

**To The Board of directors of  
THL ZINC HOLDING BV**

**Report on Financial Statements**

We have audited the accompanying financial statements of "THL ZINC HOLDING BV." ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for audit opinion on the financial statements.

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at March 31, 2019, and its loss including other comprehensive income, its cash flows and the statement of changes in equity for the year ended on that date.

**To The Board of directors of  
THL ZINC HOLDING BV**

**Other Matter:-**

The financial statements are prepared to assist Vedanta Limited, holding Company to prepare its consolidated financial statements as per generally accepted accounting principles in India. As a result, the financial statement may not be suitable for another purpose. Our report is intended solely for the Company and its holding Company and should not be distributed or used by parties other than for the preparation of consolidated financial statement of holding Company. We hereby provide consent that a copy may be provided to auditors of holding Company.

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

**Mukesh Mehta**  
Partner  
Membership No.: 043495  
Place: Mumbai  
Date: May 2, 2019

**THL ZINC HOLDING BV**

Balance sheet as at March 31, 2019

Particulars	Notes	As at	As at
		March 31, 2019	March 31, 2018
		USD	USD
<b>ASSETS</b>			
<b>Non-current assets</b>			
Financial Assets			
(a) Investments	5	226,000,000	226,191,055
(b) Loans	6	85,000,000	-
		<u>311,000,000</u>	<u>226,191,055</u>
<b>Current assets</b>			
Financial Assets			
(a) Cash and cash equivalents	7	1,221,539	2,846
(b) Others	8	107,162	34,722
		<u>1,328,701</u>	<u>37,568</u>
	<b>TOTAL</b>	<u><b>312,328,701</b></u>	<u><b>226,228,623</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share capital	9	5,110,047	5,110,047
(b) Other Equity		(325,690,154)	(325,579,672)
		<u>(320,580,107)</u>	<u>(320,469,625)</u>
<b>Non current liabilities</b>			
Financial Liabilities			
(a) Borrowings	10	85,100,000	-
		<u>85,100,000</u>	<u>-</u>
<b>Current liabilities</b>			
Financial Liabilities			
(a) Borrowings	11	546,519,617	546,519,617
(b) Others	12	1,273,394	178,631
Current tax liabilities	13	15,797	-
		<u>547,808,808</u>	<u>546,698,248</u>
	<b>Total</b>	<u><b>312,328,701</b></u>	<u><b>226,228,623</b></u>

The accompanying notes are forming part of the financial statements

As per our report of even date

For Pathak H D &amp; Associates

Chartered Accountants

(Registration No. : 107783W)

For and on behalf of THL Zinc Holding BV

**Mukesh Mehta**

Partner

Membership No. 43495

Place : Mumbai

Date: May 2, 2019

**Nitin Gupta**

Place : Gurugram

**THL ZINC HOLDING BV****Statement of Profit and Loss for the year ended March 31, 2019**

Particulars	Notes	For the year ended	For the year ended
		March 31, 2019	March 31, 2018
		USD	USD
<b>INCOME</b>			
Other Income	14	3,888,773	31,509,900
		<b>3,888,773</b>	<b>31,509,900</b>
<b>EXPENDITURE</b>			
Finance costs	15	3,674,990	598,796
Other expenses	16	130,620	186,657
		<b>3,805,610</b>	<b>785,453</b>
<b>Profit before exceptional item and taxation</b>		<b>83,163</b>	<b>30,724,447</b>
Exceptional Item (Refer note 5)		(191,055)	-
<b>(Loss)/ Profit before Tax</b>		<b>(107,892)</b>	<b>30,724,447</b>
<b>Tax expense</b>	17	(2,590)	(2,070,417)
<b>(Loss)/ Profit for the year</b>		<b>(110,482)</b>	<b>28,654,030</b>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>(110,482)</b>	<b>28,654,030</b>
Earnings/ (loss) per equity share of EUR 1 each			
(a) Basic	19	(0.03)	7.67
(a) Diluted	19	(0.03)	7.67

The accompanying notes are forming part of the financial statements

As per our report of even date

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

**For and on behalf of THL Zinc Holding BV**

**Mukesh Mehta**  
Partner  
Membership No. 43495  
Place : Mumbai  
Date: May 2, 2019

**Nitin Gupta**  
  
Place : Gurugram

**THL ZINC HOLDING BV**  
**Statement of Changes in Equity**  
**For the year ended March 31, 2019**

	<b><u>Issued</u></b> <b><u>Capital</u></b> USD	<b><u>Other</u></b> <b><u>Equity</u></b> USD	<b><u>Retained</u></b> <b><u>earnings</u></b> USD	<b><u>Total</u></b> <b><u>Equity</u></b> USD
At 1 April 2017	5,110,047	(431,328,743)	75,314,594	(350,904,102)
Reversal of provision due to merger (Refer note 6.2)		1,780,447	-	1,780,447
Profit for the year and total comprehensive income	-	-	28,654,030	28,654,030
<b>At 31 March 2018</b>	<b><u>5,110,047</u></b>	<b><u>(429,548,296)</u></b>	<b><u>103,968,624</u></b>	<b><u>(320,469,625)</u></b>
Loss for the year and total comprehensive income	-	-	(110,482)	(110,482)
<b>At 31 March 2019</b>	<b><u>5,110,047</u></b>	<b><u>(429,548,296)</u></b>	<b><u>103,858,142</u></b>	<b><u>(320,580,107)</u></b>

As per our report of even date

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

**For and on behalf of THL Zinc Holding BV**

**Mukesh Mehta**  
Partner  
Membership No. 43495  
Place : Mumbai  
Date: May 2, 2019

**Nitin Gupta**  
  
Place : Gurugram

**THL ZINC HOLDING BV**  
**Cash Flow Statement**  
**For the year ended March 31, 2019**

	For the Year Ended March 31, 2019 USD	For the Year Ended March 31, 2018 USD
(Loss)/ Profit before taxation	(107,892)	30,724,447
Adjusted for:		
- Interest income	(3,883,873)	-
- Preference share capital dividend income	(4,900)	(4,900)
- Foreign exchange fluctuation	6,442	46,292
- Interest on loan	3,707,341	593,333
- Interest on income tax	-	33
- Preference share capital dividend expense	(33,384)	5,117
- Provision for Impairment of investment	191,055	-
- Dividend Income from subsidiaries	-	(31,505,000)
	(17,319)	(30,865,126)
	<u>(125,211)</u>	<u>(140,679)</u>
Working capital changes:		
- Change in other receivables	(67,540)	-
- Change in other payables	(17,285)	38,847
	(84,824)	38,847
Cash used in operations	(210,036)	(101,832)
Tax refund / (payment)	13,207	(2,435,781)
Net cash used in operating activities	<u>(196,829)</u>	<u>(2,537,613)</u>
<b>Investing activities</b>		
Loan to related company	(85,000,000)	-
Interest received	3,883,873	2,523,124
Net cash (used in) / from investing activities	<u>(81,116,127)</u>	<u>2,523,124</u>
<b>Financing activities</b>		
Loan from related company	85,100,000	-
Interest paid	(2,568,349)	-
Interest paid on Income tax	-	(33)
Net cash from / (used in) financing activities	<u>82,531,651</u>	<u>(33)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>1,218,696</b>	<b>(14,522)</b>
<b>Cash and cash equivalents at beginning of the year</b>	<b>2,846</b>	<b>17,368</b>
	<u>1,221,542</u>	<u>2,846</u>
<b>Cash and cash equivalents at end of the year</b>	<b>1,221,542</b>	<b>2,846</b>

As per our report of even date

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

**For and on behalf of THL Zinc Holding BV**

**Mukesh Mehta**  
Partner  
Membership No. 43495  
Place : Mumbai  
Date: May 2, 2019

**Nitin Gupta**  
Place : Gurugram

**THL ZINC HOLDING BV**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**1 Company Overview**

THL Zinc Holding B.V. (the "Company") is a private company with limited liability ("Besloten Vennootschap"), existing under the laws of the Netherlands, incorporated on April 20, 2007. The Company has its statutory seat and principal place of business in Amsterdam, the Netherlands. The principal activity of the company is holding of investments and financing activities.

The financial statements under Ind AS are prepared for the purpose of preparing consolidated financial statement of holding company, Vedanta Limited. These financial statements are non-statutory accounts.

**2 Basis of preparation and basis of measurement of financial statements**

**(a) Basis of preparation**

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Companies Act, 2013 (the Act) (as amended from time to time).

These financial statements have been prepared in accordance with the accounting policies, set out below and were consistently applied to all periods presented unless otherwise stated.

These financial statements are approved for issue by the Board of Directors on 02 May 2019.

**(b) Basis of Measurement**

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

**3(a) Accounting Policies**

**(i) 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.

For purpose of subsequent measurement, these instruments are classified as debt instruments at amortised cost.

*Debt instruments at amortised cost*

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

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

**(b) Financial Asset - Derecognition**

The Company derecognises a financial asset when the contractual rights to cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred.

**THL ZINC HOLDING BV**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**3(a) Accounting Policies (continued)**

**(i) Financial Instruments (continued)**

**(c) Impairment of financial assets**

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the financial assets. 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.

ECL is the difference between all contractual cash flows that are due to the Group 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 recognized as income/ expense in profit or loss.

**(d) Financial liabilities – Recognition & Subsequent measurement**

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.

After initial recognition, interest-bearing loans and borrowings and trade and other payables are subsequently measured at amortised cost using the EIR method.

**(e) Financial liabilities – Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

**(ii) 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.

The Company has taken advantage of paragraph 4(a) of Ind AS 110 - Consolidated Financial Statements", which dispenses it from the need to present consolidated financial statements. The Company is wholly owned by Vedanta Resources Plc. which prepares company accounts that 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](http://www.vedantaresources.com).

**(iii) Accounting for Foreign currency transactions and translations**

**Functional and presentation currency**

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

**Foreign currency translations**

Transactions during the year including income and expenses are translated at the rate of exchange prevailing on the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rate of exchange at the reporting date.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.



**THL ZINC HOLDING BV**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**3(a) Accounting Policies (continued)**

**(iii) Accounting for Foreign currency transactions and translations (continued)**

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

**(iv) Current and non-current classification**

The Company presents assets and liabilities in the balance sheet 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.

**(v) 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.

**(vi) Revenue recognition**

**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.

**Dividends**

Dividend income is recognised in the consolidated income statement only when the right to receive payment is established, provided it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

**(vii) Borrowing costs**

Borrowing cost includes interest expense as per effective interest rate (EIR).

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. 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).

**THL ZINC HOLDING BV**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**3(a) Accounting Policies (continued)**

*(viii) Taxation*

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

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

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

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

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

**3(b) Application of new and revised standards**

The adoption of Ind AS 115: Revenue from contracts with customers, Ind AS 23: Borrowing Cost and other minor changes to standards applicable for the year ended March 31, 2019 did not have a significant impact on the Company's financial statements.

***Standards issued but not yet effective***

The new standards including Ind AS 116 "Leases" and other standards/amendments to standards that have been issued but are not yet effective up to the date of issuance of the Company's financial statements is not expected have any significant impact on the Company's financial statements.

**4 Significant accounting estimates and judgments**

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.

**Estimates and assumptions**

At the reporting date, there were no key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**THL ZINC HOLDING BV**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**Note No. 5**  
**Non-current assets**  
**Financial Assets - Investment**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
	USD	USD
<b>Investments in Subsidiaries</b>		
At Cost	546,351,055	546,351,055
Provision for Impairment	(516,351,055)	(516,160,000)
	<u>30,000,000</u>	<u>30,191,055</u>
<b>In preference shares</b>		
	196,000,000	196,000,000
	<u>226,000,000</u>	<u>226,191,055</u>

- (a) During the year there was no trigger for impairment for the Company's investment held in Vedanta Lisheen Holdings Limited. Aggregate amount of provision for impairment in value of above Investment is USD 516,160,000 (March 2018 :USD 516,160,000).
- (b) During the year the Company has provided for impairment of USD 191,055 (March 2018:USD NIL) for its investment held in Lakomasko BV. Aggregate amount of provision for impairment in value of above investment is USD 191,055 (March 2018 :USD Nil).
- (c) Details of the investments held during the year are provided below:

Company	Principal Activity	Place of operation	No of Ordinary Shares Held		Proportion of ownership interest		Value of Investments at cost less impairment	
			2018	2017	2018	2017	As at March 31, 2019	As at March 31, 2018
							USD	USD
<b>Equity instruments</b>								
Vedanta Lisheen Holdings Limited	Mining	Ireland	12	12	100%	100%	30,000,000	30,000,000
Lakomasko BV	Investing	Netherland	91	91	100%	100%	-	191,055
						Total	<u>30,000,000</u>	<u>30,191,055</u>
<b>Preference shares -0.25% Optionally Convertible Redeemable Preference shares</b>								
THL Zinc Limited	Investing	Mauritius	1,960,000	1,960,000			196,000,000	196,000,000
						Total	<u>196,000,000</u>	<u>196,000,000</u>

**Note No. 6**  
**Non-Current assets**  
**Financial Assets - Loan**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
	USD	USD
Loan to Black Mountain Mining Pty Ltd	85,000,000	-
	<u>85,000,000</u>	<u>-</u>

6.1 The Company had advanced loans of USD 412,828,743 to Twin Star Mauritius Holdings Limited (TSMHL), a fellow subsidiary of the Company. TSMHL was holding shares of, Cairn India Limited ("Cairn India"), another fellow subsidiary of the Company. During the year 2016-17 the merger of Cairn India into the Company's intermediate holding company, Vedanta Limited ("Vedanta"), was substantially completed and was implemented in the month of April 2017 by allotment of shares of Vedanta to the shareholders of Cairn India. As per the terms of the Scheme of merger, Vedanta and its subsidiaries (including TSMHL) did not receive any consideration, in lieu of their holding in Cairn India which stood extinguished upon the merger being implemented. Consequently, the Company had made a provision of USD 431,328,743 against the loan (including accrued interest) it had extended to TSMHL and the effect of the same were carried through the statement of changes in equity.

6.2 During the previous year the Company has received USD 2,523,124 from TSMHL on account of outstanding accrued interest and hence provision for impairment of USD 1,780,447 has been reversed in other equity reserve (Refer statement of changes in equity).

6.3 During the year, the Company entered into a loan facility of USD 200,000,000 with BMM at an interest rate of 3M LIBOR Plus 2.75% per annum. As at 31 March, 2019, the amount outstanding under this facility was USD 85,000,000 (2018: USD NIL).

6.4 During the previous year 2017-18, the Company sold the loan and interest receivable from TSMHL to Bloom Fountain Limited, another group company at USD 1.

**Note No. 7**  
**Current assets**  
**Financial Assets - Cash and cash equivalents**

Particulars	As at	As at
	March 31, 2019	March 31, 2018
	USD	USD
Balances with banks		
- in current accounts	1,221,539	2,846
	<u>1,221,539</u>	<u>2,846</u>

THL ZINC HOLDING BV  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED 31 MARCH 2019

**Note No. 8**

**Current assets**

**Financial Assets - Other**

Particulars	As at March 31, 2019		As at March 31, 2018	
	USD		USD	
THL Zinc Ltd - Preference Dividend Receivable		39,621		34,721
Receivable from Bloom foundation Limited (Refer note 6.4)		1		1
Receivable from Monte Cello BV		67,540		-
		<u>107,162</u>		<u>34,722</u>

**Note No. 9**

**Equity Share Capital**

Particulars	As at March 31, 2019		As at March 31, 2018	
	Number	USD	Number	USD
<b>Authorised</b>				
Equity Shares of EUR 1 each fully paid	20,000,000	27,341,073	20,000,000	27,341,073
0.25% Preference Shares of EUR 1 each fully paid up	25,000,000	34,180,077	25,000,000	34,180,077
<b>Issued, Subscribed &amp; fully Paid up</b>				
Equity Shares of EUR 1 each fully paid	3,738,000	5,110,047	3,738,000	5,110,047
	<u>3,738,000</u>	<u>5,110,047</u>	<u>3,738,000</u>	<u>5,110,047</u>

9.1 **Reconciliation of the number and amount of equity shares outstanding at the beginning and at the end of the year:**

	As at March 31, 2019		As at March 31, 2018	
	Number	USD	Number	USD
Shares outstanding at the beginning of the year	3,738,000	5,110,047	3,738,000	5,110,047
Shares outstanding at the end of the year	<u>3,738,000</u>	<u>5,110,047</u>	<u>3,738,000</u>	<u>5,110,047</u>

9.2 **Details of shares held by Holding Company**

	As at March 31, 2019		As at March 31, 2018	
Equity shares are held by Vedanta Limited		3,738,000		3,738,000
Percentage of holding		100%		100%

9.3 **Other disclosures relating to Equity Shares**

The Company has one class of equity shares having a par value of EUR 1 per share. Each equity shareholder is eligible for one vote per share held. Each equity shareholder is entitled to dividends as and when the Company declares and pays dividend after obtaining shareholders approval. In the event of liquidation of Company, the holders of equity shares will be entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts, in proportion to their shareholding.

**Note No. 10**

**Non Current liabilities**

**Financial Liabilities - Borrowings**

Particulars	As at March 31, 2019		As at March 31, 2018	
	USD		USD	
Loan from Cairn India Holdings Limited (refer note 10.1)		85,100,000		-
		<u>85,100,000</u>		<u>-</u>

- 10.1 During the year, the Company entered into a new loan facility agreement of US\$ 200,000,000 with Cairn India Holdings Limited (CIHL) at an interest rate of 3 months Libor Plus 2.50% per annum. The amount outstanding under this agreement as on 31 March 2019 is USD 85,100,000 (2018: USD NIL) and accrued interest thereon amounting to USD 1,138,992 (2018: USD NIL).

**THL ZINC HOLDING BV**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**Note No. 11**  
**Current liabilities**  
**Financial Liabilities - Borrowings**

Particulars	As at March 31, 2019 USD	As at March 31, 2018 USD
0.25% Preference Shares of EUR 1 each fully paid up - Vedanta Limited	546,519,617	546,519,617
	<b>546,519,617</b>	<b>546,519,617</b>

**OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("OCRPS")**

The Company has issued 5.5 Million, 0.25% Optionally Convertible Redeemable Preference Shares of Euro 1 each to Vedanta Ltd. Each OCRPS can be converted at the option of the investor in to variable number of equity shares or can be redeemed at the option of the Company at any time.

In accordance with IND AS 32 Financial Instruments: Presentation, the Optionally Convertible Redeemable Preference Shares (OCRPS) have been classified as a liability. The directors confirm that the Optionally Convertible Redeemable Preference Shares ("OCRPS") will not be redeemed within the next twelve months.

**Note No. 12**  
**Current liabilities**  
**Financial Liabilities - Other**

Particulars	As at March 31, 2019 USD	As at March 31, 2018 USD
Interest Payable on CIHL Loan (Refer note 10.1)	1,138,992	-
Loan from Lisheen Milling Limited (Refer note 12.1)	-	-
Dividend payable	77,276	104,219
Due to Related Party- Monte Cello BV	-	13,876
Due to Related Party- Lakomasko BV	32,595	48,814
Other payables	24,531	11,722
	<b>1,273,394</b>	<b>178,631</b>

- 12.1 During the previous year, loan from Lisheen Milling Limited (Lender) for USD 30,000,000 and interest thereon for USD 1,505,000 has been assigned to Vedanta Lisheen Holding Limited by the Lender. The total amount of USD 31,505,000 payable to Vedanta Lisheen Holding Limited has been set off in the previous year with the dividend income of the same amount declared by Vedanta Lisheen Holding Limited recognised in the statement of profit and loss of the previous year.

**Note No. 13**  
**Current Tax liabilities**

Particulars	As at March 31, 2019 USD	As at March 31, 2018 USD
Current tax	15,797	-
	<b>15,797</b>	<b>-</b>

**Note No. 14**  
**Other income**

Particulars	Year ended March 31, 2019 USD	Year ended March 31, 2018 USD
Interest income		
(a) Bank Balance	1	-
(b) Loan	3,883,872	-
Preference shares capital dividend	4,900	4,900
Dividend Income from investment in subsidiaries	-	31,505,000
	<b>3,888,773</b>	<b>31,509,900</b>

THL ZINC HOLDING BV  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED 31 MARCH 2019

**Note No. 15**  
**Finance Cost**

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
	USD	USD
Interest on Lisheen Loan (Refer note 12.1)	-	593,333
Interest on CIHL Loan	3,707,341	-
Preference Share Capital dividend (reversal) / expense	(33,384)	5,117
Interest on income tax	-	33
Bank charges	1,033	313
	<b>3,674,990</b>	<b>598,796</b>

**Note No. 16**  
**Other Expenses**

Particulars	Year ended	Year ended
	March 31, 2019	March 31, 2018
	USD	USD
Legal and Professional fees	117,364	135,785
Audit fees	3,300	3,300
Net loss on foreign Currency transactions and translation	9,956	47,572
	<b>130,620</b>	<b>186,657</b>

**Note No. 17**  
**TAXATION**

(i) Tax expense

	Year ended	Year ended
	March 31, 2019	March 31, 2018
	USD	USD
Current tax	2,590	2,070,417
	<b>2,590</b>	<b>2,070,417</b>

(ii) Tax reconciliation

Profit before taxation	(107,892)	30,724,447
Income Tax as per slabs	(21,578)	7,681,112
Add: Tax on notional income	-	2,242,791
Add: Disallowed expenses	38,211	1,294
Less: Exempt Dividend Income	-	(7,876,250)
Add- Previous year tax (credit)/ expense	(13,207)	21,470
Add- Fiscal differences	(836)	-
Income tax expense recognised in profit and loss	<b>2,590</b>	<b>2,070,417</b>

**THL ZINC HOLDING BV**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**Note No. 18**

**FINANCIAL INSTRUMENTS**

Significant accounting policies

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

Fair values

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

Categories of financial instruments

	<u>2019</u>	<u>2018</u>
	USD	USD
<b>Financial assets</b>		
Loan and receivables (including cash and short-term deposits)	<u>86,328,701</u>	<u>37,568</u>
<b>Financial liabilities</b>		
Borrowings	631,619,617	546,519,617
Other payables	<u>1,273,394</u>	<u>178,631</u>
	<u>632,893,011</u>	<u>546,698,248</u>

**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 Management

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

(b) Interest Rate Risk Management

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

THL ZINC HOLDING BV  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED 31 MARCH 2019

18 FINANCIAL INSTRUMENTS (CONT'D)

*Strategy in using financial instruments (cont'd)*

<b>31 March 2019</b>	<b>Up to 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Financial Assets</b>			
Non-interest bearing	1,328,701	-	1,328,701
Fixed interest bearing	-	-	-
Variable interest bearing	-	85,000,000	85,000,000
<b>Total assets</b>	<b>1,328,701</b>	<b>85,000,000</b>	<b>86,328,701</b>
<b>Financial Liabilities</b>			
Non-interest bearing	1,273,394	-	1,273,394
Fixed interest bearing	546,519,617	-	546,519,617
Variable interest bearing	-	85,100,000	85,100,000
<b>Total liabilities</b>	<b>547,793,011</b>	<b>85,100,000</b>	<b>632,893,011</b>
<b>31 March 2018</b>	<b>Up to 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Financial Assets</b>			
Non-interest bearing	37,568	-	37,568
Fixed interest bearing	-	-	-
Variable interest bearing	-	-	-
<b>Total assets</b>	<b>37,568</b>	<b>-</b>	<b>37,568</b>
<b>Financial Liabilities</b>			
Non-interest bearing	178,631	-	178,631
Fixed interest bearing	546,519,617	-	546,519,617
Variable interest bearing	-	-	-
<b>Total liabilities</b>	<b>546,698,248</b>	<b>-</b>	<b>546,698,248</b>

**Sensitivity analysis**

An increase of 100 basis points in interest rates at 31 March 2019 would have increased/ (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit or loss and other equity.

	<b>Profit/ (loss)</b>	
	<b>2019</b>	<b>2018</b>
Variable rate instruments	(1,000)	-
	<b>(1,000)</b>	<b>-</b>



**THL ZINC HOLDING BV**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

**18 FINANCIAL INSTRUMENTS (CONT'D)**

(c) Currency Risk Management

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

*Currency profile*

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

	<b>Financial assets 2019</b>	<b>Financial liabilities 2019</b>	<b>Financial assets 2018</b>	<b>Financial liabilities 2018</b>
Euro	82,322	109,871	86	153,033
United States Dollar	<u>86,246,379</u>	<u>632,783,140</u>	<u>37,482</u>	<u>546,545,215</u>

For the year ended 31 March 2019 and 31 March 2018, the Company does not have any material exposure to foreign currencies. Therefore, sensitivity relative to foreign currencies has not been disclosed.

(d) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages liquidity risk by maintaining adequate reserves, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of the financial assets and liabilities. The table below illustrates the aged analysis of the Company's financial liabilities.

**31 March 2019**

	<b>Up to 1 year USD</b>	<b>More than 1 year USD</b>	<b>Total USD</b>
<b>Liabilities</b>			
Other payables	1,273,394	-	1,273,394
Optionally Convertible Redeemable Preference Shares	546,519,617	-	546,519,617
Long term borrowings	-	85,100,000	85,100,000
<b>Total</b>	<u>547,793,011</u>	<u>85,100,000</u>	<u>632,893,011</u>

**31 March 2018**

	<b>Up to 1 year USD</b>	<b>More than 1 year USD</b>	<b>Total USD</b>
<b>Liabilities</b>			
Other payables	178,631	-	178,631
Optionally Convertible Redeemable Preference Shares	546,519,617	-	546,519,617
<b>Total</b>	<u>546,698,248</u>	<u>-</u>	<u>546,698,248</u>

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

THL ZINC HOLDING BV  
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED 31 MARCH 2019

18 FINANCIAL INSTRUMENTS (CONT'D)

(e) Capital risk management

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

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

The Company monitors capital using a gearing ratio, which is net debt divided by total capital. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and short-term deposits, excluding discontinued operations.

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

*Gearing ratio*

The gearing ratio at the year end was as follows:

	<u>2019</u> USD	<u>2018</u> USD
Debt (i)	631,619,617	-
Cash and short-term deposits	<u>1,221,539</u>	<u>2,846</u>
Net debt	<u>630,398,078</u>	<u>(2,846)</u>
Equity (ii)	<u>(320,580,107)</u>	<u>(320,469,625)</u>
Net debt to equity ratio (times)	NA	NA

(i) Debt includes Optionally Convertible Redeemable Preference Shares of USD 546,519,617 (2018: USD 546,519,617) and borrowing from CIHL of USD 85,100,000 (2018: USD Nil)

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

19 Earnings/ (loss) Per Share (EPS)

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
	USD	USD
Net Profit/ (Loss) after tax attributable to equity shareholders for Basic and Diluted EPS	(110,482)	28,654,030
Weighted average Number of equity Shares	3,738,000	3,738,000
Par Value per Share (EUR)	1	1
<b>Earning Per Share - Basic and diluted</b>	<u>(0.03)</u>	<u>7.67</u>

(i) Optionally Convertible Redeemable Preference Shares will be converted at the option of the shareholder into variable number of shares based on the fair value as on the date of conversion. Hence, there would not be dilution of earnings per share.

**THL ZINC HOLDING BV**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2019**

Particulars	For the year ended 31 March, 2019	For the year ended 31 March, 2018
	USD	USD
<b>20 Contingent liabilities</b>		
<b>Contingent liabilities and commitments (to the extent not provided for)</b>		
(a) Claims against the company not acknowledged as debt	NIL	NIL
(b) Guarantees	NIL	NIL
(c) Other money for which the company is contingently liable	NIL	NIL

**21** There is no separate reportable segment hence information as defined in the IND AS 108 "Segment Reporting" is not given.

**22 Related party transactions**

**Names of related parties and description of relation:**

Ultimate Holding Company and its subsidiary	Volcan Investments Limited Volcan Investments Cyprus Limited
Intermediate Holding company	Vedanta Resources Limited (erstwhile Vedanta Resources plc)
Immediate Holding company	Vedanta Limited
Subsidiaries	Lakomasko BV Vedanta Lisheen Holdings Limited
Fellow Subsidiaries	Twinstar Mauritius Holdings Limited (under liquidation) THL Zinc Limited Monte Cello BV Lisheen Milling Limited  Bloom Fountain Limited Cairn India Holdings Limited Black Mountain Mining Pty Ltd.

21 **Related party transactions (continued)**

Particulars	For the year ended	For the year ended
	March 31, 2019	March 31, 2018
	USD	USD
<b>1. Twinstar Mauritius Holdings Limited (TSMHL)</b>		
Interest received	-	2,523,124
<b>2. Black Mountain Mining Pty Ltd.</b>		
Interest Income	3,883,872	-
Interest received	3,883,872	-
Loan Receivable	85,000,000	-
Loan Given	85,000,000	-
<b>3. Bloom Fountain Limited ( Refer Note 6.4)</b>		
Sale of loan alongwith interest receivable from TSMHL	-	1
Receivable	1	1
<b>4. Monte Cello BV</b>		
Payment of Expenses	81,416	-
Payable	-	13,876
Receivable	67,540	-
<b>5. Lakomasko BV</b>		
Investment	191,055	191,055
Impairment provision on investment	(191,055)	-
Reimbursement of Expenses	-	48,814
Payment of Expenses	16,219	-
Payable	32,595	48,814
<b>6. Vedanta Lisheen Holdings Limited (VLHL)</b>		
Investment	546,160,000	546,160,000
Impairment provision on investment	(516,160,000)	(516,160,000)
Assignment of Lisheen Milling Limited loan to VLHL ( refer note 12.1)	-	30,000,000
Assignment of Lisheen Milling Limited interest payable to VLHL ( refer note 12.1)	-	1,505,000
Dividend Income	-	31,505,000
<b>7. Vedanta Limited</b>		
Dividend (reversal)/ Expense	(33,384)	5,117
Dividend Payable	77,276	104,219
<b>8. THL Zinc Ltd</b>		
Investment in Preference Shares	196,000,000	196,000,000
Dividend Income	4,900	4,900
Dividend Receivable	39,621	34,721
<b>9. Lisheen Milling Limited</b>		
Interest Expense	-	593,333
<b>10. Cairn India Holdings Limited</b>		
Interest Expense	3,707,341	-
Interest Payable	1,138,992	-
Interest Paid	2,568,349	-
Loan Payable	85,100,000	-
Loan Received	85,100,000	-

**Other related party transactions**

Vistra NC BV performs certain administration services including the provision of directorship services of USD 6,305 (2018: USD 6,372) for the Company. A sum amounting to USD 49,126 (2018: USD 53,828) was expensed during the year in respect of the aforesaid services.

22 **Letter of Support**

The intermediate holding company, Vedanta Limited, has provided the Company with a letter of financial support where it confirms that it will provide the necessary financial support and financing arrangements to enable the Company to meet all its external and group company liabilities, as and when they fall due, over the next eighteen months.

23 **Events after the reporting period**

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

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

**For and on behalf of THL Zinc Holding BV**

**Mukesh Mehta**  
 Partner  
 Membership No. 43495  
 Place : Mumbai  
 Date: May 2, 2019

**Nitin Gupta**  
 Place : Gurugram