INDEPENDENT AUDITOR'S REPORT

To the Members of Vedanta Star Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standaloneInd AS financial statements of Vedanta Star Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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, 2019, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual report, but does not include the standalone Ind AS financial statements and our auditor's report thereon.

Our opinion on the standalone Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibility of Management for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone Ind AS financial

statements, including the disclosures, and whether the standalone Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) According to the information and explanation provided to us by the Company, no managerial remuneration has been paid / provided by the Company to its directors for the year ended March 31, 2019;

   (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

(a) The Company does not have any pending litigations which would impact its financial position;

(b) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Co. LLP**
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Naman Agrawal
Partner
Membership Number: 502405
Place of Signature: Gurugram
Date: May 06, 2019

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date

Re: **Vedanta Star Limited** ('the Company')

(i) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(a) to 3(i)(c) of the Order are not applicable to the Company and hence not commented upon.

(ii) The Company's business does not involve inventories and, accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) (a) The Company has granted loans to Subsidiaries covered in the register maintained under section 189 of the Act. In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loans are not prejudicial to the Company's interest.

(b) The Company has granted loans that have a schedule for repayment of interest and principal, to companies covered in the register maintained under section 189 of the Act. We are informed that loans which had a schedule for repayment were not due during the current year; and thus, there has been no default on the part of the parties to whom the monies have been lent. The payment of interest has been regular in all cases.

(c) There is no amounts of loans granted to companies listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.

(iv) In our opinion and according to the information and explanations given to us, provisions of sections 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and guarantees given have been complied with by the Company. The Company has not granted any security in terms of sections 185 and 186 of the Act.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable and hence not commented upon.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company. Accordingly, the requirements under paragraph 3(vi) of the Order are not applicable to the Company and hence not commented upon.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, duty of custom, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to provident fund, employees' state insurance, sales-tax, service tax, value added tax and duty of excise are not applicable to the Company.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to provident fund, employees' state insurance, sales-tax, service tax, value added tax and duty of excise are not applicable to the Company.

(c) According to the information and explanations given to us, there are no dues of income tax, customs duty and cess which have not been deposited on account of any dispute. The provisions relating to provident fund, employees' state insurance, sales-tax, service tax, value added tax and duty of excise are not applicable to the Company.

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to bank. The Company did not have any outstanding dues to debenture holders, financial institutions or government.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised. According to the information and explanations given to us, the Company has not raised monies by way of initial public offer/ further public offer/ debt instruments.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) of the Order are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Naman Agrawal
Partner
Membership No: 502405

Place: Gurugram
Date: May 6, 2019

Annexure 2 referred to in para 2(f) under the heading "Report on Other Legal and Regulatory Requirements" to the independent Auditor's Report of even date on the Standalone Ind AS Financial Statements of Vedanta Star Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Vedanta Star Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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 under the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) ("COSO 2013"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone financial statements 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 with reference to these standalone financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these standalone financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these standalone financial statements 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 with reference to these standalone financial statements 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 with reference to these Standalone Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone financial statements, 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 with reference to these standalone financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these standalone financial statements and such internal financial controls over financial reporting with reference to these standalone financial statements were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in COSO 2013.

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration Number: 301003E/E300005

per Naman Agrawal
Partner
Membership No: 502405

Place: Gurugram
Date: May 6, 2019

Vedanta Star Limited
Balance Sheet

Particulars	Note	(₹ in Lakhs) As at March 31, 2019
ASSETS		
Non - current assets		
Financial Assets		
Investments	4	178,387.54
Loans	5	355,449.39
Non-current tax asset (Net)	6	814.72
Total Non - current assets		**534,651.65**
Current assets		
Financial Assets		
Cash and Cash Equivalents	7	3,087.41
Other financial assets	8	2.70
Other current assets	9	974.62
Total Current assets		**4,064.73**
Total Assets		**538,716.38**
EQUITY AND LIABILITIES		
Equity		
Equity Share Capital	10	1,961.73
Other Equity	11	174,099.31
Total Equity		**176,061.04**
Liabilities		
Non-current Liabilities		
Financial Liabilities		
Borrowings	12	357,192.83
Total Non-current Liabilities		**357,192.83**
Current Liabilities		
Financial liabilities		
Other financial liabilities	13	5,457.64
Other Current liabilities	14	4.87
Total Current Liabiities		**5,462.51**
Total Equity and Liabiities		**538,716.38**

See accompanying notes to the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E/E300005

Naman Agarwal
Partner
Membership No: 502405
Place: Gurugram
Date : May 6, 2019

For and on behalf of the Board of Directors

Tarun Jain
Director
DIN: 00006843

Pooja Somani
Director
DIN: 07131449

Pankaj Malhan
Acting CEO

Jalaj Kumar Malpani
Chief Financial Officer

Binaya Kumar Dash
Company Secretary
Membership No. A17982
Place: Mumbai
Date : May 6, 2019

Vedanta Star Limited
Statement of Profit and Loss

(₹ in Lakhs, except otherwise stated)

Particulars	Note	For the period April 23,2018 to March 31, 2019
Other Income	15	28,034.28
Total Income		**28,034.28**
Expenses:		
Finance cost	16	28,916.65
Other expenses	17	61.59
Total expenses		**28,978.24**
Profit before exceptional items and tax		**(943.96)**
Net exceptional gain		**-**
Profit/(Loss) before tax		**(943.96)**
Tax expense/(benefit) :		
Net current tax expense		-
Net deferred tax expense/(benefit)		-
Net tax expense/(benefit):		**-**
Net Profit for the year (A)		**(943.96)**
Other Comprehensive Income		**-**
Total Other Comprehensive Income for the year (B)		**-**
Total Comprehensive Income for the year (A+B)		**(943.96)**
Earnings per share after tax and exceptional items (in ₹)		
- Basic & Diluted	20	(5.35)
Earnings per share after tax but before exceptional items (in ₹)		
- Basic & Diluted		(5.35)

See accompanying notes to the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E/E300005

Naman Agarwal
Partner
Membership No: 502405
Place: Gurugram
Date : May 6, 2019

For and on behalf of the Board of Directors

Tarun Jain
Director
DIN: 00006843

Pooja Somani
Director
DIN: 07131449

Pankaj Malhan
Acting CEO

Jalaj Kumar Malpani
Chief Financial Officer

Binaya Kumar Dash
Company Secretary
Membership No. A17982
Place: Mumbai
Date : May 6, 2019

Vedanta Star Limited
Statement of Cash Flows

	(₹ in Lakhs, except otherwise stated)
	For the period April 23, 2018 to March 31,2019
Cash flows from operating activities	
(Loss) before tax	(943.96)
Adjustments to reconcile profit /(loss) before tax to net cash flows:	
Interest income	(28,034.28)
Interest expense	28,916.65
Working Capital Changes	
Other current and non-current assets	(910.52)
Trade & other payables	440.69
Cash (used in) operations	**(531.43)**
Income taxes paid	(814.72)
Net cash (used in) operating activities	**(1,346.14)**
Cash flows from investing activities	
Interest received	27,967.48
Payment towards investment in subsidiary	(176,557.50)
Loans (given to) related parties	(355,449.39)
Net cash from/ (used in) investing activities	**(504,039.41)**
Cash flows from financing activities	
Proceeds from issue of share capital	177,005.00
Interest paid	(25,724.87)
Loan taken from Banks	337,492.83
Loan from related parties	19,700.00
Net cash (used in)/generated from financing activities	**508,472.96**
Net (decrease)/increase in cash and cash equivalents	3,087.41
Cash and cash equivalents at the beginning of the year	-
Cash and cash equivalents at the end of the year (Note 7)	**3,087.41**

Notes:
1. The figures in bracket indicates outflow.
2. The cash flow statement has been prepared using the indirect method as set out in Ind-AS 7

See accompanying notes to the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E/E300005

Naman Agarwal
Partner
Membership No: 502405
Place: Gurugram
Date : May 6, 2019

For and on behalf of the Board of Directors

Tarun Jain
Director
DIN: 00006843

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Acting CEO

Jalaj Kumar Malpani
Chief Financial Officer

Binaya Kumar Dash
Company Secretary
Membership No. A17982
Place: Mumbai
Date : May 6, 2019

Vedanta Star Limited
Statement of changes in equity

A. Equity Share Capital

Equity shares of ₹ 10/- each issued, subscribed and fully paid up	Number of shares (in Lakh)	Amount (₹ in Lakh)
Balance as at April 23, 2018	0.00	0.00
Issued during the year (Refer Note no. 10)	196.17	1961.73
Balance as at March 31 ,2019	196.17	1961.73

B. Other Equity

(₹ in Lakh)

	Security Premium Account	**Retained Earnings**	**Total reseves (Other than OCI)**
Balance as at April 23, 2018	-	-	-
Total Comprehensive Income for the year	-	(943.96)	(943.96)
Addition during the year	175,230.00	-	175,230.00
Bonus Shares issued during the year	(186.73)	-	(186.73)
Balance as at March 31, 2019	**175,043.27**	**(943.96)**	**174,099.31**

See accompanying notes to the financial statements.

As per our report of even date

For S.R. Batliboi & Co. LLP
Chartered Accountants
ICAI Firm Registration No: 301003E/E300005

Naman Agarwal
Partner
Membership No: 502405
Place: Gurugram
Date : May 6, 2019

For and on behalf of the Board of Directors

Tarun Jain
Director
DIN: 00006843

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Pankaj Malhan
Acting CEO

Jalaj Kumar Malpani
Chief Financial Officer

Binaya Kumar Dash
Company Secretary
Membership No. A17982
Place: Mumbai
Date : May 6, 2019

1. Company Overview

Vedanta Star Limited, incorporated on April 23, 2018 under the Companies Act, 2013, is a public limited Company domiciled in India and has its registered office at M 11, First Floor, VIP Road, Harmu Housing Colony, P.S. Argoda, Ranchi Jharkhand - 834002, India. The company is fully owned by and is controlled by Vedanta Ltd, a diversified natural resource Company.

The Company was incorporated, for the purpose of acquisition of Electrosteel Steels Limited by Vedanta Star Limited, pursuant to the approved resolution plan by Hon'ble NCLT, Kolkata Bench.

2 Basis of preparation of financial statements :

(a) Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

These financial statements have been prepared in accordance with the accounting policies, set out below. Since these are the first financial statements of the Company previous year comparatives are not applicable.

These financial statements are approved for issue by the Board of Directors on May 6, 2019.

(b) Basis of measurement

The financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value as explained in the accounting policies below.

(c) Going concern

The Company has negative working capital and cash flows from operating activities, however, all of its borrowings and interest obligations have been guaranteed by its holding company and hence the company expects to receive adequate financial support from the holding company to service the same. Accordingly, these financial statements have been prepared on a going concern basis.

3 Significant accounting policies

The Company has applied the following accounting policies to all periods presented in the financial statements.

(a) Revenue recognition

Revenues are measured at the fair value of the consideration received or receivable, net of discounts and other indirect taxes.

• Interest income
Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(b) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets and disposal group's classified as held for sale are not depreciated and are measured at the lower of carrying amount and fair value less costs to sell. Such assets and disposal groups are presented separately on the face of the balance sheet.

(c) Impairment of non-financial assets

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The Company assess at each reporting date, whether there is an indication that an asset may be impaired. The Company conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognised impairment losses. External factors, such as changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognised impairment losses.

If any such indication exists then an impairment review is undertaken and the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. Fair value for mineral and oil and gas assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post tax discount rate to arrive at the net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised.

(d) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial Assets - Recognition

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

For purpose of subsequent measurement, financial assets are classified in four categories:

• Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss.

• Debt instruments at fair value through other comprehensive income (FVOCI)

A 'debt instrument' is classified as at FVOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

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

• Debt instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes being recognized in the statement of profit and loss.

• Equity instruments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in OCI. There is no recycling of the amounts from OCI to the statement of profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. For equity instruments which are classified as FVTPL all subsequent fair value changes are recognised in the statement of profit and loss.

(ii) Financial Assets - Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

(iii) Impairment of financial assets

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

• Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities and deposits

• Financial assets that are debt instruments and are measured as at FVOCI

• Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

• Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

• Debt instruments measured at FVOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

(iv) Financial liabilities – Recognition & Subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans, borrowings and payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantees and derivative financial instruments.

The subsequent measurement of financial liabilities depends on their classification, as described below:

• Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

• Financial liabilities at amortised cost (Loans & Borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

(v) Financial liabilities - Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

(vi) Equity instruments

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

(vii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

(e) Taxation

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

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Subject to exceptions below, deferred tax is provided, using the balance sheet method, on all deductible temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, on carry forward of unused tax credits and unused tax loss;

• deferred income tax is not recognised on the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

• deferred tax assets (including MAT credit entitlement) are recognised only to the extent that it is more likely than not that they will be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. Tax relating to items recognized outside profit or loss is recognised outside the statement of profit and loss (either in other comprehensive income or equity).

The carrying amount of deferred tax assets (including MAT credit entitlement) is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

(f) Provisions, contingent liabilities and contingent assets

Provisions represent liabilities for which the amount or timing is uncertain. Provisions are recognized when the Company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation.

If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognized in the statement of profit and loss as a finance cost. Provisions are reviewed at each reporting date and are adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

(g) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential equity shares.

(h) Current and non-current classification

The Company presents assets and liabilities in the balance sheet based on current / non-current classification.

An asset is classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle.
- it is held primarily for the purpose of being traded;
- it is expected to be realized within 12 months after the reporting date; or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the Company's normal operating cycle;
- it is held primarily for the purpose of being traded;
- it is due to be settled within 12 months after the reporting date; or
- the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non current only.

(i) Borrowing costs

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly relating to the acquisition, construction or production of a qualifying capital project under construction are capitalised and added to the project cost during construction until such time that the assets are substantially ready for their intended use i.e. when they are capable of commercial production. Where funds are borrowed specifically to finance a qualifying capital project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such short-term investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Company during the year.

All other borrowing costs are recognised in the statement of profit and loss in the year in which they are incurred.

Capitalisation of interest on borrowings related to construction or development projects is ceased when substantially all activities that are necessary to make the assest ready for their intended use are complete or when delay occurs outside of the normal course of business.

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

(j) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits which have a maturity of three months or less from the date of acquisition, that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, and additionally includes unpaid dividend account.

(k) Equity investment in subsidiaries

Investments representing equity interest in subsidiaries are carried at cost. A subsidiary is an entity that is controlled by the Company. Control is evidenced where the Company has the power over the investee or exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Power is demonstrated through existing rights that give the ability to direct relevant activities, which significantly affect the entity returns.

(l) Significant accounting estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

There were no areas which requires significant estimation or where significant accounting judgement was involved.

(m) Application of new and revised standards

i) Standards issued but not yet effective

The following standards/amendments to standards have been issued but are not yet effective up to the date of issuance of the Company's Financial Statements. Except specifically disclosed below, the Company is evaluating the requirements of these standards, improvements and amendments and has not yet determined the impact on the financial statements.

Ind AS 116 - Leases

Ind AS 116, Leases, replaces the existing standard on accounting for leases, Ind AS 17. The Company will adopt Ind AS 116 from 1 April 2019 under the modified retrospective approach, and accordingly the comparative figures will not be restated. For contracts in place at this date, the Company will continue to apply its existing definition of leases under current accounting standards (“grandfathering”), instead of reassessing whether existing contracts are or contain a lease at the date of application of the new standard.

This standard introduces a single lessee accounting model and requires a lessee to recognize a 'right of use asset' (ROU) and a corresponding 'lease liability' for all leases with the exception of short-term (under 12 months) and low-value leases. Lease costs will be recognised in the income statement over the lease term in the form of depreciation on the ROU asset and finance charges representing the unwinding of the discount on the lease liability. In contrast, the accounting requirements for lessors remain largely unchanged.

The Standard, in addition to increasing the Company's recognised assets and liabilities, impacts the classification and timing of expenses and consequently the classification between cash flow from operating activities and cash flow from financing activities. Many commonly used financial ratios and performance metrics, using existing definitions, will also be impacted including net debt, gearing, EBITDA, unit costs and operating cash flows. However, implementation of Ind AS 116 does not have a material effect on the Company's Financial Statements.

4 Financial Assets - Non Current : Investments

Particulars	As at March 31, 2019	
	No (In Lakhs)	Amount
Investment in equity shares - at cost		
Subsidiary companies		
Unquoted		
Electrosteel Steels Limited, of Rs. 10/- each	17,656	178,387.54
Total		**178,387.54**

During the current year, the Company made an investment of ₹ 1,78,387.54 Lakhs in 1,76,55,66,739 equity shares of Rs. 10 each in Electrosteel Steels Limited.

5 Financial Assets - Non Current : Loans

Particulars	As at March 31, 2019
Loans to related parties	
Unsecured, considered good (See note 18)	355,449.39
Total	**355,449.39**

6 Non-Current Tax Assets

Particulars	As at March 31, 2019
Advance Income Tax including Tax deducted at source (net of provision)	814.72
Total	**814.72**

7 Current financial assets - Cash and cash equivalents

Particulars	As at March 31, 2019
Balance with banks	43.91
Bank deposits with original maturity of less than 3 months	3,043.50
Total	**3,087.41**

a) Bank deposits earns interest at fixed rate based on respective deposit rate.

8 Current financial assets- Others

Particulars	As at March 31, 2019
Others	
Interest accrued but not due on FD	2.70
Total	**2.70**

9 Other Current Assets

Particulars	As at March 31, 2019
Unsecured, Considered good	
Interest accrued and due	66.80
Balance with government authorities	907.82
Total	**974.62**

10 Share capital

Particulars	**As at March 31, 2019**	
	Number (In lakhs)	**Amount (₹ In Lakhs)**
A Authorised Share capital		
Opening Balance (Equity shares of ₹10 each with voting rights)	-	-
Add: Issue during the year	200.00	2,000.00
Closing Balance (Equity shares of ₹10 each with voting rights)	**200.00**	**2,000.00**
B Issued, subscribed and paid up		
Equity shares of ₹10 each with voting rights	196.17	1,961.73
Total	**196.17**	**1,961.73**

C Shares held by holding Company and its subsidiaries/associates*

Particulars	**As at March 31, 2019**	
	No of shares held (In lakhs)	**% of holding**
Vedanta Limited (including nominee)	**196.17**	**100.00**
Total	**196.17**	**100.00**

* The % of holding has been calculated on the issued and subscribed share capital as at respective balance sheet date.

(1) The above entity is subsidiary of Volcan Investments Limited, the ultimate Holding Company.

D Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Total	**As at March 31, 2019**
	No of shares (In lakhs)
Bonus shares issued (In FY 2018-19)	18.67

E Details of shareholders holding more than 5% shares in the Company*

Particulars	**As at March 31, 2019**	
	No. of Shares held (in Lakh)	**% of holding**
Vedanta Limited (Including Nominee)	**196.17**	**100.00**
Total	**196.17**	**100.00**

* The % of holding has been calculated on the issued and subscribed share capital as at respective balance sheet date.

F Reconciliation of the number of Equity Shares Outstanding:

Particulars	**As at March 31, 2019**
	No. of shares (In Lakhs)
No. of shares as at the beginning	-
Additions during the Year	196.17
No. of shares as at the end	**196.17**

G Other Disclosures

The Company has one class of shares referred to as Equity Shares having a par value of Rs. 10/-. Each Holder of Equity Shares is entitled to one vote per share. 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 which is paid as and when declared by BOD. In the event of liquidation of the Company, the equity shareholders will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts in proportion of their shareholding.

11 Other Equity

Particulars	**As at March 31, 2019**
Securities Premium	175,043.27
Retained Earnings	(943.96)
Total	**174,099.31**

a) Securities Premium
Securities Premium represents the amount received in excess of par value of securities and is available for utilisation as specified under Section 52 of Companies Act, 2013.

b) Retained Earnings
Retained earnings generally represents the undistributed profit/ amount of accumulated earnings of the company.

₹ in Lakhs except as stated

12 Non current financial liabilities - Borrowings

Particulars	As at March 31, 2019
Secured (at amortised cost)	
From Banks	340,000.00
Less: Upfront fees	(2,507.17)
Unsecured From Others (see note 18)	19,700.00
Total	**357,192.83**

i) The company has not defaulted in the repayment of loans and interest as at Balance sheet date.

ii) Security

(a) The Secured Obligations and all amounts payable thereunder shall be secured by:

(i) First ranking pari passu charge by way of hypothecation on all fixed assets of the Borrower, including the bank accounts and the Interest Service Reserve Account and amounts lying therein, and all receivables under the Shareholder Loan, but excluding any current assets of the Borrower or any pledge over any shares of the Target,
(ii) First ranking pari passu charge by way of hypothecation on all fixed assets of the Target,
(iii) First ranking mortgage on all immovable assets of the Target,
(iv) Corporate Guarantee,
in favour of the Security Trustee/ Agent (as the case may be) for the benefit of the Lenders in form and substance satisfactory to the Security Trustee.
These shall be collectively referred to as the "Security".

(b) The Security mentioned above shall be shared on a first ranking pari passu basis in between Lenders. Provided further that any amounts received from the enforcement of the Security shall be applied towards discharging the Secured Obligations in accordance with the terms of this Agreement.

(c) Each of the Guarantor and the Borrower shall also provide and maintain at all times a Non Disposal Undertaking in favour of the Agent acting for the Lenders, in a form and substance acceptable to the Agent (acting on the instructions of the Lenders).

iii) The applicable rate of interest on above term loans:

(a) The interest rate for the above loans ranges from 8.75% to 9.55%

iv) Repayment Terms:

Repayment of loan starts from May 2020, in 33 quarterly installments, and last installments falls on May 2028

Year	Loan from Bank	Loan from others
<1 year	-	-
1-3 years	68,000.00	3,940.00
3-5 years	87,040.00	5,043.00
>5 years	184,960.00	10,717.00

v) Movement in borrowings during the year is provided below:

Particulars	Borrowings due within one year	Borrowings due after one year	Total
As at April 01, 2018	-	-	-
Cash Flow	-	357,192.83	357,192.83
Other Non cash changes	-	-	-
As at March 31, 2019	**-**	**357,192.83**	**357,192.83**

13 Other financial liabilities - Current

Particulars	As at March 31, 2019
(i) Interest accrued but not due on borrowings	2,622.88
(ii) Due to related parties:	
- Advance Received from Electrosteel Steel Limited	97.38
- Corporate Gurantee Commission	568.91
- Other expenses payable	2,168.47
Total	**5,457.64**

a) Other expenses payable to related parties include payment to be made for reimbursement of Legal & Professional fees.

14 Other current liabilities

Particulars	As at March 31, 2019
(i) Statutory Dues	4.87
Total	**4.87**

₹ in Lakhs except as stated

15 Other Income

Particulars	**For the period April 23, 2018 to March 31, 2019**
(i) Finance Income	28,032.35
(ii) Other Miscellaneous Income	1.93
Total	**28,034.28**

16 Finance Cost

Particulars	**For the period April 23, 2018 to March 31, 2019**
(i) Interest expense on financial liabilities at amortised cost	28,211.02
(ii) Other finance costs	705.63
Total	**28,916.65**

17 Other Expenses

Particulars	**For the period April 23, 2018 to March 31, 2019**
(i) Audit Fees	5.00
(ii) Legal & Professional Charges	38.05
(iii) Rates & Taxes	16.22
(iv) Other Miscellaneous Expenses	2.32
Total	**61.59**

a) Payment to Auditors

Particulars	**For the period April 23, 2018 to March 31, 2019**
(a) For Statutory Audit	5.00
Total	**5.00**

18 Related Party Transactions

Related party disclosure as identified by the management in accordance with the Ind AS 24 on 'Related Party Disclosures' are as follows:

A

Company	**Relationship**
Volcan Investment Limited	Ultimate Holding Company
Vedanta Limited	Holding Company
Electrosteel Steels Limited	Subsidiary Company

B Related Party Transactions

Nature of transaction	**Subsidiary Company**
	2018-19
Interest Income	27,992.34
Inter corporate loan given	355,449.39
Closing balance as at March 31	
Inter corporate deposit	355,449.39
Interest receivable	66.80

Nature of transaction	**Holding Company**
	2018-19
Interest Expense	1,421.50
Guarantee Commission	705.62
Other expenses	2,168.47
Inter corporate loan received	19,700.00
Closing balance as at March 31	
Inter corporate loan	19,700.00
Guarantee Commission payable	568.91
Other expense payable	2,168.47

Notes:

Terms & Conditions of transactions with related parties

All transactions from related parties are made at arm's length basis in ordinary course of business. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. For the period ended March 31 2019, the Company has not recorded any impairment of receivables relating to amounts owed by related parties.

19 Income Tax

In assessing the relisability of deferred tax assets, the Company considers the extent to which, it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry-forwards become deductible. The Company considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment.

a) Deferred tax asset in respect of unused tax losses and others (net of liabilities) amounting to ₹ 294.52 lakhs as on March 31, 2019 has not been recognised owing to uncertainty in obtaining reasonable assurance regarding availability of sufficient taxable profit in future.

b) A reconciliation of income tax expense applicable to accounting profit before tax at the Indian statutory income tax rate to recognised income tax expense for the year is as follows:

Particulars	**For the period April 23, 2018 to March 31, 2019**
Accounting profit before tax	(943.96)
Indian statutory income tax rate	31.20%
Tax at statutory income tax rate	**(294.52)**
Deferred tax asset not recognised during the year	294.52
Total	**-**

20 Earnings Per Share

Particulars	**Period ended March 31, 2019**
(Loss) after tax	(943.96)
No. of equity shares outstanding	196.17
Total Weighted average number of equity shares outstanding during the year for Basic and Diluted EPS	176.51
Basic and Diluted Earnings/(loss) per share	(5.35)
Nominal value per share (in ₹)	10

21 Financial Instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on the balance sheet. Details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 and Note 3.

A. Financial Assets & Liabilities:

The accounting classification of each category of financial instruments, and their carrying amounts, are set out below:

As at March 31, 2019 **(₹ in Lakhs)**

Financial Assets	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Loans to related parties	-	-	355,449.39	355,449.39	355,449.39
Cash and Bank Balances	-	-	43.91	43.91	43.91
Fixed Deposits with bank	-	-	3,043.50	3,043.50	3,043.50
Other Financial Assets	-	-	2.70	2.70	2.70
Total	**-**	**-**	**358,539.51**	**358,539.51**	**358,539.51**

Financial Liabilities	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Total carrying value	Total fair value
Borrowings	-	-	357,192.83	357,192.83	357,192.83
Others financial liabilities	-	-	5,457.64	5,457.64	5,457.64
Total	**-**	**-**	**362,650.47**	**362,650.47**	**362,650.47**

Investments (in equity and preference shares) in subsidiaries, associates and joint ventures which are carried at cost and hence are not required to be disclosed as per Ind AS 107 "Financial Instruments Disclosures". Hence, the same have been excluded from the above table.

B. Fair Valuation Techniques

The fair values of the financial assets and liabilities are included at the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following methods and assumptions were used to estimate the fair values:

- The fair value of cash and cash equivalents, current financial liabilities and assets approximate their carrying amount largely due to the short-term nature of these instruments. The management considers that the carrying amounts of financial assets and financial liabilities recognised at nominal cost in the financial statements approximate their fair values.

- The Company's long-term debt (taken of ₹ 3,57,192.83 Lakhs and given ₹ 3,55,449.39 Lakhs) have been contracted at floating rates of interest. Fair value of variable interest rate borrowings approximates their carrying value subject to adjustments made for transaction cost. In respect of fixed interest rate borrowings, fair value is determined by using discount rates that reflects the present borrowing rate of the company a level II technique.

C. Fair value hierarchy

The Company uses the following hierarchy for determining and/or disclosing the fair value of financial instruments by valuation techniques:

(i) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

(iii) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

D. Risk Management Framework

The Company's activities are exposed to a variety of financial risks. The key financial risk includes market risk and liquidity risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Director's reviews and approves policies for managing these risks. The risks are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives.

Treasury Management

Treasury management focuses on liability management, capital protection, liquidity maintenance and yield maximisation. The treasury policies are approved by the Committee of the Board. Daily treasury operations of the Company are managed by the finance team within the framework of the Company's treasury policies. Long-term fund raising including strategic treasury initiatives are handled by a central team. A monthly reporting system exists to inform senior management of the Company's investments and debt position, exposure to currency, commodity and interest rate risk and their mitigants including the derivative position. The Company has a strong system of internal control which enables effective monitoring of adherence to Company's policies. The internal control measures are effectively supplemented by regular audits.

Financial Risk

The Company's Board approved financial risk policies include monitoring, measuring and mitigating the liquidity, currency, interest rate and counterparty risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest and commodity pricing through proven financial instruments.

a) Liquidity Risk

The Company requires funds both for short-term operational needs as well as for long-term investment programmes mainly in growth projects. The Company generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

The Company remains committed to maintaining a healthy liquidity, a low gearing ratio, deleveraging and strengthening our balance sheet. The maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the Company.

As at March 31, 2019 **(₹ in Lakhs)**

Payments due by year	<1 year	1-3 years	3-5 years	>5 years	Total
Borrowings	-	71,940.00	92,083.20	195,676.80	359,700.00
Total	**-**	**71,940.00**	**92,083.20**	**195,676.80**	**359,700.00**

b) Foreign Exchange Risk

Fluctuations in foreign currency exchange rates may have an impact on statement of profit and loss, the statement of change in equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Exposures on foreign currency loans are managed through the Company wide hedging policy, which is reviewed periodically to ensure that the results from fluctuating currency exchange rates are appropriately managed. The Company strives to achieve asset liability offset of foreign currency exposures and only the net position is hedged.

There were no foreign currency transactions carried out during the year.

c) Interest Rate Risk

The company exposure in market risk relating to change in interest rate primarily arises from floating rate borrowing from Banks and the holding company . Considering the same the carrying amount of said borrowing was considered to be at fair value.

Further there are deposits with banks which are for short term period are exposed to interest rate falling due for renewal. These deposits are however generally for trade purposes and as such do not cause material implication.

With all other variables held constant, the following table demonstrates the impact of the borrowing cost on floating rate portion of loans and borrowings:

The exposure of company's financial assets as at March 31, 2019 to Interest rate risk are as follows:

(₹ in Lakhs)

As at March 31, 2019	Total	Floating rate Financial assets	Fixed rate financial assets	Non-interest bearing financial assets
Financial Assets	355,449.39	340,000.00	15,449.39	-

The exposure of company's financial liabilities as at March 31, 2019 to Interest rate risk are as follows:

(₹ in Lakhs)

As at March 31, 2019	Total	Floating rate Financial liabilities	Fixed rate financial liabilities	Non-interest bearing financial liabilities
Financial Liabilities	359,700.00	340,000.00	19,700.00	-

A 0.5% to 2.0% increase/decrease in interest rates on interest on floating rate financial assets/ liabilities (net) does not have any impact on profit/(loss) and equity and represents management's assessment of the possible change in interest rates. The year end balances are not necessarily representative of the average debt outstanding during the year. This analysis also assumes that all other variables, in particular foreign currency rates, remain constant.

d) Counterparty and concentration of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The company is not exposed to any counter party and credit risk since no guarantees have been given by the company.

Financial assets that are neither past due nor impaired

Loans, Cash and cash equivalents and deposits with banks are neither past due nor impaired. Cash and cash equivalents with banks are held with reputed and credit worthy banking institutions.

22 Capital Management

The Company's objectives when managing capital is to safeguard continuity, maintain a strong credit rating and healthy capital ratios in order to support its business and provide adequate return to shareholders through continuing growth.

The Company monitors capital on the basis of the gearing ratio which is net debt divided by total capital (equity plus net debt) . The Company is not subject to any externally imposed capital requirements.

Net debt are non-current and current debts as reduced by cash and cash equivalents, other bank balances and current investments. Equity comprises all components including other comprehensive income.

The gearing ratio as at March 31, 2019 are as follows: **(₹ in lakhs)**

Particulars	**As at March 31, 2019**
Non-current loans and borrowings	357,192.83
Total loans and borrowings	**357,192.83**
Less: Cash and Cash Equivalents	3,087.41
Net Debt	**354,105.42**
Total equity attributable to the equity shareholders of the Company	176,061.04
Capital and Debt	**530,166.46**
Total capital (loans and borrowings and equity)	**2.01**

23 The Board of Directors of Vedanta Star Limited and Electrosteel Steels Limited at their respective Board Meetings held on December 22, 2018, have approved the Scheme of Amalgamation, whereby Vedanta Star Limited shall amalgamate with Electrosteel Steels Limited with effect from October 01, 2018, the appointed date. Pending approval of the scheme by NCLT, adjustments in this respect have not been given effect to in these financial statements.

In terms of our report attached

For S.R. Batliboi & Co LLP
Chartered Accountants
FRN: 301003E/E300005

Naman Agarwal
Partner
Membership No: 502405

Place: Gurugram
Date : May 6, 2019

For and on behalf of the Board of Directors

Tarun Jain
Director
DIN:00006843

Pooja Somani
Director
DIN:07131449

Pankaj Malhan
Acting CEO

Jalaj Kumar Malpani
Chief Financial Officer

Binaya Kumar Dash
Company Secretary
Membership No. A17982
Place: Mumbai
Date : May 6, 2019