

**THL Zinc Ventures Ltd**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2012**

**THL Zinc Ventures Ltd**

**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

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**THL Zinc Ventures Ltd****CORPORATE DATA**

		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>DIRECTORS:</b>	Gyaneshwarnath Gowrea	17-Nov-10	-
	Craig Thomas Downes	17-Nov-10	16-Feb-12
	Din Dayal Jalan	17-Nov-10	-
	Mohammad Akhtar Janally	16-Feb-12	-
<b>ADMINISTRATOR AND SECRETARY:</b>	Multiconsult Limited Rogers House 5, President John Kennedy Street Port Louis Mauritius		
<b>REGISTERED OFFICE:</b>	C/o Multiconsult Limited Rogers House 5, President John Kennedy Street Port Louis Mauritius		
<b>BANKERS:</b>	Standard Chartered Bank (Mauritius) Limited Units 6A and 6B 6th Floor, Raffles Tower, Lot 19 Cybercity Ebène Mauritius		
<b>AUDITOR:</b>	Deloitte 7th Floor, Raffles Tower 19 Cybercity Ebène Mauritius		

**SECRETARY'S CERTIFICATE**

We certify to the best of our knowledge and belief that we have filed with the Registrar of Companies, all such returns as are required of THL Zinc Ventures Ltd under the Mauritius Companies Act 2001 for the year ended 31 March 2012.

**For Multiconsult Limited**  
Corporate Secretary  
Rogers House  
5, President John Kennedy Street  
Port Louis  
Mauritius

Date:

## **Independent auditor's report to the shareholder of THL Zinc Ventures Ltd**

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This report is made solely to the company's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

### **Report on the Financial Statements**

We have audited the financial statements of **THL Zinc Ventures Ltd** on pages 5 to 22 which comprise the statement of financial position at 31 March 2012 and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

#### *Directors' responsibilities for the financial statements*

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence Companies. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements on pages 5 to 22 give a true and fair view of the financial position of **THL Zinc Ventures Ltd** as at 31 March 2012, and of its financial performance and cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence Companies.

### **Report on other legal requirements**

In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.



**Deloitte**

**Chartered Accountants**

**24 APR 2012**

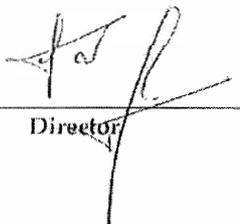


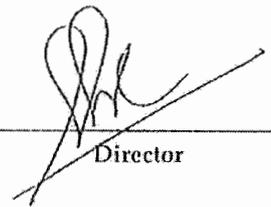
**Twaleb Butonkee, FCA  
Licensed by FRC**

THL Zinc Ventures Ltd  
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2012

	<u>Note</u>	<u>2012</u> USD	<u>2011</u> USD
<b>ASSETS</b>			
<b>Non-current asset</b>			
Investments in subsidiary	5	<u>709,001,000</u>	<u>709,001,000</u>
<b>Current assets</b>			
Other receivables	14	396,200	5,668
Cash and cash equivalents		<u>73,725</u>	<u>989,260</u>
Total current assets		<u>469,925</u>	<u>994,928</u>
<b>TOTAL ASSETS</b>		<u><u>709,470,925</u></u>	<u><u>709,995,928</u></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Stated capital	6	10,000,001	10,000,001
Accumulated losses		<u>(559,400)</u>	<u>(12,829)</u>
Total equity		<u>9,440,601</u>	<u>9,987,172</u>
<b>Current liabilities</b>			
Optionally convertible redeemable preference shares	7	700,000,000	700,000,000
Other payables	8	<u>30,324</u>	<u>8,756</u>
Total liabilities		<u>700,030,324</u>	<u>700,008,756</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>709,470,925</u></u>	<u><u>709,995,928</u></u>

These financial statements have been approved by the Board of Directors on **24 APR 2012**  
and signed on its behalf by:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The notes on pages 9 to 22 form an integral part of these financial statements  
Auditor's report on page 4

**THL Zinc Ventures Ltd**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	<u>Note</u>	<u>2012</u> <u>USD</u>	<u>2011</u> <u>USD</u>
INCOME	10	18,082	12,377
ADMINISTRATIVE EXPENSES		(547,109)	(13,165)
FINANCE COSTS	11	<u>(17,544)</u>	<u>(5,656)</u>
LOSS BEFORE TAXATION	12	(546,571)	(6,444)
TAXATION	13	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		<u>(546,571)</u>	<u>(6,444)</u>
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>(546,571)</u></u>	<u><u>(6,444)</u></u>

The notes on pages 9 to 22 form an integral part of these financial statements  
Auditor's report on page 4

**THL Zinc Ventures Ltd**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	<u>Note</u>	<u>Stated capital</u> USD	<u>Accumulated losses</u> USD	<u>Total equity</u> USD
At 1 April 2010		1	(6,385)	(6,384)
Issuance of shares		10,000,000	-	10,000,000
Total comprehensive income for the year		<u>-</u>	<u>(6,444)</u>	<u>(6,444)</u>
At 31 March 2011		<u>10,000,001</u>	<u>(12,829)</u>	<u>9,987,172</u>
<b>At 1 April 2011</b>		<b>10,000,001</b>	<b>(12,829)</b>	<b>9,987,172</b>
<b>Total comprehensive income for the year</b>		<u>-</u>	<u>(546,571)</u>	<u>(546,571)</u>
<b>At 31 March 2012</b>		<u><b>10,000,001</b></u>	<u><b>(559,400)</b></u>	<u><b>9,440,601</b></u>

The notes on pages 9 to 22 form an integral part of these financial statements  
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**THL Zinc Ventures Ltd**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

	<u>Note</u>	<u>2012</u> USD	<u>2011</u> USD
<b>Operating activities</b>			
Net cash used in operating activities	9	<u>(916,073)</u>	<u>(10,077)</u>
<b>Investing activities</b>			
Purchase of investment in subsidiary	5	-	(709,000,999)
Net interest received		<u>538</u>	<u>336</u>
Net cash generated from/(used in) investing activities		<u>538</u>	<u>(709,000,663)</u>
<b>Financing activities</b>			
Proceeds from issuance of ordinary shares	6	-	10,000,000
Proceeds from issuance of preference shares	7	-	<u>700,000,000</u>
Net cash generated from financing activities		<u>-</u>	<u>710,000,000</u>
<b>Net movement in cash and cash equivalents</b>		<b>(915,535)</b>	989,260
<b>Cash and cash equivalents at beginning of year</b>		<u>989,260</u>	<u>-</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>73,725</u></u>	<u><u>989,260</u></u>

The notes on pages 9 to 22 form an integral part of these financial statements  
Auditor's report on page 4

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**1. REPORTING ENTITY AND BUSINESS ACTIVITY**

THL Zinc Ventures Ltd (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on 28 February 2008 as a private company. The Company was set up as a Category 2 Global Business Licence company and pursuant to a shareholder resolution of 18 November 2010, the Company changed its legal regime to a Category 1 Global Business Licence company. The Company's registered office address is c/o Multiconsult Limited, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius. The Company's principal activity is investment holding.

**2. BASIS OF PREPARATION**

**(a) Statement of compliance**

The financial statements are prepared in accordance with and comply with the International Financial Reporting Standards ("IFRS").

**(b) Basis of measurement**

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

**(c) Functional and presentation currency**

The financial statements of the Company are expressed in the United States Dollars ("USD"). The Company's business or other activities is carried out in a currency other than the Mauritian Rupee, which is a requirement of the Financial Services Act 2007. The Company's functional currency is USD, the currency of the primary economic environment in which the Company operates.

**(d) Use of estimates and judgements**

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Impairment of investments**

Determining whether investments in unquoted companies are impaired requires an estimation of the value in use of these investments. The value in use calculation requires the directors to estimate the future cash flows expected to arise from these investments and a suitable discount rate in order to calculate present value. The actual results could, however, differ from the estimates.

The directors have determined that no impairment loss was required to be recognised on the basis that the recoverable amounts of the investments in unquoted companies are higher than their carrying amounts.

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**2. BASIS OF PREPARATION (CONT'D)**

**(d) Use of estimates and judgements (Cont'd)**

Determination of functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected. The directors have determined that the functional currency of the Company is the United States Dollars (USD) as the transactions are in USD.

**(e) Impairment of investments**

Determining whether investments are impaired requires an estimation of the value in use of these investments. The value in use calculation requires the directors to estimate the future cash flows expected to arise from these investments and a suitable discount rate in order to calculate present value. The actual results could, however, differ from the estimates.

**3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS**

In the current year the company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2011.

**3.1 *New and revised IFRS standards and Interpretations applied with no material effect on financial statements***

The following relevant new and revised Standards have been applied in these financial statements. Their application has not had any material impact on the amounts reported in these financial statements but may affect the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs
IAS 24	Related Party Disclosures - Revised definition of related parties
IAS 27	Consolidated and Separate Financial Statements - Amendments resulting from May 2010 Annual Improvements to IFRSs
IAS 32	Financial Instruments: Presentation - Amendments relating to classification of rights issues
IFRS 7	Financial Instruments - Disclosures - Amendments resulting from May 2010 Annual Improvements to IFRSs

**3.2 *Standards and Interpretations in issue not yet effective***

At the date of authorisation of these financial statements, the following relevant Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented (effective 1 July 2012)
IAS 12	Income Taxes - Limited scope amendment (recovery of underlying assets) (effective 1 January 2012)
IAS 19	Employee Benefits - Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects (effective 1 January 2013)

**THL Zinc Ventures Ltd****NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012****3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)****3.2 Standards and Interpretations in issue not yet effective (cont'd)**

IAS 32	Financial Instruments: Presentation - Amendments to application guidance on the offsetting of financial assets and financial liabilities (effective 1 January 2014)
IFRS 7	Financial Instruments - Disclosures - Amendments enhancing disclosures about transfer of financial assets (effective 1 July 2011)
IFRS 7	Financial Instruments: Disclosures - Amendments enhancing disclosures about offsetting of financial assets and financial liabilities (effective 1 January 2013)
IFRS 7	Financial Instruments: Disclosures - Amendments requiring disclosures about the initial application of IFRS 9 (effective 1 January 2015)
IFRS 9	Financial Instruments – Accounting for financial liabilities and derecognition (effective 1 January 2013)
IFRS 9	Financial Instruments - Classification and measurement of financial assets (effective 1 January 2015)
IFRS 10	Consolidated Financial Statements (effective 1 January 2013)

The directors anticipate that these amendments will be applied in the financial statements for the annual periods beginning on the respective dates as indicated above. The directors have not yet had an opportunity to consider the potential impact of the application of these amendments.

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the most important accounting policies, which have been applied consistently, is set out below.

**(a) Foreign currency transaction***Functional and presentation currency*

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The functional currency of the Company is the United States Dollars (USD). The financial statements are presented in United States Dollar which is the Company's presentation currency.

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

THL Zinc Ventures LtdNOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 31 MARCH 20124. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**(b) Revenue recognition

Revenues earned by the Company are recognised on the following basis:-

- Interest income - as it accrues, unless collectibility is in doubt using an effective interest rate; and
- Dividend income - when the shareholder's right to receive payment is established.

(c) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

(d) Investments in subsidiaries

Investments in subsidiaries are stated at cost. Any impairment in the value of the investment is recognised by reducing the carrying amount of the investment to its recoverable amount and charging the difference to the statement of comprehensive income.

On disposal of an investment the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of comprehensive income.

The Company has taken advantage of paragraph 10 of the International Accounting Standard 27 - Consolidated and Separate Financial Statements which dispenses it from the need to present consolidated Financial Statements. The Company is wholly owned by Vedanta Resources Plc. which prepares group financial statements that comply with International Financial Reporting Standards and these are available from the company secretary, Vedanta Resources Plc, 16 Berkeley Street, London W1J 8DZ and at [www.vedantaresources.com](http://www.vedantaresources.com).

(e) Financial instruments(i) *Financial assets*

Investments are recognised and derecognised on trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value.

Financial assets are classified into 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Financial instruments (cont'd)

(i) *Financial assets (cont'd)*

*Effective interest method*

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised on an effective interest basis for debt instruments other than those financial assets designated as at Fair Value Through Profit or Loss.

*Loans and receivables*

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost less impairment.

Financial assets are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in statement of comprehensive income.

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(e) Financial instruments (cont'd)

(i) *Financial assets (cont'd)*

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through statement of comprehensive income to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

(ii) *Financial liabilities and equity instruments issued by the Company.*

**Classification as debt or equity**

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

**Equity instruments**

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

**Financial liabilities**

Financial liabilities are classified as either financial liabilities 'at Fair Value Through Profit or Loss' or 'other financial liabilities'.

**Other financial liabilities**

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs.

Other financial liabilities are subsequently measured at amount received, net of transaction costs.

**Derecognition of financial liabilities**

The Company derecognises financial liabilities when, the Company's obligations are discharged, cancelled or they expire.

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

(f) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided on the comprehensive basis using the liability method. Deferred tax liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

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

(g) Related parties

Related parties are individuals and companies where the individual or company has the ability directly or indirectly, to control the other party or exercise significant influence over the other party in making operating and financial decisions, or vice versa.

(h) Cash and cash equivalents

Cash comprises cash at bank and term deposits. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**5. INVESTMENTS IN SUBSIDIARY**

	<b><u>2012</u></b> <b>USD</b>	<b><u>2011</u></b> <b>USD</b>
At 01 April	709,001,000	1
Additions	-	709,000,999
At 31 March	<b><u>709,001,000</u></b>	<b><u>709,001,000</u></b>

Details of the investments held during the year are provided below:

Company	Country of Incorporation	Types of Shares	No of Shares Held	% Holding		Value of Investments at cost	
				2012	2011	2012 USD	2011 USD
THL Zinc Limited	Mauritius	Ordinary	90,010	100%	100%	9,001,000	9,001,000
THL Zinc Limited	Mauritius	Preference	7,000,000	100%	100%	700,000,000	700,000,000
					Total	<b><u>709,001,000</u></b>	<b><u>709,001,000</u></b>

The Company has adopted the policy of measuring its investment at cost. The directors are of the opinion that the investment are fairly stated at cost and have not suffered any impairment in value.

**6. STATED CAPITAL**

	<b><u>2012</u></b> <b>USD</b>	<b><u>2011</u></b> <b>USD</b>
<b>Ordinary shares</b>		
<u>Issued and Fully Paid</u>		
At 01 April	10,000,001	1
Issuance of ordinary shares	-	10,000,000
At 31 March	<b><u>10,000,001</u></b>	<b><u>10,000,001</u></b>

The ordinary shares carry voting rights and a right to dividend.

Pursuant to a shareholder's resolution dated 03 December 2010, there has been an alteration in the capital structure of the Company such that henceforth all subsequent issuance of ordinary shares will be made of par value USD 100. There was no change to the existing 1 ordinary share of no par value.

**7. Optionally Convertible Redeemable Preference Shares ("OCRPS")**

The Company has issued 7 Million, 0.25% Optionally Convertible Redeemable Preference Shares (OCRPS) of USD 1 each with a premium of USD 99 each to Sterlite Infra Limited, a company incorporated in India pursuant to a board resolution dated 03 December 2010. Each OCRPS can be converted at the option of the investor into a variable number of equity shares and can be redeemed at the option of the Company at any time.

In accordance with paragraph 16 of IAS 32 Financial Instruments: Presentation, the Optionally Convertible Redeemable Preference Shares (OCRPS) have been classified as a liability.

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**8. OTHER PAYABLES**

	<u>2012</u> USD	<u>2011</u> USD
Audit Fees	7,025	3,000
Interest on optionally convertible redeemable preference shares	-	5,656
Other payables	99	100
Provision for dividend	<u>23,200</u>	<u>-</u>
At 31 March	<u><u>30,324</u></u>	<u><u>8,756</u></u>

**9. NET CASH USED IN OPERATING ACTIVITIES**

	<u>2012</u> USD	<u>2011</u> USD
Loss before taxation	(546,571)	(6,444)
Adjusted for :		
- Interest and dividend income	(18,082)	(5,992)
- Interest expense	<u>17,544</u>	<u>5,656</u>
<b>Operating loss before working capital changes</b>	<b>(547,109)</b>	<b>(6,780)</b>
Adjustments for changes in working capital:		
Increase in other receivables	(390,532)	(5,667)
Increase in other payables	<u>21,568</u>	<u>2,370</u>
Cash used in operating activities	<u><u>(916,073)</u></u>	<u><u>(10,077)</u></u>

**10. INCOME**

	<u>2012</u> USD	<u>2011</u> USD
Preference dividend income	17,544	5,656
Interest income	538	336
Other income	-	6,385
	<u>18,082</u>	<u>12,377</u>

**11. FINANCE COSTS**

	<u>2012</u> USD	<u>2011</u> USD
Interest on an optionally convertible redeemable preference shares	<u>17,544</u>	<u>5,656</u>

**12. LOSS BEFORE TAXATION**

The loss before taxation for the year is arrived at after charging:

	<u>2012</u> USD	<u>2011</u> USD
Audit fees	<u>14,950</u>	<u>3,000</u>

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**13. TAXATION**

The Company is a "Category 1 Global Business Licence Company" for the purpose of the Financial Services Act 2007. The profit of the Company, as adjusted for income tax purposes, is subject to income tax at 15%. It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid and 80% of the Mauritius Tax on its foreign source income.

Interest income earned by the Company from its bank in Mauritius is exempt from tax and there is no tax on capital gains on investments in Mauritius.

At the end of the reporting date, the Company had tax losses amounting to USD 553,015 (2011: USD 6,444).

The directors have in accordance with the Company's accounting policy not recognised any deferred tax in asset as the probability of taxable profit arising in future is remote.

The estimated accumulated tax losses are available for offset against future taxable profits of the Company up to the financial year ending:

	<b>2012</b>	<b>Expiry</b>
	<b>USD</b>	<b>Date</b>
31 March 2012	<b>6,444</b>	2017
31 March 2013	<b>546,571</b>	2018
	<b>553,015</b>	

Tax reconciliation

The reconciliation of the applicable income tax rate of 15% (2011: 15%) and the effective tax rate of 0% (2011: 0%) is as follows:

	<b>2012</b>	<b>2011</b>
	<b>%</b>	<b>%</b>
Applicable income tax rate	<b>15.00</b>	15.00
Less: Deferred Tax not recognised	<b>(15.00)</b>	(15.00)
Effective income tax rate	<b>-</b>	-

**14. RELATED PARTY TRANSACTIONS**

During the year ended 31 March 2012, the Company traded with related parties. The nature and volume of transactions with the entities are as follows:

<b>Name of company</b>	<b>Relationship</b>	<b>Nature of Transaction</b>	<b>2012</b>	<b>2011</b>
			<b>USD</b>	<b>USD</b>
THL Zinc Limited	Subsidiary	Dividend income	<b>17,544</b>	<b>5,656</b>
	Immediate			
Sterlite Infra Limited	Holding	Issue of preference shares	-	<b>700,000,000</b>
<b><u>Outstanding balances</u></b>				
THL Zinc Limited	Subsidiary	Receivable	<b>396,200</b>	<b>5,668</b>
Twin Star Holdings Limited	Group company	Payable	<b>99</b>	<b>99</b>

The amount due from THL Zinc Limited is unsecured, interest free and repayable on demand.

The amount due to Twin Star Holdings Limited is unsecured, interest free and repayable on demand.

**Compensation to Key Management Personnel**

No compensation to key management personnel was paid during the year (2011: USD Nil).

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2011**

15. **FINANCIAL INSTRUMENTS**

Significant accounting policies

Details of significant accounting policies and methods adopted, 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 assets, financial liabilities and equity instrument are disclosed in note 4 to the financial statements.

Fair values

The carrying amounts of other receivables, cash at bank, and other payables approximate their fair values.

Categories of financial instruments

	<u>2012</u> USD	<u>2011</u> USD
<b>Financial assets</b>		
Other receivables	396,200	5,668
Cash and cash equivalents	73,725	989,260
	<u>469,925</u>	<u>994,928</u>
<b>Financial liabilities</b>		
Optionally convertible redeemable preference shares	700,000,000	700,000,000
Other payables	30,324	8,756
	<u>700,030,324</u>	<u>700,008,756</u>

Currency profile

The currency profile of the Company's financial assets and liabilities is summarised as follows:

	<b>Financial assets</b>	<b>Financial liabilities</b>	Financial assets	Financial liabilities
	<u>2012</u>	<u>2012</u>	2011	2011
	USD	USD	USD	USD
United States Dollars	<u>469,925</u>	<u>700,030,324</u>	994,928	700,008,756

16. **FINANCIAL RISK MANAGEMENT**

**Strategy in using financial instruments**

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012**

**16. FINANCIAL RISK MANAGEMENT (CONT'D)**

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Market Risk Management

Market risk is the risk that changes in market prices, foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(b) Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any excess cash and cash equivalents of the Company are invested in short-term time deposits and liquid funds.

The following table details the Company's exposure to interest rate risks. The total interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

**31 March 2012**

	<u>Up to 1 year</u>	<u>Non Interest</u>	<u>Total</u>
	USD	bearing	USD
<b>Assets</b>			
Other receivables	-	396,200	396,200
Cash and cash equivalents	-	73,725	73,725
<b>Total assets</b>	<b>-</b>	<b>469,925</b>	<b>469,925</b>
<b>Liabilities</b>			
Optionally convertible redeemable preference shares	700,000,000	-	700,000,000
Other payables	-	30,324	30,324
<b>Total liabilities</b>	<b>700,000,000</b>	<b>30,324</b>	<b>700,030,324</b>

**31 March 2011**

	<u>More than 1</u>	<u>Non-interest</u>	<u>Total</u>
	year	bearing	USD
	USD	USD	USD
<b>Assets</b>			
Other receivables	-	5,668	5,668
Cash and cash equivalents	900,000	89,260	989,260
<b>Total assets</b>	<b>900,000</b>	<b>94,928</b>	<b>994,928</b>
<b>Liabilities</b>			
Optionally convertible redeemable preference shares	700,000,000	-	700,000,000
Other payables	-	8,756	8,756
<b>Total liabilities</b>	<b>700,000,000</b>	<b>8,756</b>	<b>700,008,756</b>

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2011**

16. **FINANCIAL RISK MANAGEMENT (CONT'D)**

(b) Interest Rate Risk Management (Cont'd)

**Interest Rate Sensitivity**

A 100 basis point is the sensitivity rate used internally by key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher / lower and all other variables were hold constant, the net loss for the year ended 31 March 2011 would increase / decrease by USD NIL (2011: USD 9,000 ) on account of Financial assets.

(c) Liquidity risk management

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. The table below illustrates the maturity profile of the Company's financial liabilities.

<b><u>31 March 2012</u></b>	<b><u>3 months to</u></b>	<b><u>Total</u></b>
	<b><u>1 year</u></b>	<b><u>USD</u></b>
	<b><u>USD</u></b>	<b><u>USD</u></b>
<b>Liabilities</b>		
Optionally convertible redeemable preference shares	700,000,000	700,000,000
Other payables	30,324	30,324
Total	<u>700,030,324</u>	<u>700,030,324</u>
 <b><u>31 March 2011</u></b>		
	<b><u>3 months to</u></b>	<b><u>Total</u></b>
	<b><u>1 year</u></b>	<b><u>USD</u></b>
	<b><u>USD</u></b>	<b><u>USD</u></b>
<b>Liabilities</b>		
Optionally convertible redeemable preference shares	700,000,000	700,000,000
Other payables	8,756	8,756
Total	<u>700,008,756</u>	<u>700,008,756</u>

**THL Zinc Ventures Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2012**

16. **FINANCIAL RISK MANAGEMENT (CONT'D)**

(d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company may adjust the amount of dividends paid to shareholder, return on capital to shareholder, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity and reserves. Net debt is calculated as total borrowings (including current and non-current borrowings) less cash and cash equivalents.

*Gearing ratio*

The gearing ratio at the year end was as follows:

	<u>2012</u> USD	<u>2011</u> USD
Debt (i)	700,000,000	700,000,000
Cash and cash equivalents	(73,725)	(989,260)
Net debt	<u>699,926,275</u>	<u>699,010,740</u>
Equity (ii)	<u>9,440,601</u>	<u>9,987,172</u>
Net debt to equity ratio (%)	7,414	6,999

(i) Debt is defined as short-term borrowings.

(ii) Equity includes all capital and reserves of the company.

(e) Currency risk management

There is no significant exchange rate risk as substantially all financial assets and financial liabilities are denominated in United States Dollar which is the functional currency of the company.

17. **EVENTS AFTER THE REPORTING PERIOD**

There have been no material events after reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2012.

18. **HOLDING AND ULTIMATE HOLDING COMPANY**

The Company's immediate holding company is Sterlite Infra Limited, a company established in India. The Company's intermediate holding company is Vedanta Resources Plc a company incorporated in the United Kingdom. The ultimate holding company is Volcan Investments Limited, a company incorporated in the Bahamas.

**THL Zinc Ventures Ltd****INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2012**

	<u>2012</u> USD	<u>2011</u> USD
<b>INCOME</b>		
Preference dividend income	17,544	5,656
Interest on fixed deposit	538	336
Other income	-	6,385
	<u>18,082</u>	<u>12,377</u>
<b>ADMINISTRATIVE EXPENSES</b>		
Filing and registration fee	(990)	-
Professional fee	(530,900)	-
Audit fees	(14,950)	(3,000)
Legal fee	-	(10,165)
Bank charges	(269)	-
	<u>(547,109)</u>	<u>(13,165)</u>
<b>FINANCE COSTS</b>		
Interest on preference shares	(17,544)	(5,656)
	<u>(17,544)</u>	<u>(5,656)</u>
<b>LOSS BEFORE TAXATION</b>	<b>(546,571)</b>	<b>(6,444)</b>
<b>TAXATION</b>	<u>-</u>	<u>-</u>
<b>LOSS FOR THE YEAR</b>	<u><b>(546,571)</b></u>	<u><b>(6,444)</b></u>