

THE ZINC VENTURES LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015



STATEMENT OF FINANCIAL POSITION

STATEMENT OF PROFIT OR LOSS

STATEMENT OF CHANGES IN EQUITY

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**THL ZINC VENTURES LTD
CORPORATE DATA**

		Date of appointment	Date of resignation
DIRECTORS:	Gyaneshwarnath Gowrea	17-Nov-10	
	Din Dayal Jalan	17-Nov-10	
	Mohammad Akhtar Janally	16-Feb-12	06-Jan-15
	Youmeshwar Ramdhony	06-Jan-15	

ADMINISTRATOR AND SECRETARY: CIM CORPORATE SERVICES LTD
(Formerly known as Multiconsult Limited)
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

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

AUDITOR: Deloitte
7th Floor, Raffles Tower
19 Cybercity
Ebène
Mauritius

THL ZINC VENTURES LTD
COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of THL Zinc Ventures Ltd (the "Company") for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS AND DIVIDEND

The Company's loss for the year ended 31 March 2015 is USD 14,519 (2014: USD 13,469).

The directors do not recommend the payment of dividend for the year ended 31 March 2015 (2014: 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 present fairly the financial position, financial performance, changes in equity 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, 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.

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 the Mauritius Companies Act 2001.

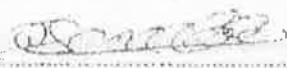
They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, Deloitte, has indicated its willingness to continue in office and will be automatically re-appointed at the next annual meeting.

**CERTIFICATE FROM THE SECRETARY
(SECTION 166 (D) OF THE COMPANIES ACT 2001)**

We certify that, to the best of our knowledge and belief, THL Zinc Ventures Ltd (the "Company") has filed with the Registrar of Companies all such returns as are required of the Company under the Companies Act 2001 for the year ended 31 March 2015.


**FOR CIM CORPORATE SERVICES LTD
CORPORATE SECRETARY**
Les Cascades Building
Edith Cavell Street
Port Louis, Mauritius

Date: 28 APR 2015

**Independent auditor's report to the shareholder of
THL Zinc Ventures Ltd**

This report is made solely to the company's shareholder, as a body, in accordance with section 205 of the Mauritius Companies Act 2001. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to the shareholder 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 shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of **THL Zinc Ventures Ltd** on pages 5 to 24 which comprise the statement of financial position at 31 March 2015 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 a summary of significant accounting policies and other explanatory information.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies. They are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that 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 conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, 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 control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 our audit opinion.

Opinion

In our opinion, the financial statements on pages 5 to 24 give a true and fair view of the financial position of **THL Zinc Ventures Ltd** as at 31 March 2015 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the requirements of the Mauritius Companies Act 2001 in so far as applicable to Category 1 Global Business Licence companies.

Report on other legal requirements

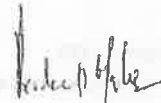
In accordance with the requirements of the Mauritius Companies Act 2001, we report as follows:

- we have no relationship with, or interests in, the company other than in our capacity as auditors;
- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as appears from our examination of those records.

Deloitte

Deloitte

Chartered Accountants



Pradeep Malik, FCA

Licensed by FRC

23 APR 2015

THL ZINC VENTURES LTD
STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2015

	<u>Notes</u>	<u>2015</u> USD	<u>2014</u> USD
ASSETS			
Non-current asset			
Investments in subsidiary	5	709,001,000	709,001,000
Current assets			
Other receivables	6	448,688	431,192
Cash and cash equivalents		25,550	41,019
Total current assets		<u>474,238</u>	<u>472,211</u>
TOTAL ASSETS		<u>709,475,238</u>	<u>709,473,211</u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	7	10,000,001	10,000,001
Accumulated losses		(609,475)	(594,956)
Total equity		<u>9,390,526</u>	<u>9,405,045</u>
Current liabilities			
Optionally convertible redeemable preference shares	8	700,000,000	700,000,000
Other payables	9	84,712	68,166
Total liabilities		<u>700,084,712</u>	<u>700,068,166</u>
TOTAL EQUITY AND LIABILITIES		<u>709,475,238</u>	<u>709,473,211</u>

These financial statements have been approved by the Board of Directors and authorised for issue on

..... 28 APR 2015

as. as. Suler

 Director

[Signature]

 Director

The notes on pages 9 to 24 form an integral part of these financial statements
 Independent Auditor's report on page 4

THL ZINC VENTURES LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

	Notes	2015 USD	2014 USD
INCOME	11	17,523	17,501
ADMINISTRATIVE EXPENSES		(14,546)	(13,474)
FINANCE COSTS	12	(17,496)	(17,496)
LOSS BEFORE TAXATION	13	(14,519)	(13,469)
TAXATION	14	-	-
LOSS FOR THE YEAR		(14,519)	(13,469)
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		(14,519)	(13,469)

The notes on pages 9 to 24 form an integral part of these financial statements
Independent Auditor's report on page 4

THL ZINC VENTURES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

	Stated capital USD	Accumulated losses USD	Total equity USD
At 1 April 2013	10,000,001	(581,487)	9,418,514
Loss for the year and total comprehensive loss		(13,469)	(13,469)
At 31 March 2014	<u>10,000,001</u>	<u>(594,956)</u>	<u>9,405,045</u>
At 1 April 2014	10,000,001	(594,956)	9,405,045
Loss for the year and total comprehensive loss		(14,519)	(14,519)
At 31 March 2015	<u>10,000,001</u>	<u>(609,475)</u>	<u>9,390,526</u>

The notes on pages 9 to 24 form an integral part of these financial statements
 Independent Auditor's report on page 4

THL ZINC VENTURES LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 USD	2014 USD
Operating activities			
Net cash used in operating activities	10	(14,546)	(13,474)
Investing activities			
Net interest received		27	5
<i>Adjustments for changes in working capital:</i>			
Increase in other receivables		(17,496)	(17,496)
Increase in other payables		16,546	17,151
Net cash used in investing activities		(923)	(340)
Net decrease in cash and cash equivalents		(15,469)	(13,814)
Cash and cash equivalents at beginning of year		41,019	54,833
Cash and cash equivalents at end of year		25,550	41,019

The notes on pages 9 to 24 form an integral part of these financial statements
Independent Auditor's report on page 4

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

1. REPORTING ENTITY AND BUSINESS ACTIVITY

THL Zinc Ventures Ltd (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on 28 February 2008 as a private company. The Company was set up as a Category 2 Global Business Licence company and pursuant to a shareholder resolution of 18 November 2010, the Company changed its legal regime to a Category 1 Global Business Licence company. The Company's registered office address is c/o CIM CORPORATE SERVICES LTD, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius. The Company's principal activity is investment holding.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with and comply with the International Financial Reporting Standards ("IFRS").

(b) Basis of preparation

The financial statements have been prepared under the historical cost convention. The financial statements have been prepared on a going concern basis which assumes that the Company will continue in operational existence for the foreseeable future.

(c) Functional and presentation currency

The financial statements of the Company are expressed in the United States Dollars ("USD"). The Company's functional currency is USD, the currency of the primary economic environment in which the Company operates.

(d) Use of estimates and judgements

The preparation of financial statements in accordance with IFRS requires the directors and management to exercise judgement in the process of applying the accounting policies. It also requires the use of accounting estimates and assumptions that may affect the reported amounts and disclosures in the financial statements. Judgements and estimates are continuously evaluated and are based on historical experience and other factors, including expectations and assumptions concerning future events that are believed to be reasonable under the circumstances. The actual results could, by definition therefore, often differ from the related accounting estimates.

Where applicable, the notes to the financial statements set out areas where management has applied a higher degree of judgement that have a significant effect on the amounts recognised in the financial statements, or estimations and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Impairment of investments

Determining whether investments in unquoted companies are impaired requires an estimation of the recoverable value of these investments. The recoverable value calculation requires the directors to estimate the future cash flows expected to arise from these investments and a suitable discount rate in order to calculate present value. The actual results could, however, differ from the estimates.

The directors have determined that no impairment loss was required to be recognised on the basis that the recoverable amounts of the investments in unquoted companies are higher than their carrying amounts.

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

2. BASIS OF PREPARATION (CONT'D)

(d) **Use of estimates and judgements (Cont'd)**

Determination of functional currency

The determination of functional currency of the Company is critical since recording of transactions and exchange differences arising are dependent on the functional currency selected. The directors have determined that the functional currency of the Company is the United States Dollars (USD) as the transactions are in USD.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

In the current year, the Company has applied all of the new and revised Standards and Interpretations issued by the International Accounting Standards Board ("IASB") and the International Financial Reporting Interpretations Committee ("IFRIC") of the IASB that are relevant to its operations and effective for accounting periods beginning on 1 April 2014.

3.1 New and Revised Standards applied with no material effect on the financial statements

The following relevant revised Standards have been applied in these financial statements. Their application has not had any material impact on the amounts reported for current and prior years but may affect the accounting for future transactions or arrangements.

IAS 27	Consolidated and Separate Financial Statements - Amendments for investment entities
IAS 32	Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities
IAS 36	Impairment of Assets - Amendments arising from recoverable amount disclosures for non-financial assets
IAS 39	Financial Instruments: Recognition and Measurement - Amendments for novations of derivatives
IFRS 10	Consolidated Financial Statements - Amendments for investment entities
IFRS 12	Disclosures of Interests in Other Entities - Amendments for investment entities
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2010-2012 Cycle (short-term receivables and payables (Amendments to basis for conclusions only))

3.2 New and revised Standards in issue but not yet effective

At the date of authorisation of these financial statements, the following relevant new and revised Standards were in issue but effective on annual periods beginning on or after the respective dates as indicated:

IAS 1	Presentation of Financial Statements - Amendments resulting from the disclosure initiative (effective 1 January 2016)
IAS 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities) (effective 1 July 2014)
IAS 27	Separate Financial Statements - Amendments reinstating the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements (effective 1 January 2016)
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2015)

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

3 APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs) (CONT'D)

3.2 New and revised Standards in issue but not yet effective (Cont'd)

- IFRS 7 Financial Instruments: Disclosures - Additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9 (effective 1 February 2015)
- IFRS 7 Financial Instruments: Disclosures – Amendments resulting from September 2014 annual improvement to IFRS (effective 1 January 2016)
- IFRS 9 Financial Instruments - Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition (effective 1 January 2018)
- IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective for annual periods beginning on or after 1 January 2016)
- IFRS 10 Consolidated Financial Statements - Amendments regarding the sale or contribution of assets between an investor and its associate or joint venture (effective 1 January 2016)
- IFRS 10 Consolidated Financial Statements - Amendments regarding the application of the consolidated exception (effective 1 January 2016)
- IFRS 12 Disclosures of Interests in Other Entities - Amendments regarding the application of consolidated exception (effective 1 January 2016)
- IFRS 13 Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52) (effective 1 July 2014)

The directors do not expect that the application of the standards and interpretations listed above will have a material impact on the financial statements of the company in future periods.

THE ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements are prepared in accordance and comply with International Financial Reporting Standards. A summary of the most important accounting policies, which have been applied consistently, is set out below.

(a) Foreign currency transaction

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of profit or loss and other comprehensive income.

(b) Revenue recognition

Revenues earned by the Company are recognised on the following basis:-

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

(c) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the directors' best estimate of the expenditure required to settle the obligation at the reporting date. Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate.

THE ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

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

(d) Investment in subsidiaries

Investments in subsidiaries are stated at cost. Any impairment in the value of the investment is recognised by reducing the carrying amount of the investment to its recoverable amount and charging the difference to the statement of profit or loss and other comprehensive income.

On disposal of an investment the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit or loss and other comprehensive income.

The Company has taken advantage of paragraph 4(a) of International Financial Reporting Standard "IFRS 10 - Consolidated Financial Statements", which dispenses it from the need to present consolidated financial statements. The Company is wholly owned by Vedanta Resources Plc, which prepares group accounts that comply with International Financial Reporting Standards and these are available for public use from the company secretary, Vedanta Resources Plc, 16 Berkeley Street, London W1J 8DZ and at www.vedantaresources.com.

(e) Financial instruments

(i) Financial assets

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Loans and receivables

Loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

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.

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

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

(e) Financial instruments (Cont'd)

Impairment of financial assets

The Company's financial assets are assessed for indicators of impairment at the end of each reporting date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

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

(e) Financial instruments (Cont'd)

(ii) *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

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.

Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to stated capital. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'

Other financial liabilities

Other financial liabilities are initially measured at fair value, net of transaction costs and are subsequently measured at amortised costs using the effective interest method.

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

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

(e) Financial instruments (Cont'd)

(ii) *Financial liabilities and equity instruments issued by the Company (Cont'd)*

Other financial liabilities (Cont'd)

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(f) Impairment of assets

At each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any, and the carrying amount of the asset is reduced to its recoverable amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss and other comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years.

THE ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

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

(g) Borrowing costs

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

(h) Taxation

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

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is provided on the comprehensive basis using the liability method. Deferred tax liabilities are recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the relevant entity intends to settle its current tax assets and liabilities on a net basis.

(i) Related parties

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

(j) Cash and cash equivalents

Cash comprises cash at bank. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

5. INVESTMENTS IN SUBSIDIARY

	<u>2015</u>	<u>2014</u>
	USD	USD
At 01 April and 31 March	<u>709,001,000</u>	<u>709,001,000</u>

Details of the investments held during the year are provided below:

Company	Country of Incorporation	Types of Shares	No of Shares Held 2015 and 2014	% Holding		Value of Investments at cost	
				2015	2014	2015 USD	2014 USD
THL Zinc Ltd	Mauritius	Ordinary	91,000	100%	100%	9,001,000	9,001,000
THL Zinc Ltd	Mauritius	Optionally convertible Redeemable Preference Shares	7,000,000	78.1%	78.1%	700,000,000	700,000,000
						<u>709,001,000</u>	<u>709,001,000</u>

The Optionally Convertible Redeemable Preference Shares ('OCRPS') carry interest at the rate of 0.25% p.a.. Each OCRPS can be converted at the option of the investor into a variable number of equity shares and can be redeemed at the option of the company at any time. The directors have confirmed that they will not opt for redemption within the next twelve months.

The Company has adopted the policy of measuring its investment at cost. The directors are of the opinion that the investment are fairly stated at cost and have not suffered any impairment in value.

6. OTHER RECEIVABLES

	<u>2015</u>	<u>2014</u>
	USD	USD
Amount due from THL Zinc Ltd	373,000	373,000
Interest on Optionally Convertible Redeemable Preference Shares	75,688	58,192
	<u>448,688</u>	<u>431,192</u>

The amount due from THL Zinc Ltd, the subsidiary, is unsecured, interest free and repayable on demand.

7. STATED CAPITAL

	<u>2015</u>	<u>2014</u>
	USD	USD
Ordinary shares		
<u>Issued and Fully Paid</u>		
At 01 April and 31 March	<u>10,000,001</u>	<u>10,000,001</u>

The shares in the capital of the Company comprise of 1 ordinary share of par value USD 1 and 100,000 ordinary shares of par value USD 100 each, issued to Vedanta Limited (formerly known as Sterlite Infra Limited).

The ordinary shares carry voting rights and a right to dividend.

Pursuant to a shareholder's resolution dated 3 December 2010, there has been an alteration in the capital structure of the Company such that henceforth all subsequent issuance of ordinary shares will be made of par value USD 100. There was no change to the existing 1 ordinary share of par value USD 1.

8. OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("OCRPS")

The Company has issued 7 Million, 0.25% Optionally Convertible Redeemable Preference Shares (OCRPS) of USD 1 each with a premium of USD 99 each to Vedanta Limited (formerly known as Sterlite Infra Limited), the holding company, incorporated in India pursuant to a board resolution dated 3 December 2010. Each OCRPS can be converted at the option of the investor into a variable number of equity shares and can be redeemed at the option of the Company.

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

8. OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("OCRPS")

In accordance with paragraph 16 of IAS 32 Financial Instruments: Presentation, the Optionally Convertible Redeemable Preference Shares (OCRPS) have been classified as a liability.

9. OTHER PAYABLES

	<u>2015</u> USD	<u>2014</u> USD
Audit fees	5,175	9,875
Other payables	3,849	99
Accrued interest on optionally convertible redeemable preference shares	<u>75,688</u>	<u>58,192</u>
At 31 March	<u><u>84,712</u></u>	<u><u>68,166</u></u>

10. NET CASH USED IN OPERATING ACTIVITIES

	<u>2015</u> USD	<u>2014</u> USD
Loss before taxation	(14,519)	(13,469)
Adjusted for :		
- Interest income	(17,523)	(17,501)
- Interest expense	<u>17,496</u>	<u>17,496</u>
Cash used in operating activities	<u><u>(14,546)</u></u>	<u><u>(13,474)</u></u>

11. INCOME

	<u>2015</u> USD	<u>2014</u> USD
Interest on preference shares	17,496	17,496
Interest on Bank Deposits	<u>27</u>	<u>5</u>
	<u><u>17,523</u></u>	<u><u>17,501</u></u>

12. FINANCE COSTS

	<u>2015</u> USD	<u>2014</u> USD
Interest on optionally convertible redeemable preference shares	<u>17,496</u>	<u>17,496</u>

13. LOSS BEFORE TAXATION

The loss before taxation for the year is arrived at after charging:

	<u>2015</u> USD	<u>2014</u> USD
Audit fees	<u>5,175</u>	<u>5,625</u>

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

14. TAXATION

The Company is a "Category 1 Global Business Licence Company" for the purpose of the Financial Services Act 2007. The profit of the Company, as adjusted for income tax purposes, is subject to income tax at the rate of 15% (2014 : 15%). It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid and 80% (2014 : 80%) of the Mauritius Tax on its foreign source income.

Interest income earned by the Company from its bank in Mauritius is exempt from tax and there is no tax on capital gains on investments in Mauritius.

At the end of the reporting date, the Company had tax losses amounting to USD 603,170 (2014: USD 588,624).

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

The estimated accumulated tax losses are available for offset against future taxable profits of the Company up to the financial year ending:

	2015	Expiry Date
	USD	
31 March 2011	6,444	2016
31 March 2012	546,571	2017
31 March 2013	22,135	2018
31 March 2014	13,474	2019
31 March 2015	14,546	2020
	<u>603,170</u>	

Tax reconciliation

The reconciliation of the applicable income tax rate of 15% (2014: 15%) and the effective tax rate of Nil (2014: Nil) is as follows:

	2015	2014
	%	%
Applicable income tax rate	15.00	15.00
Less: Deferred tax asset not recognised	(15.00)	(15.00)
Effective income tax rate	<u>0.00</u>	<u>0.00</u>

15. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2015, the Company traded with related parties. The nature and volume of transactions with the entities are as follows:

Name of company	Relationship	Nature of Transaction	2015 USD	2014 USD
THL Zinc Ltd	Subsidiary	Interest income	17,496	17,496
Vedanta Limited (formerly known as Sterlite Infra Limited)	Holding company	Interest expense	17,496	17,496
Outstanding balances				
THL Zinc Ltd	Subsidiary	Receivable	373,000	373,000
THL Zinc Ltd	Subsidiary	Interest receivable on OCRPS	75,688	58,192
Twin Star Holdings Ltd	Group company	Payable	99	99
Vedanta Limited (formerly known as Sterlite Infra Limited)	Holding company	Interest payable on OCRPS	75,688	58,192
Vedanta Limited (formerly known as Sterlite Infra Limited)	Holding company	Optionally convertible redeemable preference shares	700,000,000	700,000,000

The amount due from THL Zinc Limited is unsecured, interest free and repayable on demand.

THE ZINC VENTURES LTD
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 FOR THE YEAR ENDED 31 MARCH 2015

15. RELATED PARTY TRANSACTIONS (CONT'D)

Compensation to Key Management Personnel

No compensation to key management personnel was paid during the year (2014 : Nil)

16. FINANCIAL INSTRUMENTS

Significant accounting policies

Details of significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial assets, financial liabilities and equity instrument are disclosed in note 4 to the financial statements.

Fair values

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

Categories of financial instruments

	2015 USD	2014 USD
Financial assets		
Other receivables	448,688	431,192
Cash and cash equivalents	25,550	41,019
	<u>474,238</u>	<u>472,211</u>
Financial liabilities		
Optionally convertible redeemable preference shares	700,000,000	700,000,000
Other payables	84,712	68,166
	<u>700,084,712</u>	<u>700,068,166</u>

Currency profile

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

	Financial assets 2015 USD	Financial liabilities 2015 USD	Financial assets 2014 USD	Financial liabilities 2014 USD
United States Dollars	<u>474,238</u>	<u>700,084,712</u>	<u>472,211</u>	<u>700,068,166</u>

17. FINANCIAL RISK MANAGEMENT

Strategy in using financial instruments

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

17. FINANCIAL RISK MANAGEMENT (CONT'D)

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls; and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Market Risk Management

Market risk is the risk that changes in market prices, foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(b) Interest Rate Risk Management

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. Any excess cash and cash equivalents of the Company are invested in short-term time deposits and liquid funds.

The following table details the Company's exposure to interest rate risks. The total interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

31 March 2015	Up to 1 year		
	Interest bearing	Non-interest bearing	Total
	USD	USD	USD
Assets			
Other receivables	-	448,688	448,688
Cash and cash equivalents	-	25,550	25,550
Total assets	-	474,238	474,238
Liabilities			
Optionally convertible redeemable preference shares	700,000,000	-	700,000,000
Other payables	-	84,712	84,712
Total liabilities	700,000,000	84,712	700,084,712

31 March 2014	Up to 1 year		
	Interest bearing	Non-interest bearing	Total
	USD	USD	USD
Assets			
Other receivables	-	431,192	431,192
Cash and cash equivalents	-	41,019	41,019
Total assets	-	472,211	472,211
Liabilities			
Optionally convertible redeemable preference shares	700,000,000	-	700,000,000
Other payables	-	68,166	68,166
Total liabilities	700,000,000	68,166	700,068,166

The Optionally Convertible Redeemable Preference Shares are not sensitive to movement in interest rates.

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

17. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk management

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 maturity profile of the Company's financial liabilities.

31 March 2015	Up to 1 year USD
Liabilities	
Optionally convertible redeemable preference shares	700,000,000
Other payables	84,712
Total	700,084,712
31 March 2014	Up to 1 year USD
Liabilities	
Optionally convertible redeemable preference shares	700,000,000
Other payables	68,166
Total	700,068,166

The directors confirm that the Optionally Convertible Redeemable Preference Shares ("OCRPS") will not be redeemed within the next twelve months.

THE ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2015

17. FINANCIAL RISK MANAGEMENT (CONT'D)

(d) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Company may adjust the amount of dividends paid to shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity and reserves. Net debt is calculated as total borrowings less cash and cash equivalents.

The capital structure of the company consists of stated capital and accumulated losses.

Gearing ratio

The gearing ratio at the year end was as follows:

	<u>2015</u> USD	<u>2014</u> USD
Debt	700,000,000	700,000,000
Cash and cash equivalents	(25,550)	(41,019)
Net debt	<u>699,974,450</u>	<u>699,958,981</u>
Equity (i)	<u>9,390,526</u>	<u>9,405,045</u>
Net debt to equity ratio (%)	7,454	7,442

(i) Equity includes all capital and accumulated losses.

(e) Currency risk management

There is no significant exchange rate risk as substantially all financial assets and financial liabilities are denominated in United States Dollar which is the functional currency of the Company.

The investment in the subsidiary is denominated in United States dollars and therefore, the Company is not exposed to movement in exchange rates on realisation of the investments.

18. EVENTS AFTER THE REPORTING PERIOD

There have been no material events after reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2015.

19. IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANY

As on 31 March 2014 the Company's immediate holding company was Sterlite Infra Limited, a company established in India. During the year, pursuant to a merger scheme Sterlite Infra Limited got merged into Vedanta Limited (formerly known as Sesa Sterlite Limited), a company established in India and accordingly on 31 March 2015 the Company's immediate holding company is Vedanta Limited. The Company's intermediate holding company is Vedanta Resources Plc a company incorporated in the United Kingdom. The ultimate holding company is Volcan Investments Limited, a company incorporated in the Bahamas.

APPENDIX I

THL ZINC VENTURES LTD
STATEMENT OF PROFIT & LOSS
FOR THE YEAR ENDED 31 MARCH 2015

	2015 USD	2014 USD
INCOME		
Interest on preference shares	17,523	17,496
ADMINISTRATIVE EXPENSES		
Filing & Registration Fees	(2,050)	(2,060)
Professional fee	(6,925)	(5,530)
Audit fees	(5,175)	(5,625)
Bank charges	(396)	(259)
	<u>(14,546)</u>	<u>(13,474)</u>
FINANCE COSTS		
Interest on preference shares	<u>(17,496)</u>	<u>(17,496)</u>
	<u>(17,496)</u>	<u>(17,496)</u>
LOSS BEFORE TAXATION	<u>(14,519)</u>	<u>(13,474)</u>
TAXATION		
LOSS FOR THE YEAR	<u><u>(14,519)</u></u>	<u><u>(13,469)</u></u>

