THL Zinc Ltd

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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FOR THE YEAR ENDED 31 MARCH 2023

CONTENTS	**PAGES**

THL Zinc Ltd
CORPORATE INFORMATION

		Date of appointment	Date of resignation
DIRECTORS:	Bhavana Banymandhub	28-Apr-20	-
	Sevin Chendriah	14-Jul-20	-

ADMINISTRATOR & SECRETARY:
IQ EQ Corporate Services (Mauritius) Ltd
33, Edith Cavell Street
Port Louis, 11324
Mauritius

REGISTERED OFFICE:
C/o IQ EQ Corporate Services (Mauritius) Ltd
33, Edith Cavell Street
Port Louis, 11324
Mauritius

BANKER:
Standard Chartered Bank (Mauritius) Limited
Units 6A and 6B
6th Floor, Standard Chartered Tower,
19-21, Bank Street, Cybercity
Ebène
Mauritius

AUDITOR:
Baker Tilly
Level 4, Building A5
15, Wall Street
Ebène 72201
Mauritius

THL Zinc Ltd
COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of THL Zinc Ltd (the "Company") for the year ended 31 March 2023.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments in companies incorporated only in India, Australia, Zambia, UK and South Africa.

RESULTS AND DIVIDEND

The Company's profit for the year ended 31 March 2023 is **USD 651,694** (2022: USD 856,263).

The directors did not recommend any payment of dividend for the year ended 31 March 2023 (2022: 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 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 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, Baker Tilly, has been appointed during the year and has indicated its willingness to continue in office and will be decided in the next annual meeting.

By order of the Board

Director:

Date: 24 April 2023

THL Zinc Ltd
CERTIFICATE FROM THE SECRETARY
(SECTION 166(D) OF THE MAURITIUS COMPANIES ACT 2001)

We certify, as secretary of THL Zinc Ltd (the "Company"), that based on records and information made available to us by the directors and sole shareholder of the Company, the Company has filed with the Registrar of Companies, all such returns as required of the Company under the Mauritius Companies Act 2001, in terms of section 166(d), for the year ended 31 March 2023.

For IQ EQ Corporate services (Mauritius) Ltd
Company Secretary

Date: 24 April 2023

bakertilly

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INDEPENDENT AUDITOR'S REPORT
To the Shareholder of THL Zinc Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of THL Zinc Limited (the "Company"), which comprise the statement of financial position as at 31 March 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements on pages 7 to 28 give a true and fair view of the financial position of the Company as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

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

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Emphasis of Matter on Going Concern

We draw attention to Note 20 in the financial statements concerning the Company's ability to continue as going concern. These financial statements have been prepared on a going concern basis. The validity of this assumption depends on the continued support of the shareholder to enable the Company to meet its liabilities as and when they fall due to carry out their business without any curtailment in its operations. These financial statements do not include any adjustments that would result from non-availability of finance.

Our opinion is not modified in this respect.

Other Matter

We draw attention on the fact that we were appointed as auditor for the first time for the year ended 31 March 2023 on 9 November 2022. The financial statements for the year ended 31 March 2022 were audited by another auditor, who expressed an unqualified opinion on those financial statements on 21 July 2022.

Auditor's Responsibilities for the Audit of the Financial Statements

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

This opinion has been prepared for and only for the Company's shareholder and for no other purposes.

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

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

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

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

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

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

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

Other information

The directors are responsible for the other information. The other information comprises the corporate information, commentary of the directors and certificate from the secretary.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Baker Tilly

Baker Tilly

Date: 24 April 2023

Sin C. LI, CPA, CGMA

Licensed by FRC

THL Zinc Ltd
Statement of Financial Position
As at 31 March 2023

	Notes	As at 31 March 2023 USD	As at 31 March 2022 USD
Assets			
Non-current assets			
Investment in subsidiaries	5	**460,693,544**	460,693,544
Loan receivable	6	**31,307,550**	-
Total non-current assets		**492,001,094**	460,693,544
Current assets			
Loan receivable	6	**-**	31,307,550
Other receivables	7	**4,276,061**	3,216,095
Cash and cash equivalents		**48,623**	22,051
Total current assets		**4,324,684**	34,545,696
Total Assets		**496,325,778**	495,239,240
Equity And Liabilities			
Equity			
Issued capital	8	**9,001,000**	9,001,000
Other equity reserve	6(iii)	**(429,593,904)**	(429,593,904)
Retained earnings		**13,405,594**	12,753,900
Shareholder's deficit		**(407,187,310)**	(407,839,004)
Non-current liabilities			
Borrowings	10	**178,000**	103,000
Total non-current liabilities		**178,000**	103,000
Current liabilities			
Optionally convertible redeemable preference shares	9	**896,000,000**	896,000,000
Borrowings	10	**5,749,491**	5,749,491
Other payables	11	**1,585,597**	1,225,753
Total current liabilities		**903,335,088**	902,975,244
Total liabilities		**903,513,088**	903,078,244
TOTAL EQUITY AND LIABILITIES		**496,325,778**	495,239,240

These financial statements have been approved by the board of directors and authorised for issue on:

Director **Director**

The notes on pages 11 to 28 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

THL Zinc Ltd
Statement of Profit or Loss and Other Comprehensive Income
For the year ended 31 March 2023

	Notes	Year ended 31 March 2023 USD	Year ended 31 March 2022 USD
Finance income	13	**1,059,447**	1,311,026
Expenses			
Audit fees		**(27,250)**	(30,200)
Other expenses	14	**(1,508)**	(1,530)
Professional fees		**(30,149)**	(8,345)
Total expenses		**(58,907)**	(40,075)
Finance costs	15	**(348,846)**	(414,688)
Profit before tax		**651,694**	856,263
Income tax expense	16	**-**	-
Profit for the year		**651,694**	856,263
Total comprehensive income for the year		**651,694**	856,263

The notes on pages 11 to 28 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

THL Zinc Ltd
Statement of changes in equity
For the year ended 31 March 2023

	Issued capital USD	Other equity reserve* USD	Retained earnings USD	Shareholder's deficit USD
At 1 April 2021	9,001,000	(429,593,904)	11,897,637	(408,695,267)
Profit for the year and total comprehensive income	-	-	856,263	856,263
At 31 March 2022	9,001,000	(429,593,904)	12,753,900	(407,839,004)
At 1 April 2022	**9,001,000**	**(429,593,904)**	**12,753,900**	**(407,839,004)**
Profit for the year and total comprehensive income	-	-	**651,694**	**651,694**
At 31 March 2023	**9,001,000**	**(429,593,904)**	**13,405,594**	**(407,187,310)**

** Refer note 6(iii).*

The notes on pages 11 to 28 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

THL Zinc Ltd
Statement of Cash flows
For the year ended 31 March 2023

	Notes	Year ended 31 March 2023	Year ended 31 March 2022
		USD	USD
Cash flows from operating activities			
Net cash used in operating activities	12	**(48,428)**	(46,399)
Cash flows from investing activities			
Loan recovered	10	**-**	7,892,450
Loan to related company		**-**	(5,500,000)
Net cash generated from investing activities		-	2,392,450
Cash flows from financing activities			
Loan from related company	10	**75,000**	5,613,000
Loan repaid		**-**	(7,932,450)
Interest paid		**-**	(12,381)
Net cash generated from/(used in) financing activities		**75,000**	(2,331,831)
Net increase in cash and cash equivalents		**26,572**	14,220
Cash and cash equivalents at beginning of the year		**22,051**	7,831
Cash and cash equivalents at end of the year		**48,623**	22,051

The notes on pages 11 to 28 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

THL Zinc Ltd
Notes to the Financial Statements
For the year ended 31 March 2023

1 Company overview

THL Zinc Ltd (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on 15 April 2008 as a private company. The Company was set up as a Category 2 Global Business License company and pursuant to a shareholder resolution of 19 August 2010, the Company changed its legal regime to a Category 1 Global Business License company. Following amendments brought by the Finance Act 2018, all Category 1 Global Business License companies will henceforth be known as Global Business Corporation ("GBC"). Therefore, effective as from 1 July 2021, the Company will now hold a GBC license. The Company's registered office address is c/o IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius. The Company's principal activity is investment holding.

2 Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by International Accounting Standards Board (IASB) and Companies Act 2001.

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

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 Ltd (erstwhile Vedanta Resources Plc.) which prepares group accounts that comply with International Financial Reporting Standards and these are available for public view from the company secretary, Vedanta Resources Ltd, 8th Floor, 20 Farringdon Street, London, EC4A 4AB, United Kingdom and at www.vedantaresources.com.

3(a) Accounting policies

A summary of the significant accounting policies, which have been applied consistently, is set out below.

(i) Investment in subsidiary

A subsidiary is an entity (including special purpose entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Investments in subsidiaries represent equity holdings in subsidiaries except preference shares, valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

(ii) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial assets – recognition & subsequent measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

For purposes of subsequent measurement, financial assets are classified in the following categories:

<u>*Financial assets at amortized cost (debt instruments)*</u>

A 'debt instrument' is measured at amortised cost if both the following conditions are met:

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes loan to related party and other receivables.

3(a) Accounting policies (continued)

(ii) Financial Instruments (continued)

(b) Financial asset - Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:
• The rights to receive cash flows from the asset have expired.
Or
• The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

(c) Impairment of financial assets

In accordance with IFRS 9, the Company applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the following financial assets:

i) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities and deposits.

ii) Other receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

The Company follows 'simplified approach' for recognition of impairment loss allowance on other receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive, discounted at the original EIR.

ECL impairment loss allowance (or reversal) during the year is recognised as income/expense in profit or loss. The statement of financial position presentation for various financial instruments is described below:

Financial assets measured at amortised cost: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The Company does not reduce impairment allowance from the gross carrying amount.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/origination.

(d) Financial liabilities – Recognition & subsequent measurement

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

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

The Company's financial liabilities include other payables, loans and borrowings and optionally convertible redeemable preference shares ("OCRPS").

3(a) Accounting policies (continued)

(ii) Financial instruments (continued)

(d) Financial liabilities – Recognition & subsequent measurement (continued)

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

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

Equity instruments

Ordinary shares are classified as equity

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

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 at amortised cost

After initial recognition, interest-bearing loans and borrowings and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in statement of profit or loss and other comprehensive income when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

This category generally applies to borrowings.

(e) Financial liabilities – Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss and other comprehensive income.

(f) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

THL Zinc Ltd
Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2023

3(a) Accounting policies (continued)

(iii) Impairment of non-financial assets

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.
The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. The Company conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognised impairment losses. Internal and external factors, such as worse economic performance than expected, changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognised impairment losses.

If any such indication exists or in case of goodwill where annual testing of impairment is required then an impairment review is undertaken, the recoverable amount is calculated, as the higher of fair value less costs of disposal and the asset's value in use.

Fair value less costs of disposal is the price that would be received to sell the asset in an orderly transaction between market participants and does not reflect the effects of factors that may be specific to the entity and not applicable to entities in general. Fair value for mineral and oil and gas assets is generally determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset, including any expansion prospects, and its eventual disposal, using assumptions that an independent market participant may take into account. These cash flows are discounted at an appropriate post-tax discount rate to arrive at the net present value.

Value in use is determined as the present value of the estimated future cash flows expected to arise from the continued use of the asset in its present form and its eventual disposal. The cash flows are discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted. Value in use is determined by applying assumptions specific to the Company's continued use and cannot take into account future development. These assumptions are different to those used in calculating fair value and consequently the value in use calculation is likely to give a different result to a fair value calculation.

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined. The carrying value is net of deferred tax liability recognised in the fair value of assets acquired in the business combination.
If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss.
Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised except if initially attributed to goodwill.

(iv) Accounting for foreign currency transactions and translations

The directors consider USD to be the currency that most faithfully represent the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results, as well as the currency in which it receives capital contribution from its investors. This determination also considers the competitive environment in which the Company operates. The Company's financial statements are prepared in USD.

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in other currencies are translated into functional currencies at exchange rates prevailing on the reporting date.

Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss and other comprehensive income.

Non-monetary assets and liabilities denominated in other currencies and measured at historical cost or fair value are translated at the exchange rates prevailing on the dates on which such values were determined.

All differences are taken to the statement of profit or loss except those where the monetary item is designated as an effective hedging instrument of the currency risk of designated forecasted sales or purchases, which are recognised in the other comprehensive income.

3(a) Accounting policies (continued)

(v) Current and non-current classification

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

● it is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
● it is held primarily for the purpose of being traded;
● it is expected to be realized within 12 months after the reporting date; or
● it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:
● it is expected to be settled in the Company's normal operating cycle;
● it is held primarily for the purpose of being traded;
● it is due to be settled within 12 months after the reporting date; or
● the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(vi) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term money market deposits which have a maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(vii) Related parties

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

(viii) Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

(ix) Expense recognition

Expenses are accounted for in the statement of profit or loss and other comprehensive income on an accrual basis.

(x) Taxation

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the financial position date in the country where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax is recognised in full, using the liability method, on all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets on accumulated tax losses are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

3(b) Application of new and revised standards

The Company has adopted, with effect from 01 April 2022, the following new and revised standards and interpretations. Their adoption has not had any material impact on the amounts reported in the financial statements.

1. Amendments to IFRS 3 Business Combinations- Reference to the Conceptual Framework
2. Amendments to IFRS 16, IFRS 9, IAS 37 and IAS 41 regarding Interest Rate Benchmark Reform - Phase 2
3. Conceptual framework for financial reporting under IFRS issued by the IASB

Standards issued but not yet effective

The new and amended standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below:

New pronouncements	***Effective date***
IFRS 17 Insurance Contracts (including the June 2020 and December 2021 amendments to IFRS 17)	01-Jan-23
IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 (Amendments – Disclosure of Accounting Policies)	01-Jan-23
IAS 8 Accounting policies, Changes in Accounting Estimates and Errors (Amendments - Definition of Accounting Estimates)	01-Jan-23
IAS 12 Income Taxes (Amendments – Deferred Tax related to Assets and Liabilities arising from a Single Transaction)	01-Jan-23
Initial Application of IFRS 17 and IFRS 9—Comparative Information (Amendment to IFRS 17).	01-Jan-23
IAS 1 Presentation of Financial Statements (Amendments– Classification of Liabilities as Current or Non-current)	01-Jan-24
IFRS 16 Leases (Amendments- Lease Liability in a Sale and Leaseback)	01-Jan-24
IAS 1 Presentation of Financial Statements (Amendments– Non-current Liabilities with	01-Jan-24
IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (Amendments - Sale or contribution of assets between an investor and its associate or joint venture)	Defer the effective date of the September 2014 amendments to these standards indefinitely

The amendments are not expected to have a material impact on the Company. The Company has not early adopted any amendments which has been notified but is not yet effective.

4 Significant accounting estimates and judgement

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in the financial statements. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

Functional currency

The directors consider the USD to be the currency that most faithfully represents the economic effect of the underlying transactions, events and conditions. The USD is the currency in which the Company measures its performance and reports its results to the members. This determination also considers the competitive environment in which the Company operates.

Going concern

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has access to resources to continue in business for the foreseeable future. Refer to note 20 for more details.

THL Zinc Ltd
Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2023

4 Significant accounting estimates and judgement (continued)

Estimates and assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions, that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. These judgments and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to previous experience, but actual results may differ materially from the amounts included in the financial statements.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and future periods affected.

The information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as given below:

Loans & other receivables

The Company uses the provision matrix as a practical expedient to measuring ECLs on loans & other receivables based on days past due for grouping of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward looking estimates. Refer to note 17(c) for more details.

5. Investment in subsidiaries

	As at 31 March 2023	As at 31 March 2022
	USD	USD
At carrying value		
At 1 April and 31 March	**460,693,544**	460,693,544

(a) During the year 2013-14, the Company has provided for an impairment of USD 221,789,180 on its investment held in THL Zinc Namibia Holdings (Proprietary) Ltd ("THLZNHL"). During the year 2020-21, THLZNHL has bought back 720 shares out of the 820 shares held by the Company for a consideration of USD 57,200,059. THLZNHL has taken over the Company's payables to Namzinc Pty (Principal amount of Loan USD 54,978,059 loan and interest accrued thereon USD 2,222,000) in lieu of this. The directors have re-assessed the investment in the subsidiary for indicators of impairment and are of opinion that no further impairment has to be provided for the investment.

(b) During the current year, the directors have assessed the investment in Black Mountain Mining (Proprietary) Ltd (BMM) for indicators of impairment and are of opinion that no impairment has to be provided on this investment.

(c) Details of the investments held during the year are provided below:

			No of Ordinary Shares Held		**Proportion of ownership interests**		**Value of Investments at cost less impairment**	
Company	**Principal Activity**	**Place of operation**	**2023**	2022	**2023**	2022	**2023**	2022
							USD	USD
THL Zinc Namibia Holdings (Proprietary) Ltd	Mining	Namibia	**100**	100	**100%**	100%	**431,089,121**	431,089,121
Black Mountain Mining (Proprietary) Ltd	Mining	South Africa	**740**	740	**69.5%**	69.5%	**251,393,603**	251,393,603
Less: Impairment (Refer to note 5(a))							**(221,789,180)**	(221,789,180)
							460,693,544	460,693,544

THL Zinc Ltd
Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2023

6 **Loan receivable**

		As at 31 March 2023	As at 31 March 2022
		USD	USD
Non-current			
Loan to related parties			
Copper Mines of Tasmania Pty Ltd	note (i)	-	31,307,550
Less: Reclassified to current loan receivable		-	(31,307,550)
Add: Loan reclassified from current loan receivable Bloom Fountain Limited (BFL)		**31,307,550**	-
Add: Loan reclassified from current loan receivable		**3,536,419**	-
Provision for impairment-BFL		**(3,536,419)**	-
		31,307,550	-

		As at 31 March 2023	As at 31 March 2022
		USD	USD
Current			
Loan to related parties			
Bloom Fountain Limited (BFL)	note (ii)	**3,536,419**	3,536,419
Provision for impairment-BFL	note (ii)	**-**	(3,536,419)
Copper Mines of Tasmania Pty Ltd		**31,307,550**	
Add: Reclassified from non-current loan receivable		**-**	31,307,550
Less: Reclassified to non-current loan receivable		**(34,843,969)**	-
		-	31,307,550

(i) Pursuant to the board meeting of 6 July 2016, Copper Mines of Tasmania Pty Ltd. ("CMT"), a company incorporated under the laws of Australia has sought funds up to the tune of USD 10,000,000 from the Company. The Company agreed to grant the loan up to the amount of USD 10,000,000 to CMT at an interest rate of 2.3% per annum and repayable in one year. During the year 2017-18, the amount under the said facility has been extended upto USD 20,000,000 repayable in July 2019. During the year 2018-19, the amount under the said facility has been extended upto USD 25,000,000 repayable in July 2020. During the year 2020-21, the amount under the said facility was further extended upto USD 35,000,000 repayable in July 2021. During the previous year, the said facility was further extended upto USD 45,000,000 repayable in July 2022 with revised interest rate of 4% p.a. During the year, the parties extended the loan till July 2024 with revised interest rate of 3.16% p.a. The total amount outstanding under this facility as at 31 March 2023 is **USD 31,307,550** (2022:USD 31,307,550) and accrued interest of **USD 4,260,285** (2022: USD 3,200,838). The loan is unsecured in nature. The directors of the Company have considered the support extended by immediate holding company, "Vedanta Limited" to CMT which will enable CMT to settle liabilities and recover assets in ordinary course of conducting business.

(ii) During the year 2015, the Company has entered into an agreement to provide a loan facility of USD 3,000,000 to Bloom Fountain Limited ("BFL"), a fellow subsidiary of the Company, for a period of 12 months at an interest rate of 2.6% per annum. The loan is unsecured in nature. On 1 February 2016, the amount under the facility was increased to USD 3,600,000 and repayment date was extended to 28 February 2019. The total amount outstanding under this facility as at 31 March 2017 was USD 3,536,419 and accrued interest of USD 173,400. The said outstanding balance along with the accrued interest thereon has been impaired during the year 2016-17 and charged to profit or loss. As at 31 March 2023, the amount outstanding under the said facility along with the accrued interest (net of impairment) is Nil (2022: Nil). During the 2020-21, the parties extended the loan till 31 October 2022 with an increased rate of interest of 7.11% effective from February 2020. During the year, the parties extended the loan till 31 October 2025 with an increased rate of interest of 8.68% effective from November 2022. The recoverability of the loan and interest is not certain. Hence, the loan is impaired and interest is not being accrued.

(iii) The Company had advanced loans of USD 1,745,772,494 to Twin Star Mauritius Holdings Limited (TSMHL), a fellow subsidiary of the Company. TSMHL was holding shares of Cairn India Limited (“Cairn India”), another fellow subsidiary of the Company. During the year 2016-17, the merger of Cairn India into the Company's intermediate holding company, Vedanta Limited (“Vedanta"), was substantially completed and was implemented in the month of April 2017 by allotment of shares of Vedanta to the shareholders of Cairn India. As per the terms of the Scheme of merger, Vedanta and its subsidiaries (including TSMHL) did not receive any consideration in lieu of their holding in Cairn India which stood extinguished upon the merger being implemented. Hence, the Company made an impairment provision of USD 1,779,654,112 against the loan (including accrued interest) it had extended to TSMHL and the effects of the same were carried through the statement of changes in equity. During the year 2017-2018, subsequent to the liquidation of TSHML, the Company recognised an additional impairment for the balance USD 716,331 through the statement of changes in equity. The loan payable to Cairn India Holdings Limited of USD 1,250,000,000 along with accrued interest of USD 100,776,539 was assigned to TSMHL which had the effect of recovery of the loan already impaired and an impairment reversal of an equivalent amount. Hence, net impairment reversal of USD 1,350,060,208 has been recognised in other equity.The balance loan of USD 429,593,904 was converted into equity and was written off during the year 2017-2018 due to filing for liquidation by TSMHL.

THL Zinc Ltd
Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2023

7 Other receivables

	As at 31 March 2023 USD	As at 31 March 2022 USD
Advance others - Receivable from Bloom Fountain Limited (refer to note 7 (i))	**14,638**	14,638
Accrued interest - Copper Mines of Tasmania Pty Ltd (Refer to note 6(i))	**4,260,285**	3,200,838
Advance others	**-**	619
Accrued interest - Bloom Fountain Limited (Refer to note 6(ii))	**173,400**	173,400
Less: Impairment of accrued interest- Bloom Fountain Limited	**(173,400)**	(173,400)
Prepaid Expenses	**1,138**	-
	4,276,061	3,216,095

(i) During 2017-18, Sesa Sterlite Mauritius Holdings Limited ("SSMHL"), a fellow subsidiary, which entered into liquidation, assigned its net assets to Bloom Fountain Limited (BFL), its parent company and hence the Company transferred its receivable from SSMHL to BFL amounting to USD 14,638.

8 Issued capital

	As at 31 March 2023 USD	As at 31 March 2022 USD
Ordinary shares		
Issued and fully paid		
At 1 April and 31 March	**9,001,000**	9,001,000

The shares in the capital of the Company comprise of 1,000 ordinary shares of USD 1 per share and 90,000 ordinary shares of par value USD 100, issued to THL Zinc Ventures Ltd. The ordinary share carries voting rights and right to dividend.

9 Optionally Convertible Redeemable Preference Shares ("OCRPS")

Issued to	No. of OCRPS of USD 1 each and premium of USD 99		Amount of liability	
	As at 31 March 2023	As at 31 March 2022	**As at 31 March 2023**	As at 31 March 2022
			USD	USD
THL Zinc Ventures Ltd. (9(i))	**7,000,000**	7,000,000	**700,000,000**	700,000,000
THL Zinc Holding BV (9(ii))	**1,960,000**	1,960,000	**196,000,000**	196,000,000
`	**8,960,000**	8,960,000	**896,000,000**	896,000,000

(i) 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 THL Zinc Ventures Ltd. Each OCRPS can be converted at the option of the investor into a variable number of equity shares, hence classified as current or can be redeemed anytime at the option of the Company.

(ii) The Company has issued 2.4 million, 0.25% Optionally Convertible Redeemable Preference Shares ("OCRPS") of USD 1 each with a premium of USD 99 each to THL Zinc Holding BV ("THLZBV"). Each OCRPS can be converted at the option of the investor into a variable number of equity shares, hence classified as current or can be redeemed anytime at the option of the Company. In 2011-12, 440,000 shares were redeemed by the Company.

In accordance with paragraph 16 of IAS 32 Financial Instruments Presentation, OCRPS have been classified as a liability.

10 **Borrowings**

	As at 31 March 2023	As at 31 March 2022
Non-Current	**USD**	USD
At 1 April	**103,000**	8,171,941
Loan from THLZBV (Refer to note 10 (iii))	**75,000**	103,000
Reclassified to current borrowings	**-**	(8,171,941)
At 31 March	**178,000**	103,000

	As at 31 March 2023	As at 31 March 2022
Current		
At 1 April	**5,749,491**	-
Additional loan from Namzinc (Pty) Ltd (Refer to note 10 (i))	**-**	5,510,000
Loan repaid to Namzinc (Pty) Ltd (Refer to note 5 (a))	**-**	(7,892,450)
Loan repaid to Twin Star Holdings Limited (Refer to note 10 (ii))	**-**	(40,000)
Reclassified from non-current borrowings (Refer to note 10 (i) & (iii))	**-**	8,171,941
At 31 March	**5,749,491**	5,749,491

(i) Pursuant to a board meeting of 29 November 2016, the Company entered into a loan agreement with Namzinc (Pty) Ltd ("NPL"), a group company for an amount of USD 50,000,000 at an interest rate of 2.25% per annum and repayable within one year. During the year 2017-18, the amount under this facility has been extended to USD 100,000,000 payable in July 2020. During the year 2020-21, the maturity of this loan was further extended to October 2022 with an increased interest rate of 3.50%. During the year, the maturity of this loan was further extended to October 2023 with an interest rate of SOFR plus 3.5% p.a. As at 31 March 2023, the amount outstanding under this facility was **USD 5,749,491** (2022: USD 5,749,491) and accrued interest of **USD 816,606** (2022: USD 503,023).

(ii) During the year 2018-2019, the Company received a fresh loan from Twin Star Holdings Limited, a group company for a facility amount of USD 20,000,000 at an interest rate of 2.25% p.a. repayable in February 2020. During the year 2018-2019, an amount of USD 10,000,000 was drawn under this facility and an amount of USD 9,960,000 was repaid during 2018-2019. During the year 2020-21, the maturity of this loan was further extended to October 2022 with an increased interest rate of 7.78% effective from February 2020. As at 31 March 2023, the amount outstanding under this facility was **Nil** (2022: USD Nil) and accrued interest of **USD Nil** (2022: USD Nil).

(iii) During the year 2021-2022, the Company received a fresh loan from THL Zinc Holding BV, a group company for a facility amount of USD 1,000,000 at an interest rate of 7.74% p.a. repayable in January 2025. During the year 2021-2022, an amount of USD 103,000 was drawn under this facility. As at 31 March 2023, the amount outstanding under this facility was **USD 178,000** (2022: USD 103,000) and accrued interest of **USD 12,981** (2022: USD 883).

11 **Other payables**

	As at 31 March 2023	As at 31 March 2022
	USD	USD
Audit fees	**39,200**	39,200
Interest on OCRPS	**275,078**	252,681
Amount due to THL Zinc Ventures Ltd (refer to note 18)	**323,000**	323,000
Interest payable to Namzinc (Pty) Ltd (refer to note 10 (i))	**816,606**	503,023
Interest payable to THLZBV (refer to note 10 (iii))	**12,981**	883
Other payables*	**118,732**	106,966
At 31 March	**1,585,597**	1,225,753

*Other payables are unsecured, interest free and repayable on demand.

THL Zinc Ltd
Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2023

12 Net cash used in operating activities

	Year ended 31 March 2023	Year ended 31 March 2022
	USD	USD
Profit before taxation	**651,694**	856,263
Adjusted for:		
- Interest income (Note 13)	**(1,059,447)**	(1,311,026)
- Interest expense (Note 15)	**348,076**	414,013
	(59,677)	(40,750)
Working capital changes:		
- Change in other receivables (Note 7)	**(519)**	(619)
- Change in other payables (Note 11)	**11,768**	(5,030)
Cash used in operations	**(48,428)**	(46,399)
Net cash used in operating activities	**(48,428)**	(46,399)

13 Finance income

	Year ended 31 March 2023	Year ended 31 March 2022
	USD	USD
Other group companies interest income (refer to note 18)	**1,059,447**	1,311,026
	1,059,447	1,311,026

14 Other expenses

	Year ended 31 March 2023	Year ended 31 March 2022
	USD	USD
VAT expenditure	**(1,508)**	(1,530)
	(1,508)	(1,530)

15 Finance costs

	Year ended 31 March 2023	Year ended 31 March 2022
	USD	USD
Interest expense on optionally convertible preference shares	**(22,396)**	(22,396)
Interest expense to Namzinc Pty Ltd (refer to note 18)	**(313,583)**	(387,634)
Interest expense to Twin Star Holdings Limited (refer to note 18)	**-**	(3,100)
Interest expense on THLZBV Loan (refer to note 18)	**(12,098)**	(883)
Bank charges	**(769)**	(675)
	(348,846)	(414,688)

THL Zinc Ltd
Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2023

16 **Income Tax**

The Company is subject to tax at the rate of 15% (2022: 15%). Pursuant to the enactment of the Finance Act 2018, with effect as from 1 January 2019, the deemed tax credit has been phased out, through the implementation of a new tax regime. Companies which had obtained their Category 1 Global Business License on or before 16 October 2017, including the Company, have been grandfathered and would benefit from the deemed tax credit regime up to 30 June 2021.

Accordingly, the Company is entitled to a foreign tax credit equivalent to the higher of the actual foreign tax suffered or 80% of the Mauritian tax ("Deemed tax credit") on its foreign source income, up to 30 June 2021. Mauritius does not impose tax on capital gains and as such will not be exposed to any capital gains tax in Mauritius upon disposal of investments, and any dividend paid by the Company to its shareholder is not subject to any withholding or other tax in Mauritius.

The Financial Services Commission ("FSC") issued a Category 1 Global Business License ("GBL1") to the Company on 19 August 2010. Hence these regulations are applicable to the Company post 30 June 2021.

Post 30 June 2021 and under the new tax regime and subject to meeting the necessary substance requirements as required under the Financial Services Act 2007 (as amended by the Finance Act 2018) and such guidelines issued by the Financial Services Commission, the Company is entitled to either (a) a foreign tax credit equivalent to the actual foreign tax suffered on its foreign income against the Company's tax liability computed at 15% on such income, or (b) a partial exemption of 80% of some of the income derived, including but not limited to foreign source dividends or interest income.

At 31 March 2023, the Company has brought forward tax losses of **USD 1,632,010** (2022: USD 76,338,645). Losses incurred in an income year may be carried forward to be set off against net income of the following 5 income years.

(ii) Tax reconciliation

	Year ended 31 March 2023	Year ended 31 March 2022
	USD	USD
Profit before taxation	**651,694**	856,263
Tax at statutory rate of 15%	**97,754**	128,439
Effect of unused tax losses not recognised as deferred tax assets	**(97,754)**	(128,439)
Income tax expense	**-**	-

At 31 March 2023, the Company has unutilized tax losses of **USD 1,632,010** (2021: USD 76,338,645). Losses incurred in an income year may be carried forward to be set off against net income of the following 5 income years only and accordingly tax losses of **USD 74,706,635** for FY 2017-18 have lapsed as they were being carried forward for more than 5 years. The accumulated tax losses at 31 March 2023 are available for set off against any taxable income, as follows:

(iii) Tax Losses carried forward

Loss relating to financial year ending	**Carry forward up to financial year ending**	**As at 31 March 2023**	As at 31 March 2022
		USD	USD
31 March 2018	31 March 2023	**-**	74,706,635
31 March 2019	31 March 2024	**694,487**	694,487
31 March 2020	31 March 2025	**716,137**	716,137
31 March 2021	31 March 2026	**221,386**	221,386
Total		**1,632,010**	76,338,645

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.

THL Zinc Ltd
Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2023

17 **Financial Instruments**

Fair values

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

	As at 31 March 2023	As at 31 March 2022
	USD	USD
Financial assets - at amortised cost		
Cash and cash equivalents	**48,623**	22,051
Loan and other receivables	**35,582,473**	34,523,645
	35,631,096	34,545,696
Financial liabilities - at amortised cost		
OCRPS (Refer to note 9)	**896,000,000**	896,000,000
Loans and other payables	**7,513,088**	7,078,244
	903,513,088	903,078,244

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company does not have any exposure to market risk.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. 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 risk. The total interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

31 March 2023	**Interest bearing**	**Non-interest bearing**	**Total**
	USD	**USD**	**USD**
Financial assets - at amortised cost			
Other receivables	**-**	**4,274,923**	**4,274,923**
Cash and cash equivalents	**-**	**48,623**	**48,623**
Loan receivable	**31,307,550**	**-**	**31,307,550**
Total assets	**31,307,550**	**4,323,546**	**35,631,096**
Financial liabilities - at amortised cost			
Other payables	**-**	**1,585,597**	**1,585,597**
OCRPS	**896,000,000**	**-**	**896,000,000**
Borrowings	**5,927,491**	**-**	**5,927,491**
Total liabilities	**901,927,491**	**1,585,597**	**903,513,088**

31 March 2022	Interest bearing	Non-interest bearing	Total
	USD	USD	USD
Financial assets - at amortised cost			
Other receivables	-	3,216,095	3,216,095
Cash and cash equivalents	-	22,051	22,051
Loan receivable	31,307,550	-	31,307,550
Total assets	31,307,550	3,238,146	34,545,696
Financial liabilities - at amortised cost			
Other payables	-	1,225,753	1,225,753
OCRPS	896,000,000	-	896,000,000
Borrowings	5,852,491	-	5,852,491
Total liabilities	901,852,491	1,225,753	903,078,244

All interest bearing assets and liabilities are at fixed interest rate and not sensitive to movement in interest rates.

Interest rate sensitivity

As at 31 March, 2023 and 31 March, 2022, the Company does not have any exposure to variable rate financial assets and liabilities, hence there is no interest rate risk.

17 Financial intruments (continued)

(c) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.
The Company is exposed to credit risk from its loans and other receivables and cash and cash equivalents.

The Company has clearly defined policies to mitigate counterparty risks. For cash and cash equivalents, the Company attempts to limit the credit risk by only dealing with reputable banks and financial institutions.

Credit risk on loans and other receivables is limited as the counterparties, which are all related parties, have obtained financial support from the intermediate holding company to enable them to meet their obligations as and when they fall due and to carry on with their current business for the next 18 months. As such, management considers the probability of default to be close to zero and hence no allowance has been recognised based on 12-months ECL.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	As at 31 March 2023	As at 31 March 2022
	USD	USD
Loans, interest and other receivables from related parties	**35,582,473**	34,523,645
Cash at bank	**48,623**	22,051
	35,631,096	34,545,696

(d) Currency risk management

The Company is not exposed to the risk that may change in a manner which has material effect on the reported values of the Company's assets which are denominated in other foreign currencies at reporting year end.

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
	As at 31 March 2023	**As at 31 March 2023**	As at 31 March 2022	As at 31 March 2022
	USD	**USD**	USD	USD
United States Dollar	**35,631,096**	**903,513,088**	34,545,696	903,078,244

For the years ended 31 March 2023 and 31 March 2022, the Company does not have any exposure to foreign currencies. Therefore, sensitivity relative to foreign currencies has not been disclosed.

THL Zinc Ltd
Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2023

17 **Financial instruments (continued)**

(e) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when 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 maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below:

31 March 2023	**Repayable on demand**	**Up to 1 year**	**More than 1 year**	**Total**
	USD	**USD**	**USD**	**USD**
Financial liabilities				
Other payables	**118,732**	**1,466,865**	**-**	**1,585,597**
OCRPS	**896,000,000**	**-**	**-**	**896,000,000**
OCRPS	**-**	**5,749,491**	**178,000**	**5,927,491**
Total	**896,118,732**	**7,216,356**	**178,000**	**903,513,088**

31 March 2022	Repayable on demand	Up to 1 year	More than 1 year	Total
	USD	USD	USD	USD
Financial liabilities				
Other payables	106,966	1,118,787	-	1,225,753
OCRPS	896,000,000	-	-	896,000,000
Borrowings	-	5,749,491	103,000	5,852,491
Total	896,106,966	6,868,278	103,000	903,078,244

Reconciliation of liabilities arising from financing activities:

			Borrowings
	Due within 1 year	**Due after 1 year**	**Total**
	USD	**USD**	**USD**
At 1 April 2021	**-**	8,171,941	8,171,941
Cash flow	5,510,000	103,000	5,613,000
Other Non cash adjustments	(7,932,450)		(7,932,450)
Reclassification from current to non-current	8,171,941	(8,171,941)	-
At 1 April 2022	**5,749,491**	**103,000**	**5,852,491**
Cash flow	**-**	**75,000**	**75,000**
At 31 March 2023	**5,749,491**	**178,000**	**5,927,491**

Fair value estimation
The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

17 Financial instruments (continued)

(f) Capital risk management

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

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

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

The capital structure of the Company consists of issued capital, retained earnings and net debt.

Gearing ratio

The gearing ratio at the year end was as follows:

	As at 31 March 2023	As at 31 March 2022
	USD	USD
Debt (i)	**901,927,491**	901,852,491
Cash and cash equivalents	**(48,623)**	(22,051)
Net debt	**901,878,868**	901,830,440
Equity (ii)	**(407,187,310)**	(407,839,004)
Net debt to equity ratio (times)	**N/A**	N/A

(i) Debt includes ORCPS of **USD 896,000,000** (2022: USD 896,000,000), loan from Namzinc (Pty) Ltd amounting to **USD 5,749,491** (2022: USD 5,749,491) and loan from THL Zinc Holding BV **USD 178,000** (2022: USD 103,000).

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

18 Related party transactions & balances

During the year ended 31 March 2023, the Company transacted with related parties. The nature and volume of transactions with the entities are as follows:

Name of Company	Relationship	Nature of transaction	As at 31 March 2023	As at 31 March 2022
Transactions			**USD**	USD
THL Zinc Ventures Ltd	Holding company	Interest expense on OCRPS (Note 15)	**17,496**	17,496
THL Zinc Holding BV	Group company	Interest expense on OCRPS (Note 15)	**4,900**	4,900
		Loan received (Note 10)	**75,000**	103,000
		Interest expense on loan (Note 10)	**12,098**	883
Copper Mines of Tasmania Pty Ltd	Group company	Interest income (Note 13)	**1,059,447**	1,311,026
		Loan advanced (Note 6)	**-**	5,500,000
		Loan advanced recovered (Note 6)	**-**	7,892,450
Twin Star Holdings Ltd	Group company	Interest expense (Note 15)	**-**	3,100
		Loan repaid (Note 10)	**-**	40,000
		Interest paid (Note 11)	**-**	12,381
		Other receivable repaid (Note 7)	**619**	-
Namzinc (Pty) Ltd	Subsidiary	Interest expense (Note 15)	**313,583**	387,634
		Loan received (Note 10)	**-**	5,510,000
		Loan repaid/novated (Note 10 & 5(a))	**-**	7,892,450
Vedanta Resources Limited	Holding company	Expenses reimbursement	**-**	7,095
Outstanding balances				
Vedanta Resources Limited	Intermediate holding company	Loan Payable	**(104,716)**	(104,716)
Amount due to THL Zinc Ventures Ltd	Holding company	Loan Payable	**(323,000)**	(323,000)
		Interest payable	**(215,751)**	(198,255)
		OCRPS (Note 9)	**(700,000,000)**	(700,000,000)
Amount due to THL Zinc Holding BV	Related party	Interest payable	**(59,327)**	(54,427)
		OCRPS (Note 9)	**(196,000,000)**	(196,000,000)
		Loan payable (Note 10)	**(178,000)**	(103,000)
Bloom Fountain Limited	Group company	Other receivable (Note 7)	**14,638**	14,638
Copper Mines of Tasmania Pty Limited	Group company	Loan receivable (Note 6)	**31,307,550**	31,307,550
		Interest receivable (Note 7)	**4,260,285**	3,200,838
Namzinc (Pty) Ltd	Subsidiary	Loan payable (Note 10)	**(5,749,491)**	(5,749,491)
		Interest payable (Note 11)	**(816,606)**	(503,023)
Twin Star Holdings Limited	Group company	Other receivable (Note 7)	**-**	619

THL Zinc Ltd
Notes to the Financial Statements (Cont'd)
For the year ended 31 March 2023

18 **Related party transactions & balances (continued)**

Other related party transactions
IQ EQ Corporate Services (Mauritius) Ltd and its associates perform certain administration and tax related services for the Company. A sum amounting to **USD 24,461** (2022: USD 12,375) which includes professional fees for the provision of directorship services of **USD 2,000** (2022: USD 2,000) was expensed during the year in respect of the aforesaid services. No compensation to key management personnel was paid during the year (2022: Nil).

19 **Immediate, intermediate and ultimate holding company**

The Company's immediate holding company is THL Zinc Ventures Ltd, a GBL Company, established in Mauritius. The Company's intermediate holding companies are Vedanta Limited, a company incorporated in India, and Vedanta Resources Limited, a company incorporated in the United Kingdom.

The ultimate controlling party of the Company is Volcan Investments Limited and its wholly owned subsidiary Volcan Investments Cyprus Limited, which is beneficially owned by the Anil Agarwal Discretionary Trust. Volcan Investments Limited is incorporated in the Bahamas and does not prepare consolidated financial statements.

20 **Going concern**

The Company earned a net profit of **USD 651,694** (2022: USD 856,263) for the year ended 31 March 2023 and as at that date, its total liabilities exceeded its total assets by **USD 407,187,310** (2022: USD 407,839,004).

The Company has received a letter of support from Vedanta Limited, the intermediate holding company, who will provide financial support to the Company to enable the latter to meet its obligations as and when they fall due and to carry on its current business for the next 18 months. The company owns investments with positive net asset values that are profitable, which provides the directors with comfort that support will continue to be provided by the Group or could be obtained from its subsidiaries.

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

21 **Events after 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 2023.