



VISAKHAPATNAM-530035

DIRECTORS' REPORT TO THE SHAREHOLDERS 2017-18

To,

The Members,

Your Directors have pleasure in presenting their 17th Annual Report on the Business and Operations of the Company together with the Accounts for the Financial Year ended 31st March'2018.

1) FINANCIAL RESULTS:

Your Company's financial performance for the year under review has been encouraging. Key aspects of Financial Performance of VSPL for the current financial year 2017-18 along with the previous financial year 2016-17 are tabulated below :

Stand-alone Financial Statement

(Figures in lakhs)

Particulars (Rs. In Lakhs)	2017-18 (12 Months ended 31.3.2018)	2016-17(12 months ended 31.3.2017)
Operational Revenue	16,250.86	13,736.72
Other Revenue	1,385.42	1,474.49
Total Revenue	17,636.28	15,211.21
Expenditure before Interest ,Tax and Depreciation	12,174.92	10,026.86
Earnings before Interest, Depreciation and Tax	5,461.36	5,184.35
Finance cost	2,511.19	3,124.96
Depreciation & Amortisation	1,466.20	1,411.41
Profit/Loss before Tax	1,483.97	647.97
Profit/Loss after Tax	844.21	445.72
Reserves & Surplus	1300.52	455.41
Cargo Volume in lakhs(Tons)	71.42	63.24
Growth % in Turnover	17.90	10.31
Growth % in Net Profit	88.91	151.55



accordingly assessed an Annual Cargo potential of 8.50 Million Tons to be achieved in the ensuing years.

However, your company is expected to face the margin pressure during the current Financial Year 2018-19 as the operating scenario in Vizag continues to be very competitive with under cutting of rates by neighbouring ports/ BOT berths as well as Stevedores of VPT. Your company with its well-trained dedicated man power strength and ability to offer customized services is fully equipped to face the margin pressure by enhanced volume. It is pertinent to note that in spite of tough competition, your Company has achieved 13 % cargo growth in the year under review compared to previous year.

c) Investment Programme: Your Company has planned to purchase a ZPMC Ship Unloader at a cost of about USD 7.75 Million with a discharge capacity of 1750 Tons Per hour. Your company has also made alternate option of mobilizing a LIEBHERR Harbour Mobile Crane of higher capacity, LHM 550 Model on operational lease basis. With the existing Five Harbour Mobile Cranes and the addition of new crane, your Company will be fully equipped to achieve the overall cargo handling capacity of 8.5 Million Tons in the ensuing years.

3. Dividend:

Your Directors are not recommending any dividend for the financial year 2017-18 and desire to defer the same to the next financial year 2018-19 in view of the liquidity constraints.

4. Share Capital :

The Paid Up Equity Share Capital of the Company as on March 31, 2017 was Rs.87.19 Crores. There has been no change in the Equity Share Capital of the Company during the year.

5. Extract of Annual Return:

The extract of Annual Return in format MGT-9, for the Financial year 2017-18 has been prepared. The same can be accessed on the Company's website <http://www.vizagseaport.com>



7. Particulars of Loan

Guarantees and Investments under section 186 during the year under review are NIL. However, Section 186 is not applicable to your company as it is engaged in providing Infrastructure facility.

8. Particulars of Contracts or Arrangements with Related Parties:

The particulars of Contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act, 2013 for the financial year 2017-18 in the prescribed format, AOC-2 has been enclosed with the report. (**Annexure-I**)

9. Material Changes Affecting the Financial Position of the Company after the date of Balance sheet:

Details regarding material changes/events occurring after balance sheet date till the date of the report is NIL.

10. Directors' Responsibility Statement:

In terms of provisions of Section 134(3) of the Companies Act, 2013, Your Directors confirm that

- (i) In the preparation of the annual accounts, 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 judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of the Profit and Loss of the company for that period;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts 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.



13. Board of Directors :

As on 31st March 2018, your Company's Board has a strength of 11 (Eleven) Directors including 1(one) Women Director. The composition of the Board is as below :

No.	Category	No. of Directors
1	Executive Directors	3 (Three)
2	Non-Executive Directors	6 (Six)
3	Independent Directors	2(Two)
	Total	11 (Eleven)

14. Appointment of Independent Directors :

Your Company has appointed Ms. Homai A. Daruwalla as Independent Director to hold office for a period of 5(five years) w.e.f. 31.1.2015 and Mr. Shiraz Erach Poonavalla as Independent Director to hold office for a period of 5 (five) years w.e.f. 14.3.2018, pursuant to Section 149(4) of the Companies Act, 2013.

15. Constitution of Audit Committee :

Your Company has constituted an Audit Committee pursuant to Section 177 of the Companies Act, 2013 with the following Directors :

No.	Name of the Director - Mr/Ms	Designation
1	Homai A.Daruwalla	Independent Director
2	Shiraz Earch Poonevalla	Independent Director
3	Kishalay Bandopadhyay	Director

16. Constitution of Nomination and Remuneration Committee :

Pursuant to Section 178 of the Companies Act, 2013, your Company has constituted a Nomination and Remuneration Committee with the following Directors.

No.	Name of the Director - Mr/Ms	Designation
1	Homai A. Daruwalla	Independent Director
2	Shiraz Earch Poonevalla	Independent Director
3	Kishalay Bandopadhyay	Director



20. Declaration by Independent Directors:

The Independent directors have submitted their disclosure to the board confirming that they fulfil all requirements as to qualify for their appointment as Independent director under the provisions of Section 149 of the Companies Act, 2013. The board confirms that the said Independent directors meet the criteria as laid down under the Companies Act, 2013. During the year, all the recommendations by the Audit Committee were accepted by the Board.

21. Secretarial Auditor :

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Sekhar Babu, Practising Company Secretary, Vizag, to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report in form MR 3, as per Section 204(1) submitted by them is attached as **Annexure -II** which forms part of this report. The Secretarial Report does not contain any qualification, reservation, adverse remarks or disclaimer.

22. Cost Auditors :

Pursuant to notification issued by Ministry of Corporate Affairs, regarding the Companies (Cost Records & Audit) Rules, 2014 , your Company has appointed M/s DZR & Company, Cost & Management Accountants, Hyderabad, as Cost Auditors of the Company to conduct the Cost Audit for the financial year 2017-18.

The Cost Audit Report for the financial year 2016-17 was filed with Ministry of Corporate Affairs.

Your Company maintains cost records as specified by the Central Government under sub-section(1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained.



The details of CSR amount to be spent since the year 2015-16 upto 2017-18 are as follows :

No.	Financial Year	CSR Amount to be spent (in lakhs)	Reasons for not spent
1	2014-16 (18 months)	14.74	Process involved for selection of right project and due diligence
2	2016-17 (12 months)	3.38	Process involved for selection of right projects and due diligence
3	2017-18 (12 months)	4.95	
	Total	23.07	Amount spent during July18

Your Company could not spend the said amount of Rs.23.07 Lakhs on account of time and process involved in selection of right projects and due diligence during the year 2017-18. However, your Directors have spent the CSR amount for purchase of Portable Air Quality Monitoring System (AQMS 300) costing Rs. 21 lakhs during July'18. This system will be placed in the Visakhapatnam City Area under the control of APPCB (Andhra Pradesh Pollution Control Board)to monitor Ambient Air Quality Standards in Vizag so as to ensure environmental sustainability. (Refer Annexure V)

22. Statement indicating the Manner in which Formal Annual Evaluation has been made by the Board of its own performance, its Directors and that of its Committees.

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as evaluation of the working of its Audit, Nomination and Remuneration Committee. The evaluation of the performance of individual Directors including the Chairman of the Board was based on parameters such as level of engagement and contribution, safeguarding the interest of the Company, independence of Judgement etc.





30. Appreciation :

The Board wishes to place on record its appreciation of the contribution made by all employees of the Company during the year under review.

Your Directors also wish to record their appreciation for the co-operation, Counsel and Support received from Visakhapatnam Port Trust, Department of Central Excise and Customs, A.P Pollution Control Board, other Government departments/Agencies, Bankers, and all other stakeholders. Your Company looks forward to their continued support in the future.

For and on behalf of the Board of Directors

 Ragam Kishore. CEO & Director.	 Kishalay Bhandopadhyay. Director.
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Place: Mumbai.

Date: 08th June 2018.

SIGN

2	Eversun Sparkle Maritime Services Private Limited	This Company is associate Company of our Holding Company. CEO & Director is interested through his wife & also the Promoter	Deployment of two nos. Pay Loaders and Ten Dumpers, maintenance of Ten Dumpers of the Company. Value of the Contract Rs.6 Crores per annum	Four Years	In order to avoid full dependence on existing service provider and to ensure availilability of equipment and manpower without any interruption Value of the Contract Rs. 6 Crs. P.A.	11.7.14	NIL
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3	M/s Ripley & Co. (Stevedoring & Handling) Private Limited	Mr. Shoumik Bose, one of the Director of VSPL is interested, as his mother is a shareholder.	Shore Handling, Inter Carting, Supply of Equipment/ Stacking of Cargo	5 years from 1.3.2008 Value of the Contract Rs. 30 Crores.	The contract involves permanent deployment of sizeable number of shore-handling equipments to perofrm all shore handling operations .	Approved on 1)31.1.2015 & 2)14-03-2018	NIL
4	Pinnacle Hospitals India Private Limited	CEO & Director Mr. Ragam Kishore is interested in this arrangement.	Medical Check up for employees of VSPL as per Dock Workers (Safety, Health & Welfare) regulations 1990.	Two years from 2017 onwards One time exercise	Medical check up of VSPL Employees once in two years. Value of the Contract Rs. 5 lakhs	6 th June 2017	NIL

No. (1)	Name of the Related Party (2)	Nature of Relationship (3)	Nature of Contracts/arran- gements/transac- tions (4)	Duration of the Contract (5)	Salient terms of the Contract, including the Value (6)	Details of appro- val by the Board (7)	Amount paid advance if any (8)
6	International Seaport- Haldia Pvt. Ltd.	VSPL Directors are interested by way of Directors in the said company	Spare parts for Bulk Material Handling System which is a critical item with long lead time of procurement by Imports.	N.A.	Rs. 6 lakhs per annum. Equal sharing of Inventory Cost. Joint stocking of slew bearing for BMHS which is a crucial part with long lead time of procurement of Imports.	20.9.12	NIL