

**To The Board of directors of
Monte Cello BV**

Report on Financial Statements

We have audited the accompanying financial statements of “Monte Cello BV.” (“the Company”), which comprise the Balance Sheet as at 31st March 2016 , the Statement of Profit & Loss and Cash Flow Statement for the year then ended, and a summary of 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Principles Generally Accepted in India (Indian GAAPs), including Accounting Standards prescribed under Section 133 of the Act . This responsibility also includes maintenance of adequate accounting records in accordance with the provision 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 prescribed 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.



Pathak H.D. & Associates

Chartered Accountants

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.

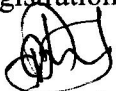
Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31st March, 2016, and its loss and its Cash Flows 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)



Anuj Bhatia
Partner

Membership No.: 122179

Place: Mumbai

Date: 25th April 2016



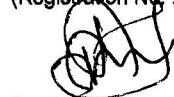
Monte Cello BV
Balance Sheet as at March 31, 2016

Particulars	Notes	As at March 31, 2016	As at March 31, 2015
		USD	USD
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	2	21,970	21,970
(b) Reserves and surplus	3	305,544,588	322,124,988
		305,566,558	322,146,958
2 Current liabilities			
(a) Other current liabilities	4	31,001	17,842
(b) Short-term provisions	5	1,595,429	1,078,334
		1,626,430	1,096,176
TOTAL		307,192,988	323,243,134
II. ASSETS			
1 Non-current assets			
(a) Non-current investments	6	2	21,215,520
(b) Long-term loans and advances	7	5,000,000	-
		5,000,002	21,215,520
2 Current assets			
(a) Cash and Cash Equivalents	8	73,965	53,578
(b) Short-term loans and advances	9	302,119,021	301,974,036
		302,192,986	302,027,614
TOTAL		307,192,988	323,243,134

The accompanying notes are forming part of the financial statements.

As per our report of even date

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



Anuj Bhatia
Partner
Membership No. 122179
Place : Mumbai
Date : April 25, 2016



For and on behalf of Monte Cello BV



GR Arun Kumar
Authorized Signatory

Place : Gurugram




Monte Cello BV
Statement of Profit and Loss for the year ended 31 March , 2016

Particulars	Notes	For the year ended 31	For the year ended 31
		March , 2016	March , 2015
		USD	USD
I Other Income	10	6,390,930	5,284,133
Total Revenue		6,390,930	5,284,133
II Expenses:			
(a) Finance costs	11	50,717	38,058
(b) Other expenses	12	108,851	60,680
Total Expenses		159,568	98,738
Profit before exceptional and extraordinary items and tax (I-II)		6,231,362	5,185,395
IV Exceptional Items (Refer Note No. 6.1)		21,215,518	-
V (Loss) / Profit before tax (III - IV)		(14,984,156)	5,185,395
VI Tax expense:			
(1) Current tax	13	1,596,244	1,089,313
VII (Loss) / Profit for the year (V - VI)		(16,580,400)	4,096,082
VIII Earnings per equity share of EUR 453.78 each	14		
(a) Basic		(414,510)	102,402
(b) Diluted		(414,510)	102,402

The accompanying notes are forming part of the financial statements.

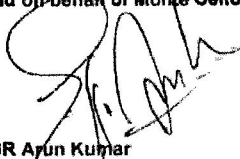
As per our report of even date

For Pathak H D & Associates
Chartered Accountants
(Registration No. : 197783W)


Anuj Bhatta
Partner
Membership No. 122179
Place : Mumbai
Date : April 25, 2016



For and on behalf of Monte Cello BV


GR Arun Kumar
Authorized Signatory

Place : Gurugram



Monte Cello BV
Cash Flow Statement for the year ended March 31, 2016

Particulars	For the year ended 31 March 16		For the year ended 31 March 15	
	USD	USD	USD	USD
A. Cash flow from Operating Activities				
Net (Loss)/ Profit for the year before tax as per statement of Profit & Loss		(14,884,158)		5,185,395
Adjustments for:				
- Interest Income	(6,390,930)		(5,175,309)	
- Interest on Income tax	48,471		36,784	
- Foreign exchange fluctuation	67,187		(103,867)	
Other non-cash changes				
- Provision for impairment for investment in Thalanga Copper Mines Pty Limited	21,215,518			
		14,930,246		(5,242,222)
Operating loss before working capital changes		(83,910)		(58,827)
Changes in working capital:				
Adjustments for (increase) / decrease in operating assets:				
Loans and advances	(13,679)			
Adjustments for increase / (decrease) in operating liabilities:				
Other current liabilities and provisions	13,159	(520)	1,724	1,724
Cash used in operations		(54,430)		(55,103)
Net Income tax paid		(1,146,934)		(1,831,174)
Net cash used in operating activities (A)		(1,201,364)		(1,886,277)
B. Cash Flow from Investing Activities				
Interest received		6,871,800		6,110,882
Loans to related parties (Net)		(5,661,578)		(4,300,000)
Net cash flow from investing activities (B)		1,210,222		1,810,882
C. Cash Flow from Financing Activities				
Interest Paid on Income tax		(48,471)		(36,784)
Net cash flow from financing activities (C)		(48,471)		(36,784)
Net (Decrease) / Increase in cash and cash equivalent (A+B+C)		20,387		(112,179)
Cash and cash equivalents at the beginning of the year (refer Note 8)		63,576		165,757
Cash and cash equivalents at the end of the year (refer Note 8)		73,966		53,578

The accompanying notes are forming part of the financial statements.
As per our report of even date

For Pathak H D & Associates
Chartered Accountants
(Registration No. : 107793W)

Anuj Bhatia
Partner
Membership No. 122179
Place : Mumbai
Date : April 26, 2016



For and on behalf of Monte Cello BV

GR Arun Kumar
Authorized Signatory

Place : Gurugram

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Monte Cello BV
Notes forming part of the financial statements

1 (a) Company Overview

Monte Cello B V (the company) is a private company with limited liability ("Besloten Vennootschap"), existing under the laws of The Netherlands. September 24, 1997. The company has its statutory seat and principal place of business in Amsterdam, The Netherlands. The principal activity of the company is Holding of Investments and Financing Activities.

1 (b) Significant accounting policies :

(i) Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP), including the Accounting Standards notified under the relevant provisions of the Companies Act, 2013 as adopted consistently by the Company. The financial statements have been prepared on accrual basis under the historical cost convention.

(ii) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between actual results and estimates are recognized in the periods in which the results are known / materialise.

(iii) Investments

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. Investments are recorded as Long Term Investments unless they are expected to be sold within one year. Investments in subsidiaries are valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

(iv) Cash flow statement

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

(v) Foreign Currency Transactions

(i) Transactions denominated in foreign currencies are recorded at the exchange rate prevailing at the date of the transaction.

(ii) Monetary assets and liabilities in foreign currency outstanding at the year end are restated at the year-end exchange rates and resultant exchange differences are taken to the Statement of Profit and Loss.

(iii) Any income or expense on account of exchange difference either on settlement or on translation is recognised in the Statement of Profit and Loss.

(iv) In order to hedge its exposure to foreign exchange risks, the Company enters into forward exchange contracts and other derivative financial instruments. The Company neither holds nor issue any derivative financial instruments for speculative purpose. In case of forward contracts underlying assets or liabilities, the difference between the forward rate and the exchange rate on the date of inception of forward contract is recognised as income or expense and is amortised over the life of the contract. Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss. The company provides for losses in respect of all outstanding foreign currency derivatives exposure at the balance sheet date by marking them to market.

(vi) Revenue Recognition

Revenue is recognised only when it can be reliably measured and it is reasonable to expect ultimate collection. Dividend income is recognised when right to receive the payment is established by the Balance Sheet date. Interest income is recognised on time proportion basis taking into account the amount outstanding and rate applicable.

(vii) Taxation

Income tax is calculated on the profit/loss before tax in the income statement, taking into account any losses carried forward from previous financial years and tax exempt items, and plus non deductible expenses. Account is also taken of changes in deferred income tax assets and liabilities owing to changes in the applicable tax rates.

(viii) Provision, Contingent Liabilities and Contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the financial statements. Contingent Assets are not disclosed in the financial statements.

1(c) The financial statements are prepared for the purpose of preparing consolidated financial statement of holding company, Vedanta Limited (earlier known as Sesa Sterlite Limited).



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Monte Cello BV

Notes forming part of Financial Statements for the year ended March 31, 2016

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	USD	Number	USD
Note 2 - Share Capital				
Authorised				
Equity Shares of EUR 453.78 each fully paid	200	109,850	200	109,850
Issued				
Equity Shares of EUR 453.78 each fully paid	40	21,970	40	21,970
Subscribed & fully Paid up				
Equity Shares of EUR 453.78 each fully paid	40	21,970	40	21,970
Total	40	21,970	40	21,970

i) Reconciliation of the number and amount of equity shares outstanding at the beginning and at the end of the year:

	As at March 31, 2016		As at March 31, 2015	
	Number	USD	Number	USD
Shares outstanding at the beginning of the year	40	21,970	40	21,970
Shares outstanding at the end of the year	40	21,970	40	21,970

ii) Details of shares held by Holding Company

	As at March 31, 2016	As at March 31, 2015
Equity shares are held by Vedanta Limited	40	40
Percentage of holding	100%	100%

iii) Other disclosures

The Company has one class of equity shares having a par value of EUR 453.78 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders approval. In the event of liquidation of Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

Particulars	As at March 31, 2016	As at March 31, 2015
	USD	USD
Note 3 - Reserves & Surplus		
a. General Reserve		
Opening Balance	8,058,865	8,058,865
Closing Balance	8,058,865	8,058,865
b. Surplus in Statement of Profit and Loss		
Balance at the beginning of the year	314,066,123	309,970,041
Add: (Loss)/Profit for the year	(16,580,400)	4,096,082
Balance at the end of the year	297,485,723	314,066,123
Total	305,544,588	322,124,988



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Monte Cello BV
Notes forming part of Financial Statements for the year ended March 31, 2016

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	USD	USD
Note 4 - Other Current Liabilities		
Other payables (For Expenses)	31,001	17,842
Total	31,001	17,842
Note 6 - Short Term provisions		
Provisions for taxes (Net)	1,595,429	1,078,334
Total	1,595,429	1,078,334
Note 6 - Non Current Investments (Refer Note 1 (b)(iii))		
Investments (at Cost):		
(a) Investment in Equity Instruments of subsidiaries		
(i) 2 (Previous Year 2) Equity shares of AUD 1 each in Copper Mines of Tasmania Pty Limited	1	1
(ii) 578,240 (Previous Year 578,240) Equity shares of AUD 1 each in Thalanga Copper Mines Pty Limited	1	21,215,519
Total	2	21,215,520
Aggregate amount of unquoted investments	2	21,215,520
Note 6.1- During the year the company has provided for impairment of USD 21,215,518 for its investment held in Thalanga Copper Mines Pty Limited.		
Note 7 - Long Term Loans and Advances		
Loans and advances to related parties (Refer Note 17)	6,000,000	-
Total	6,000,000	-
Note 8 - Cash and Cash Equivalents		
Cash and Cash Equivalents		
Balances with banks in current accounts	73,965	53,578
Total	73,965	53,578
Of the above, the balances that meet the definition of Cash and cash equivalents as per AS 3 Cash Flow Statements is	73,965	53,578
Note 9- Short term loans and advances		
Unsecured, considered good unless stated		
Loans and advances to related parties (Refer Note 17)	302,105,342	301,974,036
Other Receivable (Refer Note 17)	13,679	-
Total	302,119,021	301,974,036



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Monte Cello BV

Notes forming part of Financial Statements for the year ended March 31 , 2016

Particulars	For the year ended 31 March , 2016	For the year ended 31 March , 2015
	USD	USD
Note 10- Other Income		
Interest Income from		
(a) Deposits	222	282
(b) Loans	6,390,708	5,175,027
Net gain on foreign currency transactions and translation (other than considered as finance cost)	-	108,824
Total	6,390,930	5,284,133
Note 11 - Finance Cost		
(a) Interest expense on Income Tax	48,471	36,784
(b) Bank charges	2,246	1,274
Total	50,717	38,058
Note 12 - Other Expenses		
(a) Payments to Auditors - Audit Fees	7,125	7,125
(b) Professional fees	46,763	53,555
(c) Net loss on foreign currency transaction and translation	55,963	-
Total	108,851	60,680
Note 13 - Current Tax		
(a) For the Year	1,595,429	1,088,935
(b) For the earlier years	815	378
Net Current tax	1,596,244	1,089,313



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Monte Cello BV
Notes forming part of the financial statements

Particulars	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	USD	USD
14 Earnings Per Share (EPS)		
Net (Loss)/Profit after tax attributable to equity shareholders for Basic and Diluted EPS	(16,580,400)	4,086,082
Weighted average Number of equity Shares	40	40
Par Value per Share (EUR)	453.78	453.78
Earning Per Share - Basic and diluted	(414,609.99)	102,402.05
Particulars	USD	USD
15 Contingent liabilities		
Contingent liabilities and commitments (to the extent not provided for)		
Claims against the company not acknowledged as debt	NIL	NIL
16 There is no separate reportable segment hence information as defined in the Accounting Standard 17 "Segment Reporting" is not given.		



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Monte Celio BV
Notes forming part of the financial statements
17 Related party transactions

Names of related parties and description of relation:

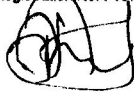
Ultimate Holding Company	Vedanta Resources Plc.
Immediate Holding Company	Vedanta Limited (earlier known as Sesa Sterlite Limited)
Subsidiaries	Copper Mines of Tasmania Pty Limited Thalanga Mines of Tasmania Pty Limited
Fellow Subsidiaries	THL Zinc Holding B.V. Twinstar Mauritius Holdings Limited

Note: Related parties have been identified by the management

	For the year ended 31 March, 2016	For the year ended 31 March, 2015
	USD	USD
<u>1. Vedanta Resources Plc</u>		
Interest Receivable	1,048,533	1,048,533
<u>2. Twinstar Mauritius Holdings Limited</u>		
Loan (repaid) by / given to	(3,898,421)	(8,200,000)
Interest Income	5,933,238	5,069,031
Loan Receivable	283,428,660	287,325,081
Interest Receivable	68,685	1,008,028
<u>3. Copper Mines of Tasmania Pty Limited</u>		
Investment	1	1
Loan given	9,500,000	12,500,000
Interest Income	467,470	105,997
Loan Receivable	22,000,000	12,500,000
Interest Receivable	683,484	95,398
<u>4. THL Zinc BV</u>		
Loan received		820,560
Loan repaid		820,560
Reimbursement of expense	13,769	-
Receivable	13,769	-
<u>5. Thalanga Mines of Tasmania Pty Limited</u>		
Investment	1	21,215,519

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

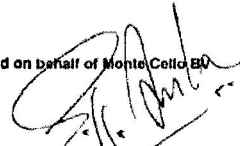
For Pathak H D & Associates
Chartered Accountants
(Registration No. : 107763W)



Anuj Bhatia
Partner
Membership No. 122178
Place : Mumbai
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For and on behalf of Monte Celio BV



GR Arun Kumar
Authorized Signatory

Place : Gurugram

