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 2018, 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 financial statements that give a true and fair view of financial position, 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 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 of the Company as at 31st March, 2018, and its loss including other comprehensive income, its cash flows and the statement of 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 principles 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: 1st May 2018

Monte Cello BV
Balance sheet as at March 31, 2018

Particulars	Notes	As at March 31, 2018 USD	As at March 31, 2017 USD
ASSETS			
Non-current assets			
Financial assets			
(a) Investments	2	**2**	2
		2	2
Current assets			
Financial assets			
(a) Loans	3	**24,000,000**	24,000,000
(b) Others	4	**2,698,902**	2,758,981
(c) Cash and cash equivalents	5	**3,062**	17,577
		26,701,964	26,776,558
Total Assets		**26,701,966**	26,776,560
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	6	**21,970**	21,970
(b) Other equity		**24,560,622**	24,477,480
		24,582,592	24,499,450
Current liabilities			
Financial liabilities			
(a) Borrwings	7	**2,000,000**	2,000,000
(b) Other	8	**119,374**	58,174
Current tax liabilities		**-**	218,936
		2,119,374	2,277,110
Total Equity and Liabilities		**26,701,966**	26,776,560

The accompanying notes are forming part of the financial statements

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

Mukesh Mehta
Partner
Membership No. 43495
Place : Mumbai
Date: 1st May, 2018

For and on behalf of Monte Cello BV

Nitin Gupta

Place : Gurugram
Date: 1st May, 2018

Monte Cello BV
Statement of Profit and Loss for the year ended March 31, 2018

Particulars	Notes	For the year ended March 31, 2018 USD	For the year ended March 31, 2017 USD
Other income	9	**552,000**	6,525,535
Total income		**552,000**	6,525,535
Finance costs	10	**45,244**	42,621
Other expenses	11	**100,744**	64,609
Total expenditure		**145,988**	107,230
Profit before tax and exceptional Items		**406,012**	6,418,305
Exceptional items		**-**	-
Profit before tax		**406,012**	6,418,305
Tax expense	12	**1,657,108**	1,558,753
(Loss)/Profit for the year		**(1,251,096)**	4,859,552
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(1,251,096)**	4,859,552
(Loss)/ earnings per equity share of EUR 453.78 each			
(a) Basic	14	(31,277)	121,489
(a) Diluted	14	(31,277)	121,489

The accompanying notes are forming part of the financial statements

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

Mukesh Mehta
Partner
Membership No. 43495
Place : Mumbai
Date: 1st May, 2018

For and on behalf of Monte Cello BV

Nitin Gupta

Place : Gurugram
Date: 1st May, 2018

Monte Cello BV
Statement of Changes in Equity
For the year ended March 31, 2018

Other Equity	**Issued Capital** USD	**General reserve** USD	**Other Equity reserve** USD	**Retained earnings** USD	**Total Equity** USD
At April 01, 2016	21,970	8,058,865	-	297,485,723	305,566,558
Provision due to merger (Refer note no. 3.1)			(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
Reversal of provision (Refer note no. 3.2)	**-**	**-**	**1,334,238**	-	**1,334,238**
Loss for the year and total comprehensive income	**-**	**-**	**-**	**(1,251,096)**	**(1,251,096)**
At March 31, 2018	**21,970**	**8,058,865**	**(284,592,422)**	**301,094,179**	**24,582,592**

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

Mukesh Mehta
Partner
Membership No. 43495
Place: Mumbai
Date: 1st May, 2018

For and on behalf of Monte Cello BV

Nitin Gupta

Place: Gurugram
Date: 1st May, 2018

Monte Cello BV
Cash Flow Statement for the year ended March 31, 2018

	For the year ended		For the year ended	
	March 31, 2018	**March 31, 2018**	**March 31, 2017**	**March 31, 2017**
	USD	**USD**	USD	USD
Cash flows from operating activities				
Profit before tax		**406,012**		6,418,305
Adjusted for:				
- Interest income	(552,000)		(6,496,140)	
- Interest expense	45,036		41,165	
- Foreign exchange fluctuation	24,887		(29,556)	
		(482,077)		(6,484,531)
		(76,065)		(66,226)
Working capital changes:				
- Change in other receivables	-		(197)	
- Change in other payables	16,201		(10,213)	
		16,201		(10,410)
Cash used in operations		(59,864)		(76,636)
Tax paid		(1,900,931)		(2,905,690)
Net cash used in operating activities		**(1,960,795)**		(2,982,326)
Investing activities				
Loan to related company (net)		-		(2,000,000)
Interest received		1,946,318		2,929,716
Net cash from investing activities		**1,946,318**		929,716
Financing activities				
Loan from related company		-		2,000,000
Interest paid on income tax		(38)		(3,779)
Net cash (used in)/ from financing activities		**(38)**		1,996,221
Net decrease in cash and cash equivalents		**(14,515)**		(56,388)
Cash and cash equivalents at the beginning of year		**17,577**		73,965
Cash and cash equivalents at the end of year		**3,062**		17,577

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

Mukesh Mehta
Partner
Membership No. 43495
Place: Mumbai
Date: 1st May, 2018

For and on behalf of Monte Cello BV

Nitin Gupta

Place: Gurugram

Monte Cello BV
Notes to the Financial Statements
For the year ended March 31, 2018

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 on 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 FINANCIAL 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.

(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) **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.

(iv) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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 the statement of profit and loss as 'Net profit or loss on foreign currency transactions and translations'.

(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 and 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 and 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 and 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 the statement of profit and 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.

Monte Cello BV
Notes to the Financial Statements (cont'd)
For the year ended March 31, 2018

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

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

(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 statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and 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 the statement of profit and 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 and 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.

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

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

(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) **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 the statement of profit and 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. The Company has not designated any financial liability as at fair value through profit or 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 the statement of profit and 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 the statement of profit and 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) **Impairment of assets**

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 and 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) **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.

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

The company presents assets and liabilities in the balance sheet 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) **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.

(k) **Cash and cash equivalents**

Cash and cash equivalents in the balance sheet comprise cash at banks 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, 2018 USD	As at March 31, 2017 USD
In equity instruments of subsidiaries		
2 (2017: 2) Equity shares of AUD 1 each in Copper Mines of Tasmania Pty Limited	**1**	1
578,240 (2017: 578,240) Equity shares of AUD 1 each in Thalanga Copper Mines Pty Limited	**21,215,519**	21,215,519
Less: Provision for impairment of investment	**(21,215,518)**	(21,215,518)
	2	2
Aggregate amount of unquoted investment	**2**	2

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

Note No. 3
Financial assets-current : Loan

Particulars	As at March 31, 2018 USD	As at March 31, 2017 USD
Loan to Twin Star Mauritius Holding Limited	**-**	283,426,660
Less:Provision due to merger (Refer note 3.1)	**-**	(283,426,660)
Loan to Copper Mines of Tasmania Pty Ltd. (CMT)	**24,000,000**	24,000,000
	24,000,000	24,000,000

3.1 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 year 2016-17, 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.

3.2 During the year, the company has received USD 1,946,318 from TSMHL on account of outstanding accrued interest & hence the excess provision for impairment of USD 1,334,238 has been reversed in other equity reserve (Refer statement of changes in equity).

3.3 In September 2014, the Company entered into a loan agreement with CMT amounting to USD 25,000,000 at an interest rate of 2.20% per annum and repayable in March 2017. However, during the current year, the repayment terms have been revised and further extended till March 2019 at an increased interest rate of 2.30% per annum. As at March 31, 2018, the amount due from CMT is USD 24,000,000 (2017: USD 24,000,000).

3.4 During the year, the Company sold the loan and interest receivable from TSMHL to Bloom Fountain Limited, another group company at USD 1.

Note No. 4
Financial assets-current : Other

Particulars	As at March 31, 2018 USD	As at March 31, 2017 USD
Accrued interest -Twin Star Mauritius Holding Limited	**-**	3,112,080
Less:Provision due to merger (Refer Note no. 3.1 and 3.2)	**-**	(2,500,000)
Accrued interest -Copper Mines of Tasmania Pty Ltd.	**1,639,492**	1,087,492
Accrued interest - Vedanta Resources Plc	**1,045,533**	1,045,533
Receivable from THL Zinc Holding BV	**13,876**	13,876
Receivable from Bloom Fountain Limited (Refer note 3.4)	**1**	-
	2,698,902	2,758,981

Note No. 5
Financial assets-current : Cash and cash equivalents

Particulars	As at March 31, 2018 USD	As at March 31, 2017 USD
Balances with banks		
- in current accounts	**3,062**	17,577
	3,062	17,577

Note No. 6
Equity Share Capital

Particulars	**As at March 31, 2018 USD**	As at March 31, 2017 USD
Authorised		
Equity shares of EUR 453.78 each fully paid 200 shares (2017: 200 shares)	**109,850**	109,850
	109,850	109,850
Issued, subscribed and paid-up		
Equity shares of EUR 453.78 each fully paid 40 shares (2017: 40 shares)	**21,970**	21,970
	21,970	21,970

a) There has been no change in share capital in the financial year ended March 31, 2018 and March 31, 2017.

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
Vedanta Limited	**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 of the Company, after distribution of all preferential amounts, in proportion of their shareholdings.

Note No. 7
Financial liabilities- Current : Borrowings

Particulars	**As at March 31, 2018 USD**	As at March 31, 2017 USD
Borrowings		
Loan from Namzinc (Pty) Ltd.	**2,000,000**	2,000,000
	2,000,000	2,000,000

In April 2016, the Company entered into a loan agreement with Namzinc (Pty) Ltd (Namzinc) amounting to USD 2,000,000 at an interest rate of 2.00% per annum and repayable in April 2017. However, during the current year, the repayment terms have been revised and further extended till March 2019 at an increased interest rate of 2.25% per annum. As at March 31, 2018, the amount due from Namzinc is USD 2,000,000 (2017: USD 2,000,000).

Note No. 8
Financial liabilities- current : Others

Particulars	**As at March 31, 2018 USD**	As at March 31, 2017 USD
Other Payables		
Interest accrued -Namzinc (Pty) Ltd.	**82,384**	37,386
Others	**36,990**	20,788
	119,374	58,174

Note No. 9
Other income

Particulars	**For the year ended March 31, 2018 USD**	For the year ended March 31, 2017 USD
Interest income on deposits	**-**	155
Interest income on loans	**552,000**	6,495,985
Net gain on foreign currency transactions and translation	**-**	29,395
	552,000	**6,525,535**

Note No. 10
Finance costs

Particulars	For the Year ended March 31, 2018 USD	For the Year ended March 31, 2017 USD
Interest expenses on loan taken	**44,998**	37,386
Interest on income tax	**38**	3,779
Bank charges	**208**	1,456
	45,244	42,621

Note No. 11
Other expenses

Particulars	For the Year ended March 31, 2018 USD	For the Year ended March 31, 2017 USD
Legal and professional fees	**72,070**	57,484
Audit fees	**3,300**	7,125
Net loss on foreign currency transactions and translations	**25,374**	-
	100,744	64,609

Note No. 12
Tax Expense

Particulars	For the Year ended March 31, 2018 USD	For the Year ended March 31, 2017 USD
Profit before taxation	**406,012**	6,418,305
Income tax as per slabs	**101,503**	1,574,531
Add- Tax on notional income	**1,539,141**	-
Add- Previous year tax (credit) / expense	**16,464**	(15,778)
Income tax expense recognised in profit and loss	**1,657,108**	1,558,753

Note No. 13
Financial Instruments

Fair values

(a) The carrying amounts of other receivables, cash at bank, borrowings and other payables approximate their fair values and are carried at amortized cost.

Categories of financial instruments

Particulars	As at March 31, 2018 USD	As at March 31, 2017 USD
Financial assets		
Loan and receivables (including cash and cash equivalents)	**26,701,964**	26,776,558
Financial liabilities		
Loans and payables	**2,119,374**	2,058,174
	2,119,374	2,058,174

(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.

Monte Cello BV
Notes to the financial statements
For the year ended March 31, 2018

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

March 31, 2018	**Interest bearing**	**Non-interest bearing**	**Total**
	USD	**USD**	**USD**
Financial Assets			
Others	**-**	**2,698,902**	**2,698,902**
Cash and cash equivalents		**3,062**	**3,062**
Receivable from Bloom Fountain Limited		**1**	**1**
Loan to Copper Mines of Tasmania Pty Ltd.	**24,000,000**	**-**	**24,000,000**
Total assets	**24,000,000**	**2,701,965**	**26,701,965**
Financial Liabilities			
Other	**-**	**119,374**	**119,374**
Borrowings	**2,000,000**	**-**	**2,000,000**
Total liabilities	**2,000,000**	**119,374**	**2,119,374**

March 31, 2017	Interest bearing	Non-interest bearing	Total
	USD	USD	USD
Financial Assets			
Others	-	2,758,981	2,758,981
Cash and cash equivalents	-	17,577	17,577
Loans	24,000,000	-	24,000,000
Total assets	24,000,000	2,776,558	26,758,981
Financial Liabilities			
Other	-	58,174	58,174
Borrowings	2,000,000	-	2,000,000
Total liabilities	2,000,000	58,174	2,058,174

As at March 31, 2018 and March 31, 2017, the Company does not have any exposure to variable rate financial assets and liabilities, hence there is no interest rate risk.

(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.

Monte Cello BV
Notes to the financial statements
For the year ended March 31, 2018

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

(d) Currency Risk Management (cont'd)

Currency profile

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

	Financial assets 2018	**Financial liabilities 2018**	Financial assets 2017	Financial liabilities 2017
	USD	**USD**	USD	USD
Euro	**3,062**	**25,269**	3,007	-
United States Dollar	**26,698,902**	**2,094,105**	26,773,551	2,058,174

As at March 31, 2018 and March 31, 2017 the Company does not have any material exposure to foreign currencies. Therefore, 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, 2018

	Up to 1 year	**More than 1 year**	**Total**
Liabilities	**USD**	**USD**	**USD**
Other payables	**119,374**	**-**	**119,374**
Borrowings	**2,000,000**	**-**	**2,000,000**
Total	**2,119,374**	**-**	**2,119,374**

March 31, 2017

	Up to 1 year	More than 1 year	Total
	USD	USD	USD
Liabilities			
Other payables	58,174	-	58,174
Borrowings	2,000,000	-	2,000,000
Total	2,058,174	-	2,058,174

(f) Capital risk management

For the purpose of the Company's 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.

13 Financial Instruments (Cont'd)

Gearing ratio

The gearing ratio at the year end was as follows:

	As at March 31, 2018 USD	As at March 31, 2017 USD
Debt (i)	**2,000,000**	2,000,000
Cash and cash equivalents	**3,062**	17,577
Net debt	**1,996,938**	1,982,423
Equity (ii)	**24,582,592**	24,499,450
Net debt to equity ratio (times)	**0.08**	**0.08**

(i) Debt includes loan from Namzinc (Pty) Ltd amounting to USD 2,000,000 (2017:USD 2,000,000).

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

14 Earnings Per Share (EPS)

Particulars	For the year ended March 31, 2018 USD	For the year ended March 31, 2017 USD
Net (loss)/ Profit after tax attributable to equity shareholders for Basic and Diluted EPS (USD)	**(1,251,096)**	4,859,552
Weighted average Number of equity Shares	**40**	40
Par Value per Share	**453.78**	453.78
(Loss)/ Earnings per share - Basic and diluted (USD)	**(31,277)**	121,489

15 Contingent liabilities

Particulars	As at March 31, 2018 USD	As at March 31, 2017 USD
Contingent liabilities and commitments (to the extent not provided for)		
(a) Claims against the company not acknowledged as debt	**NIL**	NIL
(b) Guarantees	**NIL**	NIL
(c) Other money for which the company is contingently liable	**NIL**	NIL

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

17 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 BV Twin Star Mauritius Holdings Limited Bloom Fountain Limited Namzinc Pty Ltd Lakomasko BV

Monte Cello BV
Notes to the financial statements
For the year ended March 31, 2018

17 Related party transactions (Cont'd)

	For the year ended 31 March, 2018	For the year ended 31 March, 2017
	USD	USD
1.Vedanta Resources Plc		
Interest receivable	**1,045,533**	1,045,533
2.Namzinc (Pty) Ltd		
Loan taken / (adjusted)	**-**	2,000,000
Interest expense	**44,998**	37,386
Loan payable	**2,000,000**	2,000,000
Interest payable	**82,384**	37,386
3.Twin Star Mauritius Holdings Limited		
Provision due to merger	**284,592,422**	285,926,660
Interest received during the year	**1,946,318**	2,929,561
Interest income during the year	**-**	5,971,956
Interest receivable	**-**	612,080
4. Copper Mines of Tasmania (Pty) Limited		
Investment	**1**	1
Loan given/ (adjusted) during the year	**-**	2,000,000
Interest income during the year	**552,000**	524,028
Loan receivable	**24,000,000**	24,000,000
Interest receivable	**1,639,492**	1,087,492
5. THL Zinc Holding BV		
Payment of expense	**-**	197
Receivable	**13,876**	13,876
6. Lakomasko BV		
Reimbursement of expense	**25,269**	-
Payable	**25,269**	-
7.Thalanga Copper Mines (Pty) Limited		
Investment	**21,215,519**	21,215,519
Provision for impairment of investment	**(21,215,518)**	(21,215,518)
8.Bloom Fountain Limited (refer note 3.4)		
Receivable against sale of loan	**1**	-

18 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.

19 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)

Mukesh Mehta
Partner
Membership No. 43495
Place : Mumbai
Date: 1st May, 2018

For and on behalf of Monte Cello BV

Nitin Gupta

Place : Gurugram
Date: 1st May, 2018