

# GATEWAY EAST INDIA PRIVATE LIMITED

## DIRECTORS' REPORT

The Directors have pleasure in presenting their report along with the accounts for the year ended 31<sup>st</sup> March 2016.

### A. Financial Results:

Sl. No	Particulars	2015-16 (Rs. Millions)	2014-15 (Rs. Millions)
1	Income from Operations and Other Income	448.77	469.84
2	Profit before Interest, Depreciation and taxes	229.75	230.03
3	Finance cost	2.01	2.39
4	Depreciation	24.47	23.57
5	Profit before Exceptional items & taxation	203.27	204.07
6	Provision for tax including MAT credit	1.76	0.29
7	Profit after tax	201.51	203.78
8	Profit/(Loss) brought forward from previous year	317.12	433.97
9	Dividend & Tax on Dividend	180.54	320.03
10	Book value of Fixed Assets with expired useful life as on April 1, 2014	0	0.60
11	Profit/ (Loss) carried to Balance Sheet	338.09	317.12

### B. Dividend

The Company has declared an Interim dividend totaling Rs. 18.75 per equity share amounting to Rs. 150 million for the financial year 2015-16. The Dividend Distribution Tax on the Interim Dividends amounts to Rs. 30.6 million. The Company does not recommend Final Dividend for the financial year 2015-16.

### **C. Operations during the year & prospects**

During the year, your company achieved throughput of 57,131 TEUs (F.Y 2014–15: 59,812 TEUS). Your Company recorded total income of Rs. 448.77 million in the current year (FY 2014–15: Rs.469.84 million) and a profit after tax of Rs. 201.51 million (FY 2014–15: Rs. 203.78 million)

### **D. Directors**

Mr. Prem Kishan Dass Gupta, Director retires by rotation and being eligible, offers himself for re-appointment. During the year, Mr. Ishaan Gupta, son of Mr. Prem Kishan Dass Gupta, Chairman of the Company, was appointed as Additional Director to hold office till the next Annual General Meeting. Mr. Shabbir Hassanbhai is being appointed as Independent Director at the ensuing Annual General Meeting of the Company. Your Directors recommend the appointment / reappointment of these Directors.

### **E. AUDITORS**

M/s. Price Waterhouse, Firm Registration No. 301112E, Chartered Accountants, Statutory Auditors of the Company were appointed as Statutory Auditors to hold office till the conclusion of the Annual General Meeting to be held in the calendar year 2017, subject to ratification of their appointment at the Annual General Meeting to be held in the calendar year 2016. The Company has received letter from M/s. Price Waterhouse, Chartered Accountants, confirming that their appointment would be within the limits prescribed under Sections 139(2) and 141 of the Companies Act, 2013. Their comments on the accounts and notes to the accounts are self-explanatory.

### **F. STATUTORY INFORMATION**

#### **Extracts of Annual Return under Section 92(3)**

Particulars of Annual Report under Section 92 (3) of the Companies Act, 2013 are given in the Form MGT-9, which is annexed to this Report as Annexure A.

#### **Number of meetings of the Board of Directors**

During FY 2015–16, 4 meetings of the Board of Directors were held on 29 April 2015, 7 August 2015, 6 November 2015 and 3 February 2016

#### **Internal control system**

The Company makes use of IT enabled solutions in its operations, accounting and for communication within its facilities and with customers and vendors. Financial and Operating

guidelines are put in place to regulate the internal management. The Company's accounts and operations are subject to review by the Board of Directors.

### **Information under Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014:**

There were no employees who were paid remuneration above the prescribed limits.

### **Directors' Responsibility Statement**

Pursuant to the requirements of Section 134 (5) of the Companies Act, 2013 with respect to Directors' Responsibility Statement, it is hereby confirmed that:-

- i. in the preparation of the annual accounts for the year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures.
- ii. such accounting policies as mentioned in Note 1 of the Annual Accounts have been applied consistently and judgments and estimates that are reasonable and prudent made, so as to give a true and fair view of the state of affairs of the Company for the financial year ended 31st March 2016 and of the profit of the Company for that period.
- iii. proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv. the annual accounts for the year ended 31st March 2016 have been prepared on a going concern basis.
- v. the internal financial controls followed by the Company are adequate and operating effectively.
- vi. proper systems to ensure compliance with the provisions of all applicable laws are devised and such systems are adequate and operating effectively.

### **Declaration by Independent Directors**

Independent Directors have given declarations that they meet the criteria of independence as provided under Section 149 (6) of the Companies Act, 2013.

### **Audit Reports**

There are no qualifications, reservations or adverse remarks or disclaimers in the Auditors report.

**Particulars of loans, guarantees or investments: NIL**

**Particulars of contracts or arrangements with related parties :**

Particulars of contracts or arrangements with related parties referred to in Section 188 (1) of the Companies Act, 2013 are given in Form AOC-2, which is annexed to this Report as Annexure B.

**Corporate Social Responsibility (CSR)**

Particulars of Corporate Social Responsibility (CSR) activities are given in the Form, which is annexed to this Report as Annexure C.

**Risk Management Policy**

The Board of Directors has put in place a Risk Management policy for the Company, which includes business risks, market risks, event risks and IT / financial/ interest rate / liquidity, risks and the structure, infrastructure, processes, awareness and risk assessment / minimization procedures. The elements of the risk, which in severe form can threaten Company's existence, have been identified by the Board of Directors.

**Conservation of Energy**

The Company continues to give the highest priority for conservation of energy by using a mix of technology changes, process optimization methods and other conventional methods, on an on going basis.

**Technology Absorption**

The Company continues to lay emphasis on development and innovation of in-house technological and technical skills to meet the specific customer requirements. Efforts are also being made to upgrade the existing standards and to keep pace with the advances in technological innovations.

**Foreign Exchange Earnings and Outgo**

- i) Expenditure in foreign currency: Rs. 2.60 million (2014-15: Rs. 6.42 million)  
(including Capital items)

ii) Earnings in foreign currency : Nil

For and on behalf of the Board

Place: New Delhi  
Date: 27 April 2016

**Prem Kishan Dass Gupta**  
Chairman  
DIN: 00011670

**FORM NO. MGT 9  
EXTRACT OF ANNUAL RETURN**

As on financial year ended on 31.03.2015

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company  
(Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:

1.	CIN	U51909AP1994PTC017523
2.	Registration Date	11 MAY 1994
3.	Name of the Company	GATEWAY EAST INDIA PRIVATE LIMITED
4.	Category/Sub-category of the Company	Company Limited by shares/Indian Non-Government Company
5.	Address of the Registered office & contact details	CONTAINER FREIGHT STATION, VPT-EXIM PARK, OPPOSITE GAIL, SHEELA NAGAR, VISAKHAPATNAM, ANDHRA PRADESH - 530012 PH: +:91 891 3075500 Fax: +91 891 3075504
6.	Whether listed company	Unlisted
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	<b>N.A.</b>

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)

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Storage and warehousing n.e.c.[Includes general merchandise warehouses and warehousing of furniture, automobiles, gas and oil, chemicals, textiles etc. Also included is storage of goods in foreign trade zones]	52109	100%



<b>2. Non-Institutions</b>	-		-	-	-	-	-	-	
a) Bodies Corp.	-	-	-	-	-	-	-	-	
i) Indian	-	-	-	-	-	-	-	-	
ii) Overseas	-	-	-	-	-	-	-	-	
b) Individuals	-	-	-	-	-	-	-	-	
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	-	-	-	-	-	
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	-	-	-	-	-	-	-	-	
c) Others (specify)	-	-	-	-	-	-	-	-	
Independent Directors	-	-	-	-	-	-	-	-	
Non Resident Indians	-	-	-	-	-	-	-	-	
Overseas Corporate Bodies	-	-	-	-	-	-	-	-	
Foreign Nationals	-	-	-	-	-	-	-	-	
Clearing Members	-	-	-	-	-	-	-	-	
Trusts	-	-	-	-	-	-	-	-	
Foreign Bodies - D R	-	-	-	-	-	-	-	-	
<b>Sub-total (B)(2):-</b>	-	-	-	-	-	-	-	-	-
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	-	-	-	-	-	-	-	-	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	
<b>Grand Total (A+B+C)</b>	-	<b>8,000,000</b>	<b>8,000,000</b>	<b>100%</b>	-	<b>8,000,000</b>	<b>8,000,000</b>	<b>100%</b>	<b>(0)</b>

B) Shareholding of Promoter

SN	Shareholder's 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 total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Gateway Distriparks Limited	7,999,999	100%	0	7,999,999	100%	0	0
2	Prem Kishan Dass Gupta jointly with Gateway Distriparks Limited	1	0	0	1	0	0	0

C) Change in Promoters' Shareholding :

SN	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Gateway Distriparks Ltd.				
	At the beginning of the year	7,999,999	100%	7,999,999	0
	Increase / Decrease in Promoters Shareholding during the year:	-	0	-	
	At the end of the year		100%	7,999,999	0
2	Prem Kishan Dass Gupta				
	At the beginning of the year	1	0	1	0
	Increase / Decrease in Promoters Shareholding during the year:	-	0	1	0
	At the end of the year	1	0	1	0

D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	NIL				

#### D) Shareholding of Directors and Key Managerial Personnel:

SN	Shareholding of each Directors and each Key Managerial Personnel Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	Prem Kishan Gupta				
	At the beginning of the year	1	0	1	0
	Transactions (purchase / sale) during the year	0	0	0	0
	At the end of the year	1	0	1	0
2	Shabbir H Hassanbhai				
	At the beginning of the year	-	-	-	-
	Transactions (purchase / sale) during the year	-	-	-	-
	At the end of the year	-	-	-	-

#### V. **INDEBTEDNESS** -Indebtedness of the Company including interest outstanding/accrued but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	14,165,652	-	-	14,165,652
ii) Interest due but not paid	0	-	-	0
iii) Interest accrued but not due	109,053	-	-	109,053
<b>Total (i+ii+iii)</b>	<b>14,274,705</b>	<b>-</b>	<b>-</b>	<b>14,274,705</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	20,867,000	-	-	20,867,000
* Reduction	(12,006,044)	-	-	(12,006,044)
<b>Net Change</b>	<b>8,860,956</b>			<b>8,860,956</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	23,026,608	-	-	23,026,608
ii) Interest due but not paid	0	-	-	0
iii) Interest accrued but not due	108,946	-	-	108,946
<b>Total (i+ii+iii)</b>	<b>23,135,554</b>	<b>-</b>	<b>-</b>	<b>23,135,554</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL-

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

SN.	Particulars of Remuneration	Name of MD	Total Amount
	NIL		

### B. Remuneration to other directors –

SN.	Particulars of Remuneration	Name of Director			Total Amount
		Mr. Prem Kishan Dass Gupta	Mr. Shabbir Hassanbhai	Mr. Gopinath Pillai	
1	Fee for attending Board / Committee meeting	80,000	80,000	20,000	180,000
2	Commission	0	2,500,000	0	2,500,000
3	Others, please specify	0	0	0	0
	Total (A)	80,000	2,580,000	20,000	2,680,000
	Ceiling as per the Act				6,270,701

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

SN.	Particulars of Remuneration	Key Managerial Personnel Veena Nair (Company Secretary)	Total Amount
1	Gross salary	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission - as % of profit - others, specify...		
5	Others, please specify (Sitting Fees)	-	-
	Total (A)	-	-

**VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

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

## 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 contracts or arrangements or transactions not at arm's length basis	Not Applicable
(a) Name(s) of the related party and nature of relationship	
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) date(s) of approval by the Board	
(g) Amount paid as advances, if any:	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:	
2. Details of material contracts or arrangement or transactions at arm's length basis	
(a) Name(s) of the related party and nature of relationship	Gateway Distriparks Limited, Holding Company
(b) Nature of contracts/arrangements/transactions	Interim Dividend for FY 2015-16 paid
(c) Duration of the contracts / arrangements/transactions	Interim Dividend paid on March 21, 2016 for FY 2015-16.
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	Interim Dividend paid on March 21, 2016 : Rs. 15 crores
(e) Date(s) of approval by the Board, if any:	16-Mar-16
(f) Amount paid as advances, if any:	Nil

For and on behalf of the Board of Directors

**Prem Kishan Dass Gupta**

Chairman

DIN: 00011670

Place: New Delhi

Date: April 27, 2016

## CORPORATE SOCIAL RESPONSIBILITY

**1. Brief Outline of CSR Policy:** Your Company believes being part of the community where it operates its businesses and making a significant and sustainable contribution which makes a meaningful difference to the community. The vision is to contribute to the social and economic development of the community where we operate. The CSR activities are guided by the provisions and rules under the Companies Act 2013. The Company will undertake projects / activities that are approved under Schedule VII of the Companies Act 2013, as amended from time to time. All projects will be identified in a participatory manner, in consultation with the community by constantly engaging with them. Social organizations which have invested effort, time and dedication in identifying projects, will be consulted. To optimize the results which can be achieved from limited resources, a time frame, budget and action plan will be set, with which significant results can be achieved in a time bound manner. Collaborating with like minded people, organizations and various business associations which run programs for the benefit of the community through CSR activities will also be done to optimize results.

2. The CSR Committee of the Board consists of Mr. Prem Kishan Dass Gupta (Chairman) and Mr. Shabbir Hassanbhai (Independent Director).

3. Average Net Profit of the Company for the last three years is Rs. 183,175,187

4. Prescribed CSR Expenditure (2% of amount in item 3 above) is Rs. 3,663,504

5. Details of CSR to be spent for the financial year 2015-16:

(a) Total Amount to be spent for the financial year 2015-16: Rs. 3,670,000

(b) Amount unspent: Nil

(c) Manner in which the amount was spent during FY 2015-16 is detailed below:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs	Amount outlay (budget) project or programs-wise	Amount spent on the projects or programs	Cumulative expenditure upto the reporting period FY 2015-16	Amount spent Direct or through implementing agency
1	Contribution to Prime Minister's Funds	Contribution to Prime Minister's National Relief Fund	The resources of the Prime Minister's National Relief Fund are utilized to render immediate relief to families of	Rs. 3,670,000	Rs. 3,670,000	Rs. 3,670,000	Contribution to Prime Minister's National Relief Fund Rs. 3,670,000

			<p>those killed in natural calamities like floods, cyclones and earthquakes, etc. and to the victims of the major accidents and riots. Assistance from PMNRF is also rendered, to partially defray the expenses for medical treatment like heart surgeries, kidney transplantation, cancer treatment, etc. The fund consists entirely of public contributions.</p>				
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6. The Company has spent 2% of the average net profit for the last financial 3 years on CSR activities during financial year 2015–16.

7. Responsibility statement of CSR Committee:

On behalf of the CSR Committee of the Board of Directors of Gateway East India Private Limited, I confirm that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

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 Mr. Prem Kishan Dass Gupta  
 Chairman

# Price Waterhouse

Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF GATEWAY EAST INDIA PRIVATE LIMITED

#### Report on the Financial Statements

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

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

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements to give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.
4. We have taken into account the provisions of the Act and the Rules made thereunder including the accounting standards and matters which are required to be included in the audit report.
5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards and pronouncements require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.



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# Price Waterhouse

Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

To the Members of Gateway East India Private Limited

Report on the Financial Statements

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6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.
7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

### Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 March 31, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

9. As required by 'the Companies (Auditor's Report) Order, 2016', issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (hereinafter referred to as the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure B a statement on the matters specified in paragraphs 3 and 4 of the Order.
10. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



# Price Waterhouse

Chartered Accountants

## INDEPENDENT AUDITORS' REPORT

To the Members of Gateway East India Private Limited

Report on the Financial Statements

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- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure A.
- (g) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our knowledge and belief and according to the information and explanations given to us:
- i. The Company has disclosed the impact, if any, of pending litigations as at March 31, 2016. on its financial position in its financial statements – Refer Note 22;
  - ii. The Company has made provision as at March 31, 2016, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any derivative contracts as at March 31, 2016.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company during the year ended March 31, 2016.

For **Price Waterhouse**  
Firm Registration Number: 301112E  
Chartered Accountants

  
**Priyanshu Gundana**  
Partner  
Membership Number: 109553

Place : Mumbai  
Date: April 27, 2016

# Price Waterhouse

Chartered Accountants

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Gateway East India Private Limited on the financial statements for the year ended March 31, 2016

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

1. We have audited the internal financial controls over financial reporting of Gateway East India Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

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

#### Auditors' Responsibility

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing deemed to be prescribed under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.
5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



# Price Waterhouse

Chartered Accountants

## Annexure A to Independent Auditors' Report

Referred to in paragraph 10(f) of the Independent Auditors' Report of even date to the members of Gateway East India Private Limited on the financial statements for the year ended March 31, 2016

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### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

### Opinion

8. In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Price Waterhouse  
Firm Registration Number: 301112E  
Chartered Accountants

  
Priyanshu Gundana  
Partner  
Membership Number: 109553

Place : Mumbai  
Date: April 27, 2016

# Price Waterhouse

Chartered Accountants

## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Gateway East India Private Limited on the financial statements as of and for the year ended March 31, 2016

- i. (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation, of fixed assets.
  - (b) The fixed assets of the Company have been physically verified by the Management during the year and no material discrepancies have been noticed on such verification. In our opinion, the frequency of verification is reasonable.
  - (c) The Company owns self-constructed immovable property (Building - refer note 10) built on leasehold land and accordingly there are no title deeds in respect of aforesaid self-constructed immovable property.
- ii. The Company is in the business of rendering services, and consequently, does not hold any inventory. Therefore, the provisions of Clause 3(ii) of the said Order are not applicable to the Company.
- iii. The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Therefore, the provisions of Clause 3(iii), (iii)(a), (iii)(b) and (iii)(c) of the said Order are not applicable to the Company.
- iv. The Company has not granted any loans or made any investments, or provided any guarantees or security to the parties covered under Section 185 and 186. Therefore, the provisions of Clause 3(iv) of the said Order are not applicable to the Company.
- v. The Company has not accepted any deposits from the public within the meaning of Sections 73, 74, 75 and 76 of the Act and the Rules framed there under to the extent notified.
- vi. The Central Government of India has not specified the maintenance of cost records under sub-section (1) of Section 148 of the Act for any of the products of the Company.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues in respect of service tax, though there has been a slight delay in a few cases, and is regular in depositing undisputed statutory dues, including provident fund, sales tax, income tax, duty of customs, value added tax and other material statutory dues, as applicable, with the appropriate authorities.



# Price Waterhouse

Chartered Accountants

## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Gateway East India Private Limited on the financial statements as of and for the year ended March 31, 2016

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- (b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales-tax, service-tax, duty of customs and value added tax which have not been deposited on account of any dispute. The particulars of dues of income tax as at March 31, 2016 which have not been deposited on account of a dispute, are as follows:

Name of the statute	Nature of dues	Amount (Rs.)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act, 1961	Income Tax	1,300,000	Assessment Year 2011-2012	High Court, Andhra Pradesh
Income Tax Act, 1961	Income Tax	27,419,690	Assessment Year 2013-2014	Commissioner of Income Tax (Appeals)

- viii. According to the records of the Company examined by us and the information and explanation given to us, the Company has not defaulted in repayment of loans or borrowings to any bank as at the balance sheet date. The Company does not have any loans or borrowings from any financial institution or Government, nor has it issued any debentures as at the balance sheet date.
- ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans. Accordingly, the provisions of Clause 3(ix) of the Order are not applicable to the Company.
- x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- xi. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.
- xii. As the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it, the provisions of Clause 3(xii) of the Order are not applicable to the Company.
- xiii. The Company has entered into transactions with related parties in compliance with the provisions of Section 188 of the Act. The details of such related party transactions have been disclosed in the financial statements as required under Accounting Standard (AS) 18, Related Party Disclosures specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. Further, the Company is not required to constitute an Audit Committee under Section 177 of the Act, and accordingly, to this extent, the provisions of Clause 3(xiii) of the Order are not applicable to the Company.
- xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of Clause 3(xiv) of the Order are not applicable to the Company.



# Price Waterhouse

Chartered Accountants

## Annexure B to Independent Auditors' Report

Referred to in paragraph 9 of the Independent Auditors' Report of even date to the members of Gateway East India Private Limited on the financial statements as of and for the year ended March 31, 2016

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- xv. The Company has not entered into any non cash transactions with its directors or persons connected with him. Accordingly, the provisions of Clause 3(xv) of the Order are not applicable to the Company.
- xvi. The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, the provisions of Clause 3(xvi) of the Order are not applicable to the Company.

For **Price Waterhouse**

Firm Registration Number: 301112E

Chartered Accountants



**Priyanshu Gundana**

Partner

Membership Number: 109553

Place: Mumbai

Date: April 27, 2016

Gateway East India Private Limited

Balance Sheet as at March 31, 2016

	Note	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>EQUITY AND LIABILITIES</b>			
<b>Shareholder's Funds</b>			
Share Capital	2	80,000,000	80,000,000
Reserves and Surplus	3	378,097,955	357,122,823
		<b>458,097,955</b>	<b>437,122,823</b>
<b>Non-Current Liabilities</b>			
Long-Term Borrowings	4	15,570,163	3,835,904
Deferred Tax Liabilities	5	5,599,545	4,335,629
Long-Term Provisions	6	1,281,492	1,059,690
		<b>22,451,200</b>	<b>9,231,223</b>
<b>Current Liabilities</b>			
Trade Payables	7	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,960,162	17,608,018
Other Current Liabilities	8	14,172,121	19,634,408
Short-Term Provisions	9	586,500	800,480
		<b>17,718,783</b>	<b>38,042,906</b>
<b>TOTAL</b>		<b>498,267,938</b>	<b>484,396,952</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Fixed Assets			
- Tangible Assets	10	172,882,065	173,707,570
Long-Term Loans and Advances	11	182,949,562	133,903,414
		<b>355,831,627</b>	<b>307,610,984</b>
<b>Current Assets</b>			
Trade Receivables	12	110,262,927	139,637,357
Cash and Bank Balances	13	28,451,916	32,937,151
Short-Term Loans and Advances	14	2,920,808	2,021,848
Other Current Assets	15	800,660	2,189,612
		<b>142,436,311</b>	<b>176,785,968</b>
<b>TOTAL</b>		<b>498,267,938</b>	<b>484,396,952</b>
<b>Significant Accounting Policies</b>	1		

The accompanying notes are an integral part of these Financial Statements.

In terms of our report of even date.

For **Price Waterhouse**  
Firm Registration No.: FRN 301112E  
Chartered Accountants

For and on behalf of the Board of Directors

**Priyanshu Gundana**  
Partner  
Membership No.: 109553

**Prem Kishan Dass Gupta**  
Chairman  
DIN: 00011670

**Shabbir Hassanbhai**  
Director  
DIN: 00268133

**Veena Nair**  
Company Secretary

Place: Mumbai  
Date: April 27, 2016

Place: New Delhi  
Date: April 27, 2016

Gateway East India Private Limited

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

	Note	2015-2016 Rs.	2014-2015 Rs.
<b>REVENUES</b>			
Revenue from Operations	16	440,647,538	465,050,624
Other Income	17	8,123,818	4,786,156
<b>Total Revenue</b>		<b>448,771,356</b>	<b>469,836,780</b>
<b>EXPENSES</b>			
Operating Expenses	18	156,572,697	175,437,674
Employee Benefits Expense	19	9,950,449	12,603,981
Finance Costs	20	2,007,373	2,386,371
Depreciation and Amortisation Expense	10	24,475,761	23,571,575
Other Expenses	21	52,489,557	51,767,186
<b>Total Expenses</b>		<b>245,495,837</b>	<b>265,766,787</b>
<b>Profit before Tax</b>		<b>203,275,519</b>	<b>204,069,993</b>
<b>Tax Expense</b>			
- Current Year Tax [Minimum Alternate Tax] [Refer Notes 1(vii) and 28]		43,500,000	43,700,000
- Minimum Alternate Tax Credit Entitlement [including credit for previous years] [Refer Notes 1(vii) and 28]		(43,000,000)	(42,000,000)
- Deferred Tax [Refer Notes 1(vii) and 5]		1,263,916	(1,412,150)
<b>Profit after Tax</b>		<b>201,511,603</b>	<b>203,782,143</b>
Earnings Per Share [Refer Note 1(xii)] [Face value per share: Rs. 10 (Previous year: Rs. 10)]	25		
- Basic and Diluted (Rs. per share)		25.19	25.47
<b>Significant Accounting Policies</b>	1		

The accompanying notes are an integral part of these Financial Statements.

In terms of our report of even date.

For **Price Waterhouse**  
Firm Registration No.: FRN 301112E  
Chartered Accountants

**Priyanshu Gundana**  
Partner  
Membership No.: 109553

Place: Mumbai  
Date: April 27, 2016

For and on behalf of the Board of Directors

**Prem Kishan Dass Gupta**  
Chairman  
DIN: 00011670

**Shabbir Hassanbhai**  
Director  
DIN: 00268133

**Veena Nair**  
Company Secretary

Place: New Delhi  
Date: April 27, 2016

## Cash Flow Statement for the year ended March 31, 2016

		2015-2016	2014-2015
		Rs.	Rs.
<b>A.</b>	<b>Cash flow from operating activities:</b>		
	Profit before Tax	203,275,519	204,069,993
	<b>Adjustments for:</b>		
	Depreciation and Amortisation Expense	24,475,761	23,571,575
	Provision/ (Write back) for Doubtful Debts	(795,296)	2,506,836
	Provision/ (Write back) for Doubtful Ground Rent	193,560	194,490
	Interest Income	(6,484,523)	(3,825,200)
	Provision for Disputed Claims	-	100,000
	Finance Costs	2,007,373	2,258,171
	<b>Operating profit before working capital changes</b>	<b>222,672,394</b>	<b>228,875,865</b>
	<b>Adjustments for change in working capital:</b>		
	Decrease/ (Increase) in Trade Receivables	30,169,726	(44,043,847)
	Decrease/ (Increase) in Long-Term Loans and Advances	(72,800)	(28,000)
	Decrease/ (Increase) in Short-Term Loans and Advances	(898,960)	747,884
	Decrease/ (Increase) in Other Assets	1,307,605	(1,105,355)
	(Decrease)/ Increase in Trade Payables	(14,647,856)	5,663,528
	(Decrease)/ Increase in Other Liabilities	(2,510,149)	5,004,499
	(Decrease)/ Increase in Long term Provisions	221,802	(79,796)
	(Decrease)/ Increase in Short term Provisions	(213,980)	395,279
	<b>Cash generated from operations</b>	<b>236,027,782</b>	<b>195,430,057</b>
	Taxes Paid	(49,473,348)	(50,399,981)
	<b>Net cash from operating activities</b>	<b>(A) 186,554,434</b>	<b>145,030,076</b>
<b>B.</b>	<b>Cash flow from investing activities:</b>		
	Purchase of Tangible Assets (including capital advances and net of capital creditors)	(23,728,984)	(1,339,401)
	Fixed deposits matured	10,000,000	186,100,000
	Interest Received	6,372,310	7,579,827
	<b>Net cash from/ (used in) investing activities</b>	<b>(B) (7,356,674)</b>	<b>192,340,426</b>
<b>C.</b>	<b>Cash flow from financing activities:</b>		
	Proceeds from Long-Term Borrowings	20,867,000	-
	Repayment of Long-Term Borrowings	(12,006,044)	(13,374,250)
	Finance Costs	(2,007,480)	(2,349,841)
	Payment of Dividend	(150,000,000)	(272,000,000)
	Payment of Tax on Dividend	(30,536,471)	(48,027,870)
	<b>Net cash from/ (used in) financing activities</b>	<b>(C) (173,682,995)</b>	<b>(335,751,961)</b>
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>(A+B+C) 5,514,765</b>	<b>1,618,541</b>
	Cash and Cash Equivalents at the beginning of the year	17,937,151	16,318,610
	Cash and Cash Equivalents at the year end	23,451,916	17,937,151
	<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>	<b>5,514,765</b>	<b>1,618,541</b>
	<b>Cash and Cash Equivalents comprise:</b>		
	Cash on Hand	4,769	19,396
	Cheques on Hand	2,981,690	1,768,996
	Bank Balances:		
	- Current Account	20,465,457	6,148,759
	- Fixed Deposits with original maturity less than 3 months	-	10,000,000
		<b>23,451,916</b>	<b>17,937,151</b>
<b>Notes:</b>			
1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard-3 on "Cash Flow Statements".			
2. Previous year's figures have been regrouped/ rearranged wherever necessary.			
In terms of our report of even date.			
For <b>Price Waterhouse</b>		For and on behalf of the Board of Directors	
Firm Registration No.: FRN 301112E			
Chartered Accountants			
<b>Priyanshu Gundana</b>		<b>Prem Kishan Dass Gupta</b>	<b>Shabbir Hassanbhai</b>
Partner		Chairman	Director
Membership No.: 109553		DIN: 00011670	DIN: 00268133
		<b>Veena Nair</b>	
		Company Secretary	
Place: Mumbai		Place: New Delhi	
Date: April 27, 2016		Date: April 27, 2016	

## Gateway East India Private Limited

### Notes to Financial Statements for the year ended March 31, 2016

#### General Information

Gateway East India Private Limited (the 'Company') is engaged in the business of providing services of Container Freight Station ('CFS'). The CFS is located on the Exim Park, Sheela Nagar, Visakhapatnam. The CFS is about 16 Kms from Visakha Container Terminal Port. CFS provides common user facilities offering services for Container Handling Transport and Storage of import / export laden and empty containers and cargo carried under customs control.

#### 1 Summary of Significant Accounting Policies

##### (i) Basis of Preparation

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

"The Ministry of Corporate Affairs( MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2016 vide its notification dated 30 March 2016. The said notification read with Rule 3(2) of the Companies (Accounting Standards) Rules, 2006 is applicable to accounting period commencing on or after the date of notification i.e. 1 April 2016".

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of services and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current-non current classification of assets and liabilities

##### (ii) Fixed Assets and Depreciation

- (a) Fixed assets are stated at cost of acquisition or construction less accumulated depreciation/ amortisation and accumulated impairment losses, if any. The Company capitalises all costs relating to the acquisition, installation and construction of fixed assets up to the date when the assets are ready for commercial use. Subsequent expenditures related to an item of fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the Statement of Profit and Loss. Losses arising from the retirement of, and gains or losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.
- (b) Depreciation on additions/ deletions to fixed assets is calculated on pro-rata basis from the month of such additions/ deletions. The Company provides depreciation on straight-line method at the rates specified under Schedule II to the Companies Act, 2013, except for:
- Building, which is being amortised over lease period of the leasehold land at Vizag CFS.
  - Reach Stackers and Forklifts (included in Yard Equipments), which are being depreciated over a period of ten years.
- (c) Assessment is done at each Balance Sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset's or cash generating unit's net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each Balance Sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased

##### (iii) Borrowing Cost

Borrowing costs directly attributable to the acquisition/ construction of an asset are apportioned to the cost of the Tangible and Intangible Assets up to the date on which the asset is put to use/ ready for intended use. All other borrowing costs are recognised in Statement of Profit and Loss in the period in which they are incurred.

## Gateway East India Private Limited

### Notes to Financial Statements for the year ended March 31, 2016

#### (iv) Foreign Currency Transactions

##### Initial Recognition

On initial recognition, all foreign currency transactions are recorded by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

##### Subsequent Recognition

As at the reporting date, non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. All non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

All monetary assets and liabilities in foreign currency are restated at the end of accounting period. With respect to long-term foreign currency monetary items, from April 1, 2011 onwards, the Company has adopted the following policy:

- Foreign exchange difference on account of a depreciable asset, is adjusted in the cost of the depreciable asset, which would be depreciated over the balance life of the asset.
- In other cases, the foreign exchange difference is accumulated in a Foreign Currency Monetary Item Translation Difference Account, and amortised over the balance period of such long term asset/ liability.

A monetary asset or liability is termed as a long-term foreign currency monetary item, if the asset or liability is expressed in a foreign currency and has a term of 12 months or more at the date of origination of the asset or liability. Exchange differences on restatement of all other monetary items are recognised in the Statement of Profit and Loss.

#### (v) Employee Benefits

##### (a) Defined Contribution Plan

Contribution towards provident fund and pension scheme for employees is made to the regulatory authorities, where the Company has no further obligations. Such benefits are classified as Defined Contribution Schemes as the Company does not carry any further obligations, apart from the contributions made on a monthly basis.

##### (b) Defined Benefit Plan

The Company provides for gratuity, a defined benefit plan (the "Gratuity Plan") covering eligible employees in accordance with the Payment of Gratuity Act, 1972. The Gratuity Plan provides a lump sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment. The Company's liability is actuarially determined by an independent actuary (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

##### (c) Other Employee Benefits

Compensated Absences: Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year end are treated as short term employee benefits. The obligation towards the same is measured at the expected cost of accumulating compensated absences as the additional amount expected to be paid as a result of the unused entitlement as at the year end.

Accumulated compensated absences, which are expected to be availed or encashed beyond 12 months from the end of the year end are treated as other long term employee benefits. The Company's liability is actuarially determined (using the Projected Unit Credit method) at the end of each year. Actuarial losses/ gains are recognised in the Statement of Profit and Loss in the year in which they arise.

##### (d) Termination Benefits

Termination benefits in the nature of voluntary retirement benefits are recognised in the Statement of Profit and Loss as and when incurred.

## Gateway East India Private Limited

### Notes to Financial Statements for the year ended March 31, 2016

#### (vi) Revenue Recognition

- (a) Income from Container Handling, Transport and Storage are recognised on delivery of the container/ cargo. Income from Ground Rent is recognised for the period the container is lying in the Container Freight Station. However, in case of long standing containers, the Income from Ground Rent is not accrued for a period beyond 60 days on a consistent basis as per the prevailing business practice. Income from operations are recognised net of trade discounts, rebates, sales taxes and service tax.
- (b) Income from auction sales is generated when the Company auctions long-standing cargo that has not been cleared by customs. Revenue and expenses for Auction Sales are recognised when auction is completed after obtaining necessary approvals from appropriate authorities. Auction Sales include recovery of the cost incurred in conducting auctions, custom duties on long-standing cargo and accrued ground rent and handling charges relating to long-standing cargo. Surplus, out of auctions, if any, after meeting all expenses and the actual ground rent, is credited to a separate account 'Auction Surplus' and is shown under the head 'Other Current Liabilities'. Unclaimed Auction Surplus, if any, in excess of one year is written back as 'Income' in the following financial year.
- (c) Interest: Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

#### (vii) Current and Deferred Tax

Tax expense for the period, comprising current tax and deferred tax, are included in the determination of the net profit or loss for the period. Current tax is measured at the amount expected to be paid to the tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognised for all the timing differences, subject to the consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been enacted or substantively enacted by the Balance Sheet date. At each Balance Sheet date, the Company reassesses unrecognised deferred tax assets, if any.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis. Deferred tax assets and deferred tax liabilities are offset when there is a legally enforceable right to set off assets against liabilities representing current tax and where the deferred tax assets and the deferred tax liabilities relate to taxes on income levied by the same governing taxation laws.

Minimum Alternative Tax credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period.

#### (viii) Segment Reporting

The accounting policies adopted for segment reporting are in conformity with the accounting policies adopted for the Company. Revenue and expenses have been identified to segments on the basis of their relationship to the operating activities of the segment.

#### (ix) Provisions and Contingent Liabilities

Provisions: Provisions are recognised when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation at the Balance Sheet date and are not discounted to its present value.

Contingent Liabilities: Contingent liabilities are disclosed when there is a possible obligation arising from past events the existence of which will be confirmed only by the occurrence or non occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

#### (x) Cash and Cash Equivalents

In the cash flow statement, cash and cash equivalents includes cash on hand, demand deposits with banks, other short-term highly liquid investments with original maturities of three months or less.

**Gateway East India Private Limited**

**Notes to Financial Statements for the year ended March 31, 2016**

(xi) **Leases**

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

(xii) **Earnings Per Share**

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

(xiii) **Use of Estimates**

The preparation of financial statements in accordance with the generally accepted accounting principles requires the Management to make judgments, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates. Any revision to such accounting estimates is recognised prospectively in the accounting period in which such revision takes place.

Gateway East India Private Limited

Notes to Financial Statements for the year ended March 31, 2016

2 Share Capital

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>Authorised</b>		
10,000,000 (Previous year: 10,000,000) Equity Shares of Rs. 10 each	100,000,000	100,000,000
<b>Issued, Subscribed and Paid-Up</b>		
8,000,000 (Previous year: 8,000,000) Equity Shares of Rs. 10 each, fully paid-up	80,000,000	80,000,000
	<u>80,000,000</u>	<u>80,000,000</u>

A) Reconciliation of number of shares

Equity shares	As at March 31, 2016		As at March 31, 2015	
	Number of Shares	Rs.	Number of Shares	Rs.
Balance as at the beginning of the year	8,000,000	80,000,000	8,000,000	80,000,000
Add: Shares issued during the year	-	-	-	-
Balance as at the end of the year	<u>8,000,000</u>	<u>80,000,000</u>	<u>8,000,000</u>	<u>80,000,000</u>

B) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of Rs. 10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. 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.

C) Details of shares held by shareholders holding more than 5% of the aggregate shares in the Company

Equity Shares	As at March 31, 2016	As at March 31, 2015
Gateway Distriparks Limited, the Holding Company	8,000,000 100.00%	8,000,000 100.00%

D) Shares held by Holding Company

Equity Shares	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
8,000,000 Shares (Previous year: 8,000,000 Shares) held by Gateway Distriparks Limited, the Holding Company	80,000,000	80,000,000

3 Reserves and Surplus

<b>Securities Premium Account</b>	40,000,000	40,000,000
<b>Surplus in Statement of Profit and Loss</b>		
Balance as at the beginning of the year	317,122,823	433,966,467
Profit for the year	201,511,603	203,782,143
Less: Book value of Fixed Assets with expired useful life as on April 1, 2014 [Refer Note 10 (b)]	-	597,917
	518,634,426	637,150,693
<b>Less: Appropriations</b>		
Interim Dividend paid	150,000,000	272,000,000
Tax on Interim Dividend paid	30,536,471	48,027,870
<b>Balance as at the end of the year</b>	<u>338,097,955</u>	<u>317,122,823</u>
<b>Total</b>	<u>378,097,955</u>	<u>357,122,823</u>

4 Long-Term Borrowings

<b>Secured</b>		
Vehicle Finance Loans from a Bank	15,570,163	3,835,904
	<u>15,570,163</u>	<u>3,835,904</u>

**Nature of Security:**

1. Vehicle Finance Loans from HDFC Bank of Rs. 23,026,608 (Previous year: Rs. 14,165,652) are secured by way of hypothecation of the Company's Commercial Vehicles Purchased.

**Terms of Repayment:**

- Vehicle Finance Loan for 1 Reachstacker is repayable in 35 equal monthly instalments from November 1, 2013 to September 1, 2016 along with interest of 11.01% per annum on reducing monthly balance.
- Vehicle Finance Loan for 1 Reachstacker is repayable in 59 equal monthly instalments from October 15, 2015 to August 15, 2020 along with interest of 10.25% per annum on reducing monthly balance.

Gateway East India Private Limited

Notes to Financial Statements for the year ended March 31, 2016

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>5 Deferred Tax Liabilities</b> [Refer Note 1(vii)]		
Depreciation	5,599,545	4,335,629
	<b>5,599,545</b>	<b>4,335,629</b>
<b>6 Long-Term Provisions</b>		
Employee Benefits [Refer Notes 1(v) and 26]		
- Gratuity	826,085	635,418
- Compensated Absences	455,407	424,272
	<b>1,281,492</b>	<b>1,059,690</b>
<b>7 Trade Payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises [Refer Note (a) below]	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	2,960,162	17,608,018
	<b>2,960,162</b>	<b>17,608,018</b>
<b>Note (a)</b>		
There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days at the Balance Sheet date. The information regarding Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the Auditors.		
<b>8 Other Current Liabilities</b>		
Current maturities of Long-Term Borrowings (Refer Note 4)	7,456,445	10,329,748
Interest Accrued but not due on Borrowings	108,946	109,053
Advances from Customers	217,069	177,358
Other Payables:		
- Due to Employees	468,037	412,750
- Directors' Commission and Sitting Fees	1,725,000	4,347,000
- Other Contractual Obligations	2,156,760	502,203
- Statutory Dues (including Tax Deducted at Source)	2,039,864	3,677,568
- For Fixed Assets	-	78,728
	<b>14,172,121</b>	<b>19,634,408</b>
<b>9 Short-Term Provisions</b>		
Provision for Taxation	-	-
[Net of Advance tax Rs. Nil (Previous year: Rs. 91,847,492)]		
Employee Benefits [Refer Notes 1(v) and 26]		
- Gratuity	331,438	271,114
- Compensated Absences	255,062	229,366
Other Provisions:		
- Provision for Disputed Claims [Refer Note (a) below]	-	300,000
	<b>586,500</b>	<b>800,480</b>
<b>(a) Provisions</b>		
	<b>Disputed Claims</b>	
	As at	As at
	March 31, 2016	March 31, 2015
	Rs.	Rs.
Balance at the beginning of the year	300,000	200,000
Additions	-	300,000
Amount used	(300,000)	(200,000)
Unused amount reversed	-	-
<b>Balance at the end of the year</b>	<b>-</b>	<b>300,000</b>

Provision for disputed claims represents claims against the Company not acknowledged as debts that are expected to materialise in respect of matters in dispute.

Gateway East India Private Limited

Notes to Financial Statements for the year ended March 31, 2016

10 Tangible Assets [Refer Notes 1(ii) and 1(iii)]

Particulars	Gross Block				Depreciation				Net Block		
	As at March 31, 2015	Additions during the year	Disposals during the year	As at March 31, 2016	Up to March 31, 2015	Depreciation during the year	Disposals during the year	Adjustment during the year	Up to during the year	As at March 31, 2016	As at March 31, 2015
Buildings	172,694,955	-	-	172,694,955	52,159,816	8,463,424	-	-	60,623,240	112,071,714	120,535,139
Electrical Installations	7,556,012	-	-	7,556,012	4,437,409	1,495,864	-	-	5,933,273	1,622,739	3,118,603
Yard Equipments [Refer Note (a) below]	88,184,022	23,336,923	-	111,520,945	39,914,543	13,644,218	-	-	53,558,761	57,962,184	48,269,479
Office Equipments	1,519,469	87,930	-	1,607,399	1,078,519	146,523	-	-	1,225,042	382,357	440,950
Computers	2,250,872	174,603	-	2,425,475	1,659,654	263,423	-	-	1,923,077	502,398	591,218
Furniture and Fixtures	2,489,603	50,800	-	2,540,403	1,842,833	448,761	-	-	2,291,594	248,809	646,770
Vehicles	132,318	-	-	132,318	26,907	13,548	-	-	40,455	91,863	105,411
<b>TOTAL</b>	<b>274,827,251</b>	<b>23,650,256</b>	<b>-</b>	<b>298,477,507</b>	<b>101,119,681</b>	<b>24,475,761</b>	<b>-</b>	<b>-</b>	<b>125,595,442</b>	<b>172,882,065</b>	<b>173,707,570</b>

Particulars	Gross Block				Depreciation				Net Block		
	As at March 31, 2014	Additions during the year	Disposals during the year	As at March 31, 2015	Up to March 31, 2014	Depreciation during the year	Disposals during the year	Adjustment during the year	Up to during the year	As at March 31, 2015	As at March 31, 2014
Buildings	172,694,955	-	-	172,694,955	43,696,392	8,463,424	-	-	52,159,816	120,535,139	128,998,563
Electrical Installations	7,556,012	-	-	7,556,012	2,300,497	2,136,912	-	-	4,437,409	3,118,603	5,255,515
Yard Equipments [Refer Note (a) below]	88,048,177	135,845	-	88,184,022	28,073,968	11,840,575	-	-	39,914,543	48,269,479	59,974,209
Office Equipments	1,394,189	125,280	-	1,519,469	377,505	129,443	-	571,571	1,078,519	440,950	1,016,684
Computers	1,922,385	328,487	-	2,250,872	1,299,420	333,888	-	26,346	1,659,654	591,218	622,965
Furniture and Fixtures	2,391,956	97,647	-	2,489,603	1,189,048	653,785	-	-	1,842,833	646,770	1,202,908
Vehicles	132,318	-	-	132,318	13,359	13,548	-	-	26,907	105,411	118,959
<b>TOTAL</b>	<b>274,139,992</b>	<b>687,259</b>	<b>-</b>	<b>274,827,251</b>	<b>76,950,189</b>	<b>23,571,575</b>	<b>-</b>	<b>597,917</b>	<b>101,119,681</b>	<b>173,707,570</b>	<b>197,189,803</b>

**Notes:**

(a) Yard Equipments includes Reach Stackers having Cost of Rs. 107,617,986 (Previous year: Rs. 84,607,388) and Net Book Value of Rs. 56,101,105 (Previous year: Rs. 46,414,997).

(b) Consequent to the enactment of the Companies Act, 2013 (the Act) and its applicability for the accounting periods after April 1, 2014, the Company has re-worked depreciation with reference to the estimated economic lives of fixed assets prescribed by the Schedule II to the Act or actual useful life of assets, whichever is lower. For assets whose life has been completed as above, the carrying value, net of residual value aggregating Rs. 597,917 as at April 1, 2014 has been adjusted to General Reserve and in other cases the carrying value as at April 1, 2014 has been depreciated over the remaining of the revised life of the assets and recognised in the Statement of Profit and Loss. As a result the charge for depreciation is higher by Rs. 2,625,000 and profit from ordinary activities before tax is lower by the same amount.

Gateway East India Private Limited

Notes to Financial Statements for the year ended March 31, 2016

	As at March 31, 2016 Rs.	As at March 31, 2015 Rs.
<b>11 Long-Term Loans and Advances</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Tax Deducted at Source and Advance Tax [Refer Note 1(vii)]	10,426,224	4,452,876
[Net of Provision for Taxation Rs. 181,200,000 (Previous year: Rs. 137,794,597)]		
Security Deposits	1,523,338	1,450,538
Minimum Alternate Tax Credit Entitlement [Refer Note 28]	171,000,000	128,000,000
	<b>182,949,562</b>	<b>133,903,414</b>
<b>12 Trade Receivables</b>		
Unsecured, considered good:		
- Debts outstanding for a period exceeding six months from the date they are due for payment	343,556	-
- Others	109,919,371	139,637,357
Unsecured, considered doubtful:		
- Debts outstanding for a period exceeding six months from the date they are due for payment	5,095,489	3,173,727
- Others	3,219,822	5,936,880
Less: Provision for Doubtful Debts	(8,315,311)	(9,110,607)
	<b>110,262,927</b>	<b>139,637,357</b>
<b>13 Cash and Bank Balances</b>		
<b>Cash and Cash Equivalents</b>		
Cash on Hand	4,769	19,396
Cheques on Hand	2,981,690	1,768,996
Bank Balances:		
- Current Account	20,465,457	6,148,759
- Fixed Deposits with original maturity less than 3 months	-	10,000,000
	<b>23,451,916</b>	<b>17,937,151</b>
<b>Other Bank Balances</b>		
- Long-Term Deposits with original maturity more than 3 months but less than 12 months	5,000,000	15,000,000
	<b>5,000,000</b>	<b>15,000,000</b>
	<b>28,451,916</b>	<b>32,937,151</b>
<b>14 Short-Term Loans and Advances</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Advances Recoverable in Cash or in Kind	500,000	-
Prepaid Expenses	202,783	174,136
Balances with Government Authorities	2,218,025	1,847,712
	<b>2,920,808</b>	<b>2,021,848</b>
<b>15 Other Current Assets</b>		
[Unsecured, Considered Good (unless otherwise stated)]		
Accrued Interest on Fixed Deposits with Banks	212,110	99,897
Accrued Ground Rent:		
- Considered Good	588,550	2,089,715
- Considered Doubtful	802,050	608,490
Less: Provision for Doubtful Ground Rent	(802,050)	(608,490)
	<b>800,660</b>	<b>2,189,612</b>

Gateway East India Private Limited

Notes to Financial Statements for the year ended March 31, 2016

	2015-2016 Rs.	2014-2015 Rs.
<b>16 Revenue from Operations</b>		
[Refer Note 1(vi)]		
Container Handling, Transport, Storage and Ground Rent Income [Refer Note (a) below]	440,647,538	460,711,187
Auction Sales	-	4,339,437
	<b>440,647,538</b>	<b>465,050,624</b>
<b>(a) Details of Container Handling, Transport, Storage and Ground Rent Income</b>		
Container Ground Rent	79,353,699	97,235,026
Container Handling, Transport and Storage	361,293,839	363,476,161
<b>Total</b>	<b>440,647,538</b>	<b>460,711,187</b>
<b>17 Other Income</b>		
Interest on Fixed Deposits	6,484,523	3,825,200
Write Back of Provision for Doubtful debt	795,296	-
Miscellaneous Income	843,999	960,956
	<b>8,123,818</b>	<b>4,786,156</b>
<b>18 Operating Expenses</b>		
Transportation	81,013,750	83,218,175
Labour Charges	45,510,412	49,734,727
Sub Contract Charges	24,605,465	28,631,388
Equipment Hire Charges	1,235,000	6,447,000
Surveyors Fees	3,882,450	4,114,050
Port Detention Charges	325,620	1,867,687
Auction Expenses	-	1,424,647
	<b>156,572,697</b>	<b>175,437,674</b>
<b>19 Employee Benefits Expense</b>		
Salaries, Allowances and Bonus	8,922,329	11,685,249
Contribution to Provident and Other Funds (Refer Note 26)	389,556	355,440
Compensated Absences	338,713	304,366
Gratuity (Refer Note 26)	250,991	199,867
Staff Welfare Expenses	48,860	59,059
	<b>9,950,449</b>	<b>12,603,981</b>
<b>20 Finance Costs</b>		
Interest on Borrowings	2,007,373	2,258,171
Interest on Others	-	128,200
	<b>2,007,373</b>	<b>2,386,371</b>
<b>21 Other Expenses</b>		
Power and Fuel	17,298,037	18,305,775
Rent (Leasehold Land at Vizag CFS)	1,912,616	1,821,537
Rates and Taxes	2,168,642	1,170,881
<u>Repairs and Maintenance:</u>		
- Building	4,598,031	4,700,379
- Plant and Equipment	10,024,413	10,985,161
- Containers	353,023	297,145
- Others	520,256	746,941
Insurance	567,166	356,084
Directors' Sitting Fees	180,000	320,000
Customs Cost Recovery	135,760	107,940
Printing and Stationery	777,750	630,968
Travelling and Conveyance	1,804,557	1,716,503
Bank Charges	367,922	13,313
Communication Expenses	472,847	381,781
Security Charges	4,365,737	3,511,959
Professional Fees	885,000	462,144
Auditors' Remuneration:		
- As Auditors	450,000	450,000
- Reimbursement of Out-of-Pocket Expenses	16,000	19,900
Expenditure towards Coporate Social Responsibility (CSR) activities (Refer Note 30)	3,670,000	2,713,000
Provision for Doubtful Debts	-	2,506,836
Provision for Doubtful Ground Rent	193,560	194,490
Miscellaneous Expenses	1,728,240	354,449
	<b>52,489,557</b>	<b>51,767,186</b>

**Gateway East India Private Limited**

**Notes to Financial Statements for the year ended March 31, 2016**

**22 Contingent Liabilities:**

Particulars	Rs.	
	2015-2016	2014-2015
Bank Guarantees and Continuity Bonds issued in favour of The President of India through the Commissioners of Customs	825,000,000	825,000,000
Disputed Income Tax Claims (including Interest and Penalty to the extent ascertainable) not acknowledged at debts [Refer Note 22 (a)]	291,441,513	215,512,235

**Note:**

- (a) Deputy Commissioner of Income Tax had issued orders under Section 143(3) of the Income Tax Act, 1961 of India ("the Income Tax Act"), for the Assessment Years 2011-2012, 2012-2013 and 2013-2014, disallowing the claim of deduction by the Company under Section 80-IA(4)(i) of the Income Tax Act and other expenses and issued notices of demand under Section 156 of the Income Tax Act for recovery of additional income tax and interest aggregating Rs. 38,834,770 and initiated proceedings to levy penalty.

On appeal filed by the Company against the aforesaid order for Assessment Year 2011-2012, Income Tax Appellate Tribunal had allowed the aforesaid deductions. The Deputy Commissioner of Income Tax has appealed with Honourable High Court of Andhra Pradesh. Pending conclusion of the appeal, the Company has deposited Rs. 1,300,000 till March 31, 2016.

On appeal filed by the Company against the aforesaid order for Assessment Year 2012-2013, Commissioner of Income Tax (Appeals) had allowed the aforesaid deductions. The Company's deposit of Rs. 1,500,000 is refundable as on March 31, 2016.

The Company has filed an appeal for Assessment Year 2013-2014 with Commissioner of Income Tax (Appeals) for disallowance of the aforesaid deductions.

Since the matter on disallowing the claim of deduction by the Company under Section 80-IA(4)(i) of the Income Tax Act for Assessment years mentioned above is pending with various authorities, the Company has calculated an estimated tax liability of Rs. 196,098,878 for Assessment Year 2014-2015 to Assessment Year 2016-2017.

Based on Tax Consultant's opinion, the Management is of the opinion that the Company is entitled to deduction under Section 80-IA(4)(i) of the Income Tax Act and hence, no provision for the aforesaid demand has been made till March 31, 2016.

**23 Commitments:**

**Other Commitment:**

The Company has non-cancellable operating lease till December 2030 for land used for Container Freight Station activities. Commitment of rent Rs. 42,071,372 (Previous year: Rs. 43,983,986).

**24 Segment Reporting**

**Primary Segment**

In accordance with Accounting Standard 17 - 'Segment Reporting', the Company has determined its business segment as "Container Freight Station". Since 100% of the Company's business is from Container Freight Station, there are no other primary reportable segments. Thus, the segment revenue, segment results, total carrying amount of segment assets, total carrying amount of segment liabilities, total cost incurred to acquire segment assets, total amount of charge for depreciation during the year is as reflected in the Financial Statements as of and for the year April 1, 2015 to March 31, 2016.

**Secondary Segment**

The Company's operations are such that all activities are confined only to India and hence, there is no secondary reportable segment relating to the Company's business.

**25 Earnings Per Share**

The number of shares used in computing Basic Earnings per Share (EPS) is the weighted average number of shares outstanding during the year. Since there are no potential dilutive shares, Basic and Diluted EPS are the same.

Particulars	As at	
	March 31, 2016	March 31, 2015
Profit Computation for both Basic and Diluted Earnings Per Share of Rs. 10 each: Net Profit as per the Statement of Profit and Loss available for Equity Shareholders (in Rupees)	201,511,603	203,782,143
Weighted average number of Equity Shares for Earnings per Share computation: No. of Shares for Basic and Diluted Earnings Per Share	8,000,000	8,000,000
Earnings Per Share (in Rupees): Basic and Diluted	25.19	25.47

**Gateway East India Private Limited**

**Notes to Financial Statements for the year ended March 31, 2016**

**26 Disclosure for AS 15 (Revised)**

The Company has classified various benefits provided to employees as under:

**I. Defined Contribution Plans:**

- a. Provident Fund
- b. State Defined Contribution Plan
  - Employer's Contribution to Employee's Pension Scheme 1995

During the year, the Company has recognised the following amounts in the Statement of Profit and Loss:

Employers' Contribution to Provident Fund Rs. 389,556 (Previous year: Rs. 355,440)  
 [Includes Employers Deposit Linked Insurance plan charges and Employers contribution to Employees Pension scheme 1995.]

**II. Defined Benefit Plan:  
 Gratuity (Non Funded)**

In accordance with the Accounting Standard 15, actuarial valuation was done in respect of the aforesaid defined benefit plan of gratuity based on the following assumptions:

	(% per annum)	
	2015-2016	2014-2015
Discount rate	7.96	7.99
Rate of increase in Compensation Levels	8.25	8.25

The Company has Non-funded Gratuity Plan; accordingly changes in the present value of the plan assets, percentage of each category of plan assets to total fair value of plan assets and reconciliation of present value of the defined benefit obligation and fair value of assets for funded scheme have not been disclosed.

	2015-2016	2014-2015
	Rs.	Rs.
<b>Change in the Present Value of Obligation</b>		
Present Value of Obligation at the beginning of the year	906,532	706,665
Interest Cost	72,432	65,932
Current Service Cost	110,424	130,254
Past Service Cost	-	-
Curtailment Cost/ (Credit)	-	-
Settlement Cost/ (Credit)	-	-
Benefits Paid	-	-
Actuarial (Gain)/ Loss on Obligations	68,135	3,681
<b>Present Value of Obligation at the end of the year</b>	<b>1,157,523</b>	<b>906,532</b>
<b>Amount recognised in the Balance Sheet</b>		
Present Value of Obligation as at end of the year	1,157,523	906,532
<b>Liability recognised in the Balance Sheet</b>	<b>1,157,523</b>	<b>906,532</b>

	2015-2016	2014-2015
	Rs.	Rs.
<b>Expenses Recognised in the Statement of Profit and Loss</b>		
Current Service Cost	110,424	130,254
Past Service Cost	-	-
Interest Cost	72,432	65,932
Curtailment Cost/ (Credit)	-	-
Settlement Cost/ (Credit)	-	-
Net actuarial (Gain)/ Loss recognised in the year	68,135	3,681
<b>Total Expenses recognised in the Statement of Profit and Loss</b>	<b>250,991</b>	<b>199,867</b>

**Gateway East India Private Limited**

**Notes to Financial Statements for the year ended March 31, 2016**

Details of Present Value of Obligation and Experience Adjustment:

Particulars	2015-2016 Rs.	2014-2015 Rs.	2013-2014 Rs.	2012-2013 Rs.	2011-2012 Rs.
Present value of obligation:					
- Non-funded	1,157,523	906,532	706,665	615,011	372,949
Experience Adjustments:					
(Gain)/ Loss on non-funded plan liabilities	64,655	8,557	(176,697)	89,033	52,133
(Gain)/ Loss on account of change in actuarial assumption	3,480	(4,876)	80,732	38,587	(12,584)

**Other Employee Benefit Plan:**

The liability for compensated absences as at year end is Rs. 710,469 (Previous year: Rs. 653,638).

**27 Related Party Disclosures**

Related Party Disclosures, as required by Accounting Standard 18 – “Related Party Disclosures”, are given below:

**Holding Company**

Gateway Distriparks Limited

Particulars	Rs.	
	2015-2016	2014-2015
<b>Transactions during the year:</b>		
Interim Dividend paid	150,000,000	272,000,000
Reimbursement of Payroll Cost	389,556	355,440

**28** Based on the certificate received from Visakhapatnam Port Trust, the Company would be eligible for deduction under Section 80-IA 4(i) of the Income Tax Act, 1961 of India ( the “Income Tax Act”). The said deduction is available to the Company upto assessment year 2020-2021. Accordingly, the income-tax liability for the current financial year has been determined under “Minimum Alternate Tax” pursuant to Section 115JB of the Income Tax Act. Considering the balance term of Section 80-IA(4)(i) of the Income Tax Act and based on the assessment of future profitability, the Company has taken MAT credit of Rs. 43,000,000 during the current year, as MAT credit can be set-off against future tax liability. Accordingly, Rs. 171,000,000 is carried as “Loans and Advances” as at March 31, 2016.

**29 Expenditure in Foreign Currency**

Particulars	Rs.	
	2015-2016	2014-2015
Commission to Directors	2,500,000	6,300,000
Directors' Sitting fees	100,000	120,000

**30 Expenditure on Corporate Social Responsibility Activities**

Particulars	Rs.	
	2015-2016	2014-2015
(a) Gross amount required to be spent by the Company during the year	3,680,837	2,769,373
(b) Amount spent during the year		
(i) Donations	3,670,000	2,713,000

**31** Previous years figures have been regrouped to conform with current year's presentation, where applicable.

Signatures to Notes “1” to “31” forming part of these Financial Statements.

For **Price Waterhouse**  
Chartered Accountants  
Firm Registration No.: FRN 301112E

For and on behalf of the Board of Directors

**Priyanshu Gundana**  
Partner  
Membership No.: 109553

**Prem Kishan Dass Gupta**  
Chairman  
DIN: 00011670

**Shabbir Hassanbhai**  
Director  
DIN: 00268133

**Veena Nair**  
Company Secretary

Place: Mumbai  
Date: April 27, 2016

Place: New Delhi  
Date: April 27, 2016