

TWIN STAR ENERGY HOLDINGS LTD.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

TWIN STAR ENERGY HOLDINGS LTD.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

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TWIN STAR ENERGY HOLDINGS LTD.**CORPORATE DATA**

		Date of appointment	Date of resignation
DIRECTORS:	Gyaneshwarnath Gowrea	13-Aug-10	-
	Din Dayal Jalan	02-Sep-10	-
	Youmeshwar Ramdhony	06-Jan-15	30-Jun-15
	Doomraj Sooneelall	30-Jun-15	-
ADMINISTRATOR AND SECRETARY:	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		
BANKER:	Standard Chartered Bank (Mauritius) Limited Units 6A and 6B 6th Floor, Standard Chartered Tower 19-21 Bank Street, Cybercity Ebène Mauritius		
AUDITOR :	Deloitte 7th Floor, Standard Chartered Tower 19-21 Bank Street, Cybercity Ebène Mauritius		

TWIN STAR ENERGY HOLDINGS LTD.**COMMENTARY OF THE DIRECTORS**

The directors present their commentary, together with the audited financial statements of TWIN STAR ENERGY HOLDINGS LTD. (the "Company") for the year ended 31 March 2016.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS AND DIVIDEND

The Company's loss for the year ended 31 March 2016 is **USD 16,233** (2015: USD 6,011,382).

The directors do not recommend the payment of dividend for the year ended 31 March 2016 (2015: 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 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 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 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.

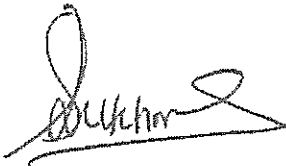
AUDITOR

In the auditors rotation process, the existing auditors, Deloitte Mauritius has been replaced by Ernst & Young, Mauritius for the audit of the Financial Statements for the next financial year. The same shall be proposed at the next Annual Meeting.

TWIN STAR ENERGY HOLDINGS LTD.

SECRETARY'S CERTIFICATE

We certify to the best of our knowledge and belief that TWIN STAR ENERGY HOLDINGS LTD. ("the Company") has filed with the Registrar of Companies, all such returns as are required of the Company under the Mauritius Companies Act 2001 for the year ended 31 March 2016.



Authorised Signatory

Date: 27 APR 2016

GIM CORPORATE SERVICES LTD

33, Edith Cavell Street, Port Louis, H324, Mauritius

Tel: +230 212 9800 Fax: +230 212 9833 Email: info@cimglobalbusiness.com

BRN C09004928

www.cimglobalbusiness.com

Independent auditor's report to the shareholder of TWIN STAR ENERGY HOLDINGS 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 **TWIN STAR ENERGY HOLDINGS LTD.** (the "Company") on pages 5 to 19 which comprise the statement of financial position at 31 March 2016 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 19 give a true and fair view of the financial position of **TWIN STAR ENERGY HOLDINGS LTD.** as at 31 March 2016 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:

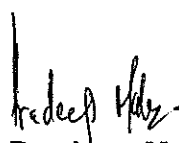
- we have no relationship with, or interests in, the company other than in our capacity as auditor;
- we have obtained all information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by the company as far as it appears from our examination of those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



Deloitte

Chartered Accountants

24 May 2016




Pradeep Malik, FCA

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TWIN STAR ENERGY HOLDINGS LTD.
STATEMENT OF FINANCIAL POSITION
AT 31 MARCH 2016

	<u>Notes</u>	<u>2016</u> <u>USD</u>	<u>2015</u> <u>USD</u>
ASSETS			
Non-current asset			
Investment in subsidiary	5	<u>1</u>	<u>1</u>
Total non-current asset		<u>1</u>	<u>1</u>
Current asset			
Cash and cash equivalents		<u>410</u>	<u>-</u>
Total current asset		<u>410</u>	<u>-</u>
TOTAL ASSETS		<u><u>411</u></u>	<u><u>1</u></u>
EQUITY AND LIABILITIES			
Equity			
Stated capital	6	6,001,000	6,001,000
Accumulated losses		<u>(6,093,984)</u>	<u>(6,077,751)</u>
Shareholder's deficit		<u>(92,984)</u>	<u>(76,751)</u>
Current liabilities			
Other payables and accruals	7	<u>93,395</u>	<u>76,752</u>
Total liabilities		<u>93,395</u>	<u>76,752</u>
TOTAL EQUITY AND LIABILITIES		<u><u>411</u></u>	<u><u>1</u></u>

These financial statements have been approved by the Board of Directors
and authorised for issue on2.7. APR. 2016.....

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.....)
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)) DIRECTORS
.....)

The notes on pages 9 to 19 form an integral part of these financial statements
Independent Auditor's report on page 4

TWIN STAR ENERGY HOLDINGS LTD.
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	<u>Notes</u>	<u>2016</u> USD	<u>2015</u> USD
ADMINISTRATIVE EXPENSES		<u>(16,233)</u>	<u>(11,382)</u>
LOSS BEFORE EXCEPTIONAL ITEMS		(16,233)	(11,382)
EXCEPTIONAL ITEMS - IMPAIRMENT OF INVESTMENT IN SUBSIDIARY	5	-	(6,000,000)
LOSS BEFORE TAXATION		<u>(16,233)</u>	<u>(6,011,382)</u>
TAXATION	9	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR		(16,233)	(6,011,382)
OTHER COMPREHENSIVE INCOME		<u>-</u>	<u>-</u>
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u><u>(16,233)</u></u>	<u><u>(6,011,382)</u></u>

The notes on pages 9 to 19 form an integral part of these financial statements
Independent Auditor's report on page 4

TWIN STAR ENERGY HOLDINGS LTD.
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016

	<u>Stated</u> <u>capital</u> USD	<u>Accumulated</u> <u>losses</u> USD	<u>Shareholder's</u> <u>Deficit</u> USD
At 1 April 2014	6,001,000	(66,369)	5,934,631
Loss for the year and total comprehensive loss	<u>-</u>	<u>(6,011,382)</u>	<u>(6,011,382)</u>
At 31 March 2015	<u>6,001,000</u>	<u>(6,077,751)</u>	<u>(76,751)</u>
At 1 April 2015	6,001,000	(6,077,751)	(76,751)
Loss for the year and total comprehensive loss	<u>-</u>	<u>(16,233)</u>	<u>(16,233)</u>
At 31 March 2016	<u>6,001,000</u>	<u>(6,093,984)</u>	<u>(92,984)</u>

The notes on pages 9 to 19 form an integral part of these financial statements
Independent Auditor's report on page 4

TWIN STAR ENERGY HOLDINGS LTD.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016

	<u>Note</u>	<u>2016</u> <u>USD</u>	<u>2015</u> <u>USD</u>
Operating activities			
Net cash generated from/(used in) operating activities	8	<u>410</u>	<u>(165)</u>
Net increase / (decrease) in cash and cash equivalents		410	(165)
Cash and cash equivalents at beginning of year		<u>-</u>	<u>165</u>
Cash and cash equivalents at end of year		<u><u>410</u></u>	<u><u>-</u></u>

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

1. REPORTING ENTITY AND BUSINESS ACTIVITY

TWIN STAR ENERGY HOLDINGS LTD. (the "Company") was incorporated as a private company on 27 February 2008 as Arlington Investments Ltd, under the Mauritius Companies Act 2001. It subsequently changed its name to THL Aluminium Limited on 9 May 2008 and further to TWIN STAR ENERGY HOLDINGS LTD. on 19 August 2010. The Company was converted to a Category 1 Global Business Licence company on 4 October 2010. 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 (higher of fair value less costs of disposal and value in use) 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.

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.

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

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 2015.

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 24	Related Party Disclosures - Amendments resulting from Annual Improvements 2010-2012 Cycle (management entities)
IFRS 13	Fair Value Measurement - Amendments resulting from Annual Improvements 2011-2013 Cycle (scope of the portfolio exception in paragraph 52)

3.2 Relevant new and revised Standards in issue 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 7	Statement of Cash flows - amendments as a result of Disclosure Initiative (effective 1 January 2017).
IAS 12	Income Taxes - Amendments regarding the recognition of deferred tax assets for unrealised losses (effective 1 January 2017)
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)
IAS 39	Financial Instruments: Recognition and Measurement - Amendments to permit an entity to elect to continue to apply the hedge accounting requirements in IAS 39 for a fair value hedge of the interest rate exposure of a portion of portfolio of financial assets or financial liabilities when IFRS 9 is applied, and to extend the fair value option to certain contracts that meet the "own use" scope exception (effective 1 January 2018).
IFRS 7	Financial Instruments: Disclosures - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures (effective 1 January 2018)
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 January 2018)
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 date has been deferred indefinitely)

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

3.2 Relevant new and revised Standards in issue not yet effective (cont'd)

IFRS 10 Consolidated Financial Statements - Amendments regarding the application of the consolidated exception (effective 1 January 2016)

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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Foreign currency transaction

Transactions in foreign currencies are translated to the respective functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Foreign currency differences arising on retranslation are recognised in the statement of profit or loss and other comprehensive income. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

(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 date and adjusted to reflect the current best estimate.

(d) Investment in subsidiary

Investment in subsidiary is 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.

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

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

(d) Investment in subsidiary (cont'd)

The Company has taken advantage of paragraph 4(a) International Financial Reporting Standard "IFRS 10 - Consolidated Financial Statements", which dispenses it from the need for presenting consolidated financial statements for its investment in the subsidiary company as it is intermediately owned by Vedanta Resources Plc. Vedanta Resources Plc prepares consolidated financial statements which comply with International Financial Reporting Standards and these are available for public use from the company secretary, Vedanta Resources Plc, 5th Floor, 6 St Andrew Street, London, EC4A 3AE and at www.vedantaresources.com.

(e) Financial instruments

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.

Loan and receivables

Loan and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as loan and receivables. Loan and receivables are subsequently 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.

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 financial asset 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 financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

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

(e) Financial instruments (cont'd)

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.

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.

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 cost using the effective interest method.

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.

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

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

(e) Financial instruments (cont'd)

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.

(g) 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 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.

(h) 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.

(i) 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.

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

5. INVESTMENT IN SUBSIDIARY

	<u>2015</u> USD	<u>2015</u> USD
At 1 April	1	6,000,001
Impairment provision	-	(6,000,000)
At 31 March	<u>1</u>	<u>1</u>

Twin Star Mauritius Holdings Ltd. is engaged in Investment activities. During the financial year 31 March 2015, the Company has provided for impairment for its investment held in Twin Star Mauritius Holdings Ltd. by USD 6,000,000.

Name of company	Country of incorporation	Type of shares	No. of shares		% Holding	
			<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
Twin Star Mauritius Holdings Ltd.	Mauritius	Ordinary	6,000,001	6,000,001	100%	100%

Pursuant to a board meeting, the Company entered into a Share Pledge Agreement ("SPA") with Twin Star Mauritius Holdings Ltd. ("TSMHL"), its wholly owned subsidiary and Standard Chartered Bank ("SCB") as the Security Agent and Pledgee. As per the provisions of the SPA dated 7 June 2013, the Company is required to provide certain collateral in favour of SCB, as a security against the loan of USD 1.2 billion advanced pursuant to a facility agreement dated 15 May 2013 by a consortium of banks with SCB as facility agent to TSMHL to partly refinance the earlier loan of USD 2.8 billion which had been taken to acquire a 28.5% stake in Cairn India Limited ("Cairn"). In this respect, the Company has pledged all of its shares held in TSMHL, aggregating to a total of 6,000,001 shares of par value USD 1 each, to SCB.

6. STATED CAPITAL

	<u>2016</u> USD	<u>2015</u> USD
<u>Issued and Fully Paid</u>		
At 1 April and 31 March	<u>6,001,000</u>	<u>6,001,000</u>

The stated capital of the Company comprise of 60,010 ordinary shares of USD100 each, issued to Bloom Fountain Limited. The ordinary shares carry voting rights and right to dividend.

7. OTHER PAYABLES AND ACCRUALS

	<u>2016</u> USD	<u>2015</u> USD
Payable to Vedanta Resources Plc	84,711	68,536
Accruals	8,684	8,216
	<u>93,395</u>	<u>76,752</u>

The amount due to Vedanta Resources Plc is unsecured, interest free and does not have fixed terms of repayment.

8. NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES

	<u>2016</u> USD	<u>2015</u> USD
Loss before taxation	(16,233)	(6,011,382)
<i>Adjustments for:</i>		
Provision for impairment of investment in subsidiary	-	6,000,000
<i>Adjustments for changes in working capital:</i>		
Increase in other payables and accruals	16,643	11,217
Cash generated from/(used in) from operating activities	<u>410</u>	<u>(165)</u>

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

9. 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% (2015: 15%). It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid and 80% (2015: 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 in Mauritius.

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.

At the end of the reporting date, the Company had accumulated tax losses amounting to **USD 73,609** (2015: USD 71,366). 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 loss of USD 13,990 for the financial year 31 March 2011 carried forward up to 31 March 2016 has lapsed. The accumulated tax losses at 31 March 2016 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 2012	31 March 2017	6,865
31 March 2013	31 March 2018	21,800
31 March 2014	31 March 2019	17,329
31 March 2015	31 March 2020	11,382
31 March 2016	31 March 2021	16,233
		<u>73,609</u>

Tax reconciliation

The reconciliation of the applicable income tax rate of 15% (2015: 15%) and the effective tax rate of NIL (2015: NIL) is as follows:

	<u>2016</u>	<u>2015</u>
	<u>%</u>	<u>%</u>
Applicable income tax rate	15.00	15.00
Less: 80% Foreign tax credit	<u>(12.00)</u>	<u>(12.00)</u>
	3.00	3.00
Less: Deferred tax asset not recognised	<u>(3.00)</u>	<u>(3.00)</u>
Effective income tax rate	<u>-</u>	<u>-</u>

10. FINANCIAL INSTRUMENTS

Fair values

The carrying amounts of cash and cash equivalents and other payables and accruals approximate their fair values.

	<u>2016</u>	<u>2015</u>
	<u>USD</u>	<u>USD</u>
Financial assets		
Cash and cash equivalents	<u>410</u>	<u>-</u>
Financial liabilities		
Other payables and accruals	<u>93,395</u>	<u>76,752</u>

Currency profile

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

	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	2016	2016	2015	2015
	USD	USD	USD	USD
United States Dollars	<u>410</u>	<u>93,395</u>	<u>-</u>	<u>76,752</u>

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

11. RELATED PARTY TRANSACTIONS

During the year ended 31 March 2016 the Company transacted with related parties. The nature, volume and type of transactions with the entities are as follows:

<u>Name of Company</u>	<u>Relationship</u>	<u>Nature of transaction</u>	<u>2016</u> <u>USD</u>	<u>2015</u> <u>USD</u>
Transactions				
Vedanta Resources Plc	Intermediate holding company	Payment of expenses	<u>16,175</u>	<u>10,875</u>
Outstanding balances				
Vedanta Resources Plc	Intermediate holding company	Other payables	<u>84,711</u>	<u>68,536</u>

The amount due to Vedanta Resources Plc is unsecured, interest free with no fixed repayment terms.

Other related party transactions

CIM Corporate Services Ltd performs certain administration and related services for the Company. A sum amounting to USD 10,734 (2015: USD 5,470) which includes directors' fees of USD 2,000 (2015: USD 2,000) was expensed during the year in respect of the aforesaid services.

Compensation to Key Management Personnel

No compensation to key management personnel was paid during the year (2015: USD Nil).

12. 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.

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

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

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. The Company is not exposed to movement in interest rates as its assets and liabilities are non-interest bearing.

(c) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. The Company's expenses are mainly of an administrative nature and these are paid by Vedanta Resources Plc on behalf of the Company.

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

12. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risk (cont'd)

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 2016

	<u>1 to 3 months</u> USD
Liabilities	
Payable to Vedanta Resources Plc	(84,711)
Accruals	<u>(8,684)</u>
Total	<u><u>(93,395)</u></u>

31 March 2015

	<u>1 to 3 months</u> USD
Liabilities	
Payable to Vedanta Resources Plc	(68,536)
Accruals	<u>(8,216)</u>
Total	<u><u>(76,752)</u></u>

(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 capital structure of the Company consists of equity comprising stated capital and accumulated losses.

(e) 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.

13. IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANY

Vedanta Resources Holdings Limited "VRHL" (100% subsidiary of Vedanta Resources Plc) and Bloom Fountain Limited (100% subsidiary of Vedanta Limited (formerly known as Sesa Sterlite Limited)) have entered into a sale and purchase agreement dated 25 February 2012 pursuant to which VRHL's 38.7% ownership interest in Cairn India Limited, together with debt of approximately USD 5.9 billion (by way of stake sale of TWIN STAR ENERGY HOLDINGS LTD. (TSEHL.)) incurred by Vedanta Resources Plc to acquire that interest in Cairn India Limited, has been transferred for nominal consideration of USD 1.

Hence the Company's immediate holding company is Bloom Fountain Limited, a company incorporated in Mauritius. The Company's intermediate holding companies are Vedanta Limited (formerly known as Sesa Sterlite 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.

TWIN STAR ENERGY HOLDINGS LTD.
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2016

14. BASIS OF PREPARING THE FINANCIAL STATEMENTS - GOING CONCERN

At 31 March 2016, the Company had a shareholder's deficit of USD 92,984 and net current liabilities of USD 92,985. The liabilities of the Company are substantially due to the intermediate holding company, Vedanta Resources Plc, which provides funding to the Company to meet its day to day liabilities as and when they fall due.

The financial statements have been prepared on a going concern basis, which assumes that the Company would continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued financial support from the intermediate holding company to meet its expenses as and when they fall due for the next twelve months.

The intermediate holding company confirmed that it would continue to provide adequate financial support to the Company to enable it to meet its obligations as they fall due. The directors consider it appropriate to prepare the financial statements on this basis for the next twelve months.

15. EVENTS AFTER THE REPORTING PERIOD

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

TWIN STAR ENERGY HOLDINGS LTD.
STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2016

	<u>2016</u> USD	<u>2015</u> USD
ADMINISTRATIVE EXPENSES		
Licence fees	(2,015)	(2,050)
Secretarial fee	(3,510)	(500)
Professional fees	(5,209)	(2,920)
Audit fee	(5,434)	(5,747)
Bank charges	<u>(65)</u>	<u>(165)</u>
LOSS BEFORE EXCEPTIONAL ITEMS	(16,233)	(11,382)
EXCEPTIONAL ITEMS - IMPAIRMENT OF INVESTMENT IN SUBSIDIARY	-	(6,000,000)
LOSS BEFORE TAXATION	<u>(16,233)</u>	<u>(6,011,382)</u>
TAXATION	<u>-</u>	<u>-</u>
LOSS FOR THE YEAR	<u><u>(16,233)</u></u>	<u><u>(6,011,382)</u></u>