**To The Board of directors of**
**Lakomasko BV.**

**Report on Financial Statements**
We have audited the accompanying financial statements of " Lakomasko BV." ("the Company"), which comprise the Balance Sheet as at 31st March 2017 , and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information

**Management's Responsibility for the Financial Statements**
The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and 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 have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 audit opinion on the financial statements.

**Opinion**
In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

**Other Matter:-**
The financial statements are prepared to assist Vedanta Limited, holding Company to prepare its consolidated financial statements as per generally accepted accounting principal in India. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for the company and its holding company and should not be distributed or used by parties other than for the preparation of consolidated financial statement of holding company. We hereby provide consent that a copy may be provided to auditors of holding company.

**For Pathak H.D. & Associates,**
Chartered Accountants
(Registration No. 107783W)

**Mukesh Mehta**
Partner
Membership No.: 043495

Place: Mumbai
Date: May 13, 2017

**Lakomasko BV**
**Balance sheet as at March 31, 2017**

| Particulars | Notes | As at March 31, 2017 USD | As at March 31, 2016 USD | As at April 01, 2015 USD |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Current assets** | | | | |
| **Financial Assets** | | | | |
| Cash and cash equivalents | 2 | **128,272** | 166,113 | 180,744 |
| **Total assets** | | **128,272** | 166,113 | 180,744 |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Equity share capital | 3 | **122** | 122 | 122 |
| Other equity | | **112,439** | 148,091 | 172,364 |
| | | **112,561** | 148,213 | 172,486 |
| **Liabilities** | | | | |
| **Current Liabilities** | | | | |
| **Financial Liabilities** | | | | |
| Other payables | 4 | **15,711** | 17,900 | 8,258 |
| | | **15,711** | 17,900 | 8,258 |
| **Total equity and liabilities** | | **128,272** | 166,113 | 180,744 |

**The accompanying notes are forming part of the financial statements**

**For Pathak H D & Associates**
Chartered Accountants
(Registration No. : 107783W)

**For and on behalf of Lakomasko BV**

**Mukesh Mehta**
Partner
Membership No. 43495
Place : Mumbai
Date: May 13, 2017

**Nitin Gupta**

Place : Gurugram

**Lakomasko BV**
**Statement of Profit and Loss for the year ended March 31, 2017**

| Particulars | | For the Year ended March 31, 2017 USD | For the Year ended March 31, 2016 USD |
|---|---|---|---|
| **INCOME** | | | |
| Other income | 5 | **450** | 2,847 |
| **Total** | | **450** | 2,847 |
| **EXPENDITURE** | | | |
| Finance cost | 6 | **197** | 1,603 |
| Other expenses | 7 | **35,905** | 25,517 |
| **Total** | | **36,102** | 27,120 |
| Loss before tax | | **(35,652)** | (24,273) |
| Tax expense | | **-** | **-** |
| **Loss for the year** | | **(35,652)** | (24,273) |
| **Other comprehensive income** | | **-** | **-** |
| **Total comprehensive income for the year** | | **(35,652)** | (24,273) |
| **Loss per equity share of EUR 1 each** | | | |
| a) Basic | 10 | **(391.78)** | (266.74) |
| b) Diluted | 10 | **(391.78)** | (266.74) |

**The accompanying notes are forming part of the financial statements**

**For Pathak H D & Associates**
Chartered Accountants
(Registration No. : 107783W)

**For and on behalf of Lakomasko BV**

**Mukesh Mehta**
Partner
Membership No. 43495
Place : Mumbai
Date: May 13, 2017

**Nitin Gupta**

Place : Gurugram

**Lakomasko BV**
**Statement of Changes in Equity**
**For the year ended March 31, 2017**

| | Issued Capital USD | Retained earnings USD | Total Equity USD |
|---|---|---|---|
| At 1 April 2015 | 122 | 172,364 | 172,486 |
| Loss for the year and total comprehensive income | - | (24,273) | (24,273) |
| At 31 March 2016 | 122 | 148,091 | 148,213 |
| Loss for the year and total comprehensive income | **-** | **(35,652)** | **(35,652)** |
| **At 31 March 2017** | **122** | **112,439** | **112,561** |

**For Pathak H D & Associates**
Chartered Accountants
(Registration No. : 107783W)

**For and on behalf of Lakomasko BV**

**Mukesh Mehta**
Partner
Membership No. 43495
Place : Mumbai
Date: May 13, 2017

**Nitin Gupta**

Place : Gurugram

**Lakomasko BV**
**Cash Flow Statement for the year ended March 31, 2017**

| | For the year ended March 31, 2017 USD | For the year ended March 31, 2017 USD | For the year ended March 31, 2016 USD | For the year ended March 31, 2016 USD |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| Net Loss for the year before tax as per statement of Profit & Loss | | **(35,652)** | | (24,273) |
| **Adjustments for:** | | | | |
| - Interest income on deposits | **(450)** | | (343) | |
| -Net loss/ (gain) on foreign currency transactions and translations | **1,265** | | (710) | |
| | | **815** | | (1,053) |
| Operating loss before working capital changes | | **(34,837)** | | (25,326) |
| **Changes in working capital** | | | | |
| - Change in other payables | **(2,189)** | | 9,642 | |
| | | **(2,189)** | | 9642 |
| Net cash used in operating activities | | **(37,026)** | | (15,684) |
| **Investing activities** | | | | |
| Interest received on deposits | | **450** | | 343 |
| Net cash from investing activities | | **450** | | 343 |
| **Net decrease in cash and cash equivalents (A)** | | **(36,576)** | | (15,341) |
| **Cash and cash equivalents at beginning of year (Refer note 2) (B)** | | **166,113** | | 180,744 |
| Effect of exchange rate on cash and cash equivalents | **(1,265)** | | 710 | |
| **Balance of Cash Equivalents (A+B)** | **129,537** | | 165,403 | |
| **Cash and cash equivalents at end of year** | | **128,272** | | 166,113 |

**For Pathak H D & Associates**
Chartered Accountants
(Registration No. : 107783W)

**For and on behalf of Lakomasko BV**

**Mukesh Mehta**
Partner
Membership No. 43495
Place : Mumbai
Date: May 13, 2017

**Nitin Gupta**

Place : Gurugram

## (i) CORPORATE INFORMATION

Lakomasko B.V. (the company) is a private company with limited liablity ("Besloten Vennootschap"), existing under the laws of The Netherlands, incorporated on April 20, 2007.The company has its statutory seat and principle place of business in Amsterdam, The Netherlands.The principle activity of the company is Holding of Investments and Financing Activities.

The financial statements are prepared for the purpose of preparing consolidated financial statements of holding company, Vedanta Limited. These financial statements are non-statutory accounts.

## (ii) BASIS OF PREPARATION OF FIANNCIAL STATEMENTS

### (a) Basis of preparation and Compliance with Ind AS

The Company had prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India and complied with the accounting standards (Previous GAAP) as notified under Section 133 of the Companies Act, 2013 read together with Rule 7 of the Companies (Accounts) Rules, 2014, to the extent applicable, and the presentation requirements of the Companies Act, 2013. The transition to Ind AS was carried out in accordance with Ind AS 101 First- Time Adoption of Indian Accounting Standards with the date of transition as April 01, 2015.

### First-time adoption of Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out below have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative period information. The transition to Ind AS was carried out in accordance with Ind AS 101, with April 1, 2015 being the date of transition. This note explains the exemptions on the firsttime adoption of Ind AS availed in accordance with Ind AS 101. There is no impact on the financial position, financial performance and cash flows consequent to the transition to Ind AS.

### Exemptions availed and mandatory exceptions

Ind AS 101 First-time Adoption of Indian Accounting Standards allows first-time adopters certain exemptions from retrospective application of certain requirements under Ind AS. Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

**A) Ind AS optional exemptions**

There are no optional exemptions availed on transition.

**B) Ind AS mandatory exceptions**

*i) Accounting estimates*

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

*ii) De-recognition of financial assets and liabilities*

Ind AS 101 requires a first-time adopter to apply the derecognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS109 retrospectively from a date of the entity's choosing, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions. The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

*iii) Classification and measurement of financial assets*

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable. Accordingly, the Company has determined the classification of financial assets bases on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

**(iii) SIGNIFICANT ACCOUNTING POLICIES**

-

(a) **Statement of compliance**

The principal accounting policies applied in the preparation of these financial statements are set out below.The policies have been consistently applied to all years presented,unless other wise stated.

(b) **Basis of preparation**

The financial statements of the company have been prepared in accordance with IND AS notified under the Companies (Indian Accounting Standards) Rule, 2015. The financial statements under IND AS are prepared for the purpose of preparing consolidated financial statements of holding company, Vedanta Limited. These financial statements are non-statutory accounts. The financial statements have been prepared on a historical-cost basis, except for financial assets and financial liabilities held at fair value.

(c) **Significant accounting judgements, estimates and assumptions**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

**Judgements**

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

**Functional currency**

The directors consider the USD to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results to the members. Therefore, management considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

**Going concern**

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has access to resources to continue in business for the foreseeable future.

**Estimates and assumptions**

At the reporting date, there were no key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**(iv) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A summary of the significant accounting policies, which have been applied consistently, is set out below:

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

The directors consider the USD to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results, as well as the currency in which it receives capital contribution from its investors. This determination also considers the competitive environment in which the Company operates.The Company's financial statements are presented in USD.

**Foreign currency translations**

Transactions during the year are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Foreign currency transaction gains and losses on financial instruments classified as fair value through profit or loss are included in profit or loss as part of the 'Net gain or loss on financial assets and liabilities at fair value through profit or loss'. Exchange differences on other financial instruments are included in profit or loss as 'Net foreign exchange gains/(losses)'.

**(iv) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(b) Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is received. The specific recognition criteria described below must also be met before revenue is recognised.

**Interest income**

For all financial instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit or loss.

**Dividend income**

Revenue is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

**(c) Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

**(d) Expense Recognition**

Expenses are accounted for in profit or loss on an accrual basis.

**(e) Financial Instruments**

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

**(i) Financial Assets - Recognition**

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

**•Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.
After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

**(iv) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Financial Instruments (Cont'd)**

**Financial Assets - Recognition (cont'd)**

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

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

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

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

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

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

**• Equity instruments**

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

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

**(ii) Financial Assets - derecognition**

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

**(iii) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:
• Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities and deposits
• Financial assets that are debt instruments and are measured as at FVOCI
• Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.
The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

**(iv) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(e) Financial Instruments (Cont'd)**

**(iv) Financial liabilities – Recognition & Subsequent measurement**

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

• **Financial liabilities at fair value through profit or loss**

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

Gains or losses on liabilities held for trading are recognised in profit or loss.

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

**• Financial liabilities at amortised cost (Loans & Borrowings)**

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

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

**(v) Financial liabilities - Derecognition**

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

**(vi) Equity instruments**

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

**(vii) Offsetting of financial instruments**

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

**(iv) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)**

**(f) Impairment of assets**

At each reporting date, the comapny determines whether there is objective evidence that the investment in the assets is impaired. If there is such evidence, the Company calculates the amount of impairment as the difference between the recoverable amount and its carrying value, and then recognises the loss in the statement of profit or loss. An asset's recoverable amount is the higher of an asset's or CGU's(cash generating units) fair value less costs of disposal and its value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account.

**(g) Taxation**

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

**(h) Current v/s Non -current classification**

The company presents assets and liabilities in the statement of financial position based on current/non-current classification.
An asset is current when it is:

• Expected to be realised or intended to be sold or consumed in the normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realised within twelve months after the reporting period
Or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

• It is expected to be settled in the normal operating cycle
• It is held primarily for the purpose of trading
• It is due to be settled within twelve months after the reporting period
Or
• There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The company classifies all other liabilities as non-current.
Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**(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 and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

Lakomasko BV
Notes to Financial Statements (Contd.)
For the year ended March 31, 2017

**Note No. 2**
**Financial assets-current : Cash and cash equivalents**

| Particulars | As at March 31, 2017 USD | As at March 31, 2016 USD | As at April 01, 2015 USD |
|---|---|---|---|
| Balances with banks | | | |
| - in current accounts | **8,272** | 3,799 | 18,413 |
| Fixed Deposit with maturity 3 months or less | **120,000** | 162,314 | 162,331 |
| | **128,272** | 166,113 | 180,744 |

**Note No. 3**
**Equity Share Capital**

| Particulars | As at March 31, 2017 USD | As at March 31, 2016 USD | As at April 01, 2015 USD |
|---|---|---|---|
| ***Authorised*** | | | |
| Equity shares of EUR 1 each | **120,659** | 120,659 | 120,659 |
| (90,000 shares (2016: 90,000 shares & 2015: 90,000 shares)) | **120,659** | 120,659 | 120,659 |
| | | | |
| ***Issued, subscribed and paid-up*** | | | |
| Equity shares of EUR 1 each | **122** | 122 | 122 |
| (91 shares (2016: 91 shares & 2015: 91 shares)) | **122** | 122 | 122 |

a) There has been no change in share capital in the financial year ended March 31, 2017 and March 31, 2016.

b) Details of shares held by Holding Company
Equity shares of EUR 1 each fully paid up

| Name of shareholder | No. of shares | % holding | No. of shares | % holding | No. of shares | % holding |
|---|---|---|---|---|---|---|
| Vedanta Limited | **91** | **100%** | 91 | 100% | 91 | 100% |

**c) Rights/preferences/restrictions attached to equity shares**
The Company has only one class of equity shares having a par value of EUR 1 each. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividends as and when company declares and pays dividend after obtaining shareholders approval. In the event of liquidation of the Company, holders of equity shares will be entitled to receive the remaining assets of the Company, after distribution of all preferential amounts, in proportion of their shareholdings.

**Note No. 4**
**Financial liabilities- current : Other payables**

| Particulars | As at March 31, 2017 USD | As at March 31, 2016 USD | As at April 01, 2015 USD |
|---|---|---|---|
| Others | **15,711** | 17,900 | 8,258 |
| | **15,711** | 17,900 | 8,258 |

**Note No. 5**
**Other income**

| Particulars | For the year ended March 31, 2017 USD | For the year ended March 31, 2016 USD |
|---|---|---|
| Interest on fixed deposit | **450** | 343 |
| Net gain on foreign currency transactions and translations | **-** | 2,504 |
| | **450** | 2,847 |

**Note No. 6**
**Finance costs**

| Particulars | For the year ended March 31, 2017 USD | For the year ended March 31, 2016 USD |
|---|---|---|
| Bank & other charges | **197** | 1,603 |
| | **197** | 1,603 |

**Note No. 7**
**Other expenses**

| Particulars | For the year ended March 31, 2017 USD | For the year ended March 31, 2016 USD |
|---|---|---|
| Legal and professional fees | **32,740** | 23,617 |
| Audit fees | **1,900** | 1,900 |
| Net loss on foreign currency transactions and translations | **1,265** | - |
| | **35,905** | 25,517 |

**Note No. 8**

| INCOME TAX | For the year ended March 31, 2017 USD | For the year ended March 31, 2016 USD |
|---|---|---|
| Loss before income tax | **(35,652)** | (24,273) |
| Income tax as per slabs | **(7,130)** | (5,809) |
| Add - Effect of unused tax losses not recognised as deferred tax assets | **7,130** | 5,809 |
| Income tax expense recognised in profit and loss | **-** | - |

**Note No. 9**
**Financial Instruments**

(a) Fair values

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

Categories of financial instruments

| | **As at March 31, 2017 USD** | As at March 31, 2016 USD | As at April 01, 2015 USD |
|---|---|---|---|
| **Financial assets** | | | |
| Cash and cash equivalents | **128,272** | 166,113 | 180,744 |
| **Financial liabilities** | | | |
| Other payables | **15,711** | 17,900 | 8,258 |

(b) Market Risk Management

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

(c) Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cashflows 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 risk. The total interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

| **March 31, 2017** | **Up to 1 year** | **More than 1 year** | **Total** |
|---|---|---|---|
| **Financial Assets** | | | |
| Non-interest bearing | **8,272** | | **8,272** |
| Fixed interest bearing | **120,000** | | **120,000** |
| Variable interest bearing | **-** | | **-** |
| **Total assets** | **128,272** | **-** | **128,272** |
| **Financial Liabilities** | | | |
| Non-interest bearing | **15,711** | **-** | **15,711** |
| Fixed interest bearing | **-** | **-** | **-** |
| Variable interest bearing | **-** | | **-** |
| **Total liabilities** | **15,711** | **-** | **15,711** |

| March 31, 2016 | Up to 1 year USD | More than 1 year USD | Total USD |
|---|---|---|---|
| Financial Assets | | | |
| Non-interest bearing | 3,799 | - | 3,799 |
| Fixed interest bearing | 162,314 | | 162,314 |
| Variable interest bearing | - | - | - |
| Total assets | 166,113 | - | 166,113 |
| Financial Liabilities | | | |
| Non-interest bearing | 17,900 | - | 17,900 |
| Fixed interest bearing | - | - | - |
| Variable interest bearing | - | | - |
| Total liabilities | 17,900 | - | 17,900 |

| April 01, 2015 | Up to 1 year USD | More than 1 year USD | Total USD |
|---|---|---|---|
| Financial Assets | | | |
| Non-interest bearing | 18,413 | - | 18,413 |
| Fixed interest bearing | 162,331 | | 162,331 |
| Variable interest bearing | - | - | - |
| Total assets | 180,744 | - | 180,744 |
| Financial Liabilities | | | |
| Non-interest bearing | 8,258 | - | 8,258 |
| Fixed interest bearing | - | - | - |
| Variable interest bearing | - | | - |
| Total liabilities | 8,258 | - | 8,258 |

As at March 31, 2017, March 31, 2016 & April 01, 2015, the Company does not have any exposure to variable rate financial assets and liabilities, hence no interest rate risk.

**9 Financial Instruments (Cont'd)**

(d) Currency Risk Management

The Company is not exposed to the risk that may change in a manner which has material effect on the reported values of the Company's assets which are denominated in other foreign currencies at reporting period.

*Currency profile*

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

(Amount in USD)

| | **Financial assets 2017** | **Financial liabilities 2017** | Financial assets 2016 | Financial liabilities 2016 | Financial assets 2015 | Financial liabilities 2015 |
|---|---|---|---|---|---|---|
| EURO | **7,429** | **-** | 661 | - | 39 | - |
| United States Dollar | **120,843** | **15,711** | 165,452 | 17,900 | 180,744 | 8,258 |

As at March 31, 2017, March 31, 2016 and April 01, 2015 the Company does not have any material exposure to foreign currencies. Therefore, sensivity relative to foreign currencies has not been disclosed.

(e) Liquidity risk

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 aged analysis of the Company's financial liabilities.

**March 31, 2017**

| | **Up to 1 year** | **More than 1 year** | **Total** |
|---|---|---|---|
| **Liabilities** | **USD** | **USD** | **USD** |
| Other payables | **15,711** | **-** | **15,711** |
| **Total** | **15,711** | **-** | **15,711** |

March 31, 2016

| | Up to 1 year | More than 1 year | Total |
|---|---|---|---|
| | USD | USD | USD |
| Liabilities | | | |
| Other payables | 17,900 | - | 17,900 |
| Total | 17,900 | - | 17,900 |

April 01, 2015

| | Up to 1 year | More than 1 year | Total |
|---|---|---|---|
| | USD | USD | USD |
| Liabilities | | | |
| Other payables | 8,258 | - | 8,258 |
| Total | 8,258 | - | 8,258 |

(f) Capital risk management

For the purpose of the Company capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital.The Company includes within net debt, interest bearing loans and borrowings less cash and cash equivalents.

The capital structure of the Company consists of equity share capital, other equity and net debt.

**9 Financial Instruments (Cont'd)**

(f) Capital risk management (Cont'd)

*Gearing ratio*

The gearing ratio at the year end was as follows:

| | As at March 31, 2017 USD | As at March 31, 2016 USD | As at April 01, 2015 USD |
|---|---|---|---|
| Debt (i) | - | - | - |
| Cash and cash equivalents | **128,272** | 166,113 | 180,744 |
| Net debt | **(128,272)** | (166,113) | (180,744) |
| Equity (ii) | **112,561** | 148,213 | 172,486 |
| Net debt to equity ratio (times) | - | - | - |

**Note No. 10**
**Earnings Per Share ( EPS )**

| Particulars | As at March 31, 2017 USD | As at March 31, 2016 USD |
|---|---|---|
| Net (Loss) after tax attributable to equity shareholders for Basic and Diluted EPS | **(35,652)** | (24,273) |
| Weighted average Number of equity Shares | **91** | 91 |
| **Earning Per Share - Basic and diluted (USD)** | **(391.78)** | (266.74) |

**Note No. 11**
**Contingent liabilities**

| Particulars | As at March 31, 2017 USD | As at March 31, 2016 USD | As at April 01, 2015 USD |
|---|---|---|---|
| **Contingent liabilities and commitments (to the extent not provided for)** | | | |
| (a) Claims against the company not acknowledged as debt | **NIL** | NIL | NIL |
| (b) Guarantees | **NIL** | NIL | NIL |
| (c) Other money for which the company is contingently liable | **NIL** | NIL | NIL |

**Note No. 12**

There is no separate reportable segment hence information required under the IND AS 108 "Segment Reporting" is not given.

**Note No. 13**
**Related party transactions**

**Names of related parties and description of relation:**

| | |
|---|---|
| Ultimate Holding Company | Volcan Investments Ltd. |
| Intermediate Holding Company | Vedanta Resources Plc |
| Holding Company | Vedanta Limited |
| | THL Zinc Holding B.V. |

Note: Related parties have been identified by the management and there are no transactions with the related parties during the financial year ended March 31, 2017 and March 31, 2016 and as at April 01, 2015.

**Note No. 14**

Previous year figures have been regrouped / reclassified / whereever necessary to correspond with the current year's classification / disclosure.

**For Pathak H D & Associates**
Chartered Accountants
(Registration No. : 107783W)

**Mukesh Mehta**
Partner
Membership No. 43495
Place : Mumbai
Date: May 13, 2017

**For and on behalf of Lakomasko BV**

Nitin Gupta

Place : Gurugram