INDEPENDENT AUDITOR'S REPORT

To the Members of Paradip Multi Cargo Berth Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Paradip Multi Cargo Berth Private Limited ("the Company"), which comprise the Balance sheet as at March 31, 2020, 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 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, 2020, 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 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 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 Ind AS financial statements.

Other Information

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 Ind AS financial statements and our auditor's report thereon.

Our opinion on the 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 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 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 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 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 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 with respect to these financial statements 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 Ind AS financial statements, including the disclosures, and whether the 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 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, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 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 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 explanations 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, 2020;

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

        i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 14 to the Ind AS financial statements;

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

        iii. 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 Ajay Bansal
Partner
Membership Number: 502243
UDIN: 20502243AAAAAN4296

Place of Signature: Gurugram
Date: May 19, 2020

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

Re: Paradip Multi Cargo Berth Private Limited ('the Company')

(i) According to the information and explanations given to us, the Company does not have fixed assets. Accordingly, the provisions of clause 3(i) (a), (b) and (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) According to the information and explanations given to us, 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 Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable Accordingly, the provisions of clause 3(iv) of the Order are not applicable to the Company and hence not commented upon.

(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.

(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.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including income-tax, customs duty, goods and service tax, cess and other statutory dues applicable to it. The provisions relating to provident fund and employees' state insurance 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, customs duty, 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, and employees' state insurance 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, goods and service tax and cess which have not been deposited on account of any dispute.

(viii) The Company has neither taken any loan or borrowings from financial institutions, banks and government nor raised by issue of debentures. Accordingly, the provisions of clause 3(viii) of the Order is not applicable to the Company and hence not commented upon.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause 3(ix) is not applicable to the Company and hence not commented upon.

(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 on or no material fraud 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 Company has not paid any managerial remuneration during the current year. Accordingly, the provision of 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 section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of section 177 of Companies Act, 2013 are not applicable to the Company and accordingly reporting under clause 3(xiii) of the Order in so far as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.

(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) are not applicable to the Company and, 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 him as referred to in section 192 of Companies Act, 2013.

(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 Ajay Bansal
Partner
Membership Number: 502243
UDIN: 20502243AAAAAN4296

Place of Signature: Gurugram
Date: May 19, 2020

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PARADIP MULTI CARGO BERTH PRIVATE LIMTED

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 Paradip Multi Cargo Berth Private Limited ("the Company") as of March 31, 2020 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

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 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 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 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 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 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 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 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 Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these 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 financial statements and such internal financial controls over financial reporting with reference to these financial statements were operating effectively as at March 31, 2020, 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 Ajay Bansal
Partner
Membership Number: 502243
UDIN: 20502243AAAAAN4296

Place of Signature: Gurugram
Date: May 19, 2020

PARADIP MULTI CARGO BERTH PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

Particulars	Notes	As at March 31, 2020 (Rupees)	As at March 31, 2019 (Rupees)
ASSETS			
1 Non-current assets			
(a) Other financial assets	4	41,155,770	41,145,770
Total non current assets		**41,155,770**	**41,145,770**
2 Current assets			
(a) Financial assets			
- Cash and cash equivalents	5	36,718	82,666
(b) Other current assets	6	271,497	171,248
Total current assets		**308,215**	**253,914**
Total assets		**41,463,985**	**41,399,684**
EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity share capital	7	100,000	100,000
(b) Other equity		(14,052,968)	(13,050,531)
		(13,952,968)	**(12,950,531)**
2 LIABILITIES			
Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	8	4,550,000	3,850,000
(ii) Trade payables	9		
(a) Total Outstanding dues of Micro Enterprises and Small Enterprises		-	-
(b) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		454,777	455,001
(iii) Other financial liabilities	10	50,358,683	49,993,765
(b) Other current liabilities	11	53,493	51,449
Total current liabilities		**55,416,953**	**54,350,215**
Total Equity and Liabilities		**41,463,985**	**41,399,684**

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

per Ajay Bansal
Partner
Membership No.: 502243

Place: Gurugram
Date : May 19,2020

For and on behalf of Board of Directors

Anup Agarwal
Director
DIN : 08551388

Sauvick Mazumdar
Director
DIN : 07558996

Place: Gurugram
Date : May 19,2020

PARADIP MULTI CARGO BERTH PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2020

	Particulars		Year ended March 31, 2020 (Rupees)	Year ended March 31, 2019 (Rupees)
I	**Income**		-	-
II	**Expenses**			
	(a) Finance costs	12	386,207	300,666
	(b) Other expenses	13	616,230	581,245
	Total Expenses		**1,002,437**	**881,911**
III	**Loss before tax for the year**		**(1,002,437)**	**(881,911)**
IV	**Tax expense**	16	-	-
V	**Loss for the year**		**(1,002,437)**	**(881,911)**
VI	**Other comprehensive income**		-	-
VII	**Total comprehensive loss for the year**		**(1,002,437)**	**(881,911)**
VIII	**Loss per equity share**			
	(a) Basic -Face value 10 /-	19	(100.24)	(88.19)
	(b) Diluted -Face value 10 /-	19	(100.24)	(88.19)

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

For and on behalf of Board of Directors

per Ajay Bansal
Partner
Membership No.: 502243

Anup Agarwal
Director
DIN : 08551388

Sauvick Mazumdar
Director
DIN : 07558996

Place: Gurugram
Date : May 19,2020

Place: Gurugram
Date : May 19,2020

PARADIP MULTI CARGO BERTH PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2020

	Particulars	Year ended March 31, 2020 (Rupees)	Year ended March 31, 2019 (Rupees)
A	**Cash flows from operating activities**		
	Net loss before tax	(1,002,437)	(881,911)
	Adjustments for :		
	Interest expense	386,207	300,666
		(616,230)	**(581,245)**
	Working capital adjustments		
	Decrease /(Increase) in Other non-current financial assets	(10,000)	-
	Decrease /(Increase) in Other Current assets	(100,249)	(80,766)
	(Decrease)/Increase in Trade Payable	(224)	75,250
	(Decrease)/Increase in Other financial liabilities	17,187	-
	Increase in Other current liabilities	2,046	3,697
	Net cash flow used in operations (i)	**(707,470)**	**(583,064)**
B	**Cash flows from investing activities (ii)**	-	-
C	**Cash flows from financing activities**		
	Proceeds from short term borrowings	700,000	600,000
	Interest paid	(38,478)	(23,199)
	Net cash flow generated from financing activities (iii)	**661,522**	**576,801**
	Net Decrease in cash and cash equivalent (i+ii+iii)	**(45,948)**	**(6,263)**
	Cash and cash equivalents at beginning of the year (Refer note 5)	**82,666**	88,929
	Cash and cash equivalents at end of the year (Refer note 5)	**36,718**	**82,666**

Notes:
1 The figures in bracket indicates outflow
2 The above cash flow has been prepared under the "indirect method" as set out in Indian Accounting Standard (Ind As) 7 -Statement of cash flows.

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

For and on behalf of the Board of Directors

per Ajay Bansal
Partner
Membership No.: 502243

Anup Agarwal
Director
DIN : 08551388

Sauvick Mazumdar
Director
DIN : 07558996

Place: Gurugram
Date : May 19,2020

Place: Gurugram
Date : May 19,2020

PARADIP MULTI CARGO BERTH PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

(a) Equity Share Capital

	Number of shares	Amount in Rs
As at March 31, 2019 and March 31, 2020	10,000	100,000

(b) Other Equity

	Retained Earnings	Total equity
	(Rupees)	(Rupees)
Balance as at April 1, 2018	(12,168,620)	(12,168,620)
Loss during the year	(881,911)	(881,911)
Balance as at March 31, 2019	**(13,050,531)**	**(13,050,531)**
Loss during the year	(1,002,437)	(1,002,437)
Balance as at March 31, 2020	**(14,052,968)**	**(14,052,968)**

See accompanying notes to the financial statements

In terms of our report attached

As per our report of even date

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

per Ajay Bansal
Partner
Membership No.: 502243

Place: Gurugram
Date : May 19,2020

For and on behalf of the Board of Directors

Anup Agarwal
Director
DIN : 08551388

Sauvick Mazumdar
Director
DIN : 07558996

Place: Gurugram
Date : May 19,2020

1. Company overview

Paradip Multi Cargo Berth Private Limited ("PMCB" or "Company") was incorporated as a special purpose vehicle on February 8, 2011 for setting up a multipurpose berth to handle clean cargo including containers at Paradip port, situated in the Jagatsinghpur District of Orissa, on the east coast of India. The project is to be carried out on design, build, finance, operate and transfer basis. PMCB is a wholly owned subsidiary of Vedanta Limited (Formerly Sesa Sterlite Limited) (up to March 31, 2016 it was owned in the ratio of 74:26 by Vedanta Limited and Leighton Welspun Contractors Private Limited respectively). The Concession agreement has not been signed till for reasons described in Note 14 to the financial statements.

The registered office of the Company is SIPCOT Industrial Complex Madurai Bye Pass Road, T. V. Puram P.O Thoothukudi Tamil Nadu 628002 India.

The financial statements of the Company were approved for issuance by the Directors on May 19, 2020.

2. Basis of preparation

a) Basis of preparation and compliance with Ind AS

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) and other relevant provisions of the Companies Act, 2013 (the Act).

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

b) Going Concern

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/amortised cost, Refer note 3(a) below.

Vedanta Limited, the parent Company has through letter of support, agreed to continue to provide financial support to the Company for its continued operations at least for next eighteen months, if the Company is unable to meet its funding requirements. Accordingly, these financial statements have been prepared on a going concern basis. Also refer Note 14.

3. Significant accounting policies

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

a) <u>Financial instruments</u>

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 purposes of subsequent measurement, financial assets are classified in below 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 finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- **Debt instruments at fair value through other Comprehensive income(FVOCI)**

A 'debt instrument' is classified as at the 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 other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in other comprehensive income is reclassified from the equity to profit and loss. Interest earned whilst holding fair value through other comprehensive income 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.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in profit or 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 the OCI. There is no recycling of the amounts from OCI to profit and 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 or 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, deposits and trade receivables
- Financial assets that are debt instruments and are measured as at FVOCI e.g. derivatives designated as hedges
- 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 that 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, discounted at the original EIR.

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

a) Financial assets measured at amortised cost: ECLis presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The Company does not reduce impairment allowance from the gross carrying amount.
b) 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 (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

(iv) Financial liabilities – Recognition and Subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities fair value through profit or loss, or as loans and borrowings, 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 loans, borrowings and payables, net of directly attributable transaction costs.

The Company’s financial liabilities include trade and other payables.

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

- **Financial liabilities at amortised cost**

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or 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 profit or loss.

- **Financial liabilities at fair value through profit and 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 profit or 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 profit or 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.

(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 profit or 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, to realise the assets and settle the liabilities simultaneously.

(viii) Income/loss recognition

- 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) <u>Leases</u>

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

The right-of-use assets are also subject to impairment.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income.

c) <u>Taxation</u>

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.

Deferred tax is provided, using the balance sheet method, on all temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax assets 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 recognized outside profit or loss either in Other Comprehensive Income or Equity.

The carrying amount of deferred tax assets 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.

d) <u>Provisions, contingent liabilities and contingent assets</u>

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, though the amount or timing is uncertain.

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 recognized 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 recognized 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 recognized but disclosed in the financial statements when an inflow of economic benefits is probable.

e) <u>Accounting for foreign currency transactions</u>

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (‘the functional currency’). The financial statements are presented in Indian rupee (INR), which is the Company’s functional currency.

Transactions in currencies other than the functional currency are translated into the functional currency at the exchange rates ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at exchange rates prevailing on the reporting date. Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All exchange differences are included in profit or loss except any exchange differences on monetary items designated as an effective hedging instrument of the currency risk of the designated forecasted sales or purchases, which are recognized in the other comprehensive income.

f) 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.

g) 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. The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

h) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits with original maturities of three months or less 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, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

i) Cash flow statement

Cash flows are reported using the indirect method, whereby profit/(loss) for the year before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past and future cash receipts of payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

Cash comprises cash at bank and in hand and demand deposits with banks. Cash equivalents are short- term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

j) Segment reporting

The Company operates only in one segment namely port segment and there are no reportable segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker i.e. Board of Directors.

k) Use of Estimates and Judgments

The preparation of the financial statements in conformity with Ind AS which 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.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following accounting policies and/or notes:

Critical estimates and judgements in applying accounting policies

The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Information about estimates and judgements made in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are as follows:

Estimates

i) Recoverability of amount due from paradip port trust

The Company has evaluated the recoverability of a sum of Rs. 40,640,770 (March 31, 2019 Rs.40,640,770) from Paradip Port Trust as explained in note 14.

Judgements

ii) Contingencies

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company. Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain, the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

While considering the possible, probable and remote analysis of taxation, legal and other claims, there is always a certain degree of judgement involved pertaining to the application of the legislation which in certain cases is supported by views of tax experts and/or earlier precedents in similar matters. Although there can be no assurance regarding the final outcome of the legal proceedings, the Company does not expect them to have a materially adverse impact on the Company's financial position or profitability.

3.1 APPLICATION OF NEW STANDARDS AND AMENDMENTS

The Company has adopted with effect from April 01,2019, the following new standards and amendments.

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described below.
Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, amendments that have been issued but are not yet effective/notified.

Ind AS 116: Leases

The Company has adopted Ind AS 116 from April 1,2019 under the modified retrospective approach replacing the earlier standard IND AS 17, and accordingly the comparative figures have not been restated.
This standard introduced 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 has been 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, impacted 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, have also impacted including gearing, EBITDA, unit costs and operating cash flows. However, implementation of Ind AS 116 didn't have a material effect on the Company's Financial Statements.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

Appendix C to Ind AS 12 Uncertainty over Income Tax Treatment

The appendix addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of Ind AS 12 Income Taxes. It does not apply to taxes or levies outside the scope of Ind AS 12, nor does it specifically include requirements relating to interest and penalties associated with uncertain tax treatments. The Appendix specifically addresses the following:

- Whether an entity considers uncertain tax treatments separately
- The assumptions an entity makes about the examination of tax treatments by taxation authorities
- How an entity determines taxable profit (tax loss), tax bases, unutilised tax losses, unutilised tax credits and tax rates
- How an entity considers changes in facts and circumstances

The Company determines whether to consider each uncertain tax treatment separately or together with one or more other uncertain tax treatments and uses the approach that better predicts the resolution of the uncertainty. There is no impact of the appendix on Company's financial statement.

7 Share capital

	As at March 31, 2020		As at March 31, 2019	
	Number of shares	**Amount in Rupees**	**Number of shares**	**Amount in Rupees**
Authorised Equity share capital				
Equity shares of Rs. 10 each with voting rights	10,000	100,000	10,000	100,000
Issued, subscribed and fully paid up				
Equity shares of Rs.10 each with voting rights	10,000	100,000	10,000	100,000
Total	**10,000**	**100,000**	**10,000**	**100,000**

i) There has been no movement in the equity share capital for the year ended March 31, 2020 and March 31, 2019.

ii) Details of shares held by the holding company

Particulars	As at March 31, 2020		As at March 31, 2019	
Equity Shares with voting rights	**Number of shares**	**% of Holding**	**Number of shares**	**% of Holding**
Vedanta Limited	10,000	100	10,000	100
Total	**10,000**	**100**	**10,000**	**100**

iii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2020		As at March 31, 2019	
Equity Shares with voting rights	**Number of shares**	**% of Holding**	**Number of shares**	**% of Holding**
Vedanta Limited , (Including Nominee)	10,000	100	10,000	100
Total	**10,000**	**100**	**10,000**	**100**

iv) The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of equity share is entitled to one vote per share and dividend as and when declared by the company. The dividend proposed by the Board of Directors is subject to the approval of the shareholders on the ensuring Annual General Meeting, except in case of interim dividend which is paid as and when declared by Board of Directors. In the event of liquidation of the Company, holder of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount in proportion to their shareholding.

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4	**Other financial assets**	**As at March 31, 2020 (Rupees)**	**As at March 31, 2019 (Rupees)**
	(Unsecured, considered good)		
	(a) Due from Paradip Port Trust (Refer Note 14)	40,640,770	40,640,770
	(b) Security Deposit	515,000	505,000
		41,155,770	**41,145,770**

5	**Cash and cash equivalents**	**As at March 31, 2020 (Rupees)**	**As at March 31, 2019 (Rupees)**
	Balances with banks in current accounts	**36,718**	**82,666**

6	**Other Current Assets**	**As at March 31, 2020 (Rupees)**	**As at March 31, 2019 (Rupees)**
	(Unsecured, considered good)		
	(a) Balance with government authorities	271,497	171,248
		271,497	**171,248**

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8 Current financial liabilities - Borrowing	As at March 31, 2020 (Rupees)	As at March 31, 2019 (Rupees)
Unsecured (measured at amortised cost)		
Loans from related parties (Refer Note 15)	**4,550,000**	**3,850,000**

The Company had obtained inter-corporate loan of Rs. 4,550,000 (Previous year-Rs. 3,850,000) from Vedanta Limited (Formerly Sesa Sterlite Limited) and Maritime Ventures Private Limited at an interest rate of 8.5% p.a (Previous year- 9.0 % p.a). The loan is repayable on demand.

Movement in borrowings during the year is provided below.

Particulars	**Borrowings Due with in one year**	**Borrowings Due after one year**	**Total**
Opening balance at April 1, 2018	3,250,000	-	3,250,000
Cash flow	600,000	-	600,000
Other non cash changes	-	-	-
As at March 31, 2019	**3,850,000**	**-**	**3,850,000**
Cash flow	700,000	-	700,000
Other non cash changes	-	-	
As at March 31, 2020	**4,550,000**	**-**	**4,550,000**

9 Current financial liabilities	As at March 31, 2020 (Rupees)	As at March 31, 2019 (Rupees)
Trade payables (Refer Notes below)	**454,777**	**455,001**

Note:
1) There are no amounts due to micro and small enterprises.
2) Trade Payable are non interest bearing

10 Current financial liabilities-Others	As at March 31, 2020 (Rupees)	As at March 31, 2019 (Rupees)
Due to related parties (Refer Note 15)		
Interest accured but not due on borrowings	**1,056,088**	**708,357**
1) Vedanta Limited	675,032	457,626
2) Maritime Ventures Private Limited	381,056	250,731
Other payables	49,302,595	49,285,408
	50,358,683	**49,993,765**

11 Other current liabilities	As at March 31, 2020 (Rupees)	As at March 31, 2019 (Rupees)
Statutory liabilities	**53,493**	**51,449**

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12 Finance cost

	Year ended March 31, 2020 (Rupees)	Year ended March 31, 2019 (Rupees)
Interest expense on financial liabilities carried at amortized cost (Refer note 15)	386,207	300,666
	386,207	**300,666**

13 Other expenses

	Year ended March 31, 2020 (Rupees)	Year ended March 31, 2019 (Rupees)
Payment to auditors (See note below)	509,900	513,200
Rent	65,100	60,000
Miscellaneous expenses	41,230	8,045
	616,230	**581,245**

Note :

Payment to auditors		
- For statutory audit	425,000	425,000
- For Parent Company Reporting	75,000	75,000
- Reimbursement of expenses	9,900	13,200
	509,900	**513,200**

The Company was not required to spend any amounts on Corporate Social Responsibility (CSR) activities. The total actual expenditure on CSR avtivities is also nil.

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14 The Company was incorporated on February 8, 2011, consequent to the Letter of Award by Paradip Port Trust (PPT) for the purpose of Development of Multipurpose Berth to handle clean Cargo like Aluminum ingots, Steel etc. including containers on Design, Build, Finance, Operate and Transfer ('DBFOT'/'the Project') basis at Paradip Port, Odisha.

The responsibility of the Environmental clearance, CRZ clearance and Forest clearances was of the PPT. In the absence of securing the requisite statutory clearances by PPT at the time of issuing the Letter of Award, the Company as mutually agreed consented to extend the validity of the bid from time to time considering the progress of the clearances up to January 2013. The bid was also backed by a bank guarantee (BG) issued by the the Company's holding Company which was also accordingly extended from time to time. Such Forest and Environmental clearances have not been granted till date for the Project by the Concerned Authority. As such PPT has failed to obtain the required statutory clearances by the indicated timeline which was more than three years after the bid was submitted. This led to escalation of costs thereby making the project unviable.

Hence after a three year wait, the management had decided in January 2013 and informed PPT its intention not to pursue the project nor renew the BG further to which PPT sought encashment of the same. The Company approached the Civil Court for staying the encashment of BG by PPT. The Civil Court heard the matter but did not restrain PPT from encashing the BG.The company further approached the Hon'ble High court of Odisha with writ petition for staying the encashment of BG. The Hon'ble court allowed the writ petition filed by the company and restrained PPT from encashment of BG till disposal of Interim Application before Civil Court. The Civil Court, after hearing the matter, restrained PPT from encashing the BG till disposal of suit. The Port Authority, during the pendency of suit, floated global tender (RFQ) for the same project which was subject matter of dispute before court. The action of PPT re-tendering the project has also made the reason for keeping BG alive as non-existent and the Company has applied to court in January-2013 for issuing orders/directives for return of BG.

During the year 2014-15, PPT had invoked the BG and encashed the BG of Rs. 33,000,000 (the value as on March 31, 2020 is Rs. 40,640,770 including interest Rs. 7,640,770) in favour of PPT on August 26, 2014. The Company had filed Special Leave Petition in the Hon'ble Supreme Court against the conditional BG invocation, which is pending disposal. Post Supreme court directions, the case has come to district court in Kujang,Odisha. Couple of hearings happened in the Kujang District court before the Civil Judge Senior Division. The matter was adjourned for submission of evidences and Cross examinations.

The Company incurred a net loss of Rs.1,002,437 (Previous year Rs.881,911) during the year ended 31 March 2020 and Company's net worth has completely eroded and has also obtained short term loan from its parent Company to service its liabilities. Further, The Directors of Company have received a letter of support from Vedanta Limited, the immediate holding company, who will provide financial support to the Company to enable the latter to meet its obligations as and when they fall due and to carry on its current business for the next 18 months, so this annual financial statements have been prepared on a going concern basis.

15 Related party transactions

(a) List of related parties and relationships

(i) **Ultimate Holding Companies**
Volcan Investments Limited

(ii) **Holding Company:**
Vedanta Limited

(iii) **Fellow subsidiaries**
- Maritime Ventures Private Limited
- Sterlite Ports Limited

(iv) **Key Managerial Personnel**
- Mr. Anup Agarwal : Other Non-Executive Directors (w.e.f. September 16,2019)
- Mr. Sauvick Mazumdar : Other Non-Executive Directors (w.e.f. July 31,2019)
- Ms. Pooja Yadava : Other Non-Executive Directors
- Mr. Kishore Kumar Rajagopal : Other Non-Executive Directors (up to close of business hours on July 31, 2019)
- Mr. GR Arun Kumar : Other Non-Executive Directors (up to close of business hours on September 16, 2019)

(b) Details of related party transactions (Excluding taxes, appliable if any) and balances outstanding as at year end are as stated below.

	Year ended March 31, 2020 (Rupees)	Year ended March 31, 2019 (Rupees)
Transactions during the year		
(i) Short term borrowings taken from		
- Vedanta Limited	700,000	600,000
(ii) Interest on short term borrowings		
- Vedanta Limited	241,400	166,529
- Maritime Ventures Private Limited	144,807	134,136
(iii) Reimbursement of expenses net		
- Vedanta Limited	10,000	-

Outstanding balance at year end

	As at March 31, 2020 (Rupees)	As at March 31, 2019 (Rupees)
(i) Short-term borrowings (Refer Note 8)		
Vedanta Limited	2,850,000	2,150,000
Maritime Ventures Private Limited	1,700,000	1,700,000
(ii) Other financial liabilities including Interest accrued on Borrowings		
- Vedanta Limited	49,580,981	49,352,915
- Sterlite Ports Limited	390,119	390,119
- Maritime Ventures Private Limited	387,585	250,731

Terms and conditions of transactions with related parties

All transactions with related parties are made in ordinary course of business. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31 2020, the company has not recorded any impairment of receivables relating to amounts owed by related parties. 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.

16 Income tax

There is no tax charge in the statement of profit and loss for the year ended March 31, 2020 and March 31, 2019

A reconciliation of income tax expense applicable to accounting loss before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

	Year ended 31 March, 2020 (Rupees)	Year ended 31 March, 2019 (Rupees)
Accounting loss before tax	(1,002,437)	(881,911)
Statutory tax rate	26.00%	26.00%
Tax on income at statutory tax rate	(260,634)	(229,297)
Unrecoganised tax assets (net)	260,634	229,297
Tax charge for the year	-	-

<u>Deferred tax assets</u>

Deferred tax assets on carry forward unused tax losses have not been recognised since it is not probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered. As at March 31, 2020 the Unused tax losses that expire, if unutilized, based on the year of origination are as follow:

As at March 31,2020

(all amounts in rupees)

Unrecognized Deferred tax asset	With in one year	Greater than one year,less than five years	Greater than five years	No expiry date	Total
Business Losses	-	-	-		-

As at March 31,2019

(all amounts in rupees)

Unrecognized Deferred tax assset	With in one year	Greater than one year,less than five years	Greater than five years	No expiry date	Total
Business Losses	8,011,451	-	-		8,011,451

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17 Financial Instruments

(a) Financial risk management objective and policies

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 3.

Financial assets and liabilities:

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

(all amounts in rupees)

As at March 31, 2020

Financial assets	FVTPL	FVTOCI	Amotised cost	Total carrying value	Total fair value
Other non-current financial assets	-	-	41,155,770	41,155,770	41,155,770
Cash and cash equivalents	-	-	36,718	36,718	36,718
	-	-	41,192,488	41,192,488	41,192,488

Financial liabilities	FVTPL	FVTOCI	Amotised cost	Total carrying value	Total fair value
Borrowings	-	-	4,550,000	4,550,000	4,550,000
Trade payable	-	-	454,777	454,777	454,777
Other current financial liabilities	-	-	50,358,683	50,358,683	50,358,683
	-	-	55,363,460	55,363,460	55,363,460

As at March 31, 2019 **(all amounts in rupees)**

Financial assets	FVTPL	FVTOCI	Amotised cost	Total carrying value	Total fair value
Other non-current financial assets	-	-	41,145,770	41,145,770	41,145,770
Cash and cash equivalents	-	-	82,666	82,666	82,666
	-	-	41,228,436	41,228,436	41,228,436

Financial liabilities	FVTPL	FVTOCI	Amotised cost	Total carrying value	Total fair value
Borrowings	-	-	3,850,000	3,850,000	3,850,000
Trade payable	-	-	455,001	455,001	455,001
Other current financial liabilities	-	-	49,993,765	49,993,765	49,993,765
	-	-	54,298,766	54,298,766	54,298,766

The carrying value approximates the fair vaules in view of short term maturities.

(b) Risk management framework

The company's businesses are subject to several risks and uncertainties including financial risks. The Company's documented risk management polices act as an effective tool in mitigating the various financial risks to which the business is exposed to in the course of their daily operations. The risk management policies cover areas such as liquidity risk, interest rate risk, counterparty and concentration of credit risk and capital management. Risks are identified through a formal risk management programme with active involvement of senior management personnel and business managers.Each significant risk has a designated 'owner' within the company at an appropriate senior level. The potential financial impact of the risk and its likelihood of a negative outcome are regularly updated.

The risk management process is coordinated by and is regularly reviewed by the Company's Management. The overall internal control environment and risk management programme including financial risk management is reviewed by the Board.

The risk management framework aims to:
- improve financial risk awareness and risk transparency
- identify, control and monitor key risks
- identify risk accumulations
- provide management with reliable information on the Company's risk situation
- improve financial returns

Treasury management

Treasury management focuses on capital protection, liquidity maintenance and yield maximization. The Company's treasury policies are within the framework of the overall Holding Company's treasury policies and adherence to these policies is strictly monitored at the Executive Committee meetings. Long-term fund raising including strategic treasury initiatives are handled with the help of central treasury team. A monthly reporting system exists to inform senior management of investments, debt and currency derivatives. 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 internal audits.

Financial risk

The Company's Board approved financial risk policies comprise liquidity and interest rate risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest through proven financial instruments.

17 Financial Instruments (Cont.)

(i) Liquidity risk

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.

(all amounts in rupees)

	As at March 31, 2020				
	<1 year	**1-3 Years**	**3-5 Years**	**> 5 Years**	**Total**
Current					
- Borrowings	4,550,000	-	-	-	4,550,000
- Trade payables and other financial liabilites	50,813,460	-	-	-	50,813,460
Total	**55,363,460**	**-**	**-**	**-**	**55,363,460**

(all amounts in rupees)

	As at March 31, 2019				
	<1 year	**1-3 Years**	**3-5 Years**	**> 5 Years**	**Total**
Current					
- Borrowings	3,850,000	-	-	-	3,850,000
- Trade payables and other financial liabilites	50,448,766	-	-	-	50,448,766
Total	**54,298,766**	**-**	**-**	**-**	**54,298,766**

(ii) Interest rate risk

The company is exposed to interest rate risk on borrowing instruments outstanding as on the year end. The company's policy is to maintain a balance of fixed and floating interest rate borrowings and the proportion of fixed and floating rate debt is determined by current market interest rates. The borrowings of the Company are principally denominated in Indian Rupees bearing fixed rates of interest.

The exposure of the company's financial assets / Liabilities as at March 31, 2020 to interest rate risk is as follows:

(all amounts in rupees)

	Floating Rate	**Fixed Rate**	**Non Interest Bearing**	**Total**
Financial Assets	-	-	41,155,770	**41,155,770**
Financial Liabilities	-	4,550,000	50,813,460	**55,363,460**
Average interest rate		8.5%		

The exposure of the company's financial assets / Liabilities as at March 31, 2019 to interest rate risk is as follows:

(all amounts in rupees)

	Floating Rate	**Fixed Rate**	**Non Interest Bearing**	**Total**
Financial Assets	-	-	41,145,770	**41,145,770**
Financial Liabilities	-	3,850,000	50,448,766	**54,298,766**
Average interest rate	-	9.0%	-	

18 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's overall strategy remains unchanged from previous year.

The funding requirements are met through inter company borrowings. The Company's policy is to use borrowings from related parties to meet anticipated funding requirements for the purpose of its expenses.

The Company monitors capital on the basis of the net debt to equity ratio. The Company is not subject to any externally imposed capital requirements.

Net debt are long term and short term debts as reduced by cash and cash equivalents . Equity comprises all components including other comprehensive income.

The following table summarizes the capital structure of the Company:

	As at March 31, 2020 (Rupees)	As at March 31, 2019 (Rupees)
Short-term borrowings (Note 8)	4,550,000	3,850,000
Cash and cash equivalents (Note 5)	(36,718)	(82,666)
Net debt (a)	**4,513,282**	**3,767,334**
Total equity (b)	**(13,952,968)**	**(12,950,531)**
Net debt to equity ratio (c = a/b)	(0.32)	(0.29)

19 Earning / (Loss) per share (EPS):

	Units	As at March 31, 2020	As at March 31, 2019
Basic and Diluted earning per share			
a. Net loss after tax attributable to equity shareholders	Rupees	(1,002,437)	(881,911)
b. Number of equity shares	No. of shares	10,000	10,000
c. Basic & diluted loss per share	Rupees	(100.24)	(88.19)

20 Previous year figures have been regrouped/reclassified wherever required to conform to current year classification.

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

per Ajay Bansal
Partner
Membership No.: 502243

Place: Gurugram
Date : May 19,2020

For and on behalf of Board of Directors

Anup Agarwal
Director
DIN : 08551388

Sauvick Mazumdar
Director
DIN : 07558996

Place: Gurugram
Date : May 19,2020