

REPORTS AND FINANCIAL STATEMENTS

VEDANTA LISHEEN HOLDINGS LIMITED

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

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VEDANTA LISHEEN HOLDINGS LIMITED

DIRECTORS AND OTHER INFORMATION

| | |
|--------------------------|--|
| DIRECTORS | D. Naidoo (South Africa) P.Singla (South Africa) |
| SECRETARY | P.Rampersad |
| REGISTERED OFFICE | Deloitte & Touche House Charlotte's Quay Limerick Ireland |
| COMPANY NUMBER | 257616 |
| AUDITOR | Ernst & Young Chartered Accountants and Statutory Audit Firm Riverview House Harvey's Quay Limerick Ireland |
| BANKER | Barclays Bank Plc 47/48 St. Stephen's Green Dublin 2 |
| SOLICITOR | James J Kelly & Son, Solicitors, Patrick Street, Templemore, Co. Tipperary |

VEDANTA LISHEEN HOLDINGS LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the financial year ended 31 March 2019.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company is a holding company. The company's primary assets are its 100% participating interest in the Lisheen Mine Partnership, including its interest in Vedanta Lisheen Mining Limited, Killoran Lisheen Mining Limited, Lisheen Milling Limited, Killoran Lisheen Finance Limited and Vedanta Exploration Ireland Limited.

RESULTS AND DIVIDENDS

The result after tax for the financial year ended 31 March 2019 was nil (2018: Profit of US\$31.5m).

No dividend was both proposed nor paid during the financial year (2018: Dividend paid US\$31.5m).

RISKS AND UNCERTAINTIES

In the company, all activity is reallocated to group companies. Management has addressed the presence of risks and uncertainties in each of the company's subsidiary entities individually and has adequately responded to same.

Currency risk is analysed at Group level and a decision was made to retain USD as the functional currency.

SUBSEQUENT EVENTS

Details of subsequent events are given in note 12 to the financial statements.

FUTURE DEVELOPMENT

There is no future development to be disclosed.

COMPOSITION OF THE GROUP

The Company is 100% owned by THL Zinc Holdings B.V., a company incorporated in the Netherlands. THL Zinc Holding BV is a subsidiary of Vedanta Limited. The ultimate parent company is Vedanta Resources Plc., a company incorporated in the United Kingdom.

Details of subsidiary companies are given in note 6 to the financial statements.

DIRECTORS

The directors who served throughout the year are listed on page 2.

The directors are not required to retire by rotation.

VEDANTA LISHEEN HOLDINGS LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' AND SECRETARY'S INTERESTS

The directors and secretary had no interests in the shares of the company at either 1 April 2018 or 31 March 2019.

None of the directors have notified the company secretary of any interests in the shares of the ultimate parent company and its related companies.

ACCOUNTING RECORDS

To ensure that proper accounting records are kept in accordance with Section 281 to 285 of the Companies Act 2014, the directors have employed appropriately qualified accounting personnel and have maintained appropriate computerised accounting systems. The accounting records are located at the company's office at The Forum Sandton, Johannesburg, Gauteng.

GOING CONCERN

The directors, having made appropriate enquiries, consider it reasonable to assume that the company has adequate resources to continue for the foreseeable future and for this reason, have continued to adopt the going concern basis in preparing the accounts.

DISCLOSURE OF INFORMATION TO AUDITOR


The directors in office at the date of this report have each confirmed that:

- as far as they are aware, there is no relevant audit information of which the company's statutory auditors are unaware; and
- they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's statutory auditors are aware of that information.

AUDITOR

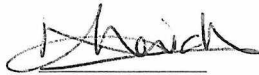
The auditor, Ernst & Young, Chartered Accounts and Statutory Audit Firm, continues in office in accordance with Section 383 (2) of the Companies Act 2014.

Signed on behalf of the Board



Pushpender Singla
Director

Date: 7 June 2019



Deshnee Naidoo
Director

Date: 7 June 2019

VEDANTA LISHEEN HOLDINGS LIMITED

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Irish Company law requires the directors to prepare financial statements for each financial year. Under the law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'.

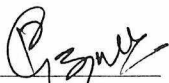
Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the assets, liabilities and financial position of the company and of the profit or loss for that year and otherwise comply with the Companies Act 2014.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with applicable accounting standards, identifying those standards and note the effect and the reasons for any material departure from those standards; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

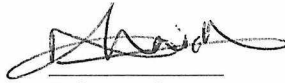
The directors are responsible for ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the financial statements and directors' report comply with the Companies Act 2014 and enable the financial statements to be audited. 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.

Signed on behalf of the Board



Pushpender Singla
Director

Date: 7 June 2019



Deshnee Naidoo
Director

Date: 7 June 2019

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEDANTA LISHEEN HOLDINGS LIMITED

Opinion

We have audited the financial statements of Vedanta Lisheen Holdings Limited ('the Company') for the year ended 31 March 2019, which comprise the Income Statement and Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including the summary of significant accounting policies set out in note 1. The financial reporting framework that has been applied in their preparation is Irish Law and Accounting Standards including FRS 101 Reduced Disclosure Framework (Irish Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 31 March 2019 and of its results for the year then ended;
- have been properly prepared in accordance with Irish Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) (ISAs (Ireland)) and applicable law. 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 ethical requirements that are relevant to our audit of financial statements in Ireland, including the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Conclusions relating to going concern

We have nothing to report in respect of the following matters, in relation to which ISAs (Ireland) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEDANTA LISHEEN HOLDINGS LIMITED (Continued)

Other information

The directors are responsible for the other information. The other information comprises the information included in the Reports and Financial Statements other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, 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 we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2014

Based solely on the work undertaken in the course of the audit, we report that:

- in our opinion, the information given in the directors' report is consistent with the financial statements; and
- in our opinion, the directors' report has been prepared in accordance with the Companies Act 2014.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

In our opinion the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited and the financial statements are in agreement with the accounting records.

Matters on which we are required to report by exception

Based on the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report. The Companies Act 2014 requires us to report to you if, in our opinion, the disclosures of directors' remuneration and transactions required by sections 305 to 312 of the Act are not made. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VEDANTA LISHEEN HOLDINGS LIMITED (Continued)

Respective responsibilities

Responsibilities of directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 management either intends to liquidate the Company or to cease operations, or has 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 (Ireland) 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.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf.

This description forms part of our auditor's report.

The purpose of our audit work and to whom we owe our responsibilities

Our report is made solely to the Company's members, as a body, in accordance with section 391 of the Companies Act 2014. 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.



Michael Keane
for and on behalf of
Ernst & Young Chartered Accountants and Statutory Audit Firm

Limerick

Date: 13/06/19

VEDANTA LISHEEN HOLDINGS LIMITED

**INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

| | Notes | 2019 US\$ | 2018 US\$ |
|--|-------|--------------|--------------|
| Interest receivable and similar income | 3(a) | 221 | 31,886,261 |
| Interest payable and similar charges | 3(b) | - | - |
| Amounts reallocated to group companies | | (221) | (381,261) |
| PROFIT BEFORE TAXATION | 4 | - | 31,505,000 |
| Taxation | 5 | - | - |
| PROFIT FOR THE YEAR | | - | 31,505,000 |
| Other Comprehensive Income | | - | - |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | | - | 31,505,000 |

The accompanying notes form an integral part of the financial statements.

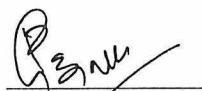
VEDANTA LISHEEN HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2019

| | Notes | 2019 US\$ | 2018 US\$ |
|---|-------|------------------|------------------|
| FIXED ASSETS | | | |
| Financial assets | 6 | 1,107 | 1,107 |
| | | <u>1,107</u> | <u>1,107</u> |
| CURRENT ASSETS | | | |
| Debtors: (Amounts falling due within one year) | 7 | 4,086,179 | 4,086,179 |
| Cash at bank | 8 | 2,804 | 2,570 |
| TOTAL CURRENT ASSETS | | <u>4,088,983</u> | <u>4,088,749</u> |
| Creditors (Amounts falling due within one year) | 9 | (3,125,164) | (3,124,931) |
| NET CURRENT ASSETS | | <u>963,819</u> | <u>963,819</u> |
| NET ASSETS | | <u>964,926</u> | <u>964,926</u> |
| CAPITAL AND RESERVES | | | |
| Called-up share capital – presented as equity | 10 | 12 | 12 |
| Profit and loss account | | 964,914 | 964,914 |
| TOTAL EQUITY | | <u>964,926</u> | <u>964,926</u> |

The accompanying notes form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and signed on its behalf by:



Pushpender Singla
Director

Date: 7 June 2019



Deshnee Naidoo
Director

Date: 7 June 2019

VEDANTA LISHEEN HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

| | Share Capital Presented as Called-up Equity US\$ | Profit and loss account US\$ | Total US\$ |
|-----------------------------------|---|------------------------------------|-------------------|
| At 1 April 2017 | 12 | 964,914 | 964,926 |
| Profit for the financial year | - | 31,505,000 | 31,505,000 |
| Other Comprehensive Income | - | - | - |
| Total comprehensive Income | - | 31,505,000 | 31,505,000 |
| Dividends paid on equity shares | - | (31,505,000) | (31,505,000) |
| At 31 March 2018 | 12 | 964,914 | 964,926 |
| Profit for the financial year | - | - | - |
| Other Comprehensive Income | - | - | - |
| Total comprehensive income | - | - | - |
| Dividends paid on equity shares | - | - | - |
| At 31 March 2019 | 12 | 964,914 | 964,926 |

VEDANTA LISHEEN MINING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES

Vedanta Lisheen Holdings Limited is a limited liability company incorporated in the Republic of Ireland. The registered office of the Company is in Deloitte & Touche House, Charlotte's Quay, Limerick, Ireland.

These financial statements were prepared in accordance with applicable accounting standards FRS 101 'Reduced Disclosure Framework' (Generally Accepted Accounting Practice in Ireland) and Companies Act 2014.

STATEMENT OF COMPLIANCE AND BASIS OF ACCOUNTING

The company prepares its financial statements denominated in US dollars. The principal accounting policies adopted by the company are set out below.

BASIS OF PREPARATION

The company meets the definition of a qualifying entity under FRS 100 (Financial Reporting Standard 100) issued by the Financial Reporting Council. The financial statements have therefore been prepared in accordance with Financial Reporting Standard 101 (FRS 101) Reduced Disclosure Framework, as defined above. The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2014.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted IFRS.

The preparation of financial statements in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

The following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements, in accordance with FRS 101:

- The following paragraphs of IAS 1, 'Presentation of financial statements':
 - 10(d), (statement of cash flows),
 - 10(f) (a statement of financial position as at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements),
 - 16 (statement of compliance with all IFRS),
 - 38A (requirement for minimum of two primary statements, including cash flow statements),
 - 38B D (additional comparative information),
 - 40A D (requirements for a third statement of financial position),
 - 111 (cash flow statement information), and
 - 134-136 (capital management disclosures).

VEDANTA LISHEEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. STATEMENT OF ACCOUNTING POLICIES - continued

- IAS 7, 'Statement of cash flows'
- Paragraph 30 and 31 of IAS 8 'Accounting policies, changes in accounting estimates and errors' (requirement for the disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective)
- The requirements in IAS 24, 'Related party disclosures' to disclose related party transactions entered into between two or more members of a group.
- Paragraphs 91 to 99 of IFRS 13, 'Fair value measurement' (disclosure of valuation techniques and inputs used for fair value measurement of assets and liabilities)
- Disclosure requirements of IFRS 9: Financial Instruments

Where relevant, equivalent disclosures have been given in the group accounts of Vedanta Resources Plc. The group accounts of Vedanta Resources Plc. are available to the public and can be obtained as set out in note 11.

CONSOLIDATION

Consolidated accounts have not been prepared for the year ended 31 March 2019 as the company is exempt from the obligation to prepare and deliver group accounts under Section 299 of the Companies Act 2014, whereby the company and all of its subsidiary undertakings are included in the consolidated accounts for a larger group drawn up to the same date by both its parent, Vedanta Limited and its ultimate parent, Vedanta Resources Plc. Those accounts have been prepared in a manner equivalent to consolidated accounts drawn up in accordance with the provisions of the Seventh Directive (83/349EEC). Consequently, the accounts present information about the company as an individual undertaking and not about its group. Details of subsidiary undertakings are included in note 6 of the accounts.

FINANCIAL ASSETS

Financial assets are stated at cost less a provision for permanent diminution in value.

VEDANTA LISHEEN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

1. STATEMENT OF ACCOUNTING POLICIES - continued

CASH

Cash balance is comprised of restricted funds being escrow funds in respect of future redundancy payments to group entity employees. Cash at bank and bank deposits earn interest at floating rates based on daily deposit bank rates.

DIVIDENDS

Dividends to ordinary shareholders are recognised as a liability of the company when approved by the company's shareholders.

FOREIGN CURRENCY TRANSLATION

The US dollar is both the functional currency and presentation currency of the company.

Transactions denominated in foreign currencies relating to revenues, costs and non-monetary assets are translated to US dollars at the spot rate of exchange prevailing at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to US dollars at the rate of exchange ruling at the Statement of Financial Position date. The resulting profits or losses are dealt with in the statement of comprehensive income.

SHARE CAPITAL

Ordinary shares are classified as equity.

TAXATION

Current tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the Statement of Financial Position date.

Deferred tax

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and for the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, nor differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (Continued)

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The effects of adopting IFRS 9 are set out below

Classification and measurement

Under IFRS 9, there is a change in the classification and measurement requirements relating to financial assets. Previously, there were four categories of financial assets: loans and receivables, fair value through profit or loss, held to maturity and available for sale. Under IFRS 9, financial assets are either classified as amortised cost, fair value through profit or loss or fair value through other comprehensive income.

For debt instruments, the classification is based on two criteria: the company's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' (SPPI) on the principal amount outstanding. A financial asset can only be measured at amortised cost if both of the following are satisfied:

- Business model: the objective of the business model is to hold the financial asset for the collection of the contractual cash flows
- Contractual cash flows: the contractual cash flows under the instrument relate solely to payments of principal and interest

The classification and measurement requirements of IFRS 9 did not have a significant impact on the company.

Financial assets

The following are the changes in the classification of the company's financial assets:

- Trade receivables, Other current financial assets (i.e., Other receivables) previously classified as Loans and receivables: these were assessed as being held to collect contractual cash flows and give rise to cash flows representing SPPI. These are now classified and measured as debt instruments at amortised cost.

Financial liabilities

The company has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the company's financial liabilities.

Other impacts

The change did not have material impact on the company's statement of cash flows.

Impairment

As all of the company's trade receivables and other current receivables which the company measures at amortised cost are short term (i.e., less than 12 months) and the company's credit rating and risk management policies in place, the change to a forward-looking ECL approach did not have a material impact on the amounts recognised in the financial statements.

Financial instruments — initial recognition and subsequent measurement

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. The company's financial instruments consist of investments, trade and other receivables, loans payable and trade and other payables.

Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, and subsequently measured at amortised cost, fair value through OCI, or fair value through profit or loss.

The classification of financial assets at initial recognition that are debt instruments depends on the financial asset's contractual cash flow characteristics and the company's business model for managing them.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Subsequent measurement

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

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

Financial assets at amortised cost (debt instruments)

The company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Interest received is recognised as part of finance income in the statement of profit or loss and other comprehensive income. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The company's financial assets at amortised cost include trade receivables and other receivables.

Derecognition

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

1. ACCOUNTING POLICIES (Continued)

- 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, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the company could be required to repay.

Impairment of financial assets

The company recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the company expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the company may also consider a financial asset to be in default when internal or external information indicates that the company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

At each reporting date, the company assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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 trade and other payables and loans and borrowings including bank overdrafts.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9.

Loans and borrowings and trade and other payables

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

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

This category generally applies to interest-bearing loans and borrowings and trade and other payables.

Derecognition

A financial liability is derecognised when the associated obligation 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 profit or loss and other comprehensive income.

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, to realise the assets and settle the liabilities simultaneously.

VEDANTA LISHEEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 1, the directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

As at 31 March 2019, the Company has no sources of accounting estimates and judgements significant to the financial statements.

3. INTEREST

(a) Interest receivable and similar income

Interest receivable and similar income comprises bank interest receivable and gains on foreign currency translation.

Interest receivable and similar income is analysed as follows:

| | 2019 US\$ | 2018 US\$ |
|--------------------------|--------------|-------------------|
| Bank interest receivable | 221 | 381,261 |
| Dividend income | - | 31,505,000 |
| | <u>221</u> | <u>31,886,261</u> |

(b) Interest payable and similar charges

Interest payable and similar charges comprises bank interest payable, losses on foreign currency translation and bank charges.

Interest payable and similar charges is analysed as follows:

| | 2019 US\$ | 2018 US\$ |
|--------------------------------------|--------------|--------------|
| Loss on foreign currency translation | - | - |
| Bank charges and similar costs | - | - |
| | <u>-</u> | <u>-</u> |

The net amount is reallocated to Lisheen Milling Limited.

4. PROFIT BEFORE TAXATION

| | 2019 US\$ | 2018 US\$ |
|--|--------------|--------------|
| Profit before taxation is stated after charging: | | |
| Directors' remuneration | | |
| - fees | - | - |
| - other emoluments including pension contributions | - | - |
| Auditor's remuneration | - | - |

Certain incidental costs are borne by other group companies. Any further disclosures required under Section 305 and Section 306 of the Companies Act 2014 are nil for both years.

The company has no employees.

VEDANTA LISHEEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

5. TAXATION

No taxation charge arises in the current financial year or the preceding financial year as all taxable income and expenditure is reallocated to group companies.

6. FINANCIAL ASSETS

| | 2019 US\$ | 2018 US\$ |
|--|--------------|--------------|
| Investments in Subsidiaries | | |
| Balance at beginning of financial year | 1,107 | 1,107 |
| Acquired during the year | - | - |
| Balance at end of financial year | <u>1,107</u> | <u>1,107</u> |

Details of the subsidiaries, all of which are incorporated in the Republic of Ireland, are:

| Name | Registered office | Nature of business | % Ordinary share capital |
|-------------------------------------|---|---|--------------------------|
| Vedanta Lisheen Mining Limited | Deloitte & Touche House, Charlotte's Quay, Limerick Ireland | Mining and developing mining properties | 100% |
| Lisheen Milling Limited | Deloitte & Touche House, Charlotte's Quay, Limerick Ireland | Milling of ore into concentrates and sale to smelters. | 100% |
| Killoran Lisheen Finance Limited | Deloitte & Touche House, Charlotte's Quay, Limerick Ireland | Finance company | 100% |
| Killoran Lisheen Mining Limited | Deloitte & Touche House, Charlotte's Quay, Limerick Ireland | Mining and developing mining properties | 100% |
| Vedanta Exploration Ireland Limited | Deloitte & Touche House, Charlotte's Quay, Limerick Ireland | Exploration activities | 100% |

Details from the audited financial statements for financial year ended 31 March 2019:

| | Profit/ (loss) for the financial year ended 2019 US\$ | Net Assets At 31 March 2019 US\$ |
|-------------------------------------|---|---|
| Vedanta Lisheen Mining Limited | (1,747,160) | 5,821,815 |
| Lisheen Milling Limited | 180,548 | 22,697,506 |
| Killoran Lisheen Finance Limited | - | - |
| Vedanta Exploration Ireland Limited | - | 100 |
| Killoran Lisheen Mining Limited | 1,995,684 | 2,028,134 |

7. DEBTORS (AMOUNTS FALLING DUE WITHIN ONE YEAR)

| | 2019 US\$ | 2018 US\$ |
|----------------------------------|------------------|------------------|
| Amounts due from group companies | <u>4,086,179</u> | <u>4,086,179</u> |
| | <u>4,086,179</u> | <u>4,086,179</u> |

Intercompany balances are unsecured, non-interest bearing and repayable on demand.

VEDANTA LISHEEN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019

8. CASH AT BANK

At 31 March 2019, the company's cash balance comprised restricted funds of US\$2,804 (2018: US\$2,570).

9. CREDITORS: (Amounts falling due within one year)

| | 2019 US\$ | 2018 US\$ |
|--------------------------------|------------------|------------------|
| Amounts due to group companies | <u>3,125,164</u> | <u>3,124,931</u> |
| | <u>3,125,164</u> | <u>3,124,931</u> |

Intercompany balances are unsecured, non-interest bearing and repayable on demand.

10. CALLED UP SHARE CAPITAL PRESENTED AS EQUITY

| | 2019 US\$ | 2018 US\$ |
|--|--------------|--------------|
| Authorised: | | |
| 15,000,000 ordinary shares of US\$1 each | 15,000,000 | 15,000,000 |
| Allotted, issued and fully paid: | | |
| 12 ordinary shares of US\$1 each | 12 | 12 |

VEDANTA LISHEEN HOLDINGS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

11. PARENT COMPANY

The company's immediate parent is THL Zinc Holding BV, a company incorporated in the Netherlands. THL Zinc Holding BV is a subsidiary of Vedanta Limited (formerly known as Sesa Sterlite Limited). Vedanta Limited is the smallest group company which prepares consolidated financial statements that are available to the public. The ultimate parent company is Vedanta Resources Plc., a company incorporated in the United Kingdom. The consolidated financial statements of Vedanta Resources Plc. may be obtained from the Companies House, Cardiff, Wales.

12. SUBSEQUENT EVENTS

There are no material events affecting the company since the financial year end.

13. DIVIDEND

No dividend was declared nor paid during the current financial year (2018:\$31.5m).

14. APPROVAL OF FINANCIAL STATEMENTS

The directors approved the financial statements on 7 June 2019