THL ZINC VENTURES LTD

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

THL ZINC VENTURES LTD
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

CONTENTS **PAGE**

THL ZINC VENTURES LTD
CORPORATE INFORMATION

		Date of appointment	Date of resignation
DIRECTORS:	Gyaneshwarnath Gowrea	17-Nov-10	-
	Doomraj Sooneelall	30-Jun-15	-
	Sanjay Kumar Pandit	14-Feb-18	-

ADMINISTRATOR AND SECRETARY:

IQ EQ Corporate Services (Mauritius) Ltd
(formerly known as "SGG 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:

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

THL ZINC VENTURES LTD
COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of THL Zinc Ventures Ltd (the "Company") for the year ended 31 March 2019.

PRINCIPAL ACTIVITY

The principal activity of the Company is investment holding.

RESULTS AND DIVIDEND

The Company's loss for the year ended 31 March 2019 is **USD 26,229** (2018: USD 26,404).

The directors do not recommend the payment of dividend for the year ended 31 March 2019 (2018: NIL).

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the directors to prepare financial statements for each financial year, which present fairly the financial position, financial performance, changes in equity and cash flows of the Company. In preparing those financial statements, the directors are required to:

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

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

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the 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 Auditors, Ernst & Young, have indicated their willingness to continue in office and will be automatically re-appointed in the next Annual Meeting.

THL ZINC VENTURES LTD

CERTIFICATE FROM THE SECRETARY

TO THE MEMBER OF THL ZINC VENTURES LTD
(SECTION 166(D) OF THE COMPANIES ACT 2001)

We certify, as secretary of the Company, that based on records and information made available to us by the Directors and Sole Shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2019, all such returns as required of the Company under the Companies Act 2001.

Authorised Signatory
Date:19th June, 2019

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THL ZINC VENTURES LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of THL Zinc Ventures Ltd (the "Company") set out on pages 11 to 30 which comprise the statement of financial position as at 31 March 2019, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of, the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Other Information

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

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

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

Responsibilities of the Directors for the Financial Statements

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THL ZINC VENTURES LTD (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Responsibilities of the Directors for the Financial Statements (Continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF THL ZINC VENTURES LTD (CONTINUED)

Report on the Audit of the Financial Statements (Continued)

Use of our report

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

Report on Other Legal and Regulatory Requirements

Companies Act 2001

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

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

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

ERNST & YOUNG
Ebène, Mauritius

ANDRE LAI WAN LOONG A.C.A
Licensed by FRC

Date:19th June, 2019

THL ZINC VENTURES LTD
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

	Notes	2019 USD	2018 USD
ASSETS			
Non-current asset			
Investment in subsidiary	5	**204,512,176**	204,512,176
Current assets			
Other receivables	6	**453,520**	488,632
Cash and cash equivalents		**14,566**	19,683
Total current assets		**468,086**	508,315
TOTAL ASSETS		**204,980,262**	205,020,491
EQUITY AND LIABILITIES			
Equity			
Issued capital	7	**10,000,001**	10,000,001
Other equity reserve	5	**(504,488,824)**	(504,488,824)
Accumulated losses		**(690,285)**	(664,056)
Shareholders' deficit		**(495,179,108)**	(495,152,879)
Current liabilities			
Optionally Convertible Redeemable Preference Shares	8	**700,000,000**	700,000,000
Other payables	9	**159,370**	173,370
Total liabilities		**700,159,370**	700,173,370
TOTAL EQUITY AND LIABILITIES		**204,980,262**	205,020,491

These financial statements have been approved by the Board of Directors and authorised for issued on 19th June, 2019.

....

Director **Director**

The notes on pages 11 to 30 form an integral part of these financial statements
Independent Auditor's report on pages 4 to 6

THL ZINC VENTURES LTD
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2019

	Notes	2019 USD	2018 USD
INCOME			
Interest income	11	**4,905**	4,924
ADMINISTRATIVE EXPENSES			
Filing & registration fees		**(2,525)**	(2,567)
Professional fees		**(8,040)**	(7,673)
Audit fees		**(3,338)**	(3,142)
		(13,903)	(13,382)
FINANCE COSTS	12	**(17,231)**	(17,946)
Loss before tax		**(26,229)**	(26,404)
Income tax expense	13	**-**	-
Loss for the year		**(26,229)**	(26,404)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(26,229)**	(26,404)

The notes on pages 11 to 30 form an integral part of these financial statements
Independent Auditor's report on pages 4 to 6

THL ZINC VENTURES LTD
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Issued capital USD	Other Equity reserve USD	Accumulated losses USD	Total equity USD
At 1 April 2017	10,000,001	(503,772,493)	(637,652)	(494,410,144)
Total comprehensive loss for the year	-	-	(26,404)	(26,404)
Impairment of Investment (refer to note 5)	-	(716,331)	-	(716,331)
At 31 March 2018	10,000,001	(504,488,824)	(664,056)	(495,152,879)
At 1 April 2018	**10,000,001**	**(504,488,824)**	**(664,056)**	**(495,152,879)**
Total comprehensive loss for the year	-	-	**(26,229)**	**(26,229)**
At 31 March 2019	**10,000,001**	**(504,488,824)**	**(690,285)**	**(495,179,108)**

The notes on pages 11 to 30 form an integral part of these financial statements
Independent Auditor's report on pages 4 to 6

THL ZINC VENTURES LTD
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 USD	2018 USD
Cash flows from operating activities			
Net cash used in operating activities	10	**(5,134)**	(450)
Investing activities			
Interest received on bank balance	11	**17**	20
Net cash from investing activities		**17**	20
Net decrease in cash and cash equivalents		**(5,117)**	(430)
Cash and cash equivalents at beginning of year		**19,683**	20,113
Cash and cash equivalents at end of year		**14,566**	19,683

THL ZINC VENTURES LTD
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2019

1 Company Overview

THL Zinc Ventures Ltd (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on 28 February 2008 as a private company. The Company was set up as a Category 2 Global Business Licence company and pursuant to a shareholder resolution of 18 November 2010, the Company changed its legal regime to a Category 1 Global Business Licence company. The Company's registered office address is c/o IQ EQ Corporate Services (Mauritius) Ltd (erstwhile SGG Corporate Services (Mauritius) Ltd), 33, Edith Cavell Street, Port Louis, 11324, Mauritius. The Company's principal activity is investment holding.

2 Basis of preparation and basis of measurement of financial statements

(a) 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).

(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) 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 International Financial Reporting Standard "IFRS 10 - Consolidated Financial Statements", which dispenses it from the need to present consolidated financial statements. The Company is owned by Vedanta Resources Limited (erstwhile 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 Limited (erstwhile Vedanta Resources plc) 5th Floor, 6 St Andrew Street, London, EC4A 3AE and at www.vedantaresources.com.

(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.

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

Debt instruments at amortised cost

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.

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

3(a) Accounting Policies (continued)

(ii) Financial Instruments (continued)

(a) Financial Assets – Recognition & subsequent measurement (continued)

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in interest income in statement of profit or loss and other comprehensive income. The losses arising from impairment are recognised in statement of profit or loss and other comprehensive income.

(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.

(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.

3(a) Accounting Policies (continued)

(ii) Financial Instruments (continued)

(c) Impairment of financial assets (continued)

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").

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.

3(a) Accounting Policies (continued)
(ii) Financial Instruments (continued)
(d) Financial liabilities – Recognition & Subsequent measurement (continued)
Compound instruments (continued)

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 includ.ed as finance costs in the statement of profit or loss and other comprehensive income.

(e) Financial liabilities – Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the 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.

(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.

3(a) Accounting Policies (continued)
(iii) Impairment of non-financial assets (continued)

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 it's 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 instruments 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.

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.

(v) 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.

3(a) Accounting Policies (continued)

(v) Current and non-current classification (countinued)

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 Profit or loss 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 2018, the following new standards and amendments.

IFRS 9: Financial Instruments

IFRS 9 has reduced the complexity of the current rules on financial instruments as mandated in IAS 39. It has fewer classification and measurement categories as compared to IAS 39. It eliminates the rule-based requirement of segregating embedded derivatives from financial assets and tainting rules pertaining to held to maturity investments. For financial assets which are debt instruments, IFRS 9 establishes a principle-based approach for classification based on cash flow characteristics of the asset and the business model in which an asset is held. For an investment in an equity instrument which is not held for trading, IFRS 9 permits an irrevocable election, on initial recognition, on an individual share-by- share basis, to present all fair value changes from the investment in other comprehensive income. No amount recognised in other comprehensive income on such equity investment would ever be reclassified to profit or loss. It requires the entity, which chooses to designate a liability as at fair value through profit or loss, to present the portion of the fair value change attributable to the entity's own credit risk in the other comprehensive income. IFRS 9 replaces the 'incurred loss model' in IAS 39 with an 'expected credit loss' model. The measurement uses a dual measurement approach, under which the loss allowance is measured as either 12 month expected credit losses or lifetime expected credit losses. The standard also introduces new presentation and disclosure requirements.

For transition, the Company has elected to apply the limited exemptions in IFRS 9 relating to the classification, measurement and impairment requirements for financial assets and accordingly has not restated comparative periods.

The Company has adopted IFRS 9 from 01 April 2018. Adoption of this Standard did not have a material impact.

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 April 2018, however, the company has chosen to take advantage of the option not to restate comparatives. Therefore, the 31 March ,2018 figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Company's financial assets and financial liabilities as at 01 April, 2018.

Classification of the financial assets and liabilities as per the balance sheet :

Financial Assets

Financial assets as on 01 April 2018	Amount ($)	Measurement under IAS 39	Measurement under IFRS 9	Impact
Other receivables	488,632	Amortised cost	Amortised cost	Nil
Cash and cash equivalents	19,683			
Total	**508,315**			

Financial Liabilities

Financial liabilities as on 01 April 2018	Amount ($)	Measurement under IAS 39	Measurement under IFRS 9	Impact
Other payables	173,370	Amortised cost	Amortised cost	Nil
Optionally Convertible Redeemable Preference Shares	700,000,000			
Total	**700,173,370**			

3(b) Application of new and revised standards (continued)
IFRS 9: Financial Instruments (continued)

In line with the characteristics of the Company's financial instruments as well as its approach to their management, the Company neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Company's financial instruments due to changes in measurement categories. All financial assets that were classified as receivables and measured at amortised cost continue to be.

In addition, the application of the ECL mode under IFRS 9 has not significantly changed the carrying amounts of the Company's amortised cost financial assets.

Previous period Accounting Policy

Financial Assets

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

Initial Recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, AFS financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

The financial assets of the company comprises of other receivables and cash and cash equivalents.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the EIR method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

Effective interest method

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

Impairment of financial assets

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

Financial assets at amortized cost

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

Previous period Accounting Policy (continued)

Financial Assets (continued)

Financial assets at amortized cost (continued)

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income (recorded as finance income in the statement of profit or loss) continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans, together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in the statement of profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) where:

• The rights to receive cash flows from the asset have expired or

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

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

Financial liabilities

Financial liabilities are classified as 'other financial liabilities'.

Other financial liabilities

Initial recognition and measurement

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs

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

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation (if any) is included as finance costs in the statement of profit or loss.

Financial liabilities (continued)

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the 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.

Other Amendments

The adoption of IFRS 15 “Revenue from contracts with customers”, IAS 23 “Borrowing Cost” and other minor changes to IFRS's applicable for the year ended 31 March 2019 do not have a significant impact on the Company's financial statements.

Standards issued but not yet effective

The new standards including IFRS 16 “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. Refer to note 17 for more details.

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:

4 Significant accounting estimates and judgments (continued)

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 note no. 15(d) for more details.

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5 INVESTMENT IN SUBSIDIARY

	2019 USD	2018 USD
THL Zinc Limited	**204,512,176**	204,512,176

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

	Company	Principal activity	Types of shares	No of Shares Held	Proportion of ownership interests		2019 USD	2018 USD
				2019 and 2018	2019	2018		
(a)	THL Zinc Ltd	Investment holding	Ordinary	91,000	**100%**	100%	**9,001,000**	9,001,000
(b)	THL Zinc Ltd	Investment holding	OCRPS	7,000,000	**78.1%**	78.1%	**700,000,000**	700,000,000
							(504,488,824)	(504,488,824)
	Total (b)						**195,511,176**	195,511,176
	Total						**204,512,176**	204,512,176

The OCRPS carry interest at the rate of 0.25% p.a.. Each OCRPS can be converted at the option of the investor into a variable number of equity shares or can be redeemed at the option of the Company at any time. The directors have confirmed that they will not opt for conversion within the next twelve months.

Post merger of Cairn India Limited with Vedanta Limited, THL Zinc Ltd, the subsidiary of the Company, recognised a provision for impairment against the loan including accrued interest it had extended to TSMHL. As a result, the Company has made an impairment provision of USD 503,772,493 against its investment in OCRPS issued by THL Zinc Limited and the effects of the same were carried through the statement of changes in equity. During the previous year 2017-2018, a further impairment provision of USD 716,331 was made as TSMHL filed for liquidation and has no assets to repay back the payable to THL Zinc Limited.

6 OTHER RECEIVABLES

	2019 USD	2018 USD
Amount due from THL Zinc Ltd (Refer note 14)	**333,000**	373,000
Interest on OCRPS (Refer note 14)	**120,520**	115,632
	453,520	488,632

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

7 ISSUED CAPITAL

Ordinary shares	2019	2018
	USD	USD
Issued and Fully Paid		
At 1 April and 31 March	**10,000,001**	10,000,001

The shares in the capital of the Company comprise of 1 ordinary share of USD 1 per share and 100,000 ordinary shares of par value USD 100 each, issued to Vedanta Limited.

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

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

8 OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("OCRPS")

The Company has issued 7 Million, 0.25% Optionally Convertible Redeemable Preference Shares (OCRPS) of USD 1 each with a premium of USD 99 each to Vedanta Limited, the immediate holding company, incorporated in India pursuant to a board resolution dated 3 December 2010. Each OCRPS can be converted at the option of the investor into a variable number of equity shares, hence classified as current and can be redeemed at the option of the Company. The directors confirm that the OCRPS will not be redeemed within the next twelve

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

9 OTHER PAYABLES

	2019	2018
	USD	USD
Audit fees	**3,300**	2,725
Other payables*	**10,350**	42,421
Accrued interest on OCRPS	**145,720**	128,224
	159,370	173,370

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

10 NET CASH USED IN OPERATING ACTIVITIES

	2019	2018
	USD	USD
Loss before tax	**(26,229)**	(26,404)
Adjustments for:		
- Interest income	**(4,905)**	(4,924)
- Interest expense	**17,496**	17,496
Changes in working capital:		
Decrease in other receivables	**40,000**	-
(Decrease) / Increase in other payables	**(31,496)**	13,382
Operating loss after working capital changes	**(5,134)**	(450)

11 INCOME

	2019 USD	2018 USD
Interest on OCRPS (refer note 14)	**4,888**	4,904
Interest on bank balance	**17**	20
	4,905	4,924

12 FINANCE COSTS

	2019 USD	2018 USD
Interest on OCRPS (refer note 14)	**17,496**	17,496
Bank charges (reversal) / expense	**(265)**	450
	17,231	17,946

13 INCOME TAX

The Company is subject to tax at the rate of 15% (2018: 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 Licence 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 Licence ("GBL1") to the company on 18 November, 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 2019, the Company had tax losses of USD 95,489 (2018: USD 82,734). 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 13,474 for FY 2013-14 have been lapsed as they were being carried forward for more than 5 years. The accumulated tax losses at 31 March 2019 are available for set off against any taxable income, as follows:

Loss relating to financial year ending	**Carry forward up to financial year ending:**	**USD**
31 March 2015	31 March 2020	**14,519**
31 March 2016	31 March 2021	**15,439**
31 March 2017	31 March 2022	**12,878**
31 March 2018	31 March 2023	**26,424**
31 March 2019	31 March 2024	**26,246**
		95,506

13 INCOME TAX (continued)

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

Tax reconciliation

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

	2019 USD	2018 USD
Loss before income tax	**(26,229)**	(26,404)
Income tax @15%	**(3,934)**	(3,961)
Less - Exempt Income	**(3)**	(3)
Add - Effect of unused tax losses not recognised as deferred tax assets	**3,937**	3,964
Income tax expense recognised in statement of profit or loss	**-**	-

14 RELATED PARTY TRANSACTIONS

During the year ended 31 March 2019, 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	2019 USD	2018 USD
THL Zinc Ltd	Subsidiary	Interest income on OCRPS	**4,888**	4,904
Vedanta Limited	Immediate holding company	Interest on OCRPS	**17,496**	17,496
Vedanta Resources Limited (erstwhile Vedanta Resources plc)	Intermediate holding company	Reimbursement of expenses	**13,578**	12,407
Outstanding balances				
THL Zinc Ltd	Subsidiary	Receivable	**333,000**	373,000
THL Zinc Ltd	Subsidiary	Interest receivable on OCRPS	**120,520**	115,632
Vedanta Limited	Immediate holding company	Interest payable on OCRPS	**145,720**	128,224
Vedanta Resources Limited (erstwhile Vedanta Resources plc)	Intermediate holding company	Other payables	**6,600**	38,421
Vedanta Limited	Immediate holding company	OCRPS	**700,000,000**	700,000,000

The interest payable on OCRPS is unsecured and do not have any repayment terms.

14 RELATED PARTY TRANSACTIONS (continued)

Other related party transactions

IQ EQ Corporate Services (Mauritius) Ltd (erstwhile SGG Corporate Services (Mauritius) Ltd) and its associates perform certain administration and related services for the Company. A sum amounting to USD 10,566 (2018: USD 10,240) which includes professional fees for the provision of directorship services of USD 2,000 (2018: 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 (2018: Nil).

15 FINANCIAL INSTRUMENTS

Fair values

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

Categories of financial instruments

	2019 USD Amortised cost	2018 USD Loans and receivables
Financial assets*		
Other receivables	**453,520**	488,632
Cash and cash equivalents	**14,566**	19,683
	468,086	508,315
Financial liabilities		
	Amortised cost	**Loans and receivables**
Optionally Convertible Redeemable Preference Shares (OCRPS) (refer note 8)	**700,000,000**	700,000,000
Other payables	**159,370**	173,370
	700,159,370	700,173,370

*does not include investment in subsidiary

(a) Currency risk management

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

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

15 FINANCIAL INSTRUMENTS (CONT'D)

(a) Currency risk management (continued)

Currency profile

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

	Financial assets 2019	**Financial liabilities 2019**	Financial assets 2018	Financial liabilities 2018
	USD	**USD**	USD	USD
United States Dollars	**468,086**	**700,159,370**	508,315	700,173,370

The Company is not exposed to currency risk

(b) Market Risk Management

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.

(c) Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Any excess cash and cash equivalents of the Company are invested in short-term time deposits and liquid funds.

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

31 March 2019	**Interest bearing**	**Non-interest bearing**	**Total**
	USD	**USD**	**USD**
Financial Assets - Loans and receivables			
Other receivables	-	**453,520**	**453,520**
Cash and cash equivalents	-	**14,566**	**14,566**
Total assets	-	**468,086**	**468,086**
Financial Liabilities - At amortised cost			
Optionally Convertible Redeemable Preference Shares (OCRPS)	**700,000,000**	-	**700,000,000**
Other payables	-	**159,370**	**159,370**
Total liabilities	**700,000,000**	**159,370**	**700,159,370**

31 March 2018	Interest bearing	Non-interest bearing	Total
	USD	USD	USD
Financial Assets - At amortised cost			
Other receivables	-	488,632	488,632
Cash and cash equivalents	-	19,683	19,683
Total assets	-	508,315	508,315

15 FINANCIAL INSTRUMENTS (CONT'D)

(c) Interest Rate Risk Management (cont'd)

31 March 2018 (continued)

Financial Liabilities - At amortised cost			
Optionally Convertible Redeemable Preference Shares	700,000,000	-	700,000,000
Other payables	-	173,370	173,370
Total liabilities	700,000,000	173,370	700,173,370

As at March 31, 2019 and March 31, 2018, the Company does not have any exposure to variable rate financial assets and liabilities, hence there is no interest rate risk.

(d) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company 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:

	2019	2018
	USD	USD
Other receivables	453,520	488,632
Cash at bank	14,566	19,683
	468,086	**508,315**

(e) Liquidity risk management

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

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

31 March 2019	**Up to 1 year**	**More than 1 year**	**Total**
	USD	**USD**	**USD**
Financial Liabilities - At amortised cost			
Optionally Convertible Redeemable Preference Shares	**700,000,000**	-	**700,000,000**
Other payables	**159,370**	-	**159,370**
Total	**700,159,370**	-	**700,159,370**

15 FINANCIAL INSTRUMENTS (CONT'D)

(e) Liquidity risk management

31 March 2018	Up to 1 year	More than 1 year	Total
	USD	USD	USD
Financial Liabilities - At amortised cost			
Optionally Convertible Redeemable Preference Shares	700,000,000	-	700,000,000
Other payables	173,370	-	173,370
Total	700,173,370	-	700,173,370

(f) Capital risk management

For the purpose of the company's capital management, capital includes issued capital, accumulated losses 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. 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 capital structure of the Company consists of stated capital and equity.

Gearing ratio

The gearing ratio at the year end was as follows:

	2019	2018
	USD	USD
Debt (i)	**700,000,000**	700,000,000
Cash and cash equivalents	**(14,566)**	(19,683)
Net debt	**699,985,434**	699,980,317
Equity (ii)	**(495,179,108)**	(495,152,879)
Net debt to equity ratio (times)	**N/A**	N/A

(i) Debt is defined as long-term and short-term borrowings and other current liabilities like OCRPS.
(ii) Equity includes all capital, other equity and other reserves of the Company.

16 IMMEDIATE, INTERMEDIATE AND ULTIMATE HOLDING COMPANY

The Company's immediate holding company is Vedanta Limited, a company incorporated in India. The Company's intermediate holding company is Vedanta Resources Limited (erstwhile Vedanta Resources plc) a company incorporated in the United Kingdom. During the year, Vedanta Resources Limited (erstwhile Vedanta Resources plc) has been delisted from London Stock Exchange and thereafter changed its name from Vedanta Resources plc to Vedanta Resources Limited. The ultimate holding company is Volcan Investments Limited, a company incorporated in the Bahamas and its subsidiary Volcan Investments Cyprus Limited, a company incorporated in Cyprus.

17 GOING CONCERN

The Company incurred a net loss of USD 26,229 (2018: USD 26,404) for the year ended 31 March 2019 and as at that date, its total liabilities exceeded its total assets by USD 495,179,108 (2018: USD 495,152,879).

The directors have received a letter of support from Vedanta Limited, the immediate 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 which have positive net asset values and which are profitable which provides the directors with comfort that support will continue to be provided by the group or could be obtained from the 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 immediate holding company and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

18 EVENTS AFTER THE REPORTING PERIOD

There have been no material events after reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2019.

19 COMPARITIVES

The previous year figures have been regrouped / rearranged, wherever necessary, to conform to current year presentation.