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 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 profit (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

Monte Cello 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				
Non-current assets				
Financial assets				
(a) Investments	2	**2**	2	21,215,520
(b) Loan	3	-	5,000,000	-
		2	5,000,002	21,215,520
Current assets				
Financial assets				
(a) Loans	4	**24,000,000**	300,426,660	299,825,081
(b) Others	5	**2,758,981**	1,692,361	2,148,955
(c) Cash and cash equivalents	6	**17,577**	73,965	53,578
		26,776,558	302,192,986	302,027,614
Total Assets		**26,776,560**	307,192,988	323,243,134
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	7	**21,970**	21,970	21,970
(b) Other equity		**24,477,480**	305,544,588	322,124,988
		24,499,450	305,566,558	322,146,958
Current liabilities				
Financial liabilities				
(a) Borrwings	8	**2,000,000**	-	-
(b) Other	9	**58,174**	31,001	17,842
Current tax liabilities		**218,936**	1,595,429	1,078,334
		2,277,110	1,626,430	1,096,176
Total Equity and Liabilities		**26,776,560**	307,192,988	323,243,134

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 Monte Cello BV

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

Nitin Gupta

Place : Gurugram

Monte Cello 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
Other income	10	**6,525,535**	6,390,930
Total income		**6,525,535**	6,390,930
Finance costs	11	**42,621**	50,717
Other expenses	12	**64,609**	108,851
Total expenditure		**107,230**	159,568
Profit before tax and exceptional Items		**6,418,305**	6,231,362
Exceptional items		**-**	21,215,518
Profit / (loss) before tax		**6,418,305**	(14,984,156)
Tax expense	13	**1,558,753**	1,596,244
Profit/(loss) for the year		**4,859,552**	(16,580,400)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**4,859,552**	(16,580,400)
Earnings/(loss) per equity share of EUR 453,78 each			
(a) Basic	15	121,489	(414,510)
(a) Diluted	15	121,489	(414,510)

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 Monte Cello BV

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

Nitin Gupta

Place : Gurugram

Monte Cello BV
Statement of Changes in Equity
For the year ended March 31, 2017

Other Equity	**Issued Capital** USD	**General reserve** USD	**Other Equity reserve** USD	**Retained earnings** USD	**Total Equity** USD
At April 01, 2015	21,970	8,058,865	-	314,066,123	322,146,958
Profit for the year and total comprehensive income	-		-	(16,580,400)	(16,580,400)
At March 31, 2016	21,970	8,058,865	-	297,485,723	305,566,558
Provision due to merger (Refer Note No. 4.1)			**(285,926,660)**		**(285,926,660)**
Profit for the year and total comprehensive income	**-**	**-**		**4,859,552**	**4,859,552**
At March 31, 2017	**21,970**	**8,058,865**	**(285,926,660)**	**302,345,275**	**24,499,450**

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 Monte Cello BV

Nitin Gupta

Place : Gurugram

Monte Cello BV
Cash Flow Statement for the year ended March 31, 2017

	For the year ended		For the year ended	
	March 31, 2017	**March 31, 2017**	**March 31, 2016**	**March 31, 2016**
	USD	**USD**	USD	USD
Cash flows from operating activities				
Profit/(loss) before tax		**6,418,305**		(14,984,156)
Adjusted for:				
- Interest income	(6,496,140)		(6,390,930)	
- Interest expense	41,165		48,471	
- Foreign exchange fluctuation	(29,556)		57,187	
- Provision for impairment	-		21,215,518	
		(6,484,531)		14,930,246
		(66,226)		**(53,910)**
Working capital changes:				
- Change in other receivables	(197)		(13,679)	
- Change in other payables	(10,213)		13,159	
		(10,410)		(520)
Cash used in operations		(76,636)		(54,430)
Tax paid		(2,905,690)		(1,146,934)
Net cash used in operating activities		**(2,982,326)**		**(1,201,364)**
Investing activities				
Loan to related company (net)		(2,000,000)		(5,601,578)
Interest received		2,929,716		6,871,800
Net cash from investing activities		**929,716**		**1,270,222**
Financing activities				
Loan from related company		2,000,000		-
Interest paid		(3,779)		(48,471)
Net cash from/(used in) financing activities		**1,996,221**		**(48,471)**
Net (decrease)/increase in cash and cash equivalents		**(56,388)**		**20,387**
Cash and cash equivalents at the beginning of year		**73,965**		**53,578**
Cash and cash equivalents at the end of year		**17,577**		**73,965**

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 Monte Cello BV

Nitin Gupta

Place : Gurugram

1 (i) CORPORATE INFORMATION

Monte Cello BV (the company) is a private company with limited liablity ("Besloten Vennootschap"),existing under the laws of The Netherlands incorporated in 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.

The financial statements under IND AS are prepared for the purpose of preparing consolidated financial statement 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. This note explains the exemptions on the first time 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
(i) Investments in subsidiaries, joint ventures and associates Ind AS 101 permits a first-time adopter to measure its investments in subsidiaries, joint ventures and associates at deemed cost. The deemed cost of such an investment could be either (a) its fair value at the date of transition; or (b) previous GAAP carrying amount at that date. The option may be exercised individually and separately for each item of investment. Accordingly, the Company has opted to measure its investments in subsidiaries, joint ventures and associates at deemed cost, i.e. previous GAAP carrying amount.

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.

(ii) BASIS OF PREPARATION OF FIANNCIAL STATEMENTS (Cont'd)

(iii) SIGNIFICANT ACCOUNTING POLICIES

(a) **Statement of compliance**

The principle 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.

(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) **<u>Functional and presentation currency</u>**

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 profit or loss on foreign currency transactions and translations'.

(b) **<u>Revenue recognition</u>**

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.

(iv) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

(b) **Revenue recognition (Cont'd)**

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) Investment in subsidiary

A subsidiary is an entity (including special purpose entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.Investments in subsidiaries are shown at cost. Where the carrying amount of the investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of profit or loss and other comprehensive income. On disposal of the investments,the difference between the net disposal proceeds and the carrying amount is charged or credited to profit or loss.

The Company has taken advantage of the exemption under paragraph 4(a) of Indian Accounting Standard "Ind AS 110 - Consolidated Financial Statements" which dispenses it from the need for presenting consolidated financial statements for its investment in the subsidiary company as it is intermediately owned by Vedanta Limited. Vedanta Limited prepares consolidated financial statements which comply with Indian Accounting Standards and these are available for public use at www.vedantalimited.com.

(f) 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:

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

(f) <u>Financial Instruments (Cont'd)</u>

(i) Financial Assets - Recognition (Cont'd)

•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.

• **Debt instruments at fair value through other comprehensive income (FVOCI)**
A 'debt instrument' is classified as FVOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in 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’).

• 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)

(f) <u>Financial Instruments (Cont'd)</u>

(iv) Financial liabilities – Recognition & Subsequent measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, or as loans, borrowings and payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of financial liabilities at amortised cost, net of directly attributable transaction costs.

The Company's financial liabilities include payables and borrowings.

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)

(g) <u>Impairment of assets</u>

At each reporting date, the company 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.

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.

(h) <u>Taxation</u>

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.

(i) <u>Current v/s Non -current classification</u>

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.

(j) **<u>Related parties</u>**

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.

'(k) **<u>Cash and cash equivalents</u>**

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.

Note No. 2
Financial assets-non current : Investments

Particulars	As at March 31, 2017 USD	As at March 31, 2016 USD	As at April 01, 2015 USD
In equity instruments of subsidiaries			
2 (2016: 2 and 2015: 2) Equity shares of AUD 1 each in Copper Mines of Tasmania Pty Limited	1	1	1
578,240 (2016: 578,240 and 2015: 578,240) Equity shares of AUD 1 each in Thalanga Copper Mines Pty Limited	1	1	21,215,519
	2	2	21,215,520
Aggregate amount of unquoted investment	**2**	2	21,215,520

2.1 During the previous year the company has provided for impairment of USD 21,215,518 for its investment held in Thalanga Copper Mines Pty Limited.

Note No. 3
Financial assets-non current : Loan

Particulars	As at March 31, 2017 USD	As at March 31, 2016 USD	As at April 01, 2015 USD
Loan to Twin Star Mauritius Holding Limited	**-**	5,000,000	-
	-	5,000,000	-

Note No. 4
Financial assets-current : Loan

Particulars	As at March 31, 2017 USD	As at March 31, 2016 USD	As at April 01, 2015 USD
Loan to Twin Star Mauritius Holding Limited	**283,426,660**	278,426,660	287,325,081
Less:Provision due to merger (Refer note 4.1)	**(283,426,660)**	-	-
Loan to Copper Mines of Tasmania Pty Ltd.	**24,000,000**	22,000,000	12,500,000
	24,000,000	300,426,660	299,825,081

4.1 The Company had advanced loans of USD 283,426,660 to Twin Star Mauritius Holdings Limited (TSMHL), a fellow subsidiary of the Company. TSMHL was holding shares of Cairn India Limited ("Cairn India"), another fellow subsidiary of the Company. During the current year the merger of Cairn India into the Company's intermediate holding company, Vedanta Limited ("Vedanta"), was substantially completed and was implemented in the month of April 2017 by allotment of shares of Vedanta to the shareholders of Cairn India. As per the terms of the Scheme of merger, Vedanta and its subsidiaries (including TSMHL) did not receive any consideration in lieu of their holding in Cairn India which stood extinguished upon the merger being implemented. Consequently, the Company has made a provision of USD 285,926,660 against the loan (including accrued interest) it had extended to TSMHL and the effects of the same were carried through the statement of changes in equity.

Note No. 5
Financial assets-current : Other

Particulars	As at March 31, 2017 USD	As at March 31, 2016 USD	As at April 01, 2015 USD
Accrued interest -Twin Star Mauritius Holding Limited	**3,112,080**	69,685	1,008,026
Less:Provision due to merger (Refer Note no. 4.1)	**(2,500,000)**	-	-
Accrued interest -Copper Mines of Tasmania Pty Ltd.	**1,087,492**	563,464	95,396
Accrued interest - Vedanta Resources Plc	**1,045,533**	1,045,533	1,045,533
Receivable from THL Zinc Holding BV	**13,876**	13,679	-
	2,758,981	1,692,361	2,148,955

Note No. 6
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	**17,577**	73,965	53,578
	17,577	73,965	53,578

Note No. 7
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 453.78 each fully paid	**109,850**	109,850	109,850
200 shares (2016: 200 shares and 2015: 200 shares)			
	109,850	109,850	109,850
Issued, subscribed and paid-up			
Equity shares of EUR 453.78 each fully paid	**21,970**	21,970	21,970
40 shares (2016: 40 shares and 2015: 40 shares)			
	21,970	21,970	21,970

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	**40**	**100%**	40	100%	40	100%

c) Rights/preferences/restrictions attached to equity shares
The Company has only one class of equity shares having a par value of EUR 453.78 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

Note No. 8
Financial liabilities- current : Borrowings

Particulars	**As at March 31, 2017 USD**	As at March 31, 2016 USD	As at April 01, 2015 USD
Borrowings			
Loan from Namzinc (Pty) Ltd.	**2,000,000**	-	-
	2,000,000	-	-

The Company has sought fund from Namzinc (pty) Ltd., a group company incorporated under the laws of Namibia, where Namzinc (Pty) Ltd. has agreed to grant a loan for an amount of USD 2,000,000 to the Company. The interest rate for the loan is 2% per annum and the loan is repayable in 12 months. The loan is unsecured in nature.

Note No. 9
Financial liabilities- current : Others

Particulars	**As at March 31, 2017 USD**	As at March 31, 2016 USD	As at April 01, 2015 USD
Other Payables			
Interest accrued -Namzinc (Pty) Ltd.	**37,386**	-	-
Others	**20,788**	31,001	17,842
	58,174	31,001	17,842

Note No. 10
Other income

Particulars	For the year ended March 31, 2017 USD	For the year ended March 31, 2016 USD
Interest income on deposits	**155**	222
Interest income on loans	**6,495,985**	6,390,708
Net gain on foreign currency transactions and translation	**29,395**	-
	6,525,535	**6,390,930**

Note No. 11
Finance costs

Particulars	For the Year ended March 31, 2017 USD	For the Year ended March 31, 2016 USD
Interest expenses on loan taken	**37,386**	-
Interest on income tax	**3,779**	48,471
Bank charges	**1,456**	2,246
	42,621	50,717

Note No. 12
Other expenses

Particulars	For the Year ended March 31, 2017 USD	For the Year ended March 31, 2016 USD
Legal and professional fees	**57,484**	45,763
Audit fees	**7,125**	7,125
Net loss on foreign currency transactions and translations	**-**	55,963
	64,609	108,851

Note No. 13
Tax Expense

Tax expense

Particulars	For the Year ended March 31, 2017 USD	For the Year ended March 31, 2016 USD
Profit before taxation	**6,418,305**	6,231,362
Income tax as per slabs	**1,574,531**	1,595,429
Add- Previous year tax (credit) / expense	**(15,778)**	815
Income tax expense recognised in profit and loss	**1,558,753**	1,596,244

Note No. 14
Financial Instruments

Fair values

(a) 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			
Loan and receivables (including cash and cash equivalents)	**26,776,558**	307,192,986	302,027,614
Financial liabilities			
Loans and payables	**2,058,174**	31,001	17,842
	2,058,174	31,001	17,842

(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.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.

14 **Financial Instruments (cont'd)**

March 31, 2017	**Up to 1 year**	**More than 1 year**	**Total**
	USD	**USD**	**USD**
Financial Assets			
Non-interest bearing	**2,776,558**	**-**	**2,776,558**
Fixed interest bearing	**24,000,000**	**-**	**24,000,000**
Variable interest bearing	**-**	**-**	**-**
Total assets	**26,776,558**	**-**	**26,776,558**
Financial Liabilities			
Non-interest bearing	**58,174**	**-**	**58,174**
Fixed interest bearing	**2,000,000**	**-**	**2,000,000**
Variable interest bearing	**-**	**-**	**-**
Total liabilities	**2,058,174**	**-**	**2,058,174**

March 31, 2016	Up to 1 year	More than 1 year	Total
	USD	USD	USD
Financial Assets			
Non-interest bearing	1,766,326	-	1,766,326
Fixed interest bearing	300,426,660	5,000,000	305,426,660
Variable interest bearing	-	-	-
Total assets	302,192,986	5,000,000	307,192,986
Financial Liabilities			
Non-interest bearing	31,001	-	31,001
Fixed interest bearing	-	-	-
Variable interest bearing	-	-	-
Total liabilities	31,001	-	31,001

April 01, 2015	Up to 1 year	More than 1 year	Total
	USD	USD	USD
Financial Assets			
Non-interest bearing	2,202,533	-	2,202,533
Fixed interest bearing	299,825,081	-	299,825,081
Variable interest bearing			-
Total assets	302,027,614	-	302,027,614
Financial Liabilities			
Non-interest bearing	17,842	-	17,842
Fixed interest bearing	-	-	-
Variable interest bearing	-	-	-
Total liabilities	17,842	-	17,842

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.

14 **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:

(Amounts in USD)

	Financial assets 2017	**Financial liabilities 2017**	Financial assets 2016	Financial liabilities 2016	Financial assets 2015	Financial liabilities 2015
Euro	**3,007**	**-**	3,613	-	2,676	-
United States Dollar	**26,773,551**	**2,058,174**	307,189,373	31,001	302,024,938	17,842

As at March 31, 2017, March 31, 2016 and April 01, 2015 the Company does not variable interest bearing financial assets and financial liabilities.Therefore, the Company does not have any material exposure to foreign currencies and consequently the sensitivity 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	**58,174**	**-**	**58,174**
Short term borrowings	**2,000,000**	**-**	**2,000,000**
Total	**2,058,174**	**-**	**2,058,174**

March 31, 2016

	Up to 1 year	More than 1 year	Total
	USD	USD	USD
Liabilities			
Other payables	31,001	-	31,001
Total	31,001	-	31,001

April 01, 2015

	Up to 1 year	More than 1 year	Total
	USD	USD	USD
Liabilities			
Other payables	17,842	-	17,842
Total	17,842	-	17,842

(f) Capital risk management

For the purpose of the Company capital management, capital includes issued capital 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 stated capital, retained earnings and net debt.

14 **Financial Instruments (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)	**2,000,000**	-	-
Cash and cash equivalents	**17,577**	73,965	53,578
Net debt	**1,982,423**	(73,965)	(53,578)
Equity (ii)	**24,499,450**	305,566,558	322,146,958
Net debt to equity ratio (times)	**0.08**	NA	NA

(i) Debt includes loan from Namzinc (Pty) Ltd amounting to USD 2,000,000 (2016:USD Nil and 2015: USD Nil).

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

15 Earnings Per Share (EPS)

Particulars	For the year ended March 31, 2017 USD	For the year ended March 31, 2016 USD
Net Profit after tax attributable to equity	**4,859,552**	(16,580,400)
Weighted average	**40**	40
Par Value per Share	**453.78**	453.78
Earning per share -	**121,489**	(414,510)

16 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			
(c) Other money for which the company is contingently liable			

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

18 Related party transactions

Names of related parties and description of relation:

Ultimate Holding	Vedanta Resources Plc
Immediate Holding	Vedanta Limited
Subsidiaries	Copper Mines of Tasmania Pty Limited Thalanga Copper Mines Pty Limited
Fellow Subsidiaries	THL Zinc Holding B.V. Twinstar Mauritius Holdings Limited Namzinc Pty Ltd

18 **Related party transactions (Cont'd)**

	For the year ended 31 March, 2017	For the year ended 31 March, 2016	As at April 01, 2015
	USD	USD	USD
1.Vedanta Resources Plc			
Interest receivable	**1,045,533**	1,045,533	1,045,533
2.Namzinc Pty Ltd			
Loan taken / (adjusted)	**2,000,000**	-	-
Interest expense	**37,386**	-	-
Loan payable	**2,000,000**	-	-
Interest payable	**37,386**	-	-
3.Twinstar Mauritius Holdings Limited			
Loan (repaid) by/ given to	-	(3,898,421)	**-**
Provision due to merger	**285,926,660**	-	**-**
Interest received during the year	**2,929,561**		
Interest income during the year	**5,971,956**	5,933,238	**-**
Loan receivable	**-**	283,426,660	287,325,081
Interest receivable	**612,080**	69,685	1,008,026
4. Copper Mines of Tasmania Pty Limited			
Investment	**1**	1	1
Loan given/ (adjusted) during the year	**2,000,000**	9,500,000	-
Interest income during the year	**524,028**	457,470	-
Loan receivable	**24,000,000**	22,000,000	12,500,000
Interest receivable	**1,087,492**	563,464	95,396
5. THL Zinc Holding BV			
Loan received	**-**	**-**	-
Loan repaid	**-**	**-**	-
Reimbursement of expense	**197**	13,769	**-**
Receivable	**13,966**	13,769	**-**
6.Thalanga Copper Mines Pty Limited			
Investment	**1**	1	21,215,519

19 **Letter of Support**

The intermediate holding company, Vedanta Limited , has provided the Company with a letter of financial support where it confirms that it will provide the necessary financial support and financing arrangements to enable the Company to meet all its external and group company liabilities, as and when they fall due, over the next twelve months.

20 **Events after the reporting period**

There have been no material events after the reporting date which would require disclosure or adjustment to these financial statements.

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

For and on behalf of Monte Cello BV

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

Nitin Gupta

Place : Gurugram