SESA STERLITE MAURITIUS HOLDINGS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2017

SESA STERLITE MAURITIUS HOLDINGS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

CONTENTS

SESA STERLITE MAURITIUS HOLDINGS LIMITED

CORPORATE INFORMATION

		Date of appointment
DIRECTORS:	Mr. Gyaneshwarnath Gowrea	30 April 2013
	Mr Doomraj Sooneelall	30 June 2015

SECRETARY& ADMINISTRATOR:
CIM CORPORATE SERVICES LTD
Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

REGISTERED OFFICE:
C/o CIM CORPORATE SERVICES LTD
Les Cascades Building
Edith Cavell Street
Port Louis
Mauritius

AUDITOR:
Ernst & Young
9th Floor, NeXTeracom Tower I
Cybercity
Ebène
Mauritius

BANKER:
Standard Chartered Bank (Mauritius) Limited
Units 6A & 6B
6th Floor, Standard Chartered Tower
Lot 19, Cybercity
Ebène
Mauritius

SESA STERLITE MAURITIUS HOLDINGS LIMITED
COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of Sesa Sterlite Mauritius Holdings Limited (the “Company") for the year ended 31 March 2017.

PRINCIPAL ACTIVITY

The principal activities of the Company are investment holding and providing financial support to group companies.

RESULTS AND DIVIDEND

The Company’s loss for the year ended 31 March 2017 is **USD 26,847** (2016:USD 14,483).

The directors do not recommend any payment of dividend for the year ended 31 March 2017. (2016: Nil).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the financial position, the financial performance and cash flows of the Company. In preparing those financial statements, the Directors are required to:-

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

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

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

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

AUDITOR

In the auditor’s rotation process, the existing auditors, Deloitte Mauritius had been replaced by Ernst & Young, Mauritius. The Auditors, Ernst & Young, have indicated their willingness to continue in office and will be automatically re-appointed at the next Annual Meeting.

SECRETARY'S CERTIFICATE

TO THE MEMBER OF SESA STERLITE MAURITIUS HOLDINGS LIMITED

(SECTION 166(D) OF THE COMPANIES ACT 2001

We certify, as secretary of the Company, that based on records and information made available to us by the Directors and Sole Shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2017, all such returns as required of the Company under the Companies Act 2001.

Authorised Signatory

Date: July 7, 2017

Independent auditor's report to the shareholder of
Sesa Sterlite Mauritius Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Sesa Sterlite Mauritius Holdings Limited (the "Company") set out on pages 8 to 24 which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 17 to the financial statements, which indicates that the Company incurred a net loss for the year ended 31 March 2017 of USD 26,847 (2016: USD 14,483) and, as at that date, the Company's total liabilities exceeded its total assets by USD 18,483 (2016: USD 5,718,791). These conditions along with other matters set forth in note 17 indicate the existence of a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the Commentary of Directors and the Certificate from the Secretary as required by the Companies Act 2001, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act 2001, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the Directors for the Financial Statements (Continued)

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the director's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent auditor's report to the shareholder of
Sesa Sterlite Mauritius Holdings Limited

Report on the Audit of the Financial Statements (Continued)

Other matter

This report is made solely for the Company's members, as a body, in accordance with Section 205 of the Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Report on Other Legal and Regulatory Requirements

Companies Act 2001

We have no relationship with or interests in the Company other than in our capacity as auditor and dealings in the ordinary course of business.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

ERNST & YOUNG

Ebène, Mauritius

ANDRE LAI WAN LOONG A.C.A

Licensed by FRC

Date: July 7, 2017

SESA STERLITE MAURITIUS HOLDINGS LIMITED
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2017

	Notes	2017	2016
		USD	USD
ASSETS			
Non-current assets			
Investments	5	-	-
Loan to related party	6	-	-
Total non-current assets		-	-
Current assets			
Other receivable	7	-	-
Cash and cash equivalents		1,906	1,189
Total current assets		1,906	1,189
Total assets		1,906	1,189
EQUITY AND LIABILITIES			
Capital and reserves			
Issued capital	8	5,727,156	1
Accumulated losses		(5,745,639)	(5,718,792)
Shareholder's deficit		(18,483)	(5,718,791)
Current liabilities			
Amounts due to related parties	9	14,638	5,712,504
Other payables	10	5,751	7,476
Total liabilities		20,389	5,719,980
Total equity and liabilities		1,906	1,189

Approved by the Board of Directors and authorised for issue on …..

and signed on its behalf by:

________________________ ________________________

Director Director

The notes on pages 12 to 24 form an integral part of these financial statements.
Independent auditor's report on page 5 to 7.

SESA STERLITE MAURITIUS HOLDINGS LIMITED
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017	2016
		USD	USD
EXPENSES			
Audit fees		**(2,500)**	(4,257)
Secretarial fee		**(1,800)**	(1,800)
Professional fees		**(9,054)**	(6,147)
Licence fees		**(2,015)**	(2,015)
Bank charges		**-**	(265)
		(15,369)	(14,484)
Net finance cost	12	**(11,478)**	1
Loss before taxation		**(26,847)**	(14,483)
Income tax expense	13	**-**	-
Loss for the year		**(26,847)**	(14,483)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(26,847)**	(14,483)

The notes on pages 12 to 24 form an integral part of these financial statements.
Independent auditor's report on page 5 to 7.

SESA STERLITE MAURITIUS HOLDINGS LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2017

	Issued capital	Accumulated losses	Total
	USD	USD	USD
At 1 April 2015	1	(5,704,309)	(5,704,308)
Loss for the year and total comprehensive loss	-	(14,483)	(14,483)
At 31 March 2016	1	(5,718,792)	(5,718,791)
At 1 April 2016	**1**	**(5,718,792)**	**(5,718,791)**
Issue of shares (refer to note 8)	**5,727,155**	**-**	**5,727,155**
Loss for the year and total comprehensive loss	**-**	**(26,847)**	**(26,847)**
At 31 March 2017	**5,727,156**	**(5,745,639)**	**(18,483)**

The notes on pages 12 to 24 form an integral part of these financial statements.
Independent auditor's report on pages 5 to 7

SESA STERLITE MAURITIUS HOLDINGS LIMITED
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2017

	Notes	2017	2016
		USD	USD
Net cash used in operating activities	11	**(2,443)**	(264)
Investing activities			
Proceeds from disposal of investment	5	**105,000,000**	-
Interest received		**3,160**	-
Net cash from investing activities		**105,003,160**	-
Financing activities			
Loan advanced to THL Zinc Ltd	6	**(105,000,000)**	-
Net cash used in financing activities		**(105,000,000)**	-
Net increase/(decrease) in cash and cash equivalents		**717**	(264)
Cash and cash equivalents at the beginning of year		**1,189**	1,453
Cash and cash equivalents at end of year		**1,906**	1,189

The notes on pages 12 to 24 form an integral part of these financial statements.
Independent auditor’s report on page 5 to 7.

SESA STERLITE MAURITIUS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2017

1. CORPORATE INFORMATION

Sesa Sterlite Mauritius Holdings Limited (the "Company") was incorporated in Mauritius on 31 October 2012 under the name of Cairn Limited as a private company limited by shares under the Companies Act 2001 and was issued a Category 2 Global Business Licence at inception. Ciaran Limited changed its name to Sesa Sterlite Mauritius Holdings Limited on 30 April 2013. The Company was issued a Category 1 Global Business License under the Financial Services Act 2007 on 18 June 2013. The Company's registered office is C/o CIM CORPORATE SERVICES LTD, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius.

The Company's principal activities are investment holding and providing financial support to group companies.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB).

(b) Basis of preparation

The financial statements have been prepared on a historical-cost basis and are denominated in United States Dollars ("USD").

(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 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. Refer to note 17 for more details.

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.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

Changes in accounting policies

The accounting policies adopted in these financial statements are consistent with those of the previous financial year. There were a number of new standards and interpretations which were effective for this financial year, none of which have an impact on the Company.

Accounting standards and interpretations issued but not yet effective

A number of new standards, amendments to existing standards and interpretations have been issued and are not yet effective at the end of the issuance of the financial statements of the company. The company does not intend to early adopt these standards and interpretations as the directors do not consider these to have a material impact on the Company.

4. 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 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, including purchases and sales of securities, income and expenses, are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling 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 as 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 was determined.

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

(b) Revenue recognition

Revenue is recognized 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 recognized.

Interest income

For all financial instruments measured at amortized cost and interest-bearing financial assets classified as AFS, 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.

SESA STERLITE MAURITIUS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

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

(c) Provisions

Provisions are recognized 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 recognized 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 recognized as a finance cost.

(d) Expense Recognition

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

(e) Financial Instruments

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

Initial Recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. 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.

The financial assets of the company comprises of loan to related party, other receivables and cash & cash equivalents.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. 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 or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

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

(e) Financial Instruments (cont'd)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. 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. If a write-off is later recovered, the recovery is credited to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised where:

- the rights to receive cash flows from the asset have expired; or
- the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement), and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

Equity instruments

Ordinary shares are classified as equity

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

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

(f) Financial liabilities

Financial liabilities are classified as "other financial liabilities".

Other financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, 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 loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include other payables and loans and borrowings.

Loans and borrowings

This is the category most relevant to the Company. 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 (if any) is included as finance costs in the profit or loss.

Derecognition of financial liabilities

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 de recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the profit or loss.

(g) Impairment of non financial 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 or loss. An asset's recoverable amount is the higher of an asset's or CGU's(cash generating units) fair value less costs of disposal and its value in use.

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

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the statement of profit or loss.

(h) Borrowing costs

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

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

(i) 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 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 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 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.

(j) Related parties

Related parties are individuals and companies, including the management company, where the individual or the Company has the ability directly or indirectly to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(k) Current v/s Non -current classification

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

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

All other assets are classified as non-current.

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

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

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

(l) Cash and cash equivalents

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

5. INVESTMENTS

	2017	2016
	USD	USD
As at 1 April	**-**	-
Addition during the year	**105,000,000**	-
Disposal during the year	**(105,000,000)**	-
At 31 March	**-**	-

During the year, pursuant to a board meeting held on 23 January 2017, the directors authorized the Company to acquire 27,096,506 shares in Cairn India Limited ("Cairn"), an Indian-listed company from Twinstar Mauritius Holdings Limited, a company registered in Mauritius at a share price of US$3.875 per equity share under 'deferred sales consideration' for the total consideration of USD 105,000,000 bearing an interest rate of 4% per annum till the date of settlement ie January 23, 2018.

Given the objective of the Vedanta Group was to consolidate its holding in Cairn India Limited and the Company being a wholly-owned subsidiary of Vedanta Limited ("Vedanta"), on 24 January 2017, the Company disposed of its entire shareholding in Cairn India Limited to Vedanta Limited at a share price of INR 264 per share for the total consideration of USD 105,000,000.

6. LOAN TO RELATED PARTY

	2017	2016
	USD	USD
Additions	**105,000,000**	-
Less: Offset against amount payable to related party	**(105,000,000)**	
At 31 March	**-**	-

On 24 January 2017, the Company entered into a loan facility of USD 110,000,000 with THL Zinc Ltd, a company registered in Mauritius, bearing an interest rate of 3.99% per annum and repayable within three years from the date of the loan agreement. During the year USD 105,000,000 was advanced under this facility.

Subsequently on March 30, 2017, Twinstar Mauritius Holdings Limited (TSMHL), the Company and THL Zinc Ltd entered into an agreement of assignment whereby TSMHL has assigned its loan receivable of USD 105,000,000 and accrued interest thereon of USD 779,713 from the Company to THL Zinc Ltd. The consequent resultant payable to THL Zinc Ltd. has been offset against the loan and interest receivable from THL Zinc Ltd. and the balance remaining amount of USD 14,638 is shown as payable to THL Zinc Ltd (note 9).

7. OTHER RECEIVABLE

	2017	2016
	USD	USD
Interest receivable on loan to related party	**765,075**	-
Less :Offset against amount payable to related party (refer note 6)	**(765,075)**	
	-	-

SESA STERLITE MAURITIUS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

8. ISSUED CAPITAL

	2017	2016
	USD	USD
Issued and fully paid		
Ordinary Share of USD 1.00 each		
At 1 April	**1**	1
Issued during the year	**5,727,155**	-
At 31 March	**5,727,156**	1

Pursuant to a board meeting held on 6 January 2017, the directors authorize the Company to increase its stated capital from USD 1 to USD 5,727,156 by issuing 5,727,155 shares of USD 1 each to Vedanta Resources Holdings Limited ("VRHL"), the sole shareholder of the Company against a payable of USD 5,727,155 by the Company to VRHL. Following the issue of shares, VRHL transferred its 100% stake, comprising of 5,727,156 shares of USD 1 each held in the Company to Bloom Fountain Limited, a company incorporated and existing under the laws of Mauritius for a consideration of USD 1.

Ordinary shares carry one vote per share and carry a right to dividends and upon the winding up of the Company, the surplus assets, if any, remaining after payment of the debts and liabilities of the Company and the costs of winding up, shall be distributed among the shareholders in proportion to their shareholding.

9. AMOUNTS DUE TO RELATED PARTIES

	2017	2016
	USD	USD
Payable to former immediate holding company (Note 15)	**5,727,155**	5,684,359
Payable to former intermediate holding company (Note 15)	**-**	28,145
Converted into Ordinary shares (Note 8)	**(5,727,155)**	-
Amount due to THL Zinc Ltd	**14,638**	-
Amount payable to related party (Note 15)	**105,000,000**	-
Less: Offset against loan to related party (Note 6)	**(105,000,000)**	-
	14,638	5,712,504

During the financial year 2014, Vedanta Resources Holdings Limited ("VRHL"), the holding company paid bank guarantee and arrangement fee of USD 5,670,000 and other related fees of USD 13,359 on behalf of the Company, pursuant to the proposed execution of facility entered by the company. The same is payable on demand, interest free and unsecured in nature.

During the year 2017, the Company's former intermediate holding company, Vedanta Resources Plc ("VRPlc") settled expenses amounting to USD 14,651 on behalf of the Company, resulting in a net payable of USD 42,796 to VRPlc as at 6 January 2017. VRPlc assigned the aforesaid receivable from the Company to Vedanta Resources Holdings Limited ('VRHL'), the Company's former immediate holding company, resulting in a net payable of USD 5,727,155 to VRHL. The said amount was thereafter converted into ordinary shares as explained under note 8 above.

10. OTHER PAYABLES

	2017	2016
	USD	USD
Accruals	**5,751**	7,476
	5,751	7,476

SESA STERLITE MAURITIUS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

11. NET CASH GENERATED USED IN OPERATING ACTIVITIES

	2017	2016
	USD	USD
Loss before tax	**(26,847)**	(14,483)
Adjustments for:		
Expenses borne by related party on behalf of the Company (refer note 9)	**14,651**	-
Interest income	**(768,235)**	-
Interest expense	**779,713**	-
Changes in working capital:		
Increase in amount due to former intermediate holding company	**-**	14,520
Decrease in other payables	**(1,725)**	(301)
Net cash used in operating activities	**(2,443)**	(264)

12. NET FINANCE COSTS

	2017	2016
	USD	USD
Interest income:		
-On loan to related party	**(768,075)**	-
-On bank balance	**(160)**	
	(768,235)	
Interest expense on deferred consideration payable to related party (refer note 6)	**779,713**	-
Bank charges	**-**	(1)
	11,478	(1)

13. INCOME TAX

The Company, being the holder of a Category 1, Global Business Licence, is liable to income tax in Mauritius on its taxable profit arising from its world-wide income at the rate of 15%. The Company's foreign sourced income is eligible for a foreign tax credit which is computed as the lower of the Mauritian tax and the foreign tax on the respective foreign sourced income. The foreign tax for a GBL1 company is based on either the foreign tax charged by the foreign country or a presumed amount of foreign tax: the presumed amount of foreign tax is based on 80% of the Mauritian tax on the relevant foreign sourced income. In computing its total foreign tax credit, the Company is allowed to pool all its foreign sourced income.

Capital gains are outside the scope of the Mauritian tax net while trading profits made by the Company from the sale of shares are exempt from tax.

At the end of the reporting date, the Company had accumulated tax losses amounting to USD 5,744,089 (2016: USD 5,717,242). Losses incurred in an income year may be carried forward to be set-off against net income of the following 5 income years only. The accumulated tax losses at 31 March 2017 are available for set off against any taxable income, as follows:

Loss relating to financial year ending:	**Carry forward up to financial year ending:**	**USD**
31 March 2014	31 March 2019	**5,685,248**
31 March 2015	31 March 2020	**17,511**
31 March 2016	31 March 2021	**14,483**
31 March 2017	31 March 2022	**26,847**
		5,744,089

13. INCOME TAX (CONT'D)

The directors have in accordance with the Company's accounting policy not recognised a deferred tax asset as the probability of taxable profit arising in future is remote.

Tax reconciliation

The income tax expense for the year can be reconciled to the accounting profit as follows:-

	2017	2016
Loss before income tax	**(26,847)**	(14,484)
Income tax @15%	**(4,027)**	(2,173)
Add - Unused tax losses not recognised as deferred tax assets	**4,027**	2,173
Income tax expense recognised in profit and loss	**-**	-

14. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of the Company's financial assets and liabilities approximate their fair values.

At 31 March 2017	**Total USD**
Financial assets	
Cash and cash equivalents	**1,906**
Total financial assets	**1,906**
Financial liabilities	
Amount due to related party	**14,638**
Other payables	**5,751**
Total financial liabilities	**20,389**

At 31 March 2016	**Total USD**
Financial assets	
Cash and cash equivalents	1,189
Total financial assets	1,189
Financial liabilities	
Amount due to related parties	5,712,504
Other payables	7,476
Total financial liabilities	5,719,980

Currency profile

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

	Financial assets 2017 USD	**Financial liabilities 2017 USD**	**Financial assets 2016 USD**	**Financial liabilities 2016 USD**
United States Dollars	**1,906**	**20,389**	1,189	5,719,980

The Company is not exposed to currency risk.

SESA STERLITE MAURITIUS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

14. FINANCIAL INSTRUMENTS (CONT'D)

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

As at 31 March 2017 and 2016, the Company did not have any interest bearing financial assets and liabilities, and hence, was not exposed to interest rate risk

Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company is not exposed to credit risk for the years ended 31 March 2017 and 2016.

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. At 31 March 2017, the Company had financial liabilities of USD 20,389 (2016: 5,719,980), with a maturity date of one year. These consist mostly of borrowings from related party, amount due to related parties and other payables. At reporting date, the bank balance amounted to USD 1,906 (2016: USD 1,189), which is insufficient to finance the Company`s financial liabilities.

However, the Company has recourse to its holding companies for such financing and the intermediate parent has indicated its intention to continue to provide financial support for at least 12 months as from the date of this report. As such, liquidity risk is considered as minimal.
The maturity profile of the company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below:

31 March 2017	**On demand USD**	**3 months to 1 year USD**	**Total USD**
Financial liabilities			
Amount due to Related Party	**14,638**	**-**	**14,638**
Other payables	**-**	**5,751**	**5,751**
	14,638	**5,751**	**20,389**

31 March 2016	**On demand USD**	**3 months to 1 year USD**	**Total USD**
Financial liabilities			
Amount due to related parties	5,712,504	-	5,712,504
Other payables	-	7,476	7,476
	5,712,504	7,476	5,719,980

SESA STERLITE MAURITIUS HOLDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2017

14. FINANCIAL INSTRUMENTS (CONT'D)

Capital risk management

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

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

15. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2017, the Company transacted with certain related parties. The nature and volume of transactions with the entities are as follows:

Name of company	Relationship	Nature of Transaction	2017 USD	2016 USD
Transactions				
Vedanta Resources Plc	Former intermediate holding company	Payment of expenses	**14,651**	14,520
		Assignment of payable to VRHL by VRPlc	**42,796**	-
Vedanta Resources Holdings Limited (VRHL)	Former immediate holding company	Issue of shares	**5,727,155**	-
THL Zinc Ltd	Group company	Loan given	**105,000,000**	-
		Interest Income	**768,075**	-
		Loan interest received	**3,000**	-
Twin Star Mauritius Holdings Limited	Group company	Purchase of Investments (refer note 5)	**105,000,000**	-
		Interest expense	**779,713**	-
Vedanta Limited	Intermediate Holding company	Sale of Investment (Refer note 5)	**105,000,000**	-
Outstanding balances				
Vedanta Resources Holdings Limited	Former immediate holding company	Other payables (Refer note 9)	**-**	5,684,359
Vedanta Resources Plc	Former Intermediate holding company	Other payables (Refer Note 9)	**-**	28,145
THL Zinc Ltd	Group Company	Other Payable Refer note 9)	**14,638**	-

Compensation to Key Management Personnel

No compensation to key management personnel was paid during the year ended 31 March 2017 (2016: NIL).

15. RELATED PARTY TRANSACTIONS (CONT'D)

Other related party transactions
Fees charged by management of the Company

	2017	2016
	USD	USD
Transactions		
Total fees charged by CIM Corporate Services Ltd.	**7,050**	7,050

Included in total fees charged by management entity, is an amount of USD 2,000 (2016: USD 2,000) pertaining to professional fees for the provision of directorship services.

	2017	2016
Balances		
Fees payable to management entity	**2,500**	2,500

16. IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANIES

Following the issue and transfer of shares as disclosed in note 8, the Company's immediate holding company is Bloom Fountain Limited, incorporated in Mauritius. The Company's intermediate holding companies are Vedanta Limited, a company incorporated in India and Vedanta Resources Plc, a company incorporated in the United Kingdom. The ultimate holding company is Volcan Investments Limited, a company incorporated in the Bahamas.

17. GOING CONCERN

The Company incurred a net loss of USD 26,847 (2016: USD 14,483) for the year ended 31 March 2017 and as at that date, its total liabilities exceeded its total assets by USD 18,483 (2016: USD 5,718,791).

The directors have received a letter of support from Vedanta Limited, the intermediate holding company, who will provide financial support to the Company to enable the latter to meet its obligations as and when they fall due and to carry on its current business for the next 12 months.

These conditions give rise to a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern and, therefore that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the Company will continue to receive the support of its ultimate holding company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

18. EVENTS AFTER REPORTING PERIOD

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