

INDEPENDENT AUDITOR'S REPORT

To the Members of Sterlite Ports Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Sterlite Ports Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, 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, 2021, 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 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 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;

S.R. BATLIBOI & Co. LLP

Chartered Accountants

- (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, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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, 2021;
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company 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

AJAY
BANSAL
per **Ajay Bansal**
Partner
Membership Number: 502243
UDIN: **21502243AAAAAG7678**

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Place of Signature: Gurugram

Date: April 29, 2021

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

Re: Sterlite Ports 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 provisions of section 185 in respect of loans to directors including entities in which they are interested of the Companies Act 2013 and accordingly not commented upon. Further, in our opinion and according to the information and explanations given to us, provisions of section 186 of the Companies Act 2013 in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(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, 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 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

S.R. BATLIBOI & Co. LLP

Chartered Accountants

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

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per Ajay Bansal

Partner

Membership Number: 502243

UDIN: **21502243AAAAAG7678**

Place of Signature: Gurugram

Date: April 29, 2021

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF STERLITE PORTS 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 Sterlite Ports Limited ("the Company") as of March 31, 2021 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.

S.R. BATLIBOI & Co. LLP

Chartered Accountants

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, 2021, 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

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per Ajay Bansal

Partner

Membership Number: 502243

UDIN: **21502243AAAAAG7678**

Place of Signature: Gurugram

Date: April 29, 2021

STERLITE PORTS LIMITED
BALANCE SHEET AS AT MARCH 31, 2021

Particulars	Notes	As at March 31, 2021 (INR Lakhs)	As at March 31, 2020 (INR Lakhs)
ASSETS			
1 Non current assets			
(a) Financial assets			
(i) Investments	4	1.00	6.00
(ii) Other financial assets		0.10	0.10
(b) Income tax assets (net of Provisions)		9.10	9.10
Total Non current assets		10.20	15.20
2 Current assets			
(a) Financial assets			
(i) Cash and cash equivalents	5	6.21	0.83
(ii) Other financial asset	6	3.90	3.90
(b) Other current assets	7	5.29	4.32
Total current assets		15.40	9.05
Total Assets		25.60	24.25
EQUITY AND LIABILITIES			
1 EQUITY			
(a) Equity share capital	8	5.00	5.00
(b) Other equity		(529.08)	(488.50)
Total equity		(524.08)	(483.50)
2 LIABILITIES			
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	9	402.00	388.00
(ii) Trade payables	10		
(a) Total Outstanding dues of Micro Enterprises and Small Enterprises		-	-
(b) Total Outstanding dues of Creditors other than Micro Enterprises and Small Enterprises		6.49	6.04
(iii) Other financial liabilities	11	140.81	112.93
(b) Other current liabilities	12	0.38	0.78
Total current liabilities		549.68	507.75
Total equity and liabilities		25.60	24.25

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

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per Ajay Bansal

Partner

Membership No.: 502243

Place: Gurugram

Date : April 29,2021

For and on behalf of Board of Directors

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Navin Kumar Jaju

Director

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Sauvick Mazumder

Director

DIN : 07558996

Place: Goa

Date : April 29,2021

STERLITE PORTS LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Notes	As at March 31, 2021 (INR Lakhs)	As at March 31, 2020 (INR Lakhs)
I Income		-	-
II Expenses			
(a) Finance costs	13	28.90	33.03
(b) Other expenses	14	11.68	6.14
Total expenses		40.58	39.17
III Loss before tax for the year (I-II)		(40.58)	(39.17)
IV Tax expense	16	-	-
V Loss for the year		(40.58)	(39.17)
VI Other comprehensive income		-	-
VII Total Comprehensive loss for the year		(40.58)	(39.17)
VIII Loss per equity share			
(a) Basic -Face value 2 /-	19	(16.23)	(15.67)
(b) Diluted -Face value 2 /-	19	(16.23)	(15.67)

See accompanying notes to the financial statements

As per our report of even date

For S.R Batliboi & Co. LLP

Chartered Accountants

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Partner

Membership No.: 502243

For and on behalf of Board of Directors

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Director

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Sauvick Mazumder

Director

DIN : 07558996

Place: Gurugram

Date : April 29,2021

Place: Goa

Date : April 29,2021

STERLITE PORTS LIMITED
STATEMENT OF CASH FLOWS FOR THE YER ENDED MARCH 31, 2021

Particulars	Year ended March 31, 2021 (INR Lakhs)	Year ended March 31, 2020 (INR Lakhs)
A. Cash Flow from operating Activities		
Net loss before tax	(40.58)	(39.17)
Adjustments for:		
Interest expense	28.90	33.03
Working capital adjustments		
Increase in other current assets	(0.97)	(1.09)
Increase in other non financial assets	-	(0.10)
Increase/(Decrease) in trade payables	0.45	(0.27)
Increase/(Decrease) in other financial and other current liabilities	(0.40)	0.33
Cash (used in) operations	(12.60)	(7.28)
Income tax (paid) during year	-	-
Net cash used in operating activities (A)	(12.60)	(7.28)
B. Cash Flow from investing activities (B)	-	-
C. Cash Flow from financing activities		
Proceeds of Loan from related party	14.00	10.00
Interest and finance charges paid	(1.02)	(3.30)
Net cash flow from financing activities (C)	12.98	6.70
Net increase / (decrease) in cash and cash equivalent (A+B+C)	5.38	(0.58)
Cash and cash equivalents at the beginning of the year (Refer Note 5)	0.83	1.41
Cash and cash equivalents at the end of the year (Refer Note 5)	6.21	0.83

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
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Membership No.: 502243

For and on behalf of Board of Directors

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Sauvick Mazumder
Director
DIN : 07558996

Place: Gurugram
Date : April 29,2021

Place: Goa
Date : April 29,2021

STERLITE PORTS LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(a) Equity Share Capital

	Number of shares	(INR Lakhs)
As at March 31, 2020 and March 31, 2021	250,000	5.00

(b) Other Equity

	Retained Earnings (INR Lakhs)	Total equity (INR Lakhs)
Balance at April 1, 2019	(449.32)	(449.32)
Loss for the year	(39.17)	(39.17)
Balance as at March 31, 2020	(488.50)	(488.50)
Loss for the year	(40.58)	(40.58)
Balance at the March 31, 2021	(529.08)	(529.08)

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

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per Ajay Bansal
Partner
Membership No.: 502243

Place: Gurugram
Date : April 29,2021

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Place: Goa
Date : April 29,2021

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STERLITE PORTS LIMITED

Notes forming part of the financial statements as at and for the year ended March 31, 2021

1. Company Overview

Sterlite Ports Limited ("SPL" or "the Company") is a public limited company incorporated in India. Its parent and ultimate holding company is Vedanta Limited and Volcan Investment Limited.

The addresses of its registered office and principle place of business are disclosed in the introduction to the annual report. The principal activities of the Company is to set-up, acquire, design, build, construct, own, operate, and manage ports, jetties, berths, port terminals, handling facility at ports, railway lines, railway sidings, railway yards, roads and stations. The Company would be the proposed holding company for all the port business and functions. Presently the Company is involved in various prebid activities of all upcoming port projects in the country. The financial statements were approved for issuance by the Directors on April 29, 2021.

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/amortized 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 20.

3. Significant accounting policies

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

a) 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.

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

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

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

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 derecognizes 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: ECL is 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.

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

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

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

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) Leases

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

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

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) **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.

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) **Provisions, contingent liabilities and contingent assets**

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.

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

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) **Accounting for foreign currency transactions**

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.

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

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) 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 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 current 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. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

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).

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

i) **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.

j) **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.

k) **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.

l) **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.

There were no such significant estimates or judgements involved in the preparation of these financial statements.

m) **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

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

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.

n) 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.

3.1 APPLICATION OF NEW STANDARDS AND AMENDMENTS

The Company has adopted, with effect from April 01, 2020, the following new and revised standards and interpretations. Their adoption has not had any significant impact on the amounts reported in the financial statements.

1. Amendments to Ind AS 103 regarding definition of a Business
2. Amendments to Ind AS 107 and 109 regarding Interest Rate Benchmark Reform
3. Amendments to Ind AS 1 and Ind AS 8 regarding definition of Material
4. Amendments to Ind AS 116 regarding COVID-19 related rent concessions

STERLITE PORTS LIMITED
Notes forming part of the financial statements as at and for the year ended March 31, 2021

8 Share capital	As at March 31, 2021		As at March 31, 2020	
	Number of shares	(INR Lakhs)	Number of shares	(INR Lakhs)
Authorised Equity share capital				
Equity Shares of Rs.2 each with voting rights	250,000	5.00	250,000	5.00
Issued, subscribed and fully paid up				
Equity Shares of Rs.2 each with voting rights	250,000	5.00	250,000	5.00
	250,000	5.00	250,000	5.00

(i) There has been no movement in the equity share capital for the year ended March 31, 2021 and March 31, 2020.

(ii) **Details of shares held by the holding Company (including nominee) :**

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Equity Shares with voting rights				
Vedanta Limited, holding Company	250,000	100%	250,000	100%

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% of Holding	Number of shares held	% of Holding
Equity Shares				
Vedanta Limited ,the holding company along with its Nominee	250,000	100%	250,000	100%

(iv) The Company has only one class of equity shares having a par value of Rs. 2 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 in the ensuing 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 amounts in proportion to their shareholding.

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Notes forming part of the financial statements as at and for the year ended March 31, 2021

	As at March 31, 2021	As at March 31, 2020
	(INR Lakhs)	(INR Lakhs)

9 Current financial liabilities - Borrowing
(Unsecured considered good)

Loan from related parties (Refer Note 15)	402.00	388.00
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The Company had obtained inter-corporate loan of Rs. 402.00 Lakhs (Previous year-Rs. 388.00 Lakhs) from its holding company Vedanta Limited (Formerly Sesa Sterlite Limited) at an interest rate of 7.15% p.a (Previous year-8.45% 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, 2019	378.00	-	378.00
Cash flow	10.00	-	10.00
Other non cash changes	-	-	-
As at March 31, 2020	388.00	-	388.00
Cash flow	14.00	-	14.00
Other non cash changes	-	-	-
As at March 31, 2021	402.00	-	402.00

10 Current financial liabilities

Trade payables (Refer notes below)	6.49	6.04
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Notes

i) There are no amounts due to micro and small enterprises.	-	-
ii) Trade payables are non-interest bearing	-	-

11 Current financial liabilities-Others

Due to related parties (Refer Note 15)

Interest accrued but not due on borrowings	106.01	78.13
Others payables	34.79	34.79
	140.81	112.93

12 Other current liabilities

Statutory liabilities	0.38	0.78
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STERLITE PORTS LIMITED
Notes forming part of the financial statements as at and for the year ended March 31, 2021

	As at March 31, 2021 (INR Lakhs)	As at March 31, 2020 (INR Lakhs)
13 Finance cost		
(a) Interest expense on financial liabilities carried at amortized cost (Refer note 15)	28.90	33.03
(b) Other Bank charges	0.00	0.00
	28.90	33.03

	As at March 31, 2021 (INR Lakhs)	As at March 31, 2020 (INR Lakhs)
14 Other expenses		
(a) Audit fees (Refer Note below)	5.06	5.10
(b) Rent	0.68	0.65
(c) Miscellaneous expenses	0.94	0.39
(d) Provision for diminution in value of investments(refer note 21)	5.00	
	11.68	6.14

Notes:

(a) Payment to auditors		
- For statutory audit	4.25	4.25
- For Parent Company Reporting	0.75	0.75
- Reimbursement of expenses	0.06	0.10
	5.06	5.10

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

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STERLITE PORTS LIMITED
Notes forming part of the financial statements as at and for the year ended March 31, 2021

15 Related party transactions

(a) List of related parties and relationships:

- (i) **Ultimate Holding Company**
Volcan Investments Limited
- (ii) **Holding Company:**
Vedanta Limited
- (iii) **Subsidiaries**
- Maritime Ventures Private Limited
- Goa Sea Port Private Limited
- (iv) **Fellow subsidiaries**
- Paradip Multi Cargo Berth Private Limited
- (v) **Key Managerial Personnel**
- Mr. Anup Agarwal : Other Non-Executive Directors
- Mr. Sauvick Mazumdar : Other Non-Executive Directors
- Ms. Pooja Yadava : Other Non-Executive Directors (up to close of business hours on January 12, 2021)
- Mr. Navin Kumar Jaju : Other Non-Executive Directors (w.e.f. January 12, 2021)

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

	Year ended March 31, 2021 (INR Lakhs)	Year ended March 31, 2020 (INR Lakhs)
Transactions during the year		
(i) Short term borrowings taken from - Vedanta Limited	14.00	10.00
(ii) Interest on short term borrowings - Vedanta Limited	28.90	33.03
(iii) Reimbursement of expenses net - Vedanta Limited	0.10	0.10
	Year ended March 31, 2021 (INR Lakhs)	As at March 31, 2020 (INR Lakhs)
Outstanding balance at year end		
Short-term borrowings - Vedanta Limited	402.00	388.00
Other financial liabilities including Interest accrued on Borrowings - Vedanta Limited	140.81	112.93
Other current financial assets - Paradip Multi Cargo Berth Private Limited	3.90	3.90

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 2021, 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. Refer Note 9 for terms of loans from related party.

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STERLITE PORTS LIMITED
Notes forming part of the financial statements as at and for the year ended March 31, 2021

16 Income tax

There is no tax charge in the statement of profit and loss for the year ended March 31, 2021 and March 31, 2020

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 March 31, 2021 (INR Lakhs)	Year ended March 31, 2020 (INR Lakhs)
Accounting Loss before tax	(40.58)	(39.17)
Statutory tax rate	26.00%	26.00%
Tax at statutory income tax rate	(10.55)	(10.19)
Unrecognized tax assets (net)	10.55	10.19
Tax charge for the year	-	-

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. The Unused tax losses at March 31,2021 expire, if unutilized, based on the year of origination are as follows:

<u>As at March 31,2021</u>					
Unrecognized Defered tax asset	With in one year	Greater than one year,less than five years	Greater than five years	No expiry date	Total
Business Losses	40.58	190.84	286.67	-	518.09
<u>As at March 31,2020</u>					
Unrecognized Defered tax asset	With in one year	Greater than one year,less than five years	Greater than five years	No expiry date	Total
Business Losses	56.74	324.63	96.14	-	477.51

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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:

As at March 31, 2021

(all amounts in INR Lakhs)

Financial assets	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
(i) Cash and cash equivalents	-	-	6.21	6.21	6.21
(ii) Other current financial asset	-	-	3.90	3.90	3.90
(iii) Other financial assets	-	-	0.10	0.10	0.10
	-	-	10.22	10.22	10.22

Financial liabilities	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
(i) Borrowings	-	-	402.00	402.00	402.00
(ii) Trade payables	-	-	6.49	6.49	6.49
(iii) Other current liabilities	-	-	140.81	140.81	140.81
	-	-	549.30	549.30	549.30

As at March 31, 2020

(all amounts in INR Lakhs)

Financial assets	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
(i) Cash and cash equivalents	-	-	0.83	0.83	0.83
(ii) Other current financial asset	-	-	3.90	3.90	3.90
(iii) Other financial assets	-	-	0.10	0.10	0.10
	-	-	4.83	4.83	4.83

Financial liabilities	FVTPL	FVTOCI	Amotised Cost	Total carrying value	Total fair value
(i) Borrowings	-	-	388.00	388.00	388.00
(ii) Trade payables	-	-	6.04	6.04	6.04
(iii) Other current liabilities	-	-	112.93	112.93	112.93
	-	-	506.96	506.96	506.96

The Management assessed fair value of cash & cash equivalents, borrowings, trade payables and other current financial assets and liabilities as their book values because of their 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 policies 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 the Management Assurance function 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 and debt. 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, foreign currency, interest rate and counterparty credit risk. The Company does not engage in speculative treasury activity but seeks to manage risk and optimize interest through proven financial instruments.

(i) Liquidity risk

The company remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening the 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, 2021 (amount in INR Lakhs)					
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Current					
(i) Borrowings	402.00	-	-	-	402.00
(ii) Trade payables and other financial liabilities	147.30	-	-	-	147.30
Total	549.30	-	-	-	549.30

As at March 31, 2020 (amount in INR Lakhs)					
	<1 year	1-3 Years	3-5 Years	> 5 Years	Total
Current					
(i) Borrowings	388.00	-	-	-	388.00
(ii) Trade payables and other financial liabilities	118.96	-	-	-	118.96
Total	506.96	-	-	-	506.96

(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 to interest rate risk is as follows:

(all amounts in INR Lakhs)				
	Floating Rate	Fixed Rate	Non Interest Bearing	Total
Financial Assets	-	-	10.22	10.22
Financial Liabilities	-	402.00	147.30	549.30

(all amounts in INR Lakhs)				
	Floating Rate	Fixed Rate	Non Interest Bearing	Total
Financial Assets	-	-	4.83	4.83
Financial Liabilities	-	388.00	118.96	506.96

17 Financial Instruments (Cont.)

(iii) 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 exposed to credit risk for receivables, cash and cash equivalents, short-term investments and loans and advances.

The carrying value of the financial assets other than cash represents the maximum credit exposure. The company's maximum exposure to credit risk as at March 31, 2021 is Rs.3.90 Lakhs (March 31, 2020 is Rs.3.90 Lakhs).

None of the company's cash equivalents are past due or impaired. Regarding trade and other receivables, and other non-current assets, there were no indications as at March 31, 2021, that defaults in payment obligations will occur.

The year end trade receivables and other financial assets, balance the following were past due but not impaired as at March 31, 2021 and March 31, 2020 :

Particulars	As at March 31, 2021	As at March 31, 2020
Past due but not impaired		
Due less than one month	-	-
Due between 1 to 3 Months	-	-
Due between 3 to 12 Months	-	-
Due Greater than 12 Months	3.90	3.90
Total	3.90	3.90

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 Company sets the amount of capital required on the basis of annual business and long-term operating plans.

The funding requirements are met through the short term borrowings. The Company's policy is to use short & Long term borrowings to meet anticipated funding requirements.

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 is defined as short term debts as reduced by cash and cash equivalents. Equity comprises all components of equity without any exclusion.

The following table summarizes the capital structure of the company.

	As at March 31, 2021 (INR Lakhs)	As at March 31, 2020 (INR Lakhs)
(i) Short term borrowings (Note 9)	402.00	388.00
(ii) Cash and cash equivalents (Note 5)	(6.21)	(0.83)
Net debt (a)	395.79	387.17
Total Equity (b)	(524.08)	(483.50)
Net debt to equity ratio (c = a/b)	(0.76)	(0.80)

19 Earnings per share (EPS):

	Units	As at March 31, 2021	As at March 31, 2020
Basic and Diluted earnings per share			
a. Net Profit / (loss) after tax attributable to equity shareholders for BEPS	INR Laksh	(40.58)	(39.17)
b. Number of equity shares	No. of shares	250,000	250,000
c. Basic & Diluted-Earnings per share	Rupees	(16.23)	(15.67)

20 Going Concern Assessment

The Company incurred a net loss of Rs.40.58 Lakhs (Previous year Rs 39.17 Lakhs) during the year ended 31 Mar 2021 and having net current liabilities aggregating Rs.534.28 Lakhs. 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. This basis presumes that the Company will continue to receive the support of its immediate holding company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

21 Investment in Subsidiary

Company has an equity investment in Goa Sea Port Private Limited ('GSPPL') amounting to Rs 5.00 Lakhs as at March 31, 2020. During the year, GSPPL received a termination letter from Mormugao port trust ('MPT') basis approval by their Board of Trustees, terminating the concession agreement and offered to return the Bank Guarantee unconditionally and allowed GSPPL to participate in future bids. The reason cited was non-fulfilment of conditions precedent by both the parties. considerign the above fact investment in GSPPL has been impaired during the year.

As per conditions precedent, MPT was responsible for obtaining Environment Clearance for the project along with handover of the project site, which MPT can't fulfil due to delay in EC and issues related to Berth 8. Whereas, the Company was also responsible for providing performance guarantee, financing plan and financing documents and Escrow Account besides fulfilling other conditions, which was not fulfilled as the project site was not handed over to GSPPL. Again receipt of the notice, the Company has initiated engagement with MPT/ Ministry of Shipping through advocacy and are also further evaluating the legal remedies for revoking their termination notice. Goa Sea Port Private Limited has accepted the termination of the Concession Agreement.

22 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

AJAY BANSAL
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per Ajay Bansal
Partner
Membership No.: 502243

Place: Gurugram
Date : April 29,2021

For and on behalf of the Board of Directors

Digitally signed by
NAVIN KUMAR JAJU
Date: 2021.04.29
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Navin Kumar Jaju
Director
DIN : 00669654

Place: Goa
Date : April 29,2021

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Sauvick Mazumder
Director
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