy adopted for accounting of exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements prepared under Previous GAAP for the year ended March 31, 2016.

### (iv) De-recognition of financial assets and financial liabilities

The Company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

### (v) Designation of previously recognised financial instruments

The Company has designated financial liabilities and financial assets at fair value through profit or loss and investments in equity instruments at fair value through other comprehensive income on the basis of facts and circumstances existing on transition date.

### (vi) Impairment of financial assets

The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

### (vii) Assessment of embedded derivatives

The Company has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

### (viii) Deemed cost of investment in subsidiaries and associates

The Company has elected to continue with the carrying value of all its investments in subsidiaries and associates recognised as of April 01, 2015 (transition date) measured as per previous GAAP as its deemed cost as at the date of transition.

### (ix) Past business combination

The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date.

#### Reconciliation of total equity as at March 31, 2016 and April 01, 2015

(₹ in crore)

Particulars	Notes	As at March 31, 2016	As at April 01, 2015
<b>Total equity (shareholders' funds) under previous GAAP</b>		<b>784.07</b>	<b>767.14</b>
<b>Impact on account of Ind AS adjustments</b>			
Impact on account of scheme of arrangement (refer note 54)		(1,012.74)	(746.55)
Fair valuation of property, plant and equipment	a	1,807.08	1,898.06
Provisions recognised for expected credit losses	d	(73.80)	(34.77)
Impact on finance cost as per effective interest rate method	e	(253.27)	(269.77)
Recognition of deferred taxes using the balance sheet approach	c	(524.66)	(553.31)
Equity component of compound instrument	i	3.04	3.04
Others		(0.06)	-
<b>Total equity under Ind AS</b>		<b>729.66</b>	<b>1,063.84</b>

## Notes to the financial statements for the year ended March 31, 2017

### Reconciliation of total comprehensive income for the year ended March 31, 2016

(₹ in crore)

Particulars	Notes	For the year ended March 31, 2016
<b>Profit for the period (as per Indian GAAP)</b>		<b>16.92</b>
<b>Ind-AS adjustments</b>		
<u>Benefit/(Charge):</u>		
Impact on account of scheme of arrangement (refer note 54)	j	51.11
Recognition of expected credit losses	d	(39.03)
Impact on finance cost due to interest calculation as per effective interest method	e	16.50
Remeasurement of defined benefit obligation recognised in OCI	f	(0.03)
Incremental depreciation on account of fair valuation of property, plant and equipment	a	(101.86)
Deferred tax on Ind-AS adjustment	c	32.42
<b>Net Profit / (loss) for the period as per Ind-AS</b>		<b>(23.97)</b>
<u>Other Comprehensive Income (OCI)</u>		
Remeasurement of defined benefit obligation	f	0.03
Deferred tax on OCI adjustment	c	(0.01)
<b>Total Comprehensive Income / (loss) for the period as per Ind-AS</b>		<b>(23.95)</b>

**Note:** Under previous GAAP, total comprehensive income was not reported. Therefore, the above reconciliation starts with profit under the previous GAAP.

### Effect of Ind As adoption on the statement of cash flows for the year ended March 31, 2016

(₹ in crore)

Particulars	For the year ended March 31, 2016		
	Previous GAAP	Effect of transition to Ind AS (refer note j )	Ind AS
Net cash flows from operating activities	755.11	701.98	1,457.09
Net cash flows from investing activities	(503.72)	(1,676.09)	(2,179.81)
Net cash flows from financing activities	(355.87)	978.05	622.18
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(104.48)</b>	<b>3.94</b>	<b>(100.54)</b>
Cash and cash equivalents at the beginning of the period	111.74	0.44	112.18
<b>Cash and cash equivalents at the end of the period</b>	<b>7.26</b>	<b>4.38</b>	<b>11.64</b>

### Notes to the reconciliation

#### a Property, plant and equipment

The Company has elected to measure its buildings, marine and civil structures, roads and items of its plant and machinery at fair value at the date of transition to Ind AS. Gain on such fair valuation has been recognised in the opening retained earnings as at April 1, 2015. The Company has depreciated the fair value of plant and machinery over the technically assessed useful lives of the assets which is reflected in the Statement of Profit and Loss.

## Notes to the financial statements for the year ended March 31, 2017

### b Financial assets at amortised cost

Interest free security deposits which were recognised at historical cost under previous GAAP have been recognised at amortised cost under Ind AS with the difference been adjusted to opening retained earnings. The impact for the period subsequent to the date of transition is reflected in the Statement of Profit and Loss.

### c Deferred Tax

Under previous GAAP, deferred tax was accounted using the income statement approach, on the timing differences between the taxable profits and accounting profits for the period. Under Ind AS deferred tax is recognized following balance sheet approach on the temporary differences between the carrying amount of asset or liability in the balance sheet and its tax base. In addition, various transitional adjustments has also led to recognition of deferred taxes on new temporary differences.

### d Allowance for expected credit loss on financial assets

Under Ind AS, the Company is required to apply expected credit loss model for recognising the allowances for expected credit losses on financial assets. Accordingly, the Company has calculated and recognized such credit loss allowances which has resulted in an increase in loss and decrease in equity. Under IGAAP, such credit losses were provided based on incurred model.

### e Financial liabilities and related transaction cost

Borrowings which were recognised at historical cost under previous GAAP have been recognized at amortised cost under Ind AS with the difference been adjusted to opening retained earnings. Under previous GAAP, transaction costs incurred in connection with borrowings were amortised equally over the tenure of the borrowings. Under Ind AS, transaction costs are deducted from the initial recognition amount of financial liability and charged over the tenure of borrowing using the effective interest method.

### f Defined benefit liabilities

Under Ind AS, remeasurement i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined liability, are recognised in other comprehensive income instead of Statement of Profit and Loss in previous GAAP.

### g Reclassification

To comply with the Companies (Accounting Standard) Rules, 2006, certain account balances have been regrouped as per the format prescribed under Division II of Schedule III to the Companies Act, 2013.

### h Other comprehensive income

Under Ind AS, all items of income and expense recognized in the period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in profit or loss but are shown in the Statement of Profit and Loss as "Other comprehensive income" includes remeasurements of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

### i FCCB bifurcation in equity and liability

Under Ind AS, the compound instrument is bifurcated in to debt and equity component at the time of initial recognition. Accordingly, the equity component of the FCCBs of the Company has been recognised as 'equity component of compound instrument' under reserves and surplus and unwinding of interest on debt component upto transition date has been adjusted in opening retained earnings and thereafter in the Statement of Profit and Loss.

### j Common control business combination

Pursuant to a Scheme of Arrangement, certain entities were amalgamated with the Company with effect from July 2, 2016. The business combination involved entities under common control and accordingly it was accounted for using the pooling of interest method. The previous period figures were recast to harmonise the accounting for the Scheme with the requirements of Appendix C of Ind AS 103- Business Combinations.

For and on behalf of Board of Directors

**Rajiv Agarwal**  
Chairman

**K. K. Sinha**  
Director

Mumbai, August 8, 2017

# INDEPENDENT AUDITOR'S REPORT

## To The Members of Vadinar Oil Terminal Limited

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Vadinar Oil Terminal Limited (hereinafter referred to as the "the Parent") and its subsidiaries ("the Parent and its subsidiaries together referred to as "the Group"), its associate, comprising the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Parent'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 including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, 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 Parent'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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraphs (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the aforesaid consolidated financial statements.

### Basis for Qualified Opinion

Attention is invited to Note no. 50 regarding the ability of the Group to collect amounts due from certain related and other parties, which is predicated on successful closure of the sale of shares by the majority shareholders of Essar Oil Limited, the holding Company, and application of the sales consideration towards discharge of the aforesaid amounts, as explained in the note. In view of the delay in achieving closure of the said share sale transaction and consequent collection of the amounts as envisaged, and further the reassessment by the Group of its ability to realise the entire dues through the escrow arrangement, we are unable to express an opinion on recoverability of the carrying values of dues of ₹ 3,554.83 crore as at 31st March, 2017 or debit to the Consolidated Statement of Profit and Loss of ₹ 177.50 crore for the year.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of a subsidiary and an associate referred to below in the Other Matters paragraph, except for the effects/ possible effects of the matter 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 state of the consolidated state of affairs of the Group and its associate as at 31st March, 2017, and their consolidated loss, consolidated total comprehensive loss, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### Emphasis of Matters

Attention is invited to Note 51 to the consolidated financial statements regarding the Parent's ability to discharge its financial obligations, and be able to continue as a going concern which is predicated on collection of outstanding dues by the Group from certain related and other parties in the near term (refer basis of qualified opinion paragraph above) under the mechanism explained in the note.

### Other Matters

- (a) We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 2,986.26 crore as at 31st March, 2017, total revenues of ₹ 70.99 crore and net cash inflows amounting to ₹ 0.10 crore for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ Nil for the year ended 31st March, 2017, as considered in the consolidated financial statements, in respect

of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of the subsidiary and an associate, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiary and an associate, is based solely on the reports of the other auditors.

- (b) We did not audit the financial statements of 3 subsidiaries, whose financial information reflect total revenues of ₹ Nil and net cash outflows amounting to ₹ 3.45 Crore for the period ended June 30, 2016 (date of cessation as subsidiaries), as considered in the consolidated financial statements. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information is not material to the Group.
- (c) The comparative financial information of the Group for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015, included in these consolidated Ind AS financial statements, are unaudited as explained in note 2(B) to the consolidated financial statements.

Our opinion on the consolidated financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditor on separate financial statements of an associate incorporated in India, referred in the Other Matters paragraph above, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the report of the other auditor.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) Except for the effects / possible effects of the matter described in the Basis for Qualified Opinion paragraph above, in our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

- e) The going concern matter described in the Emphasis of Matters paragraph read with the Basis for Qualified Opinion paragraph above, in our opinion, may have an adverse effect on the functioning of the Group.
- f) On the basis of the written representations received from the directors of the Parent as on 31st March, 2017 taken on record by the Board of Directors of the Parent and the report of the statutory auditor of its associate company incorporated in India, none of the directors are disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' report of the Parent and an associate company incorporated in India. Our report expresses qualified opinion on the adequacy and operating effectiveness of the internal financial controls over financial reporting in respect of the Group's ability to assess recoverability of outstanding amounts more particularly ability to make recoverability assessments considering all relevant factors.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. There were no pending litigations which would impact the consolidated financial position of the Group and its associate.
- ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its associate company incorporated in India.
- iv. The Parent and its components did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 117365W)

Samir R. Shah  
Partner  
Membership No. 101708

MUMBAI, August 14, 2017

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1g under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Vadinar Oil Terminal Limited (hereinafter referred to as “the Parent”) and its associate company, which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Board of Directors of the Parent and its associate company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (“the Guidance Note”) 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 the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors’ Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its associate company, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor of the associate company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our qualified audit opinion on the internal financial controls system over financial reporting of the Parent and its associate company, which are companies incorporated in India.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the consolidated financial statements.

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

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Basis for Qualified Opinion**

According to the information and explanations given to us and based on our audit, material weaknesses have been identified as at March 31, 2017, relating to inadequate internal financial controls over financial reporting in respect of recoverability of the outstanding amounts, more particularly the Group’s ability to make recoverability assessments, considering all relevant factors (reference is invited to the Basis for Qualified Opinion paragraph foregoing).

A ‘material weakness’ is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company’s annual or interim financial statements will not be prevented or detected on a timely basis.

**Qualified Opinion**

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matters paragraph below, except for the possible effects of the material weakness described above, the Parent and its associate company, which are companies incorporated in India have, in all material respects, maintained adequate internal financial controls over financial reporting as of March 31, 2017 and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, based on internal control over financial reporting criteria established by the Company and its associate considering the essential components of internal controls stated in the Guidance Note.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the consolidated financial statements of the Company for the year ended March 31, 2017, and the material weakness affects our opinion on the consolidated financial statements of the Company.

**Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to an associate company, which is a company incorporated in India, is based solely on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matter.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No. 117365W)

Samir R. Shah  
Partner  
Membership No. 101708

MUMBAI, August 14, 2017

# Consolidated Balance Sheet as at March 31, 2017

(₹ in crore)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016 Unaudited (refer note 2 (B))	As at April 01, 2015 Unaudited (refer note 2 (B))
<b>I ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, plant and equipment	5	4,456.06	4,694.41	4,926.66
(b) Capital work-in-progress	6	41.87	1,486.00	968.17
(c) Intangible assets	7	-	-	0.01
(d) Financial assets				
(i) Investments				
(a) Investment in an associate	9 (i)	-	0.01	0.01
(b) Other investments	9 (ii)	-	464.81	673.31
(ii) Loans	10	20.50	226.31	178.56
(iii) Other financial assets	11	11.20	22.17	17.15
(e) Other non-current assets	13	0.04	94.17	144.06
(f) Current tax assets	14	68.49	31.83	22.81
<b>Total non-current assets</b>		<b>4,598.16</b>	<b>7,019.71</b>	<b>6,930.74</b>
<b>Current assets</b>				
(a) Inventories	15	5.75	5.11	4.01
(b) Financial assets				
(i) Trade receivables	16	124.34	0.64	11.38
(ii) Cash and cash equivalents	17	2.85	16.09	113.11
(iii) Bank balances other than cash and cash equivalents	18	-	10.60	2.61
(iv) Loans	19	0.01	666.26	414.89
(v) Other financial assets	20	3,569.71	2,809.91	41.31
(c) Other current assets	21	69.52	34.75	60.40
(d) Investments classified as held for sale	22	0.05	-	-
<b>Total current assets</b>		<b>3,772.23</b>	<b>3,543.36</b>	<b>647.71</b>
<b>Total Assets</b>		<b>8,370.39</b>	<b>10,563.07</b>	<b>7,578.45</b>
<b>II EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	23	321.19	1,046.14	1,046.14
(b) Other equity	24	(379.99)	435.09	786.25
<b>Equity attributable to owners of the Company</b>		<b>(58.80)</b>	<b>1,481.23</b>	<b>1,832.39</b>
<b>Non-controlling interests</b>		<b>-</b>	<b>778.92</b>	<b>205.41</b>
<b>Total equity</b>		<b>(58.80)</b>	<b>2,260.15</b>	<b>2,037.80</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	25	5,122.30	4,149.46	4,176.82
(ii) Other financial liabilities	26	1,681.39	1,122.29	299.63
(b) Deferred tax liabilities (net)	12	434.36	454.19	535.14
<b>Total non-current liabilities</b>		<b>7,238.05</b>	<b>5,725.94</b>	<b>5,011.59</b>
<b>Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	27	-	1,450.00	-
(ii) Trade payables	28	146.16	33.09	24.99
(iii) Other financial liabilities	29	981.24	1,046.10	485.65
(b) Other current liabilities	30	62.64	46.37	9.38
(c) Provisions	31	0.72	1.04	0.77
(d) Current tax liabilities	32	0.38	0.38	8.27
<b>Total current liabilities</b>		<b>1,191.14</b>	<b>2,576.98</b>	<b>529.06</b>
<b>Total liabilities</b>		<b>8,429.19</b>	<b>8,302.92</b>	<b>5,540.65</b>
<b>Total equity and liabilities</b>		<b>8,370.39</b>	<b>10,563.07</b>	<b>7,578.45</b>
See accompanying notes to the consolidated financial statements				

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

For and on behalf of the Board of Directors

Samir R. Shah  
Partner

Mumbai, August 14, 2017

Rajiv Agarwal  
Chairman

Mumbai, August 8, 2017

K. K. Sinha  
Director

## Consolidated Statement of Profit and Loss for the year ended March 31, 2017 (₹ in crore)

Particulars		Notes	For the year ended March 31, 2017	For the year ended March 31, 2016 Unaudited (refer note 2 (B))
I	Revenue from operations	33	1,588.58	775.40
II	Other income	34	208.94	130.48
III	<b>Total Income (I + II)</b>		<b>1,797.52</b>	<b>905.88</b>
IV	<b>Expenses</b>			
	(a) Operating expenses	35	90.56	115.84
	(b) Employee benefits expense	36	18.85	15.32
	(c) Other expenses	37	345.52	59.84
	(d) Depreciation and amortisation expense	8	0.85	239.85
	(e) Finance costs	38	1,009.57	555.69
	<b>Total expenses (IV)</b>		<b>1,465.35</b>	<b>986.54</b>
V	<b>Earnings before exceptional items and tax (III-IV)</b>		<b>332.17</b>	<b>(80.66)</b>
VI	Exceptional items	39	918.68	-
VII	<b>Loss before share of loss of an associate and tax (V-VI)</b>		<b>(586.51)</b>	<b>(80.66)</b>
VIII	Share of loss of an associate		0.01	0.00
IX	<b>Loss before tax (VII-VIII)</b>		<b>(586.52)</b>	<b>(80.66)</b>
X	<b>Tax expense/(benefit):</b>	47		
	(a) Current tax		0.01	11.71
	(b) Deferred tax		(10.30)	(32.86)
			(10.29)	(21.15)
XI	<b>Loss for the year (IX-X)</b>		<b>(576.23)</b>	<b>(59.51)</b>
	<b>Other comprehensive income</b>			
	a) Items that will not be reclassified to profit or loss			
	(i) Remeasurement of the defined benefit plans		0.34	0.03
	(ii) Equity instruments through other comprehensive income		(101.04)	(208.50)
	(iii) Income tax relating to items that will not be reclassified to profit or loss		9.53	48.09
	b) Items that may be reclassified to profit or loss			
	(i) Foreign currency translation reserve		(77.91)	2.00
XII	<b>Total other comprehensive income ( a + b )</b>		<b>(169.08)</b>	<b>(158.38)</b>
XIII	<b>Total comprehensive loss for the year (XI+XII)</b>		<b>(745.31)</b>	<b>(217.89)</b>
XIV	<b>Loss for the year attributable to:</b>			
	(a) Owners of the Company		(576.16)	(53.96)
	(b) Non-controlling interests		(0.07)	(5.55)
XV	<b>Other comprehensive income for the year attributable to:</b>			
	(a) Owners of the Company		(179.96)	(158.96)
	(b) Non-controlling interests		10.88	0.58
XVI	<b>Total comprehensive income for the year attributable to:</b>			
	(a) Owners of the Company		(756.12)	(212.92)
	(b) Non-controlling interests		10.81	(4.97)
XVII	<b>Earnings per equity share (face value of ₹10 each)</b>			
	Basic and diluted (in ₹)	43	(17.94)	(1.68)
	See accompanying notes to the consolidated financial statements			

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Mumbai, August 14, 2017

For and on behalf of the Board of Directors

**Rajiv Agarwal**  
Chairman

Mumbai, August 8, 2017

**K. K. Sinha**  
Director

## Consolidated Statement of Changes in Equity for the year ended March 31, 2017

### A. Equity share capital

(₹ in crore)

Particulars	Amount
<b>Balance as at April 01, 2015 (- Unaudited (refer note 2(B)))</b>	<b>1,046.14</b>
Changes in equity share capital during the year	-
<b>Balance as at March 31, 2016 (- Unaudited (refer note 2(B)))</b>	<b>1,046.14</b>
Cancellation of Equity Shares upon implementation of the Composite Scheme of arrangement (the "Scheme") (refer note 48)	(1,046.14)
Issue of equity shares pursuant to the scheme (refer note 48)	321.19
<b>Balance as at March 31, 2017</b>	<b>321.19</b>

### B. Other equity

(₹ in crore)

Particulars	Reserves and surplus				Other comprehensive income			Attributable to owners of the Parent	Non-controlling interest	Total
	Capital reserve		Equity component of compound financial instruments	Retained earnings	Equity instruments through other comprehensive income	Foreign currency translation reserve	Remeasurements of the net defined benefit plans			
	On common control business combination	Others								
<b>Balance as at April 01, 2015 Unaudited (refer note 2 (B))</b>	3.38	-	3.04	587.26	192.57	-	-	786.25	205.41	991.66
Loss for the year	-	-	-	(53.96)	-	-	-	(53.96)	(5.55)	(59.51)
Other comprehensive income / (loss) for the year, net of income tax	-	-	-	-	(160.40)	1.42	0.02	(158.96)	0.58	(158.38)
<b>Total comprehensive income/ (loss) for the year</b>	-	-	-	<b>(53.96)</b>	<b>(160.40)</b>	<b>1.42</b>	<b>0.02</b>	<b>(212.92)</b>	<b>(4.97)</b>	<b>(217.89)</b>
Transfer of payables to the Company pertaining to loans and advances given during the year upon merger of EPML pursuant to implementation of the Scheme (refer note 48)	-	-	-	(138.24)	-	-	-	(138.24)	-	(138.24)
Dilution of partial interest in Essar Ports Netherlands Cooperatief U.A.	-	-	-	-	-	-	-	-	565.14	565.14
Acquisition of additional interest in Essar Bulk Terminal Salaya Limited (EBTSL) by non-controlling interest	-	-	-	-	-	-	-	-	13.34	13.34
<b>Balance as at March 31, 2016 Unaudited (refer note 2 (B))</b>	<b>3.38</b>	-	<b>3.04</b>	<b>395.06</b>	<b>32.17</b>	<b>1.42</b>	<b>0.02</b>	<b>435.09</b>	<b>778.92</b>	<b>1,214.01</b>
Loss for the year	-	-	-	(576.16)	-	-	-	(576.16)	(0.07)	(576.23)
Other comprehensive income / (loss) for the year, net of income tax	-	-	-	-	(91.39)	(88.79)	0.22	(179.96)	10.88	(169.08)
<b>Total comprehensive income/ (loss) for the year</b>	-	-	-	<b>(576.16)</b>	<b>(91.39)</b>	<b>(88.79)</b>	<b>0.22</b>	<b>(756.12)</b>	<b>10.81</b>	<b>(745.31)</b>
Acquisition of additional interest in EBTSL	-	-	-	-	-	-	-	-	(108.72)	(108.72)
<u>Accounting effects pursuant to implementation of the Scheme (refer note 48):</u>										
- Effect of elimination of Investments in the Company upon merger of EPML	-	1,046.14	-	-	-	-	-	1,046.14	-	1,046.14
- Issue of fresh share capital	-	(321.19)	-	-	-	-	-	(321.19)	-	(321.19)
- Transfer of payables to the Company pertaining to loans and advances given during the year upon merger of EPML	-	-	-	(98.24)	-	-	-	(98.24)	-	(98.24)
- Transfer of strategic investments	-	-	-	(716.56)	59.22	(28.33)	-	(685.67)	(681.01)	(1,366.68)
<b>Balance as at March 31, 2017</b>	<b>3.38</b>	<b>724.95</b>	<b>3.04</b>	<b>(995.90)</b>	<b>-</b>	<b>(115.70)</b>	<b>0.24</b>	<b>(379.99)</b>	<b>-</b>	<b>(379.99)</b>

See accompanying notes to the consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Mumbai, August 14, 2017

**For and on behalf of the Board of Directors**
**Rajiv Agarwal**  
Chairman

Mumbai, August 8, 2017

**K. K. Sinha**  
Director

## Consolidated statement of Cash Flows for the year ended March 31, 2017 (₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016 Unaudited (refer note 2 (B))
<b>I) CASH FLOW FROM OPERATING ACTIVITIES</b>		
Loss before tax	(586.52)	(80.66)
Adjustment for:		
Debit to profit or loss on re-assessment of the Group's ability to collect the amount specified in note 50	177.50	-
Claim receivable written off	0.53	-
Loss on extinguishment of lease arrangement	377.35	-
Capital work in progress written off	2.40	-
Depreciation and amortisation expense	0.85	239.85
Costs on account of CDR exit	363.83	-
Finance costs	1,009.57	555.69
Interest income on loans and advances	(162.84)	(129.01)
Unrealised exchange loss (gain)	(1.41)	1.82
Loss on derivative liability	176.81	-
Interest Income on bank deposits	(0.73)	(0.31)
Amount written back	(0.10)	-
Allowance for bad and doubtful receivables / loans (Expected credit loss)	26.16	29.84
<b>Operating profit before working capital changes</b>	<b>1,383.40</b>	<b>617.22</b>
<b>Adjustment for (increase) / decrease in operating assets :</b>		
Inventories	(0.63)	(1.10)
Trade receivables, loans, other financial assets and other assets	(3,330.73)	(1,941.85)
<b>Adjustment for increase / (decrease) in operating liabilities :</b>		
Trade payables, other financial liabilities, other liabilities and provisions	(63.30)	836.86
<b>Cash used in operations</b>	<b>(2,011.26)</b>	<b>(488.87)</b>
Income taxes paid (net)	(40.12)	(28.56)
<b>Net cash used in operating activities (I)</b>	<b>(2,051.38)</b>	<b>(517.43)</b>
<b>II) CASH FLOW FROM INVESTING ACTIVITIES</b>		
Payments for property, plant and equipment including capital work in progress	(48.38)	(287.05)
Interest received on loans and advances given	12.37	9.43
Refund of Inter-corporate deposits	30.30	120.72
Placement of Inter-corporate deposits	(148.79)	(364.11)
Share application money given	-	(10.00)
Fixed deposits placed for a period of more than three months	(9.89)	(115.14)
Proceeds from maturity of fixed deposits	15.87	107.17
Interest received on fixed deposits	0.79	0.86
Investment in preference shares	-	(8.59)
<b>Net cash used in investing activities (II)</b>	<b>(147.73)</b>	<b>(546.71)</b>

## Consolidated statement of Cash Flows for the year ended March 31, 2017

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016 Unaudited (refer note 2 (B))
<b>III) CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	3,743.44	293.54
Repayment of borrowings	(942.62)	(98.41)
Loans and advances received from body corporates	-	2,801.07
Loans and advances repaid to body corporates	-	(1,350.50)
Interest and finance costs paid	(611.88)	(558.17)
Share application money received	-	0.90
Share application money refunded	-	(0.90)
Acceptances during the year	-	17.83
Cash outflows resulting from loans and advances given to EPL; subsequently transferred to the Company and eliminated under the Scheme (refer note 48)	-	(138.24)
<b>Net cash generated from financing activities (III)</b>	<b>2,188.94</b>	<b>967.12</b>
Net decrease in cash and cash equivalents (I+II+III)	(10.17)	(97.02)
Cash and cash equivalents at the beginning of the year (refer note 17)	16.09	113.11
Net cash transferred under the Scheme (refer note 48)	(3.07)	-
<b>Cash and cash equivalents at the end of the year</b>	<b>2.85</b>	<b>16.09</b>

Notes :

**1. Non cash transactions:**

- The Company has transferred receivables of ₹ 2,569.42 crore and payables of ₹ 2,298.21 crore to related parties (refer note 52).
- Acquisition of additional interest in Essar Bulk Terminal Salaya Limited in settlement of Inter-corporate deposits (including interest accrued) amounting to ₹ 108.72 crore due from Essar Bulk Terminal Limited.
- Compulsorily Convertible Cumulative Participating Preference Shares of Essar Bulk Terminal Salaya Limited amounting to ₹ 11.88 crore issued against share application money received from Essar Bulk Terminal Limited during the previous year.

- The consolidated statement of cash flows has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under Section 133 of The Companies Act 2013, read together with Companies (Indian Accounting Standard) Rules 2015 (as amended).

See accompanying notes to the consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

**Samir R. Shah**  
Partner

Mumbai, August 14, 2017

**For and on behalf of the Board of Directors**

**Rajiv Agarwal**  
Chairman

Mumbai, August 8, 2017

**K. K. Sinha**  
Director

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 1. Corporate Information

Vadinar Oil Terminal Limited ("the Company") is a public limited company incorporated under the Companies Act, 1956 with its registered office located at Essar Refinery Site, 39, KM Stone, Okha Highway (SH-25), Taluka Khambalia, Dist- Jamnagar, Gujarat 361 305. Principal place of business of the Company is located at Vadinar, Gujarat.

The Company has an integrated oil terminal situated in Vadinar, Gujarat. It currently has 58 MMTPA of capacity for handling crude oil and petroleum products. The facilities consist of an off-shore single point mooring (SPM), two jetties for handling liquid petroleum products, tanks for storage of crude oil and petroleum products and rail and road gantries for dispatch of petroleum products.

The Company along with its subsidiaries constitute "the Group". Refer note [53] to the consolidated financial statements for the percentage holding, nature of relationship and the principal business activities of the subsidiaries and an associate of the Company.

The consolidated financial statements were approved for issue by the board of directors on August 8, 2017.

The consolidated financial statements are presented in Indian Rupees (₹) and all values are rounded to the nearest crore, except where otherwise indicated.

On October 15, 2016 the majority shareholders of Essar Oil Limited ("EOL") had entered into agreements (SPAs) to sell their shares following which, inter alia, the Company became subsidiary of EOL, and has initiated and is presently in the final stages of liquidating amounts due to the Group from certain related and other entities (refer note 48).

### 2. Basis of preparation and presentation

A. *Statement of Compliance with Indian Accounting Standards:* The Consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Accounting Standards) Amendment Rules, 2016 and accounting principles generally accepted in India.

B. These are the first Consolidated Ind AS Financial Statements of the Group. The Company did not prepare its consolidated financial statements in accordance with requirements of the then applicable Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") for all the periods up to and including the year ended 31st March, 2016 as it was exempted from preparation of its consolidated financial statements vide notification dated October 14, 2014 of Ministry of Corporate Affairs. Hence, the comparative financial information of the Group for the year ended March 31, 2016 and the transition date opening balance sheet as at April 1, 2015, included in these consolidated Ind AS financial statements, are unaudited.

C. *First - time adoption:* In accordance with Ind AS 101 on First-time adoption of Indian Accounting Standards, the Group's first Ind AS financial statements include, three consolidated balance sheets, namely, the opening consolidated balance sheet as at April 1, 2015 and consolidated balance sheets as at March 31, 2016 and March 31, 2017, and, two statements each of Consolidated Statement of profit and loss, Consolidated Statement of cash flows and changes in equity for the years ended March 31, 2016 and 2017 together with related notes. The same accounting policies have been used for all periods presented, except where the Group has made use of exceptions and exemptions allowed under Ind AS 101 in the preparation of the opening Ind AS balance sheet. Refer note 3(O) for the details of first-time adoption exemptions availed by the Group.

D. *The consolidated financial statements have been prepared on the following basis:*

- a) The financial statements of the subsidiaries and an associate used in this consolidation are drawn upto the same reporting date of the Company.
- b) The financial statements of the Company and its subsidiaries have been combined on a line by line basis adding together the book values of like items of assets, liabilities, income and expenses, after duly eliminating intra-group balances and intra group transactions and resulting unrealized profits or losses, if any.
- c) Investment in associate is accounted using the equity method and is initially recognized at cost.
- d) The excess of cost of the Company of its investment in a subsidiary over its share of the equity of subsidiary at the date on which the investment is made, is recognized as "Goodwill" in the consolidated financial statements. Alternatively, where the share of equity in the subsidiary as at the date of investment is in excess of the cost of investment of the Company, it is recognized as "Capital Reserve" and shown under the head Reserves and Surplus in the consolidated financial statements.
- e) Revenue items in case of foreign subsidiaries are consolidated at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognized in the foreign currency translation reserve.
- f) The consolidated financial statements of the Company, its subsidiaries and associate Company have been prepared using uniform accounting policies for like transactions and other events in similar circumstances.
- g) The Consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and property, plant and equipment measured at fair values, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

## Notes to the consolidated financial statements for the year ended March 31, 2017

E. **Fair value:** Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurement that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

In addition for financial reporting purposes, fair value measurements are categorized into level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurements in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly, and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 3. Summary of significant accounting policies:

#### A. Property, plant and equipment and depreciation

The cost of property, plant and equipment comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, including relevant borrowing costs for qualifying assets.

Capital work in progress comprises those costs that relate directly to specific assets and those that are attributable to the construction or project activity in general and can be allocated to specific assets up to the date the assets are put to their intended use. At the point when an asset is operating at management's intended use, the capital work in progress is transferred to the appropriate category of property, plant and equipment and depreciation commences. Major inspections and overhauls are identified and accounted for as an asset if that component is used over more than one reporting period.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the

nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

Class of assets	Years
Buildings and civil structures	5 – 30
Roads	10
Plant and equipment	10 – 30
Marine structures and plant and equipment to be handed over under an agreement with Kandla Port Trust	20
Furniture and fixtures	10
Office equipment	3 – 6

When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Freehold land is not depreciated.

The Group reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

#### B. Intangible assets and amortisation

Intangible fixed assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Group and the cost of the assets can be measured reliably. Intangible assets are stated at cost less accumulated amortisation and impairment loss, if any.

Intangible assets are amortised uniformly over the best estimate of their useful lives. The Group has estimated the useful life of software ranging from 3 - 5 years from the date of acquisition.

#### C. Impairment of assets

At the end of each reporting period, the carrying amounts of tangible and intangible assets are reviewed to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the

## Notes to the consolidated financial statements for the year ended March 31, 2017

time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Consolidated Statement of Profit and Loss.

### D. Leases

#### As lessor -

Operating lease income for equipment rentals is recognized on a straight-line basis over the lease term. An arrangement that is not in the legal form of a lease is accounted for as a lease if it is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset. Receivables from finance leases, in which the Company as lessor transfers substantially all the risks and rewards incidental to ownership to the customer are recognized at an amount equal to the net investment in the lease. Finance income is subsequently recognized based on a pattern reflecting a constant periodic rate of return on the net investment using the effective interest method.

#### As Lessee -

Leases in which the Group is the lessee and has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the commencement of the lease at the lower of the fair value of the leased assets and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges. The interest element of the finance cost is charged to the Consolidated Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The corresponding rental obligations, net of finance charges, are included in other short-term and other non-current liabilities. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the assets and the lease term.

Leases in which the Group is the lessee and in which substantially all risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are recognized in the Consolidated Statement of Profit and Loss on a straight-line basis over the term of the lease.

In case of changes in the provisions of the lease resulting in different classification, the revised agreement is regarded as a new agreement over its term. Gain / loss, if any, resulting from the reclassification is charged to the Consolidated Statement of Profit and Loss.

### E. Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories mainly comprise the cost of purchase and other costs incurred in bringing the inventories to their present

location and condition. Costs of inventories are determined on weighted average basis.

### F. Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

#### Revenue from operations

Revenue from operations which include cargo handling and storage services are recognized on proportionate completion method based on services completed till reporting date. See policy on leases with respect to interest on finance leases.

#### Interest income

Interest income is recognised on a time proportion basis following effective interest method.

#### Dividend income

Revenue is recognized when the Group's right to receive the payment is established, which is generally when shareholders approve the dividend.

### G. Government grants

Government grants are recognised when there is reasonable assurance that the conditions attached to the grants will be complied with and where such benefits have been earned and it is reasonably certain that the ultimate collection will be made.

Government grants are recognised in the Consolidated Statement of Profit and Loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

### H. Borrowing costs

General and specific borrowing costs attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Capitalisation of the borrowing costs is suspended during extended periods in which it suspends active development of a qualifying asset.

All other borrowing costs are recognised in the Consolidated Statement of Profit and Loss in the period in which they are incurred.

Borrowing cost includes interest expense, amortization of discounts, hedge related cost incurred in connection with foreign currency borrowings, ancillary costs incurred in connection

## Notes to the consolidated financial statements for the year ended March 31, 2017

with borrowing of funds and exchange difference arising from foreign currency borrowings to the extent they are regarded as an adjustment to the Interest cost.

### I. Employee benefits

#### Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement

The Group presents the first two components of defined benefit costs in the Consolidated Statement of profit or loss in the line item 'Employee benefits expenses'. Curtailment gains and losses are accounted for as past service costs.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the Consolidated statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to the Consolidated Statement of profit or loss. Past service cost is recognised in Consolidated Statement of profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

The retirement benefit obligation recognised in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

#### Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

### J. Foreign currencies

The functional currency of the each Company in the Group is determined on the basis of the primary economic environment in which it operates. The functional currency of Vadinar Oil Terminal Limited is Indian National Rupee (INR).

The transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in Consolidated Statement of Profit and Loss in the period in which they arise except for:

- exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks;
- exchange difference arising on settlement / restatement of long-term foreign currency monetary items recognized under previous GAAP, are capitalized as a part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets. If such monetary items do not relate to acquisition of depreciable fixed assets, the exchange difference is amortised over the maturity period / upto the date of settlement of such monetary item, whichever is earlier and charged to the Consolidated Statement of Profit and Loss. The un-amortised exchange difference is carried under other equity as "Foreign currency monetary item translation difference account" net of tax effect thereon, where applicable.

### K. Financial Instruments

Financial instruments comprise of financial assets and financial liabilities. Financial asset primarily comprise of investments, loans and advances, trade receivables and cash and cash equivalents. Financial liabilities primarily comprise of borrowings, trade and other payables.

Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instrument.

## Notes to the consolidated financial statements for the year ended March 31, 2017

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through Statement of Profit and Loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in Consolidated Statement of Profit and Loss.

### I. Financial assets

#### a) Recognition and initial measurement

The Group initially recognises loans and advances, deposits, debt securities issues and subordinated liabilities on the date on which they originate. All other financial instruments (including regular way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument. A financial asset or liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

#### b) Investments in associate

The Group's investments in its associate is accounted for using the equity method. Under the equity method, the investment in an associate is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate since the acquisition date. Goodwill relating to the associate is included in the carrying amount of the investment and is not tested for impairment individually.

The Consolidated Statement of Profit and Loss reflects the Group's share of the results of operations of the associate. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the interest in the associate.

If Group's share of losses of an associate exceeds its interest in that associate (which includes any long term interest that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognized.

The financial statements of the associate are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associate. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as Share of profit of an associate in the Consolidated Statement of Profit and Loss.

Upon loss of significant influence over the associate, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in the Consolidated Statement of Profit or Loss.

#### c) Classification of financial assets

On initial recognition, a financial asset is measured at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit and loss (FVTPL).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated at FVTPL:

- The asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is classified as FVTOCI only if it meets both of the following conditions and is not recognised at FVTPL:

- The asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the Other Comprehensive Income (OCI). However, the Group recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the Consolidated

## Notes to the consolidated financial statements for the year ended March 31, 2017

Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to Consolidated Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

All equity investments in scope of Ind AS 109 are measured at fair value. If the Group has made an irrevocable election to designate an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Consolidated Statement of Profit and Loss.

All other financial assets are classified as measured at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognized in Consolidated Statement of profit and loss. The net gain or loss recognized in Consolidated Statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognized when:

- The Group's right to receive the dividends is established,
- It is probable that the economic benefits associated with the dividends will flow to the entity,
- The dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### d) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in

other comprehensive income and accumulated in equity is recognised in the Consolidated Statement of profit and loss if such gain or loss would have otherwise been recognised in the Consolidated Statement of profit and loss on disposal of that financial asset.

### e) Impairment

The Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

## Notes to the consolidated financial statements for the year ended March 31, 2017

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

### f) Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognized in the Consolidated Statement of profit or loss and is included in the 'Other income' line item.

## II. Financial liabilities and equity instruments

### a) Classification as debt or equity

Debt and equity instruments issued by a Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

### b) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

### c) Financial liabilities

Financial liabilities are classified as either financial liabilities 'at FVTPL' or 'other financial liabilities'.

#### Financial liabilities at FVTPL:

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in Consolidated Statement of Profit and Loss. The net gain or loss recognised in Consolidated Statement of Profit and Loss incorporates any interest paid on the financial liability and is included in the 'other gains and losses' line item in the Consolidated Statement of Profit and Loss.

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in Consolidated Statement of Profit and Loss.

#### Other financial liabilities:

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortised cost using the effective interest method.

The Group enters into deferred payment arrangements (acceptances) whereby overseas lenders such as banks and other financial institutions make payments to supplier's banks for import of raw materials and capital expenditure. The banks and financial institutions are subsequently repaid by the Group at a later date. These are normally settled up to 12 months (for raw materials) and up to 60 months (for capital expenditure). These arrangements for raw materials are recognized as Acceptances (under trade payables) and the arrangements for capital expenditure are recognised as other financial liabilities.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### Derecognition of financial liabilities:

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Consolidated Statement of profit and loss.

### d) **Reclassification of financial assets**

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Group's senior management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. Such changes are evident to external parties. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in Statement of Profit and Loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.

Original classification	Revised classification	Accounting treatment
FVTOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to Statement of Profit and Loss at the reclassification date.

### e) **Embedded derivatives**

An embedded derivative is a component of a hybrid (combined) instrument that also includes a non-derivative host contract – with the effect that some of the cash flows of the combined instrument vary in a way similar to a stand-alone derivative. An embedded derivative causes some or all of the cash flows that otherwise would be required by the contract to be modified according to a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Consolidated Statement of profit and loss, unless designated as effective hedging instruments.

### L. **Taxation**

Income tax expense represents the sum of the current tax and deferred tax.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### Current tax

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

### Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

### Current and deferred tax for the year

Current and deferred tax are recognised in the Consolidated Statement of Profit and Loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

### **M. Provisions, contingent liabilities and contingent assets**

Provisions are recognised when the Group has a present obligation (legal or constructive), as a result of past event, and it is probable that an outflow of resources embodying economic benefits, that can be reliably estimated, will be required to settle such an obligation.

Contingent liabilities are not recognised but disclosed unless the probability of an outflow of resources is remote. Contingent assets are disclosed where inflow of economic benefits is probable.

### **N. Business combinations under common control**

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method.

Under pooling of interest method, the assets and liabilities of the combining entities or businesses are reflected at their carrying amounts after making adjustments necessary to harmonise the accounting policies. The financial information in the consolidated financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the consolidated financial statements, irrespective of the actual date of the combination. The identity of the reserves is preserved in the consolidated financial statements of the transferee in the same form in which they appeared in the financial statements of the transferor and the difference, if any, between the amount recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve.

### **O. First time adoption – mandatory exceptions, optional exemptions**

#### Overall principal

The Company has prepared the Consolidated Opening Balance Sheet as per Ind AS as of April 01, 2015 (the transition date) by, recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS and applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain exception and certain optional exemptions availed by the Company as detailed below.

#### i. Deemed cost for property, plant and equipment:

The Group has elected to measure certain property, plant and equipment i.e. plant and equipment, roads, marine structures, buildings and civil structure at fair value as its deemed cost on the date of transition.

#### ii. Determining whether an arrangement contains a lease:

The Group has opted to apply the Appendix C of Ind AS 17 to determine whether an arrangement contains a lease, on the basis of facts and circumstances existing as at transition date.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### iii. Long term foreign currency monetary item:

The Group has continued with the policy adopted for accounting of exchange differences arising from translation of long-term foreign currency monetary items recognized in the financial statements prepared under Previous GAAP by the components for the year ended March 31, 2016.

### iv. De-recognition of financial assets and financial liabilities:

The Group has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

### v. Designation of previously recognised financial instruments:

The Group has designated financial liabilities and financial assets at fair value through profit or loss and investments in equity instruments at fair value through other comprehensive income on the basis of facts and circumstances existing on transition date.

### vi. Impairment of financial assets:

The Group has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Group has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

### vii. Assessment of embedded derivatives

The Group has assessed whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of the conditions that existed at the later of the date it first became a party to the contract and the date when there has been a change in the terms of the contract that significantly modifies the cash flows that otherwise would be required under the contract.

### viii. Deemed cost of investment in an associate:

The Group has elected to continue with the carrying value of its investments in an associate recognised as of April 01, 2015 (transition date) measured as per previous GAAP as its deemed cost as at the date of transition.

### ix. Past business combination:

The Group has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date.

## 4. Key sources of estimation uncertainty and critical accounting judgements

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions

about the reported amounts of assets and liabilities, and, income and expenses that are not readily apparent from other sources. Such judgments, estimates and associated assumptions are evaluated based on historical experience and various other factors, including estimation of the effects of uncertain future events, which are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements and estimations that have been made by the management in the process of applying the Group's accounting policies and that have the most significant effect on the amount recognised in the consolidated financial statements and/or key sources of estimation uncertainty that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

### i) Going Concern

The management at each close makes an assessment of the Group's ability to continue as a going concern. In making such evaluation, it considers, inter alia, the quantum and timing of its cash flows, in particular collection of all its recoverable and settlement of its obligations to pay creditors and lenders on due dates. The accounting policy choices in preparation and presentation of the consolidated financial statements is based on the Group's assessment that it will continue as a going concern in the foreseeable future. (Refer Note 51)

### ii) Determination of functional currency

The management makes judgement in defining the functional currency based on economic substance of the transaction relevant to the each component. In concluding that Indian Rupees is the functional currency for the Company and its subsidiaries in India, the management considered (i) the currency that mainly influences the charges for services, the labour, material and other costs of providing services, and (ii) the effect of the competitive forces and regulations of the country which mainly determine the sales prices of services. The management also considered secondary indicators including the currency in which funds from financing activities are denominated and the currency in which funds are retained.

### iii) Arrangement in the nature of lease and separating payments of lease from the other considerations

The Group has entered into long-term arrangements on take or pay basis to provide crude and petroleum products receipt, storage, handling and dispatch services to Essar Oil Limited. Based on assessment of the terms of the arrangements, the Group has concluded that these arrangements are in the nature of lease.

## Notes to the consolidated financial statements for the year ended March 31, 2017

iv) Useful lives of property, plant and equipment and intangible assets

Management reviews the useful lives of property, plant and equipment at least once a year. Such lives are dependent upon an assessment of both the technical lives of the assets and also their likely economic lives based on various internal and external factors including relative efficiency and operating costs. Accordingly depreciable lives are reviewed annually using the best information available to the Management.

v) Impairment indicators

The management performs annual impairment tests on cash generating units and capital work-in-progress for which there are indicators that the carrying amount might be higher than the recoverable amount. This analysis is based upon various assumptions including margins, commencement date, cargo traffic etc.

v) Income taxes

Deferred tax assets (including MAT recoverable) are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

vi) Recoverability of financial assets

Assessment of recoverability of dated receivables require significant judgment. Factors considered include the credit rating, assessment of intention and ability of the counter party to discharge the liability, the amount and timing of anticipated future payments and any possible actions that can be taken to mitigate the risk of non-payment. As stated in Note 50 the recoverability of amounts due from certain related and other parties and other entities is predicated on the sale of shares by the majority shareholders of Essar Oil Limited and deployment of the sale consideration towards liquidating the dues. The assessment of recoverability of these amounts is based on management's to date understanding of the amounts expected to be collected and passed through to the Group through the escrow arrangement.

vii) Fair value measurement of financial instruments

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include consideration of inputs such as liquidity risk, credit risk and volatility.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 5 PROPERTY, PLANT AND EQUIPMENT

(₹ in crore)

Particulars	Freehold land	Buildings and civil structure	Roads	Marine structures	Plant and equipment	Furniture and fixtures	Office equipment	Total
<b>Cost or deemed cost</b>								
<b>As at April 01, 2015</b>	<b>0.29</b>	<b>273.49</b>	<b>5.85</b>	<b>297.61</b>	<b>4,348.16</b>	<b>0.80</b>	<b>0.46</b>	<b>4,926.66</b>
Additions	-	-	-	-	7.55	0.04	0.18	7.77
<b>As at March 31, 2016</b>	<b>0.29</b>	<b>273.49</b>	<b>5.85</b>	<b>297.61</b>	<b>4,355.71</b>	<b>0.84</b>	<b>0.64</b>	<b>4,934.43</b>
Additions (refer note (a) below)	-	249.73	2.73	250.37	3,956.10	0.02	0.06	4,459.01
Disposals (refer note (a) below)	-	(273.49)	(5.85)	(297.61)	(4,358.51)	-	-	(4,935.46)
Derecognised on disposal of a subsidiary	(0.24)	-	-	-	-	(0.32)	(0.34)	(0.90)
<b>As at March 31, 2017</b>	<b>0.05</b>	<b>249.73</b>	<b>2.73</b>	<b>250.37</b>	<b>3,953.30</b>	<b>0.54</b>	<b>0.36</b>	<b>4,457.08</b>
<b>Accumulated depreciation and impairment</b>								
<b>As at April 01, 2015</b>	-	-	-	-	-	-	-	-
Depreciation expense	-	11.88	1.56	23.62	202.60	0.15	0.21	240.02
<b>As at March 31, 2016</b>	-	<b>11.88</b>	<b>1.56</b>	<b>23.62</b>	<b>202.60</b>	<b>0.15</b>	<b>0.21</b>	<b>240.02</b>
Eliminated on disposal (refer note (a) below)	-	(11.88)	(1.56)	(23.62)	(202.60)	-	-	(239.66)
Depreciation expense	-	0.03	0.01	0.06	0.55	0.12	0.13	0.90
Eliminated on disposal of a subsidiary	-	-	-	-	-	(0.06)	(0.18)	(0.24)
<b>As at March 31, 2017</b>	-	<b>0.03</b>	<b>0.01</b>	<b>0.06</b>	<b>0.55</b>	<b>0.21</b>	<b>0.16</b>	<b>1.02</b>
<b>Carrying amount</b>								
<b>As at April 01, 2015</b>	<b>0.29</b>	<b>273.49</b>	<b>5.85</b>	<b>297.61</b>	<b>4,348.16</b>	<b>0.80</b>	<b>0.46</b>	<b>4,926.66</b>
<b>As at March 31, 2016</b>	<b>0.29</b>	<b>261.61</b>	<b>4.29</b>	<b>273.99</b>	<b>4,153.11</b>	<b>0.69</b>	<b>0.43</b>	<b>4,694.41</b>
<b>As at March 31, 2017</b>	<b>0.05</b>	<b>249.70</b>	<b>2.72</b>	<b>250.31</b>	<b>3,952.75</b>	<b>0.33</b>	<b>0.20</b>	<b>4,456.06</b>

#### Notes

- A long term take-or-pay arrangement in the nature of finance lease pertaining to the Terminal Facilities at Vadinar, Gujarat became effective from April 01, 2016. A change in the remaining term of the arrangement on March 30, 2017 has resulted in reclassification of the arrangement from finance lease to operating lease (refer note 40(ii)). The resultant loss of ₹ 377.35 crore on reclassification is debited to the Consolidated Statement of Profit and Loss as an Exceptional Item (refer note 39). Approval of the lenders for the amendment is awaited.
- All the property, plant and equipment of the Group have been pledged to secure borrowings of the Group. (refer note 25).
- The Group has elected to measure plant and equipment, buildings, roads and marine structure at their fair value at the date of transition to Ind AS (i.e. April 01, 2015) and use those fair value as their deemed cost. This valuation is based on the report of an independent third party valuer. The carrying amounts of these assets under the previous GAAP and fair value adjustments are as follows:

(₹ in crore)

Particulars	Buildings and civil structure	Roads	Marine structures	Plant and equipment	Total
<b>Cost or deemed cost</b>					
<b>At April 01, 2015 as per previous GAAP</b>	187.58	7.31	124.49	2,707.67	3,027.05
Fair value adjustment	85.91	(1.46)	173.12	1,640.49	1,898.06
<b>At April 01, 2015 as per Ind AS</b>	<b>273.49</b>	<b>5.85</b>	<b>297.61</b>	<b>4,348.16</b>	<b>4,925.11</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 6 CAPITAL WORK IN PROGRESS

(₹ In crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Crude tankages under construction	41.87	21.96	2.26
Dry bulk port and terminal facility under construction	1,531.33	1,464.04	965.91
Less: Disposal of a subsidiary	(1,531.33)	-	-
<b>Total</b>	<b>41.87</b>	<b>1,486.00</b>	<b>968.17</b>

Capital work in progress includes exchange fluctuation of ₹ Nil (previous year ₹ 0.35 Crore) and borrowing cost of ₹ 45.72 (previous year ₹ 139.66 Crore) capitalized during the year.

### 7 INTANGIBLE ASSETS

(₹ in crore)

Particulars	Computer software
<b>Cost or deemed cost</b>	
<b>At April 01, 2015</b>	<b>0.01</b>
Additions	-
<b>As at March 31, 2016</b>	<b>0.01</b>
Additions	-
<b>As at March 31, 2017</b>	<b>0.01</b>
<b>Accumulated amortisation and impairment</b>	
<b>As at April 01, 2015 #</b>	<b>0.00</b>
Amortisation expense	0.01
<b>As at March 31 2016</b>	<b>0.01</b>
Amortisation expense	-
<b>As at March 31 2017</b>	<b>0.01</b>
<b>Carrying amount</b>	
<b>As at April 01, 2015</b>	<b>0.01</b>
<b>As at March 31, 2016</b>	<b>-</b>
<b>As at March 31, 2017</b>	<b>-</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

### 8 DEPRECIATION AND AMORTISATION EXPENSE

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of Property, plant and equipment (refer note 5)	0.90	240.02
Amortisation of intangible assets (refer note 7)	-	0.01
Less: Capitalised during the year	(0.05)	(0.18)
<b>Total</b>	<b>0.85</b>	<b>239.85</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 9 INVESTMENTS (NON-CURRENT)

#### (i) investments in an associate

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Investments in equity instruments of an associate accounted for using the equity method</b>			
Vadinar Liquid Terminals Limited	-	0.01	0.01
12,500 (as at March 31, 2016: 12,500; as at April 01, 2015: 12,500) equity shares of ₹ 10 each fully paid			
<b>Total</b>	-	<b>0.01</b>	<b>0.01</b>
<b>Aggregate carrying value of unquoted investments</b>	-	<b>0.01</b>	<b>0.01</b>
<b>Aggregate amount of impairment in value of investments</b>	-	-	-

#### (ii) Other investments

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Investments in equity instruments (unquoted, fully paid up)</b>			
<b>Others: (Measured at fair value through other comprehensive income)</b>			
Nil (as at March 31, 2016: 50,000; as at April 01, 2015: 50,000) equity shares of ₹ 10 each fully paid of Essar Vizag Terminals Limited (refer note 22)	-	0.05	0.05
<b>Investments in preference shares (unquoted, fully paid up)</b>			
<b>Others: (Measured at fair value through other comprehensive income)</b>			
Nil (as at March 31, 2016: 31,762,247; as at April 01, 2015: 31,762,247) 0.01% compulsorily convertible cumulative participating preference shares of ₹10/- each of Essar Bulk Terminal Limited	-	464.76	673.26
<b>Total</b>	-	<b>464.81</b>	<b>673.31</b>
Aggregate carrying value of unquoted investments	-	464.81	673.31
Aggregate amount of impairment in value of investments	-	-	-

### 10 LOANS (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured and considered good, unless otherwise stated</b>			
(a) Security deposits			
- to related parties (refer note 52)	-	3.46	0.35
(b) Loans			
- to related parties (refer note 52)			
Considered good	20.50	222.85	86.09
Considered doubtful	-	7.71	2.12
Less: Allowance for bad and doubtful loans (expected credit loss)	-	(7.71)	(2.12)
- to others			
Considered good	-	-	92.12
Considered doubtful	-	-	5.88
Less: Allowance for bad and doubtful loans (expected credit loss)	-	-	(5.88)
<b>Total</b>	<b>20.50</b>	<b>226.31</b>	<b>178.56</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 11 OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured and considered good, unless otherwise stated</b>			
(a) Deposits in escrow account with maturity of more than 12 months #	0.00	0.99	0.99
(b) Margin money with bank - In time deposits (Debt service reserve account as per the term loan agreement) with maturity of more than 12 months	11.20	11.20	11.20
(c) Interest accrued on loans given			
- to related parties (refer note 52)			
Considered good	-	9.98	0.00
Considered doubtful	-	0.70	0.02
Less: Allowance for bad and doubtful receivables (expected credit loss)	-	(0.70)	(0.02)
- to others			
Considered good	-	-	0.03
Considered doubtful #	-	-	0.00
Less: Allowance for bad and doubtful loans (expected credit loss) #	-	-	(0.00)
(d) Advance towards allotment of shares to related parties (refer note 52)	-	-	4.93
<b>Total</b>	<b>11.20</b>	<b>22.17</b>	<b>17.15</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

### 12 DEFERRED TAX LIABILITIES (NET)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>(a) Deferred tax liabilities in relation to</b>			
(i) Difference between book balance and tax balance of fixed assets	1,090.24	1,095.41	1,067.86
(ii) fair valuation of investment	-	9.64	57.75
	1,090.24	1,105.05	1,125.61
<b>(b) Deferred tax assets in relation to</b>			
(i) Borrowings	170.79	50.71	44.49
(ii) Allowance for doubtful debts and advances	0.85	22.36	11.82
(iii) Unabsorbed depreciation loss carried forward	423.99	527.17	495.21
(iv) Minimum Alternate Tax	50.61	50.61	38.95
(v) Others	9.64	0.01	-
	655.88	650.86	590.47
<b>Total</b>	<b>434.36</b>	<b>454.19</b>	<b>535.14</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 13 OTHER NON-CURRENT ASSETS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Prepaid expenses	0.04	1.32	0.38
(b) Capital advances			
- To related parties (refer note 52)	-	45.38	117.78
- To others	-	0.68	3.37
(c) Balances with government authorities	-	46.79	22.53
<b>Total</b>	<b>0.04</b>	<b>94.17</b>	<b>144.06</b>

### 14 CURRENT TAX ASSETS (NON CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax / Tax deducted at source (net of provision for tax of ₹ 19.59 crore (ast at March 31, 2016 20.67 crore, as at April 01, 2015 ₹ 20.95 crore)	68.49	31.83	22.81
<b>Total</b>	<b>68.49</b>	<b>31.83</b>	<b>22.81</b>

### 15 INVENTORIES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Stores and spares ( Valued at lower of cost and net realisable value)	5.75	5.11	4.01
<b>Total</b>	<b>5.75</b>	<b>5.11</b>	<b>4.01</b>

The cost of inventories recognised as an expense during the year was ₹ 2.20 crore (for the year ended March 31, 2016: ₹ 2.69 crore).

Inventories in the nature of stores and spares of ₹ 2.45 crore (As at March 31, 2016 ₹ 2.65 crore, As at March 31, 2015 ₹ 2.55 crore) are expected to be recovered after twelve months.

### 16 TRADE RECEIVABLES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unsecured, considered good	124.34	0.64	11.38
<b>Total</b>	<b>124.34</b>	<b>0.64</b>	<b>11.38</b>

The average credit period on sale of services is 30 days. No interest is charged on overdue receivables.

In determining the allowances for doubtful trade receivables, the Group has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix. The Group does not have any past due trade receivables.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 17 CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance with banks in current accounts (refer note 49)	2.85	16.09	113.11
<b>Total</b>	<b>2.85</b>	<b>16.09</b>	<b>113.11</b>

### 18 BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Margin money (In time deposits for letters of credit facilities and guarantees)	-	10.36	2.39
(b) Time deposits	-	0.24	0.22
<b>Total</b>	<b>-</b>	<b>10.60</b>	<b>2.61</b>

### 19 LOANS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured and considered good, unless otherwise stated</b>			
(a) Security deposits			
- to related parties (refer note 52)	-	10.05	3.00
- to others	0.01	0.03	2.65
(b) Loans			
- to related parties (refer note 52)			
Considered good	-	656.18	232.77
Considered doubtful	-	33.12	14.49
Less: Allowance for bad and doubtful loans (expected credit loss)	-	(33.12)	(14.49)
- to others			
Considered good	-	-	176.47
Considered doubtful	-	-	11.26
Less: Allowance for bad and doubtful loans (expected credit loss)	-	-	(11.26)
<b>Total</b>	<b>0.01</b>	<b>666.26</b>	<b>414.89</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 20 OTHER FINANCIAL ASSETS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured, considered good, unless otherwise stated</b>			
(a) Interest accrued on loans given to related parties (refer note 52)			
Considered good	-	60.03	0.77
Considered doubtful	-	2.40	0.05
Less: Allowance for bad and doubtful receivables (expected credit loss)	-	(2.40)	(0.05)
(b) Interest accrued on loans given to others			
Considered good	-	-	0.05
Considered doubtful #	-	-	0.00
Less: Allowance for bad and doubtful receivables (expected credit loss) #	-	-	(0.00)
(c) Interest accrued on bank deposits #	0.21	0.28	0.00
(d) Earnest money deposits	4.48	4.48	4.48
(e) Other receivables			
- from related parties (refer note 52)			
Considered good (includes ₹ 580.23 crore referred in note 50)	590.42	577.98	17.98
Considered doubtful	14.52	13.98	0.16
Less: Allowance for bad and doubtful receivables (expected credit loss)	(14.52)	(13.98)	(0.16)
- from others			
Considered good (refer note 50)	2,974.60	1,406.04	18.03
Considered doubtful	11.65	6.56	1.04
Less: Allowance for bad and doubtful receivables (expected credit loss)	(11.65)	(6.56)	(1.04)
(f) Advances to related parties for purchase of investments (refer note 52)	-	761.10	-
<b>Total</b>	<b>3,569.71</b>	<b>2,809.91</b>	<b>41.31</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

### 21 OTHER CURRENT ASSETS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Claim receivable (refer foot note (i) to note 34)	42.32	-	-
(b) Net assets for gratuity (refer note 46)	-	-	0.44
(c) Advances to related parties towards provision of services (refer note 52)	4.68	-	15.98
(d) Balances with government authorities	10.38	12.98	29.83
(e) Prepaid expenses	10.84	8.89	9.65
(f) Advances to vendors	1.26	12.85	4.49
(g) Advances to employees	0.04	0.02	0.01
(h) Others	-	0.01	-
<b>Total</b>	<b>69.52</b>	<b>34.75</b>	<b>60.40</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 22 INVESTMENTS CLASSIFIED AS HELD FOR SALE

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Investment in equity instruments</b>			
Essar Vizag Terminals Limited	0.05	-	-
50,000 (as at March 31, 2016: Nil; as at April 01, 2015: Nil) equity shares of ₹ 10 each fully paid			
<b>Total</b>	<b>0.05</b>	<b>-</b>	<b>-</b>

The Board of Directors of the Company has vide resolution dated March 24, 2017 decided to transfer the investments in equity shares of Essar Vizag Terminals Limited within next twelve months. Based on the fair valuation report obtained from an independent third party the management has estimated the fair value of equity shares to be marginally higher than the carrying amount.

### 23 EQUITY SHARE CAPITAL

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
<b>Authorised share capital</b>						
Equity shares of ₹ 10/- each	9,000,000,000	9,000.00	4,000,000,000	4,000.00	4,000,000,000	4,000.00
<b>Total</b>	<b>9,000,000,000</b>	<b>9,000.00</b>	<b>4,000,000,000</b>	<b>4,000.00</b>	<b>4,000,000,000</b>	<b>4,000.00</b>
<b>Issued capital</b>						
Equity shares of ₹ 10/- each	321,192,199	321.19	1,046,142,000	1,046.14	1,046,142,000	1,046.14
<b>Total</b>	<b>321,192,199</b>	<b>321.19</b>	<b>1,046,142,000</b>	<b>1,046.14</b>	<b>1,046,142,000</b>	<b>1,046.14</b>
<b>Subscribed and fully paid up</b>						
Equity shares of ₹ 10/- each	321,192,199	321.19	1,046,142,000	1,046.14	1,046,142,000	1,046.14
<b>Total</b>	<b>321,192,199</b>	<b>321.19</b>	<b>1,046,142,000</b>	<b>1,046.14</b>	<b>1,046,142,000</b>	<b>1,046.14</b>

Notes:-

- (i) Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening balance	Cancellation of equity shares on account of scheme of arrangement (refer note 48)	Issue of equity shares pursuant to the scheme of arrangement (refer note 48)	Closing balance
<b>Equity Shares</b>				
<b>Year ended March 31, 2017</b>				
- Number of shares	1,046,142,000	(1,046,142,000)	321,192,199	321,192,199
- Amount (₹ in crore)	1,046.14	(1,046.14)	321.19	321.19
<b>Year ended March 31, 2016</b>				
- Number of shares	1,046,142,000	-	-	1,046,142,000
- Amount (₹ in crore)	1,046.14	-	-	1,046.14

- (ii) Terms/ Rights attached to equity shares

The Company has one class of equity shares having a par value of ₹10/- per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### (iii) Shares held by the holding company

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Number of shares	% shares	Number of shares	% shares	Number of shares	% shares
<b>Equity shares</b>						
Essar Steel Jharkhand Limited (Holding Company w.e.f March 27, 2017)	313,436,858	97.69%	-	-	-	-
Essar Ports Limited (Holding Company upto September 15, 2016)	-	-	1,046,142,000	100%	1,046,142,000	100%

### (iv) Shares issued for consideration other than cash

During the year the Company has issued 32,11,92,199 shares of ₹ 10 each fully paid to the Share holders of Essar Power and Minerals Limited for a consideration other than cash under the composite scheme of arrangement. (refer note 48)

## 24 OTHER EQUITY EXCLUDING NON CONTROLLING EQUITY

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Capital reserve on common control business combination (refer note (i) below)	3.38	3.38	3.38
(b) Capital reserve on cancellation and fresh issue of equity share capital (refer note 48)	724.95	-	-
(c) Remeasurement of defined benefit plans (refer note (ii) below)	0.24	0.02	-
(d) Equity component of compound financial instrument (refer note 44)	3.04	3.04	3.04
(e) Retained earnings	(995.90)	395.07	587.26
(f) Foreign currency translation reserve (refer note (iii) below)	(115.70)	1.42	-
(g) Equity instruments through other comprehensive income (refer note (iv) below)	-	32.16	192.57
<b>Total</b>	<b>(379.99)</b>	<b>435.09</b>	<b>786.25</b>

### Notes :

#### (i) Capital reserve

Capital reserve represents difference between the investment in VPTL in the books of account of VOTL (including investment in VPTL acquired from EPL pursuant to the above scheme) and the amount of share capital of VPTL as at April 1, 2015. (refer note 48)

#### (ii) Remeasurement of defined benefit plans

This reserve represents the impact of actuarial gains and losses on the funded obligation due to change in financial assumptions, change in demographic assumption, experience adjustments, etc. recognised through other comprehensive income.

#### (iii) Foreign currency translation reserve

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency are recognised directly in other comprehensive income and accumulated in foreign currency translation reserve.

#### (iv) Equity instruments through other comprehensive income

The reserve represents the cumulative gains and losses arising on the revaluation of investments in Essar Bulk Terminal Limited measured at fair value through other comprehensive income.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 25 BORROWINGS (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Secured borrowings- at amortised cost</b>			
(a) Rupee term loans from banks	5,294.96	3,259.94	2,216.21
(b) Rupee term loans from financial institutions	709.87	950.42	1,777.23
(c) Unamortised portion of ancillary borrowing cost	(64.18)	(25.02)	(28.16)
(d) Amount included under other financial liability (current) (refer note 29)	(818.35)	(188.87)	(122.61)
<b>Unsecured borrowings- at amortised cost</b>			
(a) Foreign Currency Convertible Bonds (FCCBs) (refer note 44)	32.97	32.99	30.48
(b) Loan from a related party (refer note 52)	-	500.00	500.00
(c) Amount included under other financial liability (current) (refer note 29)	(32.97)	(380.00)	(196.33)
<b>Total</b>	<b>5,122.30</b>	<b>4,149.46</b>	<b>4,176.82</b>

#### Notes:

#### Security details, repayment terms and interest rate, breach of loan agreement (if any)

- a) Term loans from banks and financial institutions including funded interest facilities of ₹ 2,608.52 crore (as at March 31, 2016 - ₹ 2,802.04 crore, as at April 1, 2015 - ₹ 2,914.49 crore) governed by Master Restructuring Agreement ("MRA") dated 17 December 2004 under Corporate Debt Restructuring Scheme (the "CDR") are secured by, excluding securities referred to in footnotes (b) to (d) below, first ranking security interests over all movable and immovable assets of the Company, present and future, and immoveable assets of Essar Oil Limited ("EOL") pertaining to the Terminal Project, rights, title and interests under project documents, trust and retention accounts and all sub-accounts created thereunder, pledge of certain shares of the Company held by promoters (as defined in MRA) / associates of promoters or the Company and by personal guarantees of promoters and a guarantee of Essar Ports Limited ("EPL") for ₹ 250 crore (as at March 31, 2016 - ₹ 250 crore, as at April 1, 2015 - ₹ 250 crore) together with all collateral securities.

The Company has obtained requisite sanctions for exiting the CDR and implementation of Flexible Restructuring Scheme (the "Scheme") under the guidelines of the Reserve Bank of India is underway. Additional liability of ₹ 363.83 crore accrued based on the terms proposed under the Scheme and would form part of loan liability under the common loan agreement to be entered into with the lenders. (refer note 39)

Term loans and funded interest facilities availed by the Company includes various facilities carrying interest rates ranging from 5% to 12.50% per annum and are repayable by June 2027, over varied quarterly instalments as per repayment terms given under MRA. Term loan facilities amounting to ₹ 552.55 crore agreed to be prepaid to certain MRA lenders in March 2017, have been classified as current.

- b) Term loan from a bank and a financial institution of ₹ 896.53 crore (as at March 31, 2016 - ₹ 954.66 crore, as at April 1, 2015 - ₹ 952.10 crore) under Common Loan Agreement dated 23 March 2013 entered into by Vadinar Ports & Terminal Limited (VPTL) (combined with the Company pursuant to the Composite Scheme of Arrangement - refer note 48) are secured by first mortgage and charge over all present and future movable and immovable assets / properties of VPTL combined with the Company.

Term loan from a bank and a financial institution carry interest rate 3.6% per annum over and above bank's benchmark rate and are repayable in 40 quarterly installments beginning from June, 2016 till March, 2026.

- c) Term loan from banks of ₹ 3,020.64 crore (as at March 31, 2016 - ₹ Nil, as at April 1, 2015 - ₹ Nil) under Rupee Facility Agreement dated 5 July 2016 are secured by second ranking charge over all the assets of the Company and/or Essar Port Group companies, both present and future, and first ranking charge on incremental revenue under the take or pay agreement, first ranking pledge of certain shares of the Company held by a related party and first ranking pledge of shares held by Company in its subsidiary.

Term loans from banks carry interest rate linked with respective bank's base rate plus 2.9% margin and are repayable in 84 quarterly installments beginning from March 2017 till September 2037.

- d) (i) Rupee term loans from banks amounting to ₹ Nil (as at March 31, 2016 ₹ 845.75 crore, as at April 01, 2015 ₹ 714.19 crore) are repayable in 36 equal quarterly installments starting from quarter ending June, 2017 to quarter ending in March, 2026.

## Notes to the consolidated financial statements for the year ended March 31, 2017

- (ii) Rupee term loan from a financial institution amounting to ₹ Nil crore ( as at March 31, 2016 ₹ 162.67 crore, as at April 01, 2017 ₹ nil) is repayable in 44 equal quarterly installments starting from quarter ending June, 2017 and ending in March, 2028.
- (iii) Rupee term loans from banks and a financial institution are secured by first mortgage and charge of all present and future movable and immovable assets / properties of the Company and pledge of certain shares of the Company held by promoters. The loans are further secured by corporate guarantee of Essar Ports Limited ₹ Nil (as at March 31, 2016 ₹ 1068.52 crore, as at April 01, 2015 ₹ 766.86 crore).
- e) Loan from a related party carry interest rate of 13% per annum and is repayable in two quarterly installments due on December 31, 2016 and March 31, 2017.
- f) The Company has obtained waiver letters from the lenders condoning the breach of loan covenants triggering an event of default and accelerated repayment of underlying borrowings as on March 31, 2017. Accordingly, the classification of borrowings continues as per the repayment schedule under the respective loan agreements.

### 26 OTHER FINANCIAL LIABILITIES (NON-CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Security deposit from a customer (refer note 52)	1,088.78	1,088.78	298.00
(b) Interest accrued but not due on borrowings from a related party (refer note 52)	-	14.86	0.11
(c) Interest accrued but not due on security deposit from a related party (refer note 52)	134.77	-	-
(d) Additional liability on account of CDR exit (refer note 25 (a))	363.83	-	-
(e) Acceptances in respect of capital goods #	-	18.30	1.19
(f) Payable for capital expenses	-	0.35	0.33
(g) Derivative liability - At fair value	94.01	-	-
<b>Total</b>	<b>1,681.39</b>	<b>1,122.29</b>	<b>299.63</b>

# Issued under letter of credit issued in favour of the Company by lender banks and to be converted in to long-term loan as per terms of loan agreements.

### 27 BORROWINGS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Unsecured - At amortised cost</b>			
- Loan from a related party (refer note 52)	-	1,450.00	-
<b>Total</b>	<b>-</b>	<b>1,450.00</b>	<b>-</b>

Note:

Inter corporate deposit from a related party carries interest rate of 13% per annum.

### 28 TRADE PAYABLES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Micro and small enterprise (refer note below)	-	-	-
(b) Others	146.16	33.09	24.99
<b>Total</b>	<b>146.16</b>	<b>33.09</b>	<b>24.99</b>

The average credit period on purchases of certain goods and services is 30 to 90 days. No interest is charged on the trade payables. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### Dues payable to Micro and Small Enterprises:

There is no amount due to Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprise Development Act, 2006". The information has been determined to the extent such parties have been identified on the basis of information available with the Group.

### 29 OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Current maturities of long-term borrowings (refer foot notes to note 25 for details of security)			
-from a related party (refer note 52)	-	380.00	180.00
-from banks and financial institutions	818.35	188.87	122.61
- foreign currency convertible bonds	32.97	-	16.33
(b) Interest accrued but not due on borrowings			
-to related parties (refer note 52)	-	58.73	0.07
-to banks and financial institutions	30.79	64.33	66.31
(c) Interest accrued but not due on foreign currency buyers' credits			
-to others	-	51.75	13.40
(d) Interest accrued on borrowings	5.53	38.55	35.26
(e) Interest accrued and due on loans from related parties	-	-	0.89
(f) Payable in respect of capital expenses			
-to related parties (refer note 52)	7.58	7.47	12.38
-to others	3.22	4.27	0.94
(g) Interest accrued on security deposits from a customer (refer note 52)	-	53.86	16.99
(h) Share application money pending for allotment of securities (refer note 52)	-	-	11.88
(i) Derivative liability - At fair value	82.80	-	-
(j) Payable for purchase of investments	-	198.27	8.59
<b>Total</b>	<b>981.24</b>	<b>1,046.10</b>	<b>485.65</b>

### 30 OTHER CURRENT LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Statutory dues	62.64	46.36	9.33
(b) Staff payables	-	0.01	0.05
<b>Total</b>	<b>62.64</b>	<b>46.37</b>	<b>9.38</b>

### 31 PROVISIONS (CURRENT)

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Provision for employee benefits (refer note 46)</b>			
(i) Provision for compensated absences	0.38	0.53	0.77
(ii) Provision for gratuity	0.34	0.51	-
<b>Total</b>	<b>0.72</b>	<b>1.04</b>	<b>0.77</b>

### 32 CURRENT TAX LIABILITIES

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for taxation (net of advance tax of ₹ 13.66 crore (as at March 31, 2016 ₹ 13.66 crore, as at April 01, 2015 ₹ 10.81 crore)	0.38	0.38	8.27
<b>Total</b>	<b>0.38</b>	<b>0.38</b>	<b>8.27</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 33 REVENUE FROM OPERATIONS

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Sale of services (refer note 52)		
- Crude and petroleum product storage revenue	10.37	588.72
- Crude and petroleum product handling services	493.99	149.24
- Wharfage and port charges	-	37.44
(b) Other operating income (finance lease income) (refer note 52)	1,084.22	-
<b>Total</b>	<b>1,588.58</b>	<b>775.40</b>

### 34 OTHER INCOME

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest income earned on financial assets that are not designated as at FVTPL		
- Interest income from loans and advances to related parties (refer note 52)	91.01	91.29
- Interest income from loans and advances to others	71.83	37.71
- Interest income from bank deposits	0.73	0.31
(b) Income from Services Exports from India Scheme (SEIS) (refer foot note (i) below)	42.32	-
(c) Interest on income tax refund	-	0.35
(d) Net gain on foreign currency transactions / translations	1.42	-
(e) Dividend received on investment carried at FVTPL #	-	0.00
(f) Miscellaneous income	1.63	0.82
<b>Total</b>	<b>208.94</b>	<b>130.48</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

Foot note:

- (i) Income from SEIS is represented by the incentive under the Services Export from India Scheme issued by the Ministry of Commerce & Industry for specified services rendered with effect from April 1, 2015. On the basis of a careful evaluation, Management has concluded that no significant uncertainty exists in connection with the realisability of the credit under the Scheme.

### 35 OPERATING EXPENSES

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Wharfage and port charges	-	37.44
(b) Hire charges	12.59	12.35
(c) Lease rent	6.70	5.86
(d) Operation and maintenance	33.13	26.27
(e) Manning management	21.40	19.86
(f) Consumption of stores and spares	2.20	2.69
(g) Repairs and maintenance - buildings	3.97	0.55
(h) Power and fuel	0.70	0.22
(i) Insurance	9.56	9.88
(j) Others	0.31	0.72
<b>Total</b>	<b>90.56</b>	<b>115.84</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 36 EMPLOYEE BENEFITS EXPENSE

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Salaries, wages and allowance	17.73	14.56
(b) Contributions to provident and other funds (refer note 46)	0.99	0.52
(c) Staff welfare expenses	0.13	0.24
<b>Total</b>	<b>18.85</b>	<b>15.32</b>

### 37 OTHER EXPENSES

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Consultancy and professional charges	95.10	17.47
(b) Office rent	-	0.66
(c) Rates and taxes	0.74	0.25
(d) Travelling	7.93	2.17
(e) Communication	0.41	0.17
(f) Expenditure on Corporate Social Responsibility	1.05	3.05
(g) Auditors' remuneration (refer note below)	1.12	0.54
(h) Directors sitting fees	0.06	0.03
(i) Advertisement expenses	0.39	0.05
(j) Stamp duty expenses	32.69	-
(k) Allowance for bad and doubtful receivables / loans (Expected credit loss)	26.16	29.84
(l) Loss on derivative liability	176.81	-
(m) Claim receivable, written off	0.53	-
(n) Capital work in progress written off	2.40	-
(o) Exchange differences (net)	-	1.82
(p) General expenses	0.13	3.79
<b>Total</b>	<b>345.52</b>	<b>59.84</b>

### 38 FINANCE COSTS

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Interest on borrowings from banks	495.09	206.96
(b) Interest on borrowings from financial institutions	100.44	170.10
(c) Interest on inter corporate deposit from a related party (refer note 52)	253.50	112.50
(d) Interest on security deposit from a related party (refer note 52)	141.54	61.30
(e) Other borrowing costs	19.00	4.83
<b>Total</b>	<b>1,009.57</b>	<b>555.69</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 39 EXCEPTIONAL ITEMS

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(a) Debit to profit or loss on re-assessment of the Group's ability to collect the amount specified in note 50	177.50	-
(b) Costs on account of CDR exit (refer footnote (a) to note 25)	363.83	-
(c) Loss on extinguishment of lease arrangement (refer foot note (a) to note 5)	377.35	-
<b>Total</b>	<b>918.68</b>	<b>-</b>

### 40 LEASES

#### i) Operating lease

##### The Group as lessee

The Group has entered into the following non-cancellable operating lease agreements:

- Two berths for the period of 30 years (remaining period of approximate 10.5 years) with annual lease rental of ₹ 3.63 crore for next financial year and yearly escalation of 5%.
- For office premises in October 2012 for the period of 5 years with annual lease rental of ₹ 0.43 crore which has been terminated mutually by both the parties with effect from April 16, 2015.

##### Payments recognised as an expense

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Minimum lease payments	3.45	3.58

##### Non-cancellable operating lease commitments

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Payable not later than 1 year	3.63	3.45	3.86
Payable later than 1 year and not later than 5 years	16.43	15.64	15.75
Payable later than 5 years	28.64	33.05	37.24
<b>Total</b>	<b>48.70</b>	<b>52.14</b>	<b>56.86</b>

#### ii) Finance lease

##### The Group as lessor

During the year, the Group has given certain storage and handling facilities on lease for 3 years under a non-cancellable operating lease arrangement which is renewable on mutually agreed terms and conditions.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### Non-cancellable operating lease receivables

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Receivable not later than 1 year	953.03	-	-
Receivable later than 1 year and not later than 5 years	981.97	-	-
Receivable later than 5 years	-	-	-
<b>Total</b>	<b>1,935.00</b>	<b>-</b>	<b>-</b>

### 41 CAPITAL COMMITMENTS

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Estimated amount of contracts remaining to be executed on capital account and not provided for	57.61	338.68	441.90
<b>Total</b>	<b>57.61</b>	<b>338.68</b>	<b>441.90</b>

### 42 FINANCIAL INSTRUMENTS

#### 1 Capital management

The Group's objective while managing capital is to safeguard its ability to continue as a going concern while maximising the return to stakeholders through optimisation of the debt and equity balance.

The capital structure of the Group consists of net debt (non-current borrowings, current borrowings and current portion of non-current borrowings as detailed in notes 25, 27 and 29 respectively, offset by cash and bank balances) and total equity. As part of externally imposed capital requirements, the Group is required to maintain certain financial covenants as specified in the loan agreements. The Group monitors its capital using gearing ratio, which is net debt divided to total equity. Net debt includes borrowings less cash and cash equivalents and other bank balances.

#### 1.1 Gearing ratio

The gearing ratio at the end of the reporting period was as follows.

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Debt	5,973.62	6,168.33	4,495.76
Less: Cash and cash equivalents ( refer note 17)	2.85	16.09	113.11
Less: Bank balances other than cash and cash equivalents ( refer note 18)	-	10.60	2.61
<b>Net debt</b>	<b>5,970.77</b>	<b>6,141.64</b>	<b>4,380.04</b>
<b>Total equity</b>	<b>(58.80)</b>	<b>2,260.15</b>	<b>2,037.80</b>
<b>Net debt to equity ratio</b>	<b>(101.54)</b>	<b>2.72</b>	<b>2.15</b>

Increase in capital gearing ratio as at March 31, 2017 is mainly attributable to the exceptional items debited to the Consolidated Statement of Profit and Loss. (refer note 39)

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 2 Categories of financial instruments

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Carrying amount	Fair values	Carrying amount	Fair values	Carrying amount	Fair values
<b>Financial assets</b>						
<b>Measured at amortised cost</b>						
Loans	20.51	20.51	892.57	892.57	593.45	593.45
Other financial assets	3,580.91	3,580.91	2,832.08	2,832.08	58.46	58.46
Trade receivables	124.34	124.34	0.64	0.64	11.38	11.38
Cash and cash equivalents	2.85	2.85	16.09	16.09	113.11	113.11
Bank balances other than above cash and cash equivalents	-	-	10.60	10.60	2.61	2.61
<b>Total financial assets carried at amortised cost (A)</b>	<b>3,728.61</b>	<b>3,728.61</b>	<b>3,751.98</b>	<b>3,751.98</b>	<b>779.01</b>	<b>779.01</b>
<b>Measured at fair value through other comprehensive income</b>						
Non-current Investment	-	-	464.81	464.81	673.31	673.31
<b>Total financial assets at fair value through other comprehensive income (B)</b>	<b>-</b>	<b>-</b>	<b>464.81</b>	<b>464.81</b>	<b>673.31</b>	<b>673.31</b>
<b>Total financial assets (A+B)</b>	<b>3,728.61</b>	<b>3,728.61</b>	<b>4,216.79</b>	<b>4,216.79</b>	<b>1,452.32</b>	<b>1,452.32</b>
<b>Financial liabilities</b>						
<b>Measured at amortised cost</b>						
Long-term borrowings #	5,973.62	5,925.15	4,718.33	4,622.61	4,495.76	4,411.28
Short-term borrowings	-	-	1,450.00	1,450.00	-	-
Other financial liabilities	1,811.31	1,811.31	1,599.52	1,599.52	466.34	466.34
Trade payables	146.16	146.16	33.09	33.09	24.99	24.99
<b>Financial liabilities measured at amortised cost</b>	<b>7,931.09</b>	<b>7,882.62</b>	<b>7,800.94</b>	<b>7,705.22</b>	<b>4,987.09</b>	<b>4,902.61</b>

# including current maturities of long-term borrowings

### 3 Financial risk management objectives

The Group's Corporate finance department monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyse the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The risk management policies are established to ensure timely identification and evaluation of risks, setting acceptable risk thresholds, identification and mapping controls against these risks, monitor the risk and their limits, improve risk awareness and transparency. Risk management policies and systems are reviewed regularly to reflect changes in the market conditions and Group's activities to provide reliable information to the management and the Board to evaluate the adequacy of the risk management framework in relation to the risk faced by the Group. The Group's finance function reports quarterly to the Group's Board of Directors that monitors risks and policies implemented to mitigate risk exposures. The Board of Directors reviews and agrees policies for managing each of these risks which are summarized below:

#### 3.1 Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters. Quarterly reports are submitted to Board of Directors on the unhedged foreign currency exposures.

## Notes to the consolidated financial statements for the year ended March 31, 2017

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(₹ in crore)

Particulars	As at March 31, 2017				As at March 31, 2016				As at April 01, 2015			
	USD	INR	Others	Total	USD	INR	Others	Total	USD	INR	Others	Total
<b>Financial assets</b>												
Non-current investments	-	-	-	-	-	464.81	-	464.81	-	673.31	-	673.31
Loans	-	20.51	-	20.51	-	892.57	-	892.57	-	593.45	-	593.45
Trade receivables	-	124.34	-	124.34	-	0.64	-	0.64	-	11.38	-	11.38
Cash and cash equivalents	-	2.85	-	2.85	-	16.09	-	16.09	-	113.11	-	113.11
Bank balances other than cash and cash equivalents	-	-	-	-	-	10.60	-	10.60	-	2.61	-	2.61
Other financial assets	2,974.60	606.11	0.20	3,580.91	1,939.15	892.12	0.81	2,832.08	-	54.77	3.69	58.46
<b>Total financial assets (A)</b>	<b>2,974.60</b>	<b>753.81</b>	<b>0.20</b>	<b>3,728.61</b>	<b>1,939.15</b>	<b>2,276.83</b>	<b>0.81</b>	<b>4,216.79</b>	<b>-</b>	<b>1,448.63</b>	<b>3.69</b>	<b>1,452.32</b>
<b>Financial liabilities</b>												
Long-term borrowings	-	5,122.30	-	5,122.30	32.99	4,116.47	-	4,149.46	14.15	4,162.67	-	4,176.82
Short-term borrowings	-	-	-	-	-	1,450.00	-	1,450.00	-	-	-	-
Trade payables	2.48	143.57	0.11	146.16	5.03	27.75	0.31	33.09	0.10	24.56	0.33	24.99
Other financial liabilities	32.97	2,628.97	0.69	2,662.63	62.87	2,093.36	12.16	2,168.39	16.33	768.17	0.78	785.28
<b>Total financial liabilities (B)</b>	<b>35.45</b>	<b>7,894.84</b>	<b>0.80</b>	<b>7,931.09</b>	<b>100.89</b>	<b>7,687.58</b>	<b>12.47</b>	<b>7,800.94</b>	<b>30.58</b>	<b>4,955.40</b>	<b>1.11</b>	<b>4,987.09</b>
<b>Excess of financial liabilities over financial assets (B)-(A)</b>	<b>(2,939.15)</b>	<b>7,141.03</b>	<b>0.60</b>	<b>4,202.48</b>	<b>(1,838.26)</b>	<b>5,410.75</b>	<b>11.66</b>	<b>3,584.15</b>	<b>30.58</b>	<b>3,506.77</b>	<b>(2.58)</b>	<b>3,534.78</b>
<b>Hedge for foreign currency risk</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net exposure of foreign currency risk</b>	<b>(2,939.15)</b>	<b>7,141.03</b>	<b>0.60</b>	<b>4,202.48</b>	<b>(1,838.26)</b>	<b>5,410.75</b>	<b>11.66</b>	<b>3,584.15</b>	<b>30.58</b>	<b>3,506.77</b>	<b>(2.58)</b>	<b>3,534.78</b>
<b>Impact on equity at 10%</b>	<b>(293.92)</b>	<b>NA</b>	<b>0.06</b>	<b>(293.85)</b>	<b>(183.83)</b>	<b>NA</b>	<b>1.17</b>	<b>(182.66)</b>	<b>3.06</b>	<b>NA</b>	<b>(0.26)</b>	<b>2.80</b>

### Foreign currency sensitivity analysis

The Group is mainly exposed to USD currency.

The above table details the Group's sensitivity to a 10% increase and decrease in the INR against relevant foreign currencies. 10% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency risk denominated monetary items and adjusts their translation at the period end for a 10% change in foreign currency rates. The sensitivity analysis includes external loans where the denomination of the loan is in a currency other than the functional currency of the lender or the borrower. A negative number above indicates an increase in profit/equity where the INR strengthens 10% against the relevant currency. For a 10% weakening of the INR against the relevant currency, there would be a comparable impact on the profit/equity and the balances above would be positive.

### 3.2 Interest rate risk management

The Group is exposed to interest rate risk because funds are borrowed at both fixed and floating interest rates. Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rate. The Group has exposure to interest rate risk, arising principally on changes in MCLR and base rates. The Group uses a mix of interest rate sensitive financial instruments to manage the liquidity and fund requirements for its day to day operations like long term loans and short term loans. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

#### Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for both fixed and floating rate borrowings at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

## Notes to the consolidated financial statements for the year ended March 31, 2017

The following table provides a break-up of the Group's fixed and floating rate borrowings and interest rate sensitivity analysis.

(₹ in crore)

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
	Gross amount	Interest rate sensitivity @0.50%	Gross amount	Interest rate sensitivity @0.50%
Borrowings with fixed interest rate	2,120.63	NA	5,237.98	NA
Borrowings with variable interest rate	3,852.99	19.26	930.35	4.65
<b>Total</b>	<b>5,973.62</b>	<b>19.26</b>	<b>6,168.33</b>	<b>4.65</b>

### 3.3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Group's credit risk arises principally from the trade receivables, loans, cash and cash equivalents and other financial assets.

#### Trade receivables

Trade receivables consists of a single customer, Essar Oil Limited (a related party). The operations of the customer are limited to single industry and geographical area. The outstanding trade receivables are regularly monitored and appropriate action is taken for collection of overdue trade receivables. The Group has taken security deposit from the customer as a collateral which is equivalent to nine months tariff charges liable under long-term arrangement with its customer

#### Cash and bank balances

The credit risk on liquid funds and other bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

#### Loans, deposits and advances

The Group's corporate treasury function manages the financial risks related to the business. The treasury function focuses on capital protection, liquidity and yield maximisation.

Loans, deposits and advances are extended to counterparties after assessing their financial capabilities. Counterparty credit limits are reviewed and approved by Board/Audit Committee of the Group. These limits are set to minimise the concentration of risks and therefore mitigates the financial loss through counterparty's potential failure to make payments. Expected credit losses are provided based on the credit risk of the counterparties.

#### Collateral held as security and other credit enhancements

The Group does not hold any collateral or other credit enhancements to cover its credit risk associated with its financial asset, except that the credit risk associated with trade receivable is mitigated because the Group has received security deposit as a collateral against the trade receivables. The carrying amount of trade receivables amounts to ₹ 124.34 crore (as at March 31, 2016 : ₹ 0.64 crore; as at April 01, 2015 : ₹ 11.38 crore) and the fair value of the security deposit is ₹ 1,088.78 crore (as at March 31, 2016 : ₹ 1,088.78 crore; as at April 01, 2015 : ₹ 298 crore).

### 3.4 Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. Ultimate responsibility for liquidity risk management rests with the board of directors. The Group manages liquidity risk by maintaining reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Group's remaining contractual maturity for its financial liabilities with agreed repayment periods and its financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate existing at the end of the reporting period.

## Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017				As at March 31, 2016				As at April 01, 2015			
	< 1year	1-5 years	> 5 years	Total	< 1year	1-5 years	> 5 years	Total	< 1year	1-5 years	> 5 years	Total
<b>Financial assets</b>												
Non-current investments	-	-	-	-	-	0.05	464.76	464.81	-	0.05	673.26	673.31
Loans	0.01	20.50	-	20.51	666.26	226.31	-	892.57	414.89	161.05	17.51	593.45
Trade receivables	124.34	-	-	124.34	0.64	-	-	0.64	11.38	-	-	11.38
Cash and cash equivalents	2.85	-	-	2.85	16.09	-	-	16.09	113.11	-	-	113.11
Bank balances other than cash and cash equivalents	-	-	-	-	10.60	-	-	10.60	2.61	-	-	2.61
Other financial assets #	3,569.71	0.00	11.20	3,580.91	2,809.91	10.97	11.20	2,832.08	41.31	5.95	11.20	58.46
<b>Total financial assets</b>	<b>3,696.91</b>	<b>20.50</b>	<b>11.20</b>	<b>3,728.61</b>	<b>3,503.50</b>	<b>237.33</b>	<b>475.96</b>	<b>4,216.79</b>	<b>583.30</b>	<b>167.05</b>	<b>701.97</b>	<b>1,452.32</b>
<b>Financial liabilities</b>												
Long-term borrowings	-	1,201.78	3,920.52	5,122.30	-	1,476.09	2,673.37	4,149.46	-	1,299.01	2,877.81	4,176.82
Short-term borrowings	-	-	-	-	1,450.00	-	-	1,450.00	-	-	-	-
Trade payables	146.16	-	-	146.16	33.09	-	-	33.09	24.99	-	-	24.99
Other financial liabilities	981.24	1,317.56	363.83	2,662.63	1,046.10	1,122.29	-	2,168.39	485.65	299.63	-	785.28
<b>Total financial liabilities</b>	<b>1,127.40</b>	<b>2,519.34</b>	<b>4,284.35</b>	<b>7,931.09</b>	<b>2,529.19</b>	<b>2,598.38</b>	<b>2,673.37</b>	<b>7,800.94</b>	<b>510.64</b>	<b>1,598.64</b>	<b>2,877.81</b>	<b>4,987.09</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

### Future interest obligations:-

(₹ in crore)

Particulars	March 31, 2017				March 31, 2016				April 01, 2015			
	<1 year	1-5 year	>5year	Total	<1 year	1-5 year	>5year	Total	<1 year	1-5 year	>5year	Total
Long Term Borrowings	757.61	2,376.76	3,586.22	6,720.59	425.92	1,311.44	1,001.76	2,739.12	533.38	1,893.44	1,587.50	4,014.32
<b>Total</b>	<b>757.61</b>	<b>2,376.76</b>	<b>3,586.22</b>	<b>6,720.59</b>	<b>425.92</b>	<b>1,311.44</b>	<b>1,001.76</b>	<b>2,739.12</b>	<b>533.38</b>	<b>1,893.44</b>	<b>1,587.50</b>	<b>4,014.32</b>

#### 4 Fair value measurements

This note provides information about how the Group determines fair values of various financial assets and financial liabilities. Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined (in particular, the valuation technique(s) and inputs used).

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	Level	Valuation technique and key inputs
Investment in equity instruments of Essar Vizag Terminals Limited measured at FVTOCI	-	0.05	0.05	3	Net assets method was used to capture the present value of the expected future economic benefits that will flow to the entity due to the investments.
Investment in compulsorily convertible cumulative participating preference shares of Rs.10/- each of Essar Bulk Terminal Limited measured at FVTOCI	-	464.76	673.26	3	Market approach - valuation has been determined based on the enterprise value to EBIDTA multiples of comparable companies.
<u>Long-term and short-term borrowings (including current maturities)</u>					
Carrying amount	5,973.62	6,168.33	4,495.76	2	Discounted cash flow method- future cash flows based on scheduled repayment terms discounted at the rate that reflects market risks.
Fair value	5,925.15	6,072.61	4,411.28	2	
Embedded derivatives liability	176.81	-	-	2	Discounted cash flow method - Difference in the forward exchange rates (based on observable forwards rates) at the inception and at the year end discounted at a rate that reflects the credit risk of the counter parties

## Notes to the consolidated financial statements for the year ended March 31, 2017

The carrying amounts of trade receivables, trade payables, cash and cash equivalents and other bank balances are considered to be the same as their fair value due to their short term nature.

### 43 EARNINGS PER SHARE

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Basic Earnings per share (in ₹)	(17.94)	(1.68)
Diluted Earnings per share (in ₹) *	(17.94)	(1.68)

\* Diluted EPS for the year ended March 31, 2017 and March 31, 2016 are considered same as basic EPS, since the effect is anti dilutive.

#### Basic earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Loss for the year attributable to owners of the Group (₹ in crore)	(576.16)	(53.95)
Weighted average number of equity shares for the purposes of basic earnings per share #	321,192,199	321,192,199
Earnings per share - Basic (in ₹)	(17.94)	(1.68)

#### Diluted earnings per share

The earnings used in calculation of diluted earnings per share are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Earnings used in the calculation of basic earnings per share (₹ in crore)	(576.16)	(53.96)
Interest on Foreign Currency Convertible Bonds (after tax at 34.608%) (₹ in crore)	0.47	1.56
Foreign exchange loss (gain) / loss	(0.49)	1.19
<b>Earnings used in the calculation of diluted earnings per share (₹ in crore)</b>	<b>(576.17)</b>	<b>(51.20)</b>
Weighted average number of equity shares for the purposes of diluted earnings per share	323,818,213	323,818,213
Diluted earnings per share (in ₹)	(17.79)	(1.58)

The weighted average number of ordinary shares for the purpose of diluted earnings per share reconciles to the weighted average number of equity shares used in the calculation of basic earnings per share as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Weighted average number of equity shares used in the calculation of basic earnings per share #	321,192,199	321,192,199
Potential equity shares to be issued upon conversion of FCCBs	2,626,014	2,626,014
<b>Weighted average number of equity shares used in the calculation of Diluted EPS</b>	<b>323,818,213</b>	<b>323,818,213</b>

# the number of equity shares issued pursuant to the scheme (refer note 48) without corresponding change in resources, have been considered for all the periods presented.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 44 FOREIGN CURRENCY CONVERTIBLE BONDS (FCCBS)

Pursuant to the Composite Scheme of Arrangement (refer note 48), the obligations relating to Foreign currency convertible bonds (FCCBs) of ₹ 32.11 Crore (Equivalent of US\$ 5,130,069) (₹ 14.91 Crore (US\$ 2,748,251 ) Series A Bond and ₹ 17.20 Crore (US\$ 2,381,818 ) Series B Bond) attributable to the port and terminal business of the Group out of FCCBs of ₹ 250.36 Crore (equivalent of US\$ 39,999,988) issued by Essar Ports Limited as on the transition date issued by Essar Ports Limited as on the transition date have been transferred to the Company (refer note 48).

Salient terms of the FCCBs are as under:

- The series A Bonds and the Series B Bonds bears interest rate of 5% per annum payable in arrears semi-annually.
- The Series A Bonds and the Series B Bonds are convertible at an initial conversion price of ₹ 91.70 per share with a fixed rate of exchange on conversion of ₹ 46.94 to USD 1.00.
- The Series A Bonds and the Series B Bonds are convertible by the respective bondholders into fully paid equity shares with full voting rights with a par value of ₹ 10 each of the Group. The conversion price is subject to adjustment in certain circumstances.

Equity element of the FCCBs attributable to the Group has been recognized under Reserves and Surplus as Equity component of compound financial instruments.

Subsequent to the balance sheet date, the aforesaid FCCBs attributable to the Group, listed in the name of Essar Ports Limited, have been converted into equity shares of the Company upon exercise of conversion rights by its holders.

### 45 SEGMENT INFORMATION

The Group is in the business of providing services relating to receipts, storage and dispatch of crude and petroleum products primarily operated through its port and terminal facilities at Vadinar, Gujarat and regularly reviewed by Chief Operating Decision Maker for assessment of Group's performance and resources allocation.

Revenue from the operations of the Group is mainly from a customer (related party) located in India and all the non-current assets other than financial instruments are also located in India.

### 46 EMPLOYEE BENEFITS

#### Defined contribution plans

The Group operates defined contribution retirement benefit plans for all qualifying employees. The assets of the plans are held separately from those of the Group in funds under the control of trustees. Where employees leave the plans prior to full vesting of the contributions, the contributions payable by the Group are reduced by the amount of forfeited contributions.

The Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised ₹ 0.34 crore (Year ended 31st March, 2016 ₹ 0.50 crore) for Provident Fund contributions in the Consolidated Statement of Profit and Loss. The Group also accumulated ₹ Nil (Year ended 31st March, 2016 ₹ 0.07 crore) to expenditure during construction. The contributions payable to these plans by the Group are at rates specified in the rules of the Scheme.

#### Defined benefit plans

The Group sponsors funded defined benefit plans for qualifying employees. The defined benefit plans are administered by Life Insurance Corporation of India (LIC) and every year the required contribution amount is paid to LIC.

Under the Gratuity plan, the eligible employees are entitled to post-retirement benefit at the rate of 15 days salary for each year of service until the retirement age of 58 with the payment ceiling of ₹ 1,000,000. The vesting period for Gratuity as payable under The Payment of Gratuity Act is 5 years. Under the Compensated absences plan, leave encashment is payable to all eligible employees on separation from the Group due to death, retirement, superannuation or resignation. Leave balance as on 31st December 2015 to the extent not availed by the employees is available for encashment on separation from the Group upto a maximum of 120 days at the rate of daily salary as at December 31, 2015.

## Notes to the consolidated financial statements for the year ended March 31, 2017

The plans in India typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk	The present value of the defined benefit plan liability is calculated using a discount rate determined by reference to market yields at the end of the reporting period on government bond; if the return on plan asset is below this rate, it will create a plan deficit. Currently the plan has a relatively balanced investment in equity securities and debt instruments.
Interest risk	A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.
Longevity risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
Salary risk	The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

The risk relating to benefits to be paid to the dependents of plan members (widow and orphan benefits) is re-insured by an external Insurance Group. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out at March 31, 2017 by M/s Willis Towers Watson. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

### A Gratuity:

The principal assumptions used for the purposes of actuarial valuation were as follows:

Particulars	Valuation as at		
	March 31, 2017	March 31, 2016	April 01, 2015
Discount rate (p.a)	6.90%	7.70%	7.80%
Expected rate(s) of salary increase (p.a)	7.00%	9.00%	9.00%
Expected return on plan assets (p.a)	8.50%	8.50%	8.50%
Attrition rate (p.a)	10.00%	10.00%	10.00%

In assessing the Group's post retirement liabilities, the Group monitors mortality assumptions and uses up-to-date mortality tables, the base being the Indian assured lives mortality (2006-08) ultimate.

Expected return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations after considering several applicable factors such as the composition of plan assets, investment strategy, market scenario, etc.

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

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

Amount recognised in Consolidated Statement of profit and loss in respect of these defined benefit plans are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	0.09	0.18
Net interest expense	0.01	0.11
<b>Component of defined benefit costs recognised in the Consolidated Statement of Profit and Loss</b>	<b>0.10</b>	<b>0.29</b>
<b><u>Remeasurement of net defined benefit liability:</u></b>		
Actuarial gain on defined benefit obligation	(0.34)	(0.15)
<b>Components of defined benefit costs recognised in other comprehensive income</b>	<b>(0.34)</b>	<b>(0.15)</b>
<b>Total</b>	<b>(0.24)</b>	<b>0.14</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

The current service cost and net interest expense for the year are included in the 'Employee benefit expense' line item in the Consolidated Statement of Profit and Loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in consolidated balance sheet arising from the entity's obligation in respect of its defined benefit plans are as follows:

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Present value of funded defined benefit obligation	1.39	1.82	1.46
Fair value of plan assets	1.05	1.32	1.90
<b>Net liability/(asset) arising from defined benefit obligation (refer note 21 and 31)</b>	<b>0.34</b>	<b>0.51</b>	<b>(0.44)</b>

Movement in the present value of the defined benefit obligation are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at the beginning of the year	1.25	1.46
Current service cost	0.09	0.25
Interest cost	0.05	0.14
Remeasurement (gains)/losses:		
Actuarial (gains)/losses	0.04	(0.15)
Benefits paid	(0.04)	(0.12)
Acquisitions cost	-	0.24
<b>Balance at the end of the year</b>	<b>1.39</b>	<b>1.82</b>

Movement in the fair value of the plan assets are as follows:

(₹ in crore)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Balance at the beginning of the year	1.00	1.90
Acquisition adjustment	-	(0.78)
Interest income on plan assets	0.05	0.07
Remeasurement gain (loss):		
Return on plan assets (excluding amounts included in net interest expense)	0.02	0.02
Contribution from the employer	0.02	0.22
Benefits paid	(0.04)	(0.12)
<b>Balance at the end of the year</b>	<b>1.05</b>	<b>1.32</b>

Composition of the plan assets:

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Scheme of insurance - conventional products	100%	100%	100%

The fair value of the instruments are determined based on quoted market prices in active markets.

The actual return on plan assets for the year ended March 31, 2017 was ₹ 0.38 crore (for the year ended March 31, 2016: ₹ 0.09 crore).

## Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in crore)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Estimate of amount of contribution in the immediate next year	0.21	0.22	0.11

### Sensitivity analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in crore)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(0.04)	0.04	(0.03)	0.04
Future salary growth (0.5% movement)	0.02	(0.02)	0.02	(0.02)
Attrition rate (0.5% movement)	0.05	(0.07)	0.02	(0.04)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the consolidated balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

Each year an Asset-Liability-Matching study is performed in which the consequences of the strategic investment policies are analyzed in terms of risk-and-return profiles. Investment and contribution policies are integrated within this study.

The weighted average duration of the benefit obligation at March 31, 2017 is 6 years (as at March 31, 2016: 6 years).

The expected benefits payments analysis of projected benefit obligation is as follows:

(₹ in crore)

Particulars	Less than a year	Between 2 to 5 years	Over 5 years	Total
<b>As at March 31, 2017</b>				
Defined benefit obligation	0.24	0.93	0.80	1.97
<b>As at March 31, 2016</b>				
Defined benefit obligation	0.26	1.06	1.26	2.57
<b>As at April 01, 2015</b>				
Defined benefit obligation	0.19	0.84	1.22	2.24

### B Compensated Absences

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Present value of unfunded obligation (₹ in crore)	0.38	0.53	0.77
Expense recognised in Consolidated Statement of Profit and Loss (₹ in crore)	0.01	(0.06)	0.17
Discount rate (p.a)	6.90%	7.70%	7.80%
Salary escalation rate (p.a)	7.00%	9.00%	9.00%
Attrition rate (p.a)	10.00%	10.00%	10.00%

## Notes to the consolidated financial statements for the year ended March 31, 2017

### 47 INCOME TAXES

Significant to operating entities of the Group located in India are subject to Indian income tax on a standalone basis. Entity is assessed to tax on taxable profits determined for each fiscal year beginning on April 1 and ending on March 31. For each fiscal year, the entity profit or loss is subject to the higher of the regular income tax payable or the Minimum Alternative Tax ("MAT").

Provision for tax is determined based on book profits prepared under generally accepted accounting principles and adjusted for, inter alia, the Group's assessment of allowable expenditure (as applicable), including exceptional items, set off of tax losses and unabsorbed depreciation. Statutory income tax is charged at 30% plus a Surcharge and Cess. MAT for the fiscal year 2016-17 is payable at 18.5% as increased by Surcharge and Cess. MAT paid in excess of regular income tax payable during a year can be carried forward and set off against regular income taxes payable within a period of fifteen years succeeding the fiscal year in which MAT credit arises.

#### a) Income taxes

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Recognised in statement of profit and loss</b>		
<b>Current tax</b>		
In respect of the current year	0.01	11.71
<b>Deferred tax</b>		
In respect of the current year	(10.30)	(32.86)
<b>Total (A)</b>	<b>(10.29)</b>	<b>(21.15)</b>
Recognised in other comprehensive income		
Deferred tax	9.53	48.09
<b>Total (B)</b>	<b>9.53</b>	<b>48.09</b>
<b>Total (A + B)</b>	<b>(0.76)</b>	<b>26.95</b>

A reconciliation of income tax expense applicable to accounting profit / (loss) before tax at the statutory income tax rate to recognise income tax expense for the year indicated are as follows :

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
<b>Loss before taxes</b>	<b>(586.51)</b>	<b>(80.66)</b>
Enacted tax rate in India	34.61%	34.61%
Income tax at statutory tax rate	(202.98)	(27.91)
<b>Effect of:</b>		
Tax effect of non deductible expenses	60.63	18.71
Tax effect of non taxable income	(0.31)	-
Deferred tax asset not recognised on long term capital losses	74.18	-
Reversal of deferred tax asset on unabsorbed depreciation being not allowed to carry forward pursuant to Scheme of arrangement	58.19	-
Impact due to increase in statutory tax rate from 33.99% to 34.608%	-	(11.94)
<b>Income taxes recognised in the statement of income</b>	<b>(10.29)</b>	<b>(21.15)</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

### Deferred tax assets and liabilities

Deferred tax balances in relation to	As at March 31, 2016	Recognised / reversed during the year	As at March 31, 2017
	(₹ in crore)	(₹ in crore)	(₹ in crore)
Property, plant and equipment	1,095.41	(5.17)	1,090.24
Unabsorbed depreciation	(527.17)	103.18	(423.99)
Borrowings	(50.71)	(120.08)	(170.79)
Allowance for doubtful debts	(22.36)	21.51	(0.85)
MAT credit entitlement	(50.61)	-	(50.61)
Provision for employee benefits	0.01	0.12	0.13
Fair valuation of investment	9.64	(9.64)	-
Others	(0.02)	(9.75)	(9.77)
<b>Total</b>	<b>454.19</b>	<b>(19.83)</b>	<b>434.36</b>

### Components of deferred tax assets and liabilities

Deferred tax balances in relation to	As at April 01, 2015	Recognised / reversed during the year	As at March 31, 2016
	(₹ in crore)	(₹ in crore)	(₹ in crore)
Property, plant and equipment	1,067.86	27.55	1,095.41
Unabsorbed depreciation	(495.21)	(31.96)	(527.17)
Borrowings	(44.49)	(6.22)	(50.71)
Allowance for doubtful debts	(11.82)	(10.54)	(22.36)
MAT credit entitlement	(38.95)	(11.66)	(50.61)
Provision for employee benefits	-	0.01	0.01
Fair valuation of investment	57.75	(48.11)	9.64
Others	-	(0.02)	(0.02)
<b>Total</b>	<b>535.14</b>	<b>(80.95)</b>	<b>454.19</b>

Deferred tax asset on long term capital losses of ₹ 214.34 crore expiring in fiscal year 2021-22 ( as at March 31, 2016 ₹ Nil, as at April 01, 2015 ₹ Nil) has not been recognised in the absence of reasonable certainty of its utilization.

### 48 COMPOSITE SCHEME OF ARRANGEMENT

A Composite Scheme of Arrangement ("the Scheme") amongst Essar Ports Limited ("EPL"), Vadinar Ports & Terminals Limited ("VPTL"), the Company ("VOTL"), Essar Power and Minerals Limited ("EPML"), Salaya Bulk Terminals Limited (formerly known as Hazira Coke Limited) and Hazira Cargo Terminals Limited (formerly known as Yash Hotels Private Limited) under section 391 to 394 read with sections 100 to 103 of the Companies Act, 1956 and section 52 of the Companies Act, 2013, and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 became effective on August 26, 2016 and has been implemented in phases with June 30, July 1 and July 2, 2016 as appointed dates.

Pursuant to the Scheme, with effect from June 30, 2016, Tankage Business of VPTL on a going concern basis and certain strategic investments of the Group in Essar Bulk Terminal Limited (EBTL), Essar Bulk Terminal Salaya Limited (EBTSL) and Essar Dredging Limited (EDL) were demerged and transferred to and vested in EPL. With effect from July 1, 2016, the Tankage Business was demerged from EPL and along with investments in VOTL and VPTL, and related liabilities (including loans and other liabilities payable to the Company and VPTL) were transferred to and vested in EPML. With effect from July 2, 2016, EPML and residual VPTL have been amalgamated into VOTL, and consequently all properties, assets and liabilities of EPML and residual VPTL were transferred to and vested in VOTL.

## Notes to the consolidated financial statements for the year ended March 31, 2017

This being a common control transaction from the Group's perspective, was accounted for using pooling of interest method. Accordingly, the assets and liabilities acquired are reflected at their carrying amounts with effect from April 1, 2015.

Transfer of net assets on June 30, 2016 amounting to ₹ 1,366.68 crore upon demerger of strategic investments in EBTL, EBTSL and EDL is considered as transaction with the owners in their capacity as the owners. Hence, therefore it has been recognised in the Consolidated Statement of Changes in Equity.

Upon merger of EPML into VOTL, 1,046,142,000 equity shares of ₹10 each (the then existing equity share capital of the Company) were cancelled, and 321,192,199 equity shares of ₹ 10 each were issued by the Company to the shareholders of EPML (1 equity share of VOTL for each equity share held in EPML).

Cancellation of equity share capital and issuance of shares as aforesaid by the Company is recorded on July 2, 2016. The resultant difference of ₹ 724.95 crore is transferred to capital reserve - refer note 24.

**49** The Group did not have any holdings or dealings in Specified Bank Notes or other denomination notes as defined in MCA notification G.S.R. 308 (E) dated March 30, 2017 during the period from November 08, 2016 to December 30, 2016 .

**50** As a condition precedent to the agreements (SPAs) entered into by the majority shareholders of Essar Oil Limited (EOL) to sell their stake in EOL to third parties, majority stake in the Company was to be acquired by EOL and an escrow arrangement was to be put in place to apply the sales consideration, to the extent required, towards discharge of amounts due to the Group from certain related and other parties. The majority stake in the Company has since been acquired by EOL. However, the closure of sale of the stake in EOL is taking longer than previously envisaged. The Group in the interim continued to transact with the related parties, and has reassessed its ability to realise the dues from related and other parties, through the said escrow arrangement, based on which it has debited to the Consolidated Statement of Profit and Loss ₹ 177.50 crore as an Exceptional Item. The carrying values of the dues to be realized through the escrow arrangement aggregate at March 31, 2017 to ₹ 3,554.83 crore (refer note 20).

### 51 GOING CONCERN

The ability of the Company to continue as a going concern is predicated on successful implementation of the SPAs together with the escrow arrangement for deployment of the sales consideration towards the liquidation of amounts due to the Group from certain related and other parties and have the required cash flows to meet its financial obligation.

### 52 RELATED PARTY RELATIONSHIP, TRANSACTIONS AND BALANCES.

#### a. Names of the related parties and description of relationship

Sr. No.	Nature of relationship	Name of Related Parties
1	Holding	Essar Global Fund Limited, Cayman Island, (ultimate holding company) Essar Ports Holdings Mauritius Limited, Mauritius (intermediate holding company) (from 19 February 2016) Essar Shipping & Logistics Limited, Cyprus, (intermediate holding company) (till 19 February 2016) Essar Ports & Shipping Mauritius Limited, Mauritius (intermediate holding company) (till 19 February 2016) Essar Ports & Shipping HoldCo Limited, Mauritius (intermediate holding company) (from 27 March 2015) Essar Ports & Shipping Jersey Limited, Jersey (intermediate holding company) (from 27 March 2015) Essar Ports & Shipping Limited, Mauritius (intermediate holding company) (from 27 March 2015) Essar Ports Limited (immediate holding company) (till 1 July, 2016) Essar Steel Jharkhand Limited (immediate holding company) (from 27 March 2017)
2	Entity having significant influence over the Company	Imperial Consultants & Securities Private Limited ( from January 15, 2016 till March 3, 2016) M/s Imperial Consultants & Securities (from March 3, 2016 till October 19, 2016 and from 20 March 2017 till March 27 2017)
3	Associate	Vadinar Liquid Terminals Limited

## Notes to the consolidated financial statements for the year ended March 31, 2017

Sr. No.	Nature of relationship	Name of Related Parties
4	Key Management Personnel	<p>Captain Deepak Sachdeva - Whole Time Director</p> <p>Mr. Kumar Nandula - Chief Financial Officer (from 24 March 2017)</p> <p>Mr. Girish Joshi- Chief Financial Officer (till 24 March 2017)</p> <p>Captain Alok Kumar - Manager (from 10 August 2015 to 02 July 2016)</p> <p>Mr. P.K. Srivastava - Director</p> <p>Mr. Rajiv Agarwal - Director</p> <p>Mr. K.K. Sinha - Director</p> <p>Mr. B.S. Kumar - Director</p> <p>Mr. V.G. Raghavan - Director</p> <p>Mrs. Suparna Singh - Director</p>
5	Fellow subsidiaries / other related parties	<p>Essar Oil Limited</p> <p>Essar Energy Overseas Limited, Mauritius</p> <p>Aegis Limited</p> <p>Essar Bulk Terminal Limited</p> <p>Essar Bulk Terminal Paradip Limited</p> <p>Essar Bulk Terminal (Salaya) Limited</p> <p>Essar Ports Limited (from 2 July 2016)</p> <p>Essar Steel India Limited</p> <p>Essar Power M.P. Limited</p> <p>Essar Vizag Terminals Limited</p> <p>Essar Dredging Limited (from 1 July 2016)</p> <p>Arkay Logistics Limited</p> <p>Essar Projects (India) Limited</p> <p>Essar Engineering Services Limited (Division of Aegis Limited)</p> <p>LNG Terminals Hazira Limited (Formerly Essar Energy Services Limited) (from 29 March 2016)</p> <p>Essar Shipping Limited</p> <p>Petro Tankages India Limited (from 29 March 2016)</p> <p>Essar Exploration &amp; Production India Limited</p> <p>Essar Paradip Terminals Limited</p> <p>Essar Project Management Consultants Limited</p> <p>Salaya Bulk Terminals Limited</p> <p>Hazira Cargo Terminals Limited</p> <p>Ibrox Aviation and Trading Private Limited</p> <p>Essar Offshore Subsea Limited</p> <p>Essar Services India Private Limited</p> <p>Essar Infrastructure Services Private Limited</p> <p>Equinox Business Parks Private Limited</p> <p>Essar House Private Limited</p> <p>Futura Travels Limited</p> <p>Indus Greens Private Limited</p> <p>Essar Power Gujarat Limited</p> <p>Essar Power and Minerals Limited</p> <p>Essar Ports Netherland Co-operatief U.A. (from 1 July 2016)</p>

**Notes** to the consolidated financial statements for the year ended March 31, 2017**b. Transactions with related parties**

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Revenue from operations - sale of services</b>						
Essar Oil Limited	-	-	504.36	775.40	504.36	775.40
<b>Finance lease income</b>						
Essar Oil Limited	-	-	1,084.22	-	1,084.22	-
<b>Cargo handling income (credited to EDC)</b>						
Essar Power Gujarat Limited	-	-	6.25	23.79	6.25	23.79
Essar Oil Limited	-	-	4.31	17.33	4.31	17.33
<b>Total</b>	-	-	<b>10.56</b>	<b>41.13</b>	<b>10.56</b>	<b>41.13</b>
<b>Interest income on inter-corporate deposit given</b>						
Aegis Limited	-	-	0.06	-	0.06	-
Essar Bulk Terminal Limited	-	-	16.40	24.71	16.40	24.71
Essar Bulk Terminal Paradip Limited	-	-	15.43	11.88	15.43	11.88
Essar Bulk Terminal (Salaya) Limited	-	-	6.64	-	6.64	-
Essar Ports Limited	10.43	7.90	0.35	-	10.78	7.90
Essar Steel India Limited	-	-	-	41.30	-	41.30
Imperial Consultants and Securities	-	-	31.82	0.36	31.82	0.36
Essar Power M. P. Limited	-	-	0.33	-	0.33	-
Essar Vizag Terminals Limited	-	-	3.45	1.07	3.45	1.07
Essar Shipping Limited	-	-	5.70	4.17	5.70	4.17
Essar Power and Minerals Limited	-	-	0.40	-	0.40	-
<b>Total</b>	<b>10.43</b>	<b>7.90</b>	<b>80.58</b>	<b>83.49</b>	<b>91.01</b>	<b>91.39</b>
<b>Miscellaneous Income</b>						
Essar Vizag Terminals Limited	-	-	-	0.27	-	0.27
<b>Recovery of expense</b>						
Essar Oil Limited	-	-	0.92	0.72	0.92	0.72
<b>Hire charges</b>						
Essar Ports Limited	2.87	-	8.63	11.53	11.50	11.53
<b>Lease rent - expense</b>						
Essar Oil Limited	-	-	1.84	1.82	1.84	1.82
<b>Operation and maintenance service expense</b>						
Essar Oil Limited	-	-	32.95	25.63	32.95	25.63
<b>Manning management expense</b>						
Essar Oil Limited	-	-	13.52	13.80	13.52	13.80
Essar Exploration & Production India Limited	-	-	4.20	4.81	4.20	4.81
<b>Total</b>	-	-	<b>17.72</b>	<b>18.61</b>	<b>17.72</b>	<b>18.61</b>

## Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Power and fuel expense</b>						
Essar Oil Limited	-	-	0.79	-	0.79	-
<b>Consultancy and professional charges</b>						
Essar Ports Limited	2.36	-	7.07	8.42	9.43	8.42
Aegis Limited	-	-	-	0.68	-	0.68
Essar Services India Private Limited	-	-	2.48	0.96	2.48	0.96
Essar Projects (India) Limited	-	-	-	0.27	-	0.27
<b>Total</b>	<b>2.36</b>	<b>-</b>	<b>9.55</b>	<b>10.33</b>	<b>11.91</b>	<b>10.33</b>
<b>Purchase of fixed assets / Capital work in progress/Expenditure during construction</b>						
Essar Steel India Limited	-	-	-	13.84	-	13.84
Essar Projects (India) Limited	-	-	19.84	125.34	19.84	125.34
Aegis Limited	-	-	-	0.47	-	0.47
Essar Engineering Services Limited	-	-	0.10	5.24	0.10	5.24
Essar Ports Limited	0.65	3.51	-	-	0.65	3.51
Essar House Private Limited	-	-	-	0.02	-	0.02
Essar Infrastructure Services Private Limited	-	-	-	0.10	-	0.10
Essar Services India Private Limited	-	-	-	1.29	-	1.29
Futura Travels Limited	-	-	0.04	0.06	0.04	0.06
Essar Bulk Terminal Limited	-	-	-	2.99	-	2.99
<b>Total</b>	<b>0.65</b>	<b>3.51</b>	<b>19.98</b>	<b>149.35</b>	<b>20.63</b>	<b>152.86</b>
<b>Interest expense on advance received</b>						
Essar Oil Limited	-	-	1.18	-	1.18	-
<b>Travelling</b>						
Essar Oil Limited	-	-	-	0.19	-	0.19
<b>Office rent</b>						
Essar House Private Limited	-	-	-	0.14	-	0.14
Essar Ports Limited	-	0.05	-	-	-	0.05
<b>Total</b>	<b>-</b>	<b>0.05</b>	<b>-</b>	<b>0.14</b>	<b>-</b>	<b>0.19</b>
<b>Reimbursement of expense</b>						
Essar Oil Limited	-	-	0.84	1.28	0.84	1.28
<b>Inter-corporate deposit received</b>						
Essar Oil Limited	-	-	-	1,450.00	-	1,450.00
Essar Ports Limited	-	1,350.00	-	-	-	1,350.00
Essar Bulk Terminal Limited	-	-	-	1.07	-	1.07
<b>Total</b>	<b>-</b>	<b>1,350.00</b>	<b>-</b>	<b>1,451.07</b>	<b>-</b>	<b>2,801.07</b>
<b>Security deposit received from a customer</b>						
Essar Oil Limited	-	-	-	790.78	-	790.78

## Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Inter-corporate deposit given</b>						
Essar Bulk Terminal Limited	-	-	0.65	155.50	0.65	155.50
Essar Bulk Terminal Paradip Limited	-	-	1.29	92.35	1.29	92.35
Essar Bulk Terminal (Salaya) Limited	-	-	41.55	-	41.55	-
Essar Steel India Limited	-	-	-	29.78	-	29.78
Essar Vizag Terminals Limited	-	-	4.75	11.78	4.75	11.78
Essar Shipping Limited	-	-	-	43.05	-	43.05
Essar Dredging Limited	-	-	-	-	-	-
Essar Power M.P. Limited	-	-	10.00	-	10.00	-
Imperial Consultants and Securities	-	-	21.99	-	21.99	-
Aegis Limited	-	-	19.00	-	19.00	-
Essar Ports Limited	-	-	49.56	-	49.56	-
<b>Total</b>	-	-	<b>148.79</b>	<b>332.46</b>	<b>148.79</b>	<b>332.46</b>
<b>Inter-corporate deposits given, received back</b>						
Essar Bulk Terminal (Salaya) Limited	-	-	6.25	-	6.25	-
Essar Bulk Terminal Limited	-	-	-	13.99	-	13.99
Essar Bulk Terminal Paradip Limited	-	-	-	2.57	-	2.57
Essar Power M.P. Limited	-	-	5.00	-	5.00	-
Imperial Consultants and Securities Private Limited	-	-	0.05	-	0.05	-
Aegis Limited	-	-	19.00	-	19.00	-
<b>Total</b>	-	-	<b>30.30</b>	<b>16.56</b>	<b>30.30</b>	<b>16.56</b>
<b>Interest expense on inter corporate deposit received</b>						
Essar Oil Limited	-	-	253.50	77.36	253.50	77.36
Essar Ports Limited	-	35.14	-	-	-	35.14
Essar Bulk Terminal Limited	-	-	-	0.57	-	0.57
<b>Total</b>	-	<b>35.14</b>	<b>253.50</b>	<b>77.93</b>	<b>253.50</b>	<b>113.07</b>
<b>Interest expense on security deposit received</b>						
Essar Oil Limited	-	-	141.54	61.30	141.54	61.30
<b>Other expense - license fees</b>						
Essar Ports Limited	-	1.85	-	-	-	1.85
<b>Advance given</b>						
Vadinar Liquid Terminals Limited	-	-	-	10.44	-	10.44
<b>Purchase of investments</b>						
Acquisition of investments in settlement of inter-corporate deposit	-	-	-	108.72	-	108.72
<b>Loan from related parties, repaid back</b>						
Essar Ports Limited	-	1,350.00	-	-	-	1,350.00

## Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Essar Bulk Terminal Limited				0.50		0.50
<b>Total</b>		<b>1,350.00</b>		<b>0.50</b>		<b>1,350.50</b>
<b>Sale of Investments</b>						
Essar Bulk Terminal Paradip Limited	-	-	-	0.05	-	0.05
<b>Capital advance</b>						
Essar Projects (India) Limited	-	-	48.68	2.00	48.68	2.00
Essar Steel India Limited	-	-	-	13.04	-	13.04
Essar Vizag Terminals Limited	-	-	-	6.06	-	6.06
<b>Total</b>	-	-	<b>48.68</b>	<b>21.10</b>	<b>48.68</b>	<b>21.10</b>
<b>Capital advance refunded</b>						
Essar Vizag Terminals Limited	-	-	6.06	-	6.06	-
<b>Advance for allotment of shares</b>						
Essar Vizag Terminals Limited	-	-	-	10.00	-	10.00
<b>Conversion of advance given towards allotment of shares to inter corporate deposit</b>						
Essar Bulk Terminal Paradip Limited	-	-	-	4.93	-	4.93
Essar Vizag Terminals Limited	-	-	-	10.00	-	10.00
<b>Total</b>	-	-	-	<b>14.93</b>	-	<b>14.93</b>
<b>Expense paid on behalf of other company</b>						
LNG Terminals Hazira Limited (Formerly Essar Energy Services Limited) #	-	-	0.00	0.00	0.00	0.00
Hazira Cargo Terminal Limited	-	-	0.03	-	0.03	-
Salaya Bulk Terminal Limited	-	-	0.03	-	0.03	-
Essar Bulk Terminal Paradip Limited	-	-	-	0.01	-	0.01
<b>Total</b>	-	-	<b>0.06</b>	<b>0.01</b>	<b>0.06</b>	<b>0.01</b>
<b>Training and conference expense</b>						
Equinox Business Parks Private Limited #	-	-	0.00	0.00	0.00	0.00
<b>Travelling expense</b>						
Futura Travels Limited	-	-	3.18	0.07	3.18	0.07
<b>Share application money received</b>						
Essar Ports Limited	-	0.90	-	-	-	0.90
<b>Share application money refunded</b>						
Essar Ports Limited	-	0.90	-	-	-	0.90
<b>Share application converted into Inter corporate deposit</b>						
Essar Bulk Terminal Limited	-	-	-	11.88	-	11.88
<b>Preference shares Issued</b>						
Essar Bulk Terminal Limited	-	-	-	12.45	-	12.45
<b>Staff welfare</b>						

## Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Indus Greens Private Limited #	-	-	0.00	0.00	0.00	0.00
<b>Assets and liabilities transferred to Essar Steel Jharkhand Limited for ₹ 15.13 crore (net)</b>						
<b>Liabilities transferred</b>						
Inter corporate deposit taken	1,250.71	-	-	-	1,250.71	-
Interest on Inter corporate deposit taken	301.74	-	-	-	301.74	-
Interest on security deposit taken	46.47	-	-	-	46.47	-
<b>Total</b>	<b>1,598.92</b>	-	-	-	<b>1,598.92</b>	-

# Amount 0.00 represents amount less than ₹ 0.01 crore

(₹ in crore)

Nature of transactions	Holding companies		Other related parties		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
<b>Assets transferred</b>						
Inter corporate deposit given	1,353.68	-	-	-	1,353.68	-
interest receivable on inter corporate deposit given	56.17	-	-	-	56.17	-
Advances given for purchase of shares	186.96	-	-	-	186.96	-
security deposit given	5.53	-	-	-	5.53	-
Other advances and receivables	11.71	-	-	-	11.71	-
<b>Total</b>	<b>1,614.05</b>	-	-	-	<b>1,614.05</b>	-
<b>Assets and liabilities transferred to Ibrox Aviation and Trading Private Limited for ₹ 4.78 crore (net)</b>						
<b>Liabilities transferred</b>						
Inter corporate deposit taken	-	-	699.29	-	699.29	-
<b>Assets transferred</b>						
Inter corporate deposit given	-	-	738.25	-	738.25	-
Interest receivable on inter corporate deposit	-	-	211.94	-	211.94	-
Security deposit given	-	-	3.00	-	3.00	-
Other advances and receivables	-	-	2.18	-	2.18	-
<b>Total</b>	-	-	<b>955.37</b>	-	<b>955.37</b>	-
<b>Guarantees given by others on behalf of the company</b>						
Essar Ports Limited	-	-	-	301.66	-	301.66

### The details of transactions with Key management personnel during the year.

(₹ in crore)

Nature of transactions	2016-17	2015-16
<b>Remuneration*</b>		
Captain Deepak Sachdeva	0.95	0.75
Mr. Kumar Nandula ( from 24 March 2017)	0.01	0.33
Mr. Girish Joshi (till 24 March 2017)	0.60	-
Capt. Alok Kumar	-	0.49
<b>Total</b>	<b>1.56</b>	<b>1.57</b>

\*Figures do not include the amount payable towards gratuity and compensated absence by the Company as the same is calculated for the company as whole on actuarial basis.

## Notes to the consolidated financial statements for the year ended March 31, 2017

### c. Balances with related parties

(₹ in crore)

Nature of balances	Holding companies			Other related parties			Total		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Trade payables</b>									
Aegis Limited	-	-	-	-	0.70	0.92	-	0.70	0.92
LNG Terminals Hazira Limited	-	-	-	-	-	1.04	-	-	1.04
Essar Exploration & Production India Limited	-	-	-	-	0.48	-	-	0.48	-
Essar Oil Limited	-	-	-	-	9.51	7.60	-	9.51	7.60
Essar Services India Limited	-	-	-	-	2.33	-	-	2.33	-
Essar House Private Limited	-	-	-	-	0.10	-	-	0.10	-
Essar infrastructure services Private Limited.	-	-	-	-	0.21	-	-	0.21	-
Essar Steel India Limited	-	-	-	0.15	0.17	0.17	0.15	0.17	0.17
Essar Bulk Terminal Limited	-	-	-	-	0.02	-	-	0.02	-
Futura Travels Limited	-	-	-	1.24	0.70	-	1.24	0.70	-
Indus Green Private Limited	-	-	-	0.01	0.00	-	0.01	0.00	-
Essar Projects (India) Limited	-	-	-	-	0.14	0.14	-	0.14	0.14
<b>Total</b>	-	-	-	<b>1.40</b>	<b>14.36</b>	<b>9.87</b>	<b>1.40</b>	<b>14.36</b>	<b>9.87</b>
<b>Other receivables</b>									
Essar Bulk Terminal Limited	-	-	-	-	1.17	1.10	-	1.17	1.10
Essar Bulk Terminal Paradip Limited	-	-	-	-	0.01	0.05	-	0.01	0.05
Essar Paradip Terminals Limited	-	-	-	-	1.81	1.81	-	1.81	1.81
Essar Shipping Limited	-	-	-	-	0.02	0.02	-	0.02	0.02
Essar Vizag Terminals Limited	-	-	-	-	0.28	-	-	0.28	-
Essar Ports Limited	-	2.69	3.85	-	-	-	-	2.69	3.85
Essar Ports & Shipping Limited	-	-	-	-	0.66	-	-	0.66	-
Essar Ports Global Holdings Limited	-	-	-	-	563.83	-	-	563.83	-
Essar Projects (India) Limited	-	-	-	-	0.94	0.53	-	0.94	0.53
Imperial Consultants and Securities	-	-	-	-	2.09	-	-	2.09	-
LNG Terminals Hazira Limited (Formerly Essar Energy Services Limited)	-	-	-	-	0.00	-	-	0.00	-
Petro Tankages India Limited	-	-	-	574.59	0.45	-	574.59	0.45	-
Essar Steel Jharkhand Limited	15.13	-	-	-	-	-	15.13	-	-
Vadinar Liquid Terminals Limited	-	-	-	10.44	10.44	-	10.44	10.44	-
Ibrox Aviation and Trading Private Limited	-	-	-	4.78	-	-	4.78	-	-
Essar Oil Limited	-	-	-	-	2.35	1.74	-	2.35	1.74
Essar Power Gujarat Limited	-	-	-	-	5.22	9.03	-	5.22	9.03

## Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of balances	Holding companies			Other related parties			Total		
	As at March 31,2017	As at March 31,2016	As at April 01, 2015	As at March 31,2017	As at March 31,2016	As at April 01, 2015	As at March 31,2017	As at March 31,2016	As at April 01, 2015
Less: Allowance for bad and doubtful receivables (expected credit loss)	(0.36)	-	-	(14.16)	(13.98)	(0.16)	(14.52)	(13.98)	(0.16)
<b>Total</b>	<b>14.77</b>	<b>2.69</b>	<b>3.85</b>	<b>575.65</b>	<b>575.30</b>	<b>14.13</b>	<b>590.42</b>	<b>577.98</b>	<b>17.98</b>
<b>Payable for capital expense</b>									
Essar Projects (India) Limited	-	-	-	7.58	2.71	4.94	7.58	2.71	4.94
Essar Engineering Services Limited (Division of Aegis Limited)	-	-	-	-	0.32	0.32	-	0.32	0.32
Essar Projects (India) Limited (formerly Aegis Limited. - EESD)	-	-	-	-	0.13	0.12	-	0.13	0.12
Essar Project Management Consultants Limited	-	-	-	-	1.56	1.56	-	1.56	1.56
Essar Offshore Subsea Limited	-	-	-	-	1.60	1.60	-	1.60	1.60
Aegis Limited	-	-	-	-	0.24	0.57	-	0.24	0.57
Essar Engineering Services Limited	-	-	-	-	-	3.00	-	-	3.00
Essar Bulk Terminal Limited	-	-	-	-	0.78	-	-	0.78	-
Essar Ports Limited	-	-	0.28	-	-	-	-	-	0.28
Essar Power Gujarat Limited	-	-	-	-	0.13	-	-	0.13	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>0.28</b>	<b>7.58</b>	<b>7.47</b>	<b>12.11</b>	<b>7.58</b>	<b>7.47</b>	<b>12.38</b>
<b>Inter corporate deposit received</b>									
Essar Oil Limited	-	-	-	-	1,950.00	500.00	-	1,950.00	500.00
<b>Capital advances given</b>									
Essar Projects Management Consultants Limited	-	-	-	-	0.39	0.39	-	0.39	0.39
Arkay Logistics Limited	-	-	-	-	0.64	0.64	-	0.64	0.64
Essar Projects (India) Limited	-	-	-	-	38.29	116.76	-	38.29	116.76
Essar Vizag Terminals Limited	-	-	-	-	6.06	-	-	6.06	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>45.38</b>	<b>117.78</b>	<b>-</b>	<b>45.38</b>	<b>117.78</b>
<b>Security deposit received from a customer</b>									
Essar Oil Limited	-	-	-	1,088.78	1,088.78	298.00	1,088.78	1,088.78	298.00
<b>Interest on Security deposit received from a customer</b>									
Essar Oil Limited	-	-	-	134.77	53.86	16.99	134.77	53.86	16.99
<b>Interest on Inter corporate deposit received</b>									
Essar Bulk Terminal Limited #	-	-	-	-	0.00	0.00	-	0.00	0.00
Essar Oil Limited	-	-	-	-	73.59	0.18	-	73.59	0.18
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>73.59</b>	<b>0.18</b>	<b>-</b>	<b>73.59</b>	<b>0.18</b>

# Amount 0.00 represents amount less than ₹ 0.01 crore

## Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of balances	Holding companies			Other related parties			Total		
	As at March 31,2017	As at March 31,2016	As at April 01, 2015	As at March 31,2017	As at March 31,2016	As at April 01, 2015	As at March 31,2017	As at March 31,2016	As at April 01, 2015
<b>Inter corporate deposit given</b>									
Essar Bulk Terminal Limited	-	-	-	-	215.69	74.18	-	215.69	74.18
Essar Bulk Terminal Paradip Limited	-	-	-	-	117.42	22.71	-	117.42	22.71
Essar Steel India Limited	-	-	-	-	302.87	238.58	-	302.87	238.58
Essar Shipping Limited	-	-	-	-	43.05	-	-	43.05	-
Essar Vizag Terminals Limited	-	-	-	-	21.78	-	-	21.78	-
Imperial Consultants and Securities	-	-	-	-	219.04	-	-	219.04	-
Essar Ports Limited	-	-	-	20.50	-	-	20.50	-	-
Less: Allowance for bad and doubtful loans (expected credit loss)	-	-	-	-	(40.83)	(16.61)	-	(40.83)	(16.61)
<b>Total</b>	-	-	-	<b>20.50</b>	<b>879.03</b>	<b>318.86</b>	<b>20.50</b>	<b>879.03</b>	<b>318.86</b>
<b>Interest accrued on inter corporate deposit given</b>									
Essar Bulk Terminal Limited	-	-	-	-	22.24	0.02	-	22.24	0.02
Essar Bulk Terminal Paradip Limited	-	-	-	-	11.52	0.82	-	11.52	0.82
Essar Steel India Limited	-	-	-	-	2.66	-	-	2.66	-
Essar Shipping Limited	-	-	-	-	3.75	-	-	3.75	-
Essar Vizag Terminals Limited	-	-	-	-	0.97	-	-	0.97	-
Imperial Consultants and Securities	-	-	-	-	31.97	-	-	31.97	-
Less: Allowance for bad and doubtful loans (expected credit loss)	-	-	-	-	(3.10)	(0.07)	-	(3.10)	(0.07)
<b>Total</b>	-	-	-	-	<b>70.01</b>	<b>0.77</b>	-	<b>70.01</b>	<b>0.77</b>
<b>Advances given for purchase of investments</b>									
Petro Tankages India Limited	-	-	-	-	761.10	-	-	761.10	-
<b>Advances given for provision of services</b>									
Essar Ports Limited	-	-	-	4.68	-	12.33	4.68	-	12.33
Essar Projects (India) Limited	-	-	-	-	-	3.65	-	-	3.65
Essar Vizag Terminals Limited	-	-	-	-	-	0.00	-	-	0.00
<b>Total</b>	-	-	-	<b>4.68</b>	-	<b>15.98</b>	<b>4.68</b>	-	<b>15.98</b>
<b>Security deposit given</b>									
Essar Services India Limited	-	-	-	-	7.86	-	-	7.86	-
Essar House Private Limited	-	-	-	-	0.56	-	-	0.56	-
Essar infrastructure services Private Limited	-	-	-	-	2.09	-	-	2.09	-
Essar Shipping Limited	-	-	-	-	3.00	3.00	-	3.00	3.00
Essar Ports Limited	-	-	0.35	-	-	-	-	-	0.35
<b>Total</b>	-	-	<b>0.35</b>	-	<b>13.51</b>	<b>3.00</b>	-	<b>13.51</b>	<b>3.35</b>
<b>Trade receivables</b>									
Essar Oil Limited	-	-	-	124.34	0.42	11.38	124.34	0.42	11.38
<b>Share application money pending allotment</b>									
Essar Bulk Terminal Limited	-	-	-	-	-	11.88	-	-	11.88

## Notes to the consolidated financial statements for the year ended March 31, 2017

(₹ in crore)

Nature of balances	Holding companies			Other related parties			Total		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
<b>Advance towards allotment of shares</b>									
Essar Bulk Terminal Paradip Limited	-	-	-	-	-	4.93	-	-	4.93
<b>Guarantees given by others on behalf of the Company</b>									
Essar Ports Limited	-	1,318.52	1,016.86	250.00	-	-	250.00	1,318.52	1,016.86

### 53 DETAIL OF SUBSIDIARIES / ASSOCIATE AND COMPOSITION OF GROUP

Following subsidiaries and associates have been considered in the preparation of consolidated financial statements.

Sr. No.	Name of the Company	Name of the Company	Proportion of ownership Interest (%)			Principal activity
			As at March 31, 2017	As at March 31, 2016	As at April 01, 2015	
1	Enneagon Limited *	Mauritius	100%	Nil	Nil	Engaged in the buying and selling of petroleum and coal products
2	Essar Bulk Terminal Salaya Limited (EBTSL) @	India	Nil	52.23%	37.39%	Engaged in providing port and terminal handling services. The company is developing a dry bulk port facility at Salaya in Gujarat.
3	Petro Tankages India Limited @	India	NII	NII	100%	No operations in this Company
4	Essar Ports Netherlands Cooperatif UA @	Netherland	Nil	71.13%	Nil	The Company is primarily engaged in investment holding activities
5	Essar Dredging Limited (EDL) @	India	Nil	100.00%	100.00%	No operations in this Company
6	LNG Terminals Hazira Limited (formerly known as Essar Energy Services Limited) @	India	Refer note below	Refer note below	Refer note below	The Company is engaged in providing technical and consultancy services and has a plan to venture into the business of developing, maintaining facilities for import, storage, regasification of LNG, oil and other gases.
7	Vadinar Liquid Terminals Limited *	India	25.00%	25.00%	25.00%	Engaged in the business of development of marine liquid terminal facilities including single point mooring (SPM) and product jetties. There have been no operations in this Company till March 31, 2017.

\*Audited financial statements have been considered for consolidation.

@Unaudited financial statements have been considered for consolidation

The entire equity share capital of LNG Terminals Hazira Limited was acquired by the group on December 22, 2015 and disposed off on March 29, 2016.

#### Non controlling interest

Financial information of Essar Bulk Terminal (Salaya) Limited

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Non current assets	-	1,566.15	1,116.39
Current assets	-	33.84	17.05
Non current liabilities	-	1,542.45	1,042.09
Current liabilities	-	88.46	65.33
Equity attributable to the owners of the equity	-	(16.15)	9.73
Non controlling interest	-	(14.77)	16.30

## Notes to the consolidated financial statements for the year ended March 31, 2017

Particulars	For the year ended March 31, 2017	For the year ended 31, March 2016
Revenue	-	-
Expenses	0.14	0.16
Loss for the year	(0.14)	(0.16)
Loss attributable to the owners of the equity	(0.11)	(0.06)
Loss attributable to the non controlling interest	(0.03)	(0.10)
Loss for the year	(0.14)	(0.16)

### 54 ADDITIONAL INFORMATION AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013

(₹ in crore)

Name of the entities in the Group	Net assets, i.e. total assets minus total liabilities as at March 31, 2017		Share of profit or loss for the year ended March 31, 2017		"Share in other Comprehensive Income / (loss) for the year ended March 31, 2017"		Share in total Comprehensive Income / (loss) for the year ended March 31, 2017	
	As % of consolidated net assets	₹ in crore	As % of consolidated profit or loss	₹ in crore	As % of consolidated other comprehensive income / (loss)	₹ in crore	As % of total comprehensive income / (loss)	₹ in crore
<b>Parent</b>								
Vadinar Oil Terminal Limited	-114.08%	67.08	97.98%	(564.56)	53.92%	(91.17)	87.98%	(655.73)
<b>Subsidiaries</b>								
<b>Indian</b>								
Essar Bulk Terminal (Salaya) Limited	-	-	0.03%	(0.14)	-	-	0.02%	(0.14)
<b>Foreign</b>								
Essar Ports Netherlands Cooperatief	-	-	0.00%	-	-	-	-	-
Enneagon Limited	-4942.74%	2,906.47	1.94%	(11.18)	-	-	1.50%	(11.18)
Intercompany Elimination and Consolidation Adjustments	5156.81%	(3,032.35)	0.06%	(0.36)	46.08%	(77.91)	10.50%	(78.27)
<b>Associate (Investment as per the equity method) :-</b>								
<b>Indian</b>								
Vadinar Liquid Terminals Limited	-	-	0.00%	0.01	-	-	0.00%	0.01
<b>Grand Total</b>	<b>100.00%</b>	<b>(58.80)</b>	<b>100.00%</b>	<b>(576.23)</b>	<b>100%</b>	<b>(169.08)</b>	<b>100%</b>	<b>(745.31)</b>

For and on behalf of Board of Directors

**Rajiv Agarwal**  
Chairman

**K. K. Sinha**  
Director

Mumbai, August 8, 2017

**FORM AOC - 1**

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

**Statement containing salient features of the financial statements of subsidiaries / associates companies**

<b>Part "A" - Subsidiaries</b>	<b>Amt in USD</b>	<b>(₹ in crore)</b>
Name of the subsidiary	Enneagon Limited	
Reporting period	March 31, 2017	
The date since when subsidiary was Incorporated / acquired	September 30, 2016	
Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries.	USD	1 US\$ = ₹ 64.84
Share capital	450,000,000	2,917.74
Reserves & surplus	58,872	0.38
Total assets	460,567,729	2,986.26
Total liabilities	10,508,857	68.14
Investments	-	-
Turnover	-	-
Profit before taxation	69,080	0.45
Provision for taxation	-	-
Profit after taxation	69,080	0.45
Proposed dividend	-	-
% of shareholding	100%	
Names of subsidiaries which are yet to commence operations	Nil	
Names of subsidiaries which have been liquidated or sold during the year	Disposal of subsidiaries during the year under the Scheme of arrangement (refer note 58). 1. Essar Bulk Terminal Salaya Limited 2. Essar Dredging Limited 3. Essar Ports Netherlands Coöperatief U.A	

**Part "B" - Associates**

<b>Name of the associate</b>	<b>Vadinar Liquid Terminals Limited</b>
<b>1. Latest audited balance sheet date</b>	March 31, 2017
<b>2. Date on which the Associate or Joint Venture was associated or acquired</b>	March 31, 2015
<b>3. Shares of associates held by the company at the year end</b>	
Numbers	12,500
Amount of investment in associates (₹ in crore)	0.01
Extent of holding %	25.00%
<b>4. Description of how there is significant influence</b>	Based upon percentage holding
<b>5. Reason why the associate is not consolidated</b>	NA
<b>6. Networth attributable to shareholding as per latest audited Balance Sheet (₹ in crore)</b>	-
<b>7. Profit / Loss for the year</b>	
i. Considered in consolidation (₹ in crore)	(0.01)
ii. Not considered in consolidation	NA
Names of associates which are yet to commence operations	Vadinar Liquid Terminals Limited
Names of associates which have been liquidated or sold during the year	Nil

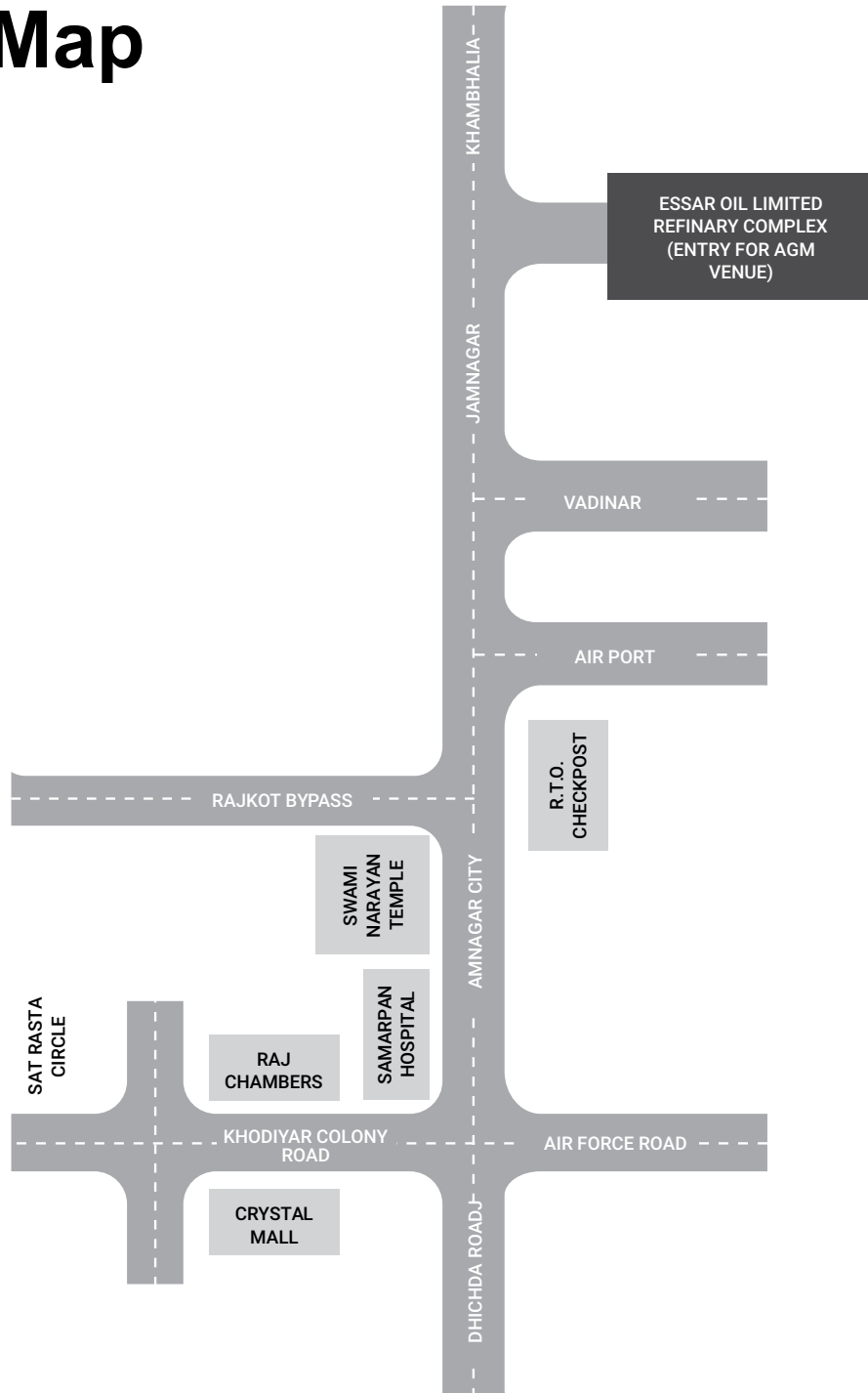
For and on behalf of Board of Directors

**Rajiv Agarwal**  
**Chairman**
**K.K. Sinha**  
**Director**

Mumbai, August 8, 2017

Corporate Accounts

# Route Map



## AGM Venue:

### Vadinar Oil Terminal Limited

Essar Refinery Complex, Okha Highway (SH-25) Taluka - Khambhalia,  
Dist. Devbhumi Dwarka – 361305, Gujarat.

## Notes

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## Notes

This image shows a single sheet of white paper with horizontal blue or grey ruling lines. The lines are evenly spaced and run across the width of the page. There are approximately 20 lines visible. The paper has a slight shadow on the right side, suggesting it's resting on a surface. There is no handwriting or other markings on the paper.

## This image shows a full page of blank, lined paper. It features approximately 20 horizontal blue or grey lines spaced evenly apart, typical of notebook paper. The lines extend across the entire width of the page, leaving small margins at the top and bottom. There are no vertical lines, text, or other markings present.



## VADINAR OIL TERMINAL LIMITED

Registered Office: Essar Refinery Site, 39 KM Stone, Okha Highway (SH-25) Taluka - Khambhalia,  
Dist. Devbhumi Dwarka – 361305, Gujarat, India.  
Corporate Identity Number: U35111GJ1993PLC053434  
Phone: 91 2833 661444; Fax: 91 2833 662929  
Email: votlcosec@essaroil.co.in

### ATTENDANCE SLIP

24TH ANNUAL GENERAL MEETING - SEPTEMBER 29, 2017 AT 11.00 A.M.

Folio No.		NAME & ADDRESS OF THE REGISTERED SHAREHOLDER
DP ID/ Client ID		
No. of Shares held		

I certify that I am a registered shareholder/proxy for the registered shareholder of the Company.

I hereby record my presence at the TWENTY FOURTH ANNUAL GENERAL MEETING of the Company being held at the Registered Office at Essar Refinery Site, 39 KM Stone, Okha Highway (SH-25) Taluka - Khambhalia, Dist. Devbhumi Dwarka – 361305, Gujarat, India on September 29, 2017 at 11.00 a.m.

\_\_\_\_\_  
Member's/Proxy's Signature

#### Note:

1. Please complete this and hand it over at the entrance of the hall.



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## VADINAR OIL TERMINAL LIMITED

Registered Office: Essar Refinery Site, 39 KM Stone, Okha Highway (SH-25) Taluka - Khambhalia,  
Dist. Devbhumi Dwarka – 361305, Gujarat, India.  
Corporate Identity Number: U35111GJ1993PLC053434  
Phone: 91 2833 661444; Fax: 91 2833 662929  
Email: votlcosec@essaroil.co.in

### 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]

<b>CIN</b>	U35111GJ1993PLC053434		
<b>Name of the Company</b>	VADINAR OIL TERMINAL LIMITED		
<b>Registered Office</b>	Essar Refinery Site, 39 KM Stone, Okha Highway (SH-25) Taluka - Khambhalia, Dist. Devbhumi Dwarka – 361305, Gujarat, India.		
<b>Name of the member (s)</b>			
<b>Registered address</b>			
<b>E-mail Id</b>			
<b>Folio No/ Client Id</b>		<b>DP ID</b>	

I We, being the member (s) of ..... shares of the above named company, hereby appoint

1.	Name		Signature	
	Address			
	E-mail Id			
	Or Failing him			
2.	Name		Signature	
	Address			
	E-mail Id			
	Or Failing him			
3.	Name		Signature	
	Address			
	E-mail Id			

as my/our proxy to attend and vote (on a poll) for me/ us and on my/ our behalf at the Twenty fourth Annual General Meeting of the Company to be held on September 29, 2017 at 11.00 a.m. at the Registered Office at Refinery Complex, Khambhalia Post (39th Km. stone-Okha Highway), Dist. Devbhumi Dwarka-361305, Gujarat, India and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolutions	For	Against
1	To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2017 together with the reports of Board of Directors and Auditors thereon.		
2	To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended March 31, 2017 together with the report of Auditors thereon.		

<b>Sr. No.</b>	<b>Resolutions</b>	<b>For</b>	<b>Against</b>
3	To appoint auditors and fix their remuneration.		
4	Appointment of Mr. B. Anand as Director of the Company		
5	Appointment of Mr. C. Manoharan as Director of the Company		
6	Appointment of Ms. Gayathri S. as Director of the Company		
7	Appointment of Mr. Mohan Lal Sharma as an Independent Director of the Company		
8	Appointment of Capt. Alok Kumar as Director of the Company		
9	Appointment of Capt. Alok Kumar as Whole-time Director of the Company		
10	To approve the remuneration paid to Capt. Deepak Sachdeva as Whole time Director in the financial year 2016-17		

Signed this .....day of .....2017.

Signature of shareholder : \_\_\_\_\_

Signature of Proxy holder(s): \_\_\_\_\_

Note:

1. 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.
2. It is optional to put "✓" in the appropriate column against the Resolution in the Box. If you leave the "For" or "Against" column blank against Resolutions, your proxy will be entitled to vote to in the manner as he / she thinks appropriate.

**Affix  
Revenue  
Stamp**



*If undelivered, please return to:*

**M/s. Data Software Research Company Private Ltd.**

**Unit: VADINAR OIL TERMINAL LIMITED**

19, Pycroft Garden Road

Off Haddows Road

Nungambakkam

Chennai- 600006