

THL Zinc Ventures Ltd

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

THL Zinc Ventures Ltd
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

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THL Zinc Ventures Ltd
CORPORATE DATA

		Date of appointment
DIRECTORS:	Gyaneshwarnath Gowrea	17-Nov-10
	Din Dayal Jalan	17-Nov-10
	Mohammad Akhtar Janally	16-Feb-12
ADMINISTRATOR AND SECRETARY:	Multiconsult Limited Les Cascades Building Edith Cavell Street Port Louis Mauritius	
REGISTERED OFFICE:	C/o Multiconsult Limited Les Cascades Building Edith Cavell Port Louis Mauritius	
BANKER:	Standard Chartered Bank (Mauritius) Limited Units 6A and 6B 6th Floor, Raffles Tower, Lot 19 Cybercity Ebène Mauritius	
AUDITOR:	Deloitte 7th Floor, Raffles Tower 19 Cybercity Ebène Mauritius	

THL Zinc Ventures Ltd
COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of THL Zinc Ventures Ltd (the "Company") for the year ended 31 March 2014.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS AND DIVIDEND

The Company's loss for the year ended 31 March 2014 is USD **13,469** (2013: USD 22,087).

The directors do not recommend the payment of dividend for the year under review (2013: NIL).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether International Financial Reporting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Mauritius Companies Act 2001.

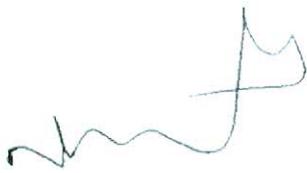
They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, Deloitte, has indicated its willingness to continue in office and will be automatically re-appointed at the next annual meeting.

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 2014.



For Multiconsult Limited
Corporate Secretary
Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

Date: 24 APR 2014

Multiconsult Ltd

33, Edith Cavell Street, Port Louis, Mauritius

Tel: +230 212 9800 Fax: +230 212 9833 Email: info@cimglobalbusiness.com

BRN C09004928

www.cimglobalbusiness.com

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

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 the shareholder 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** (the "Company") on pages 5 to 24 which comprise the statement of financial position at 31 March 2014 and the statement of profit or loss and other 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 24 give a true and fair view of the financial position of **THL Zinc Ventures Ltd** as at 31 March 2014 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 auditors;
- 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

Deloitte

Chartered Accountants



**Pradeep Malik, FCA
Licensed by FRC**

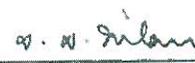
24 APR 2014

THL Zinc Ventures Ltd
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2014

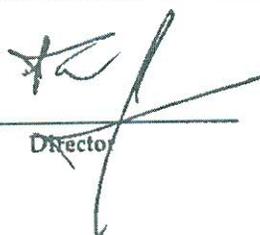
	<u>Note</u>	<u>2014</u> USD	<u>2013</u> USD
ASSETS			
Non-current asset			
Investments in subsidiary	5	<u>709,001,000</u>	<u>709,001,000</u>
Current assets			
Other receivables	6	431,192	413,696
Cash and cash equivalents		<u>41,019</u>	<u>54,833</u>
Total current assets		<u>472,211</u>	<u>468,529</u>
TOTAL ASSETS		<u><u>709,473,211</u></u>	<u><u>709,469,529</u></u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	7	10,000,001	10,000,001
Accumulated losses		<u>(594,956)</u>	<u>(581,487)</u>
Total equity		<u>9,405,045</u>	<u>9,418,514</u>
Current liabilities			
Optionally convertible redeemable preference shares	8	700,000,000	700,000,000
Other payables	9	<u>68,166</u>	<u>51,015</u>
Total liabilities		<u>700,068,166</u>	<u>700,051,015</u>
TOTAL EQUITY AND LIABILITIES		<u><u>709,473,211</u></u>	<u><u>709,469,529</u></u>

These financial statements have been approved by the Board of Directors and authorised for issue on

24 APR 2014



Director



Director

The notes on pages 9 to 24 form an integral part of these financial statements
Auditor's report on page 4

THL Zinc Ventures LtdSTATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOMEFOR THE YEAR ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u> USD	<u>2013</u> USD
INCOME	11	17,501	17,544
ADMINISTRATIVE EXPENSES		(13,474)	(22,135)
FINANCE COSTS	12	<u>(17,496)</u>	<u>(17,496)</u>
LOSS BEFORE TAXATION	13	(13,469)	(22,087)
TAXATION	14	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		(13,469)	(22,087)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(13,469)</u></u>	<u><u>(22,087)</u></u>

The notes on pages 9 to 24 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 2014

	<u>Stated capital</u> USD	<u>Accumulated losses</u> USD	<u>Total equity</u> USD
At 1 April 2012	10,000,001	(559,400)	9,440,601
Loss for the year and total comprehensive loss	<u>-</u>	<u>(22,087)</u>	<u>(22,087)</u>
At 31 March 2013	<u>10,000,001</u>	<u>(581,487)</u>	<u>9,418,514</u>
At 1 April 2013	10,000,001	(581,487)	9,418,514
Loss for the year and total comprehensive loss	<u>-</u>	<u>(13,469)</u>	<u>(13,469)</u>
At 31 March 2014	<u>10,000,001</u>	<u>(594,956)</u>	<u>9,405,045</u>

The notes on pages 9 to 24 form an integral part of these financial statements
Auditor's report on page 4

THL Zinc Ventures Ltd
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2014

	<u>Note</u>	<u>2014</u> USD	<u>2013</u> USD
Operating activities			
Net cash used in operating activities	10	<u>(13,819)</u>	<u>(18,940)</u>
Investing activities			
Net interest received		<u>5</u>	<u>48</u>
Net cash generated from investing activities		<u>5</u>	<u>48</u>
Net decrease in cash and cash equivalents		(13,814)	(18,892)
Cash and cash equivalents at beginning of year		<u>54,833</u>	<u>73,725</u>
Cash and cash equivalents at end of year		<u><u>41,019</u></u>	<u><u>54,833</u></u>

The notes on pages 9 to 24 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 2014

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, Les Cascades Building, Edith Cavell 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 preparation

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 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 LtdNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 MARCH 2014

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

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 2013.

3.1 New and revised IFRSs applied affecting disclosures in the financial statements

IAS 1 Amendments to revise the way other comprehensive income is presented.

The company has applied the amendments to IAS 1 Presentation of Items of Other Comprehensive Income in the current year. The amendments introduce new terminology for the statement of comprehensive income and income statement. Under the amendments to IAS 1, the 'statement of comprehensive income' is renamed the 'statement of profit or loss and other comprehensive income' and the 'income statement' is renamed the 'statement of profit or loss'. The amendments to IAS 1 retain the option to present profit or loss and other comprehensive income in either a single statement or in two separate but consecutive statements. However, the amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis – the amendments do not change the option to present items of other comprehensive income either before tax or net of tax. The amendments have been applied retrospectively, and hence the presentation of items of other comprehensive income has been modified to reflect the changes. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

3.2 New and Revised Standards applied with no material effect on the 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 impact the accounting for future transactions or arrangements.

IAS 1	Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (Comparative Information)
IAS 27	Consolidated and Separate Financial Statements - Reissued as IAS 27 Separate Financial Statements (as amended in 2011)
IAS 32	Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)
IFRS 7	Financial Instruments: Disclosures - Amendments related to the offsetting of assets and liabilities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2014

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

3.2 New and Revised Standards applied with no material effect on the financial statements (Cont'd)

IFRS 10	Consolidated Financial Statements - Original issue
IFRS 10	Consolidated Financial Statements - Amendments to transitional guidance
IFRS 12	Disclosures of Interests in Other Entities - Original issue
IFRS 12	Disclosures of Interests in Other Entities - Amendments to transitional guidance
IFRS 13	Fair Value Measurement - Original issue

3.3 New and revised Standards in issue but 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 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities) (effective 1 July 2014)
IAS 27	Consolidated and Separate Financial Statements - Amendments for investment entities (effective 1 January 2014)
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities (effective 1 January 2014)
IAS 36	Impairment of Assets - Amendments arising from Recoverable Amount Disclosures for
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives (effective 1 January 2014)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the 'own use' scope exception (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 7	Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 January 2018)
IFRS 9	Financial Instruments - Classification and measurement of financial assets (effective 1 January 2018)
IFRS 9	Financial Instruments - Reissue classification and measurement of financial liabilities and derecognition requirements (effective 1 January 2018)
IFRS 9	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
IFRS 9	Financial Instruments: Disclosures - Reissue to incorporate a hedge accounting chapter and permit the early application of the requirements for presenting in other comprehensive income the 'own credit' gains or losses on financial liabilities designated under the fair value option without early applying the other requirements of IFRS 9
IFRS 10	Consolidated Financial Statements - Amendments for investment entities (effective 1 January 2014)
IFRS 12	Disclosures of Interests in Other Entities - Amendments for investment entities (effective 1 January 2014)
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2010-2012 Cycle (short-term receivables and payables) (Amendments to basis for conclusions only)

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

3.3 New and revised Standards in issue but not yet effective (Cont'd)

IFRS 13 Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (Scope of the portfolio exception in paragraph 52) (effective 1 July 2014)

The directors do not expect that the application of the standards and interpretations listed above will have a material impact on the financial statements of the company in future periods.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance and comply with International Financial Reporting Standards. A summary of the most important accounting policies, which have been applied consistently, is set out below.

(a) Foreign currency transaction

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 profit or loss and other comprehensive income.

(b) Revenue recognition

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

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(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.

THL Zinc Ventures LtdNOTES TO THE FINANCIAL STATEMENTS (CONT'D)FOR THE YEAR ENDED 31 MARCH 2014

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

(d) Investment 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 profit or loss and other 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 profit or loss and other comprehensive income.

The Company has taken advantage of paragraph 4(a) of International Financial Reporting Standard "IFRS 10 - Consolidated 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 accounts that comply with International Financial Reporting Standards and these are available for public use from the company secretary, Vedanta Resources Plc, 16 Berkeley Street, London W1J 8DZ and at www.vedantaresources.com.

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

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 and 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Loan and receivables

Loan and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loan and receivables. Loan and receivables are measured at amortised cost using the effective interest method, less any impairment.

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

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

(e) Financial instruments (Cont'd)

Impairment of financial assets

The Company's financial assets are assessed for indicators of impairment at the end of 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 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.

For financial assets measured at amortised cost, 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 profit or loss 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.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

THL Zinc Ventures Ltd

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31 MARCH 2014

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

(e) Financial instruments (Cont'd)

(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.

Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to stated capital. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised costs using the effective interest method.

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

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

(e) Financial instruments (Cont'd)

(ii) *Financial liabilities and equity instruments issued by the Company (Cont'd)*

Other financial liabilities (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and 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 liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(f) Impairment

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

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

(g) Borrowing costs

Borrowing costs are recognised in profit or loss in the period in which they are incurred.

(h) 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 profit or loss and other 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 liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

(i) 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.

(j) 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 2014

5. INVESTMENTS IN SUBSIDIARY

	<u>2014</u> USD	<u>2013</u> USD
At 01 April and 31 March	<u>709,001,000</u>	<u>709,001,000</u>

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

Company	Country of Incorporation	Types of Shares	No of Shares Held 2014 and 2013	% Holding		Value of Investments at cost	
				2014	2013	2014 USD	2013 USD
THL Zinc Limited	Mauritius	Ordinary	91,000	100%	100%	9,001,000	9,001,000
THL Zinc Limited	Mauritius	Optionally Convertible Redeemable Preference Shares	7,000,000	78.1%	78.1%	700,000,000	700,000,000
Total						<u>709,001,000</u>	<u>709,001,000</u>

The optionally convertible redeemable preference shares ("OCRPS") carry interest at the rate of 0.25% p.a. 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 issuer at any time. The directors have confirmed that they will not opt for conversion within the next twelve months.

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. OTHER RECEIVABLES

	<u>2014</u> USD	<u>2013</u> USD
Amount due from THL Zinc Limited	373,000	373,000
Interest on preference shares	58,192	40,696
	<u>431,192</u>	<u>413,696</u>

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

7. STATED CAPITAL

	<u>2014</u> USD	<u>2013</u> USD
Ordinary shares		
<u>Issued and Fully Paid</u>		
At 01 April and 31 March	<u>10,000,001</u>	<u>10,000,001</u>

The shares in the capital of the Company comprise of 1 ordinary share of USD 1 and 100,000 ordinary shares of par value USD 100 each, issued to Sterlite Infra Limited.

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.

8. 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, the holding 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.

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2013

8. OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("OCRPS")

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

9. OTHER PAYABLES

	<u>2014</u> USD	<u>2013</u> USD
Audit fees	9,875	7,720
Other payables	99	2,599
Accrued interest on optionally convertible redeemable preference shares	<u>58,192</u>	<u>40,696</u>
At 31 March	<u><u>68,166</u></u>	<u><u>51,015</u></u>

10. NET CASH USED IN OPERATING ACTIVITIES

	<u>2014</u> USD	<u>2013</u> USD
Loss before taxation	(13,469)	(22,087)
Adjusted for :		
- Interest income	(17,501)	(17,544)
- Interest expense	17,496	17,496
Operating loss before working capital changes	<u>(13,474)</u>	<u>(22,135)</u>
Adjustments for changes in working capital:		
Increase in other receivables	(17,496)	(17,496)
Increase in other payables	<u>17,151</u>	<u>20,691</u>
Cash used in operating activities	<u><u>(13,819)</u></u>	<u><u>(18,940)</u></u>

11. INCOME

	<u>2014</u> USD	<u>2013</u> USD
Interest on preference shares	17,496	17,496
Interest on fixed deposit	5	48
	<u>17,501</u>	<u>17,544</u>

12. FINANCE COSTS

	<u>2014</u> USD	<u>2013</u> USD
Interest on optionally convertible redeemable preference shares	<u>17,496</u>	<u>17,496</u>

13. LOSS BEFORE TAXATION

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

	<u>2014</u> USD	<u>2013</u> USD
Audit fees	<u>5,625</u>	<u>4,720</u>

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

14. 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 588,624 (2013: USD 575,150).

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:

	2014	Expiry Date
	USD	
31 March 2011	6,444	2016
31 March 2012	546,571	2017
31 March 2013	22,135	2018
31 March 2014	13,474	2019
	<u>588,624</u>	

Tax reconciliation

The reconciliation of the applicable income tax rate of 15% (2013: 15%) and the effective tax rate of 0% (2013: 0%) is as follows:

	2014	2013
	%	%
Applicable income tax rate	15.00	15.00
Less: Deferred tax asset not recognised	(15.00)	(15.00)
Effective income tax rate	<u>-</u>	<u>-</u>

15. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2014, the Company traded with related parties. The nature and volume of transactions with the entities are as follows:

Name of company	Relationship	Nature of Transaction	2014 USD	2013 USD
THL Zinc Limited	Subsidiary	Interest income	17,496	17,496
Sterlite Infra Limited	Holding company	Interest expense	17,496	17,496
<u>Outstanding balances</u>				
THL Zinc Limited	Subsidiary	Receivable	373,000	373,000
THL Zinc Limited	Subsidiary	Interest receivable on OCRPS	58,192	40,696
Twin Star Holdings Ltd	Group company	Payable	99	99
Sterlite Infra Limited	Holding company	Interest payable on OCRPS	58,192	40,696
Sterlite Infra Limited	Holding company	Optionally convertible redeemable preference shares	700,000,000	700,000,000

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.

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

15. RELATED PARTY TRANSACTIONS (CONT'D)

Compensation to Key Management Personnel

No compensation to key management personnel was paid during the year (2013: USD Nil).

16. 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 and cash equivalents, and other payables approximate their fair values.

Categories of financial instruments

	<u>2014</u> USD	<u>2013</u> USD
Financial assets		
Other receivables	431,192	413,696
Cash and cash equivalents	41,019	54,833
	<u>472,211</u>	<u>468,529</u>
Financial liabilities		
Optionally convertible redeemable preference shares	700,000,000	700,000,000
Other payables	68,166	51,015
	<u>700,068,166</u>	<u>700,051,015</u>

Currency profile

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

	Financial assets 2014 USD	Financial liabilities 2014 USD	Financial assets 2013 USD	Financial liabilities 2013 USD
United States Dollars	<u>472,211</u>	<u>700,068,166</u>	468,529	700,051,015

17. 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 2014

17. 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.

<u>31 March 2014</u>	<u>Up to 1 year</u>	<u>Non-interest bearing</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Assets			
Other receivables	-	431,192	431,192
Cash and cash equivalents	-	41,019	41,019
Total assets	-	472,211	472,211
Liabilities			
Optionally convertible redeemable preference shares	700,000,000	-	700,000,000
Other payables	-	68,166	68,166
Total liabilities	700,000,000	68,166	700,068,166
<u>31 March 2013</u>	<u>Up to 1 year</u>	<u>Non-interest bearing</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Assets			
Other receivables	-	413,696	413,696
Cash and cash equivalents	-	54,833	54,833
Total assets	-	468,529	468,529
Liabilities			
Optionally convertible redeemable preference shares	700,000,000	-	700,000,000
Other payables	-	51,015	51,015
Total liabilities	700,000,000	51,015	700,051,015

The Optionally Convertible Redeemable Preference Shares are not sensitive to movement in interest rates.

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

17. FINANCIAL RISK MANAGEMENT (CONT'D)

(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 directors confirm that the Optionally Convertible Redeemable Preference Shares ("OCRPS") will not be redeemed within the next twelve months.

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.

<u>31 March 2014</u>	Up to 1 year <hr/> USD
Liabilities	
Optionally convertible redeemable preference shares	700,000,000
Other payables	<hr/> 68,166
Total	<hr/> <hr/> 700,068,166
 <u>31 March 2013</u>	 Up to 1 year <hr/> USD
Liabilities	
Optionally convertible redeemable preference shares	700,000,000
Other payables	<hr/> 51,015
Total	<hr/> <hr/> 700,051,015

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2014

17. 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.

The capital structure of the company consists of stated capital, accumulated losses and net debt.

Gearing ratio

The gearing ratio at the year end was as follows:

	<u>2014</u> USD	<u>2013</u> USD
Debt (i)	700,000,000	700,000,000
Cash and cash equivalents	<u>(41,019)</u>	<u>(54,833)</u>
Net debt	<u>699,958,981</u>	<u>699,945,167</u>
Equity (ii)	<u>9,405,045</u>	<u>9,418,514</u>
Net debt to equity ratio (%)	7,442	7,432

(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.

The investment in the subsidiary is denominated in United States dollars and therefore, the company is not exposed to movement in exchange rates on realisation of the investments.

18. 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 2014.

19. IMMEDIATE, INTERMEDIATE 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 LtdINCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

	<u>2014</u> USD	<u>2013</u> USD
INCOME		
Interest on preference shares	17,496	17,496
Interest on fixed deposit	<u>5</u>	<u>48</u>
	<u>17,501</u>	<u>17,544</u>
ADMINISTRATIVE EXPENSES		
Filing and registration fees	(310)	(310)
Professional fees	(7,280)	(16,900)
Audit fees	(5,625)	(4,720)
Bank charges	<u>(259)</u>	<u>(205)</u>
	<u>(13,474)</u>	<u>(22,135)</u>
FINANCE COSTS		
Interest on preference shares	<u>(17,496)</u>	<u>(17,496)</u>
	<u>(17,496)</u>	<u>(17,496)</u>
LOSS BEFORE TAXATION	(13,469)	(22,087)
TAXATION	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR	<u><u>(13,469)</u></u>	<u><u>(22,087)</u></u>