

INDEPENDENT AUDITOR'S REPORT

**To The Board of directors of
THL ZINC Holding BV.**

Opinion

We have audited the financial statements of “**THL ZINC Holding BV**” (“the company”), which comprise the Balance Sheet as at 31st March, 2020, Statement of Profit and Loss (Including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Financial Statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020 and its Profits including other comprehensive income, changes in equity and its cash flows for the year ended on that date).

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the Financial Statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

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

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

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

In preparing the Financial Statements, management is 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. Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility

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 SAs 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 SAs specified under Section 143(10) of the Act, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

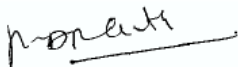
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 financial 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 entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management'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 entity'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 entity to cease to continue as a going concern.
- We communicate with those charged governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Matter:-

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

For **Pathak H.D. & Associates LLP**,
Chartered Accountants
(Registration No. 107783W/W100593)



Partner
Membership No.: 043495
UDIN No.: **20043495AAAABY1374**

Place: Mumbai
Date: May 28, 2020

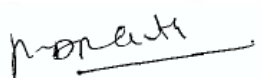
THL ZINC HOLDING BV
Balance sheet as at March 31, 2020

Particulars	Notes	As at	As at
		March 31, 2020	March 31, 2019
		USD	USD
ASSETS			
Non-current assets			
Financial Assets			
(a) Investments	5	226,000,000	226,000,000
(b) Loans	6	85,000,000	85,000,000
		<u>311,000,000</u>	<u>311,000,000</u>
Current assets			
Financial Assets			
(a) Cash and cash equivalents	7	1,109,441	1,221,539
(b) Others	8	254,844	107,162
Other current assets	9	5,672	-
		<u>1,369,957</u>	<u>1,328,701</u>
TOTAL		<u>312,369,957</u>	<u>312,328,701</u>
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share capital	10	5,110,047	5,110,047
(b) Other Equity		(325,443,865)	(325,690,154)
		<u>(320,333,818)</u>	<u>(320,580,107)</u>
Non current liabilities			
Financial Liabilities			
(a) Borrowings	11	85,200,000	85,100,000
		<u>85,200,000</u>	<u>85,100,000</u>
Current liabilities			
Financial Liabilities			
(a) Borrowings	12	546,519,617	546,519,617
(b) Others	13	984,158	1,273,394
Current tax liabilities	14	-	15,797
		<u>547,503,775</u>	<u>547,808,808</u>
TOTAL		<u>312,369,957</u>	<u>312,328,701</u>

The accompanying notes are forming part of the financial statements

As per our report of even date

For Pathak H D & Associates LLP
Chartered Accountants
(Registration No. : 107783W/W100593)



Mukesh Mehta
Partner
Membership No. 43495
Place : Mumbai
Date: May 28, 2020

For and on behalf of THL Zinc Holding BV



Nitin Gupta
Place : Gurugram
Date: May 28, 2020

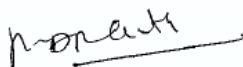
THL ZINC HOLDING BV
Statement of Profit and Loss for the year ended March 31, 2020

Particulars	Notes	For the year ended	For the year ended
		March 31, 2020	March 31, 2019
		USD	USD
INCOME			
Other Income	15	4,199,781	3,888,773
		4,199,781	3,888,773
EXPENDITURE			
Finance costs	16	3,959,822	3,674,990
Other expenses	17	74,818	130,620
		4,034,640	3,805,610
Profit before exceptional item and taxation		165,141	83,163
Exceptional Item (Refer note 5)		-	(191,055)
Profit/ (Loss) before Tax		165,141	(107,892)
Tax credit/(expense)	18	81,148	(2,590)
Profit/ (Loss) for the year		246,289	(110,482)
Other comprehensive income		-	-
Total comprehensive income for the year		246,289	(110,482)
Earnings/ (loss) per equity share of EUR 1 each			
(a) Basic	20	0.07	(0.03)
(a) Diluted	20	0.07	(0.03)

The accompanying notes are forming part of the financial statements

As per our report of even date

For Pathak H D & Associates LLP
Chartered Accountants
(Registration No. : 107783W/W100593)



Mukesh Mehta
Partner
Membership No. 43495
Place : Mumbai
Date: May 28, 2020

For and on behalf of THL Zinc Holding BV



Nitin Gupta

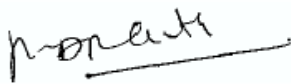
Place : Gurugram
Date: May 28, 2020

THL ZINC HOLDING BV
Statement of Changes in Equity
For the year ended March 31, 2020

	<u>Issued Capital</u> USD	<u>Other Equity</u> USD	<u>Retained earnings</u> USD	<u>Total Equity</u> USD
At 1 April 2018	5,110,047	(429,548,296)	103,968,624	(320,469,625)
Loss for the year and total comprehensive income	-	-	(110,482)	(110,482)
At 31 March 2019	5,110,047	(429,548,296)	103,858,142	(320,580,107)
Profit for the year and total comprehensive income	-	-	246,289	246,289
At 31 March 2020	5,110,047	(429,548,296)	104,104,431	(320,333,818)

As per our report of even date

For Pathak H D & Associates LLP
Chartered Accountants
(Registration No. : 107783W/W100593)



Mukesh Mehta
Partner
Membership No. 43495
Place : Mumbai
Date: May 28, 2020

For and on behalf of THL Zinc Holding BV



Nitin Gupta

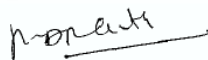
Place : Gurugram
Date: May 28, 2020

THL ZINC HOLDING BV
Cash Flow Statement
For the year ended March 31, 2020

	For the Year Ended March 31, 2020 USD	For the Year Ended March 31, 2019 USD
Profit/ (Loss) before taxation	165,141	(107,892)
Adjusted for:		
- Interest income	(4,239,402)	(3,883,873)
- Preference share capital dividend income	39,621	(4,900)
- Foreign exchange fluctuation	-	6,442
- Interest on loan	4,035,945	3,707,341
- Preference share capital dividend expense	(77,276)	(33,384)
- Provision for impairment of investment	-	191,055
	(241,112)	(17,319)
	(75,971)	(125,211)
Working capital changes:		
- Change in other receivables	(177,382)	(67,540)
- Change in other current assets	(5,672)	-
- Change in other payables	(29,022)	(17,285)
	(212,076)	(84,824)
Cash used in operations	(288,048)	(210,036)
Tax refund / (payment)	65,351	13,207
Net cash used in operating activities	(222,697)	(196,829)
Investing activities		
Loan to related company	-	(85,000,000)
Interest received	4,229,481	3,883,873
Net cash from/ (used in) investing activities	4,229,481	(81,116,127)
Financing activities		
Loan from related company	100,000	85,100,000
Interest paid	(4,218,885)	(2,568,349)
Net cash (used in)/ from financing activities	(4,118,885)	82,531,651
Net (decrease)/ increase in cash and cash equivalents	(112,101)	1,218,696
Cash and cash equivalents at beginning of the year	1,221,542	2,846
Cash and cash equivalents at end of the year	1,109,441	1,221,542

As per our report of even date

For Pathak H D & Associates LLP
Chartered Accountants
(Registration No. : 107783W/W100593)



Mukesh Mehta
Partner
Membership No. 43495
Place : Mumbai
Date: May 28, 2020

For and on behalf of THL Zinc Holding BV



Nitin Gupta
Place : Gurugram
Date: May 28, 2020

THL ZINC HOLDING BV
NOTES TO THE FINANCIAL STATEMENTS
For the year ended March 31, 2020

1 Company Overview

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

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

2 Basis of preparation and basis of measurement of financial statements

(a) Basis of preparation

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

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

These financial statements are approved for issue by the Board of Directors on 28 May 2020.

(b) Basis of Measurement

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

3(a) Accounting Policies

(i) Financial Instruments

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

(a) Financial Assets – Recognition & subsequent measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

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

Debt instruments at amortised cost

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

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

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

(b) Financial Asset - Derecognition

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

THL ZINC HOLDING BV
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the year ended March 31, 2020

3(a) Accounting Policies (continued)

(i) Financial Instruments (continued)

(c) Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss ("ECL") model for measurement and recognition of impairment loss on the financial assets. At each reporting date, for recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognising impairment loss allowance based on 12-month ECL.

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

ECL impairment loss allowance (or reversal) during the year is recognized as income/ expense in profit or loss.

(d) Financial liabilities – Recognition & Subsequent measurement

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

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

(e) Financial liabilities – Derecognition

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

(ii) Investment in subsidiary

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

The Company has taken advantage of paragraph 4(a) of Ind AS 110 - Consolidated Financial Statements", which dispenses it from the need to present consolidated financial statements. The Company is wholly owned by Vedanta Resources Plc. which prepares company accounts that comply with International Financial Reporting Standards and these are available for public use from the company secretary, Vedanta Resources Plc, 5th Floor, 6 St Andrew Street, London, EC4A 3AE and at www.vedantaresources.com.

(iii) Accounting for Foreign currency transactions and translations

Functional and presentation currency

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

Foreign currency translations

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

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

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

THL ZINC HOLDING BV
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the year ended March 31, 2020

3(a) Accounting Policies (continued)

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

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

(iv) Current and non-current classification

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

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

All other assets are classified as non-current.

A liability is classified as current when it satisfies any of the following criteria:

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

All other liabilities are classified as non-current.

(v) Cash and cash equivalents

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

(vi) Revenue recognition

Interest income

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

Dividends

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

(vii) Borrowing costs

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

EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial liability or a shorter period, where appropriate, to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options).

THL ZINC HOLDING BV
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the year ended March 31, 2020

3(a) Accounting Policies (continued)

(viii) Taxation

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

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

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

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

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

3(b) Application of new and revised standards

The new standards including Ind AS 116 "Leases" and other standards/amendments to standards applicable for the year ended March 31, 2020 did not have a significant impact on the Company's financial statements.

4 Significant accounting estimates and judgments

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

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

Judgements

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

Functional currency

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

Going concern

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

Estimates and assumptions

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

THL ZINC HOLDING BV
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the year ended March 31, 2020

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

Particulars	As at	As at
	March 31, 2020	March 31, 2019
	USD	USD
Investments in Subsidiaries		
At Cost	546,351,055	546,351,055
Provision for Impairment	(516,351,055)	(516,351,055)
	<u>30,000,000</u>	<u>30,000,000</u>
In preference shares		
	106,000,000	106,000,000
	<u>226,000,000</u>	<u>226,000,000</u>

- (a) During the year there was no trigger for impairment for the Company's investment held in Vedanta Lisheen Holdings Limited. Aggregate amount of provision for impairment in value of above Investment is USD 516,160,000 (March 2019 :USD 516,160,000).
- (b) During the previous year the Company has provided for impairment of USD 191,055 for its investment held in Lakomasko BV. Aggregate amount of provision for impairment in value of above investment is USD 191,055 (March 2019 :USD 191,055).
- (c) Details of the investments held during the year are provided below:

Company	Principal Activity	Place of operation	No of Ordinary Shares Held		Proportion of ownership interest		Value of Investments at cost less impairment	
			2020	2019	2020	2019	As at March 31, 2020	As at March 31, 2019
			USD		USD			
Equity instruments								
Vedanta Lisheen Holdings Limited	Mining	Ireland	12	12	100%	100%	30,000,000	30,000,000
Lakomasko BV	Investing	Netherland	91	91	100%	100%	-	-
						Total	<u>30,000,000</u>	<u>30,000,000</u>
Preference shares -0.25% Optionally Convertible Redeemable Preference shares								
THL Zinc Limited	Investing	Mauritius	1,960,000	1,960,000			196,000,000	196,000,000
						Total	<u>196,000,000</u>	<u>196,000,000</u>

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

Particulars	As at	As at
	March 31, 2020	March 31, 2019
	USD	USD
Loan to Black Mountain Mining Pty Ltd (refer note 6.1)	85,000,000	85,000,000
	<u>85,000,000</u>	<u>85,000,000</u>

6.1 During the previous year, the Company entered into a loan facility of USD 200,000,000 with BMM at an interest rate of 3M LIBOR Plus 2.75% per annum repayable in July 2022. As at 31st March, 2020, the amount outstanding under this facility was USD 85,000,000 (2019: USD 85,000,000) and accrued interest thereon amounting to USD 9,921 (2019: USD NIL).

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

Particulars	As at	As at
	March 31, 2020	March 31, 2019
	USD	USD
Balances with banks	1,109,441	1,221,539
- in current accounts	<u>1,109,441</u>	<u>1,221,539</u>

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THL ZINC HOLDING BV
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the year ended March 31, 2020

Note No. 8

Current assets

Financial Assets - Other

Particulars	As at	As at
	March 31, 2020	March 31, 2019
	USD	USD
THL Zinc Ltd - Preference Dividend Receivable	-	39,621
Receivable from Bloom foundation Limited	1	1
Receivable from Monte Cello BV	229,131	67,540
Receivable from Lakomasko BV	15,791	-
Receivable from Black moutain mining	9,921	-
	<u>254,844</u>	<u>107,162</u>

Note No. 9

Other current assets

Particulars	As at	As at
	March 31, 2020	March 31, 2019
	USD	USD
Prepaid	5,672	-
	<u>5,672</u>	<u>-</u>

Note No. 10

Equity Share Capital

Particulars	As at		As at	
	March 31, 2020		March 31, 2019	
	Number	USD	Number	USD
Authorised				
Equity Shares of EUR 1 each fully paid	20,000,000	27,341,073	20,000,000	27,341,073
0.25% Preference Shares of EUR 1 each fully paid up	25,000,000	34,180,077	25,000,000	34,180,077
Issued, Subscribed & fully Paid up				
Equity Shares of EUR 1 each fully paid	3,738,000	5,110,047	3,738,000	5,110,047
	<u>3,738,000</u>	<u>5,110,047</u>	<u>3,738,000</u>	<u>5,110,047</u>

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

	As at		As at	
	March 31, 2020		March 31, 2019	
	Number	USD	Number	USD
Shares outstanding at the beginning of the year	3,738,000	5,110,047	3,738,000	5,110,047
Shares outstanding at the end of the year	<u>3,738,000</u>	<u>5,110,047</u>	<u>3,738,000</u>	<u>5,110,047</u>

10.2 Details of shares held by Holding Company

	As at	As at
	March 31, 2020	March 31, 2019
Equity shares are held by Vedanta Limited	3,738,000	3,738,000
Percentage of holding	100%	100%

10.3 Other disclosures relating to Equity Shares

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

Note No. 11

Non Current liabilities

Financial Liabilities - Borrowings

Particulars	As at	As at
	March 31, 2020	March 31, 2019
	USD	USD
Loan from Cairn India Holdings Limited (refer note 11.1)	85,200,000	85,100,000
	<u>85,200,000</u>	<u>85,100,000</u>

11.1 During the previous year, the Company entered into a new loan facility agreement of US\$ 200,000,000 with Cairn India Holdings Limited (CIHL) at an interest rate of 3 months Libor Plus 2.50% per annum repayable in July 2020. The amount outstanding under this agreement as on 31 March 2020 is USD 85,200,000 (2019: USD 85,100,000) and accrued interest thereon amounting to USD 956,054 (2019: USD 1,138,992).

THL ZINC HOLDING BV
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 For the year ended March 31, 2020

Note No. 12
Current liabilities
Financial Liabilities - Borrowings

Particulars	As at March 31, 2020 USD	As at March 31, 2019 USD
0.25% Preference Shares of EUR 1 each fully paid up - Vedanta Limited	546,519,617	546,519,617
	546,519,617	546,519,617

OPTIONALLY CONVERTIBLE REDEEMABLE PREFERENCE SHARES ("OCRPS")

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

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

Note No. 13
Current liabilities
Financial Liabilities - Other

Particulars	As at March 31, 2020 USD	As at March 31, 2019 USD
Interest Payable on CIHL Loan (Refer note 11.1)	956,054	1,138,992
Dividend payable	-	77,276
Due to Related Party- Lakomasko BV	-	32,595
Other payables	28,104	24,531
	984,158	1,273,394

Note No. 14
Current Tax liabilities

Particulars	As at March 31, 2020 USD	As at March 31, 2019 USD
Current tax	-	15,797
	-	15,797

Note No. 15
Other income

Particulars	Year ended March 31, 2020 USD	Year ended March 31, 2019 USD
Interest income		
(a) Bank Balance	-	1
(b) Interest on Loan to BMM	4,239,402	3,883,872
Preference shares capital dividend (reversal)/ income	(39,621)	4,900
	4,199,781	3,888,773

NA

THL ZINC HOLDING BV
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 For the year ended March 31, 2020

Note No. 16
Finance Cost

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
	USD	USD
Interest on CIHL Loan	4,035,945	3,707,341
Preference Share Capital dividend (reversal)	(77,276)	(33,384)
Bank charges	1,153	1,033
	<u>3,959,822</u>	<u>3,674,990</u>

Note No. 17
Other Expenses

Particulars	Year ended	Year ended
	March 31, 2020	March 31, 2019
	USD	USD
Legal and Professional fees	68,872	117,364
Audit fees	3,300	3,300
Net loss on foreign Currency transactions and translation	2,646	9,956
	<u>74,818</u>	<u>130,620</u>

Note No. 18
TAXATION

(i) Tax (credit)/expense

	Year ended	Year ended
	March 31, 2020	March 31, 2019
	USD	USD
Current tax	(81,148)	2,590
	<u>(81,148)</u>	<u>2,590</u>

(ii) Tax reconciliation

Profit/ (Loss) before taxation	165,141	(107,892)
Income Tax as per slabs	33,028	(21,578)
Add: Disallowed expenses	-	38,211
Less: Exempt Dividend Income	(15,455)	-
Add- Previous year tax (credit)/ expense	(98,721)	(13,207)
Add- Fiscal differences	-	(836)
Income tax(credit)/expense recognised in profit and loss	<u>(81,148)</u>	<u>2,590</u>

NA

THL ZINC HOLDING BV
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the year ended March 31, 2020

Note No. 19
FINANCIAL INSTRUMENTS

Significant accounting policies

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

Fair values

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

Categories of financial instruments

	<u>2020</u>	<u>2019</u>
	USD	USD
Financial assets		
Loan and receivables (including cash and short-term deposits)	<u>86,364,284</u>	<u>86,328,701</u>
Financial liabilities		
Borrowings	631,719,617	631,619,617
Other payables	<u>984,158</u>	<u>1,273,394</u>
	<u>632,703,775</u>	<u>632,893,011</u>

Strategy in using financial instruments

The Company's activities expose it to a variety of financial risks: Market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Market Risk Management

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

(b) Interest Rate Risk Management

Interest rate risk is the risk that the fair value or future cashflows of a financial instrument will fluctuate because of changes in market interest rates. Any excess cash and cash equivalents of the Company are invested in short-term time deposits and liquid funds. The following table details the Company's exposure to interest rate risk. The total interest sensitivity gap represents the net notional amounts of all interest sensitive financial instruments.

THL ZINC HOLDING BV
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 For the year ended March 31, 2020

19 FINANCIAL INSTRUMENTS (CONT'D)

Strategy in using financial instruments (cont'd)

<u>31 March 2020</u>	<u>Up to 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Financial Assets			
Non-interest bearing	1,364,284	-	1,364,284
Variable interest bearing	-	85,000,000	85,000,000
Total assets	1,364,284	85,000,000	86,364,284
Financial Liabilities			
Non-interest bearing	984,158	-	984,158
Fixed interest bearing	546,519,617	-	546,519,617
Variable interest bearing	-	85,200,000	85,200,000
Total liabilities	547,503,775	85,200,000	632,703,775
<u>31 March 2019</u>	<u>Up to 1 year</u>	<u>More than 1 year</u>	<u>Total</u>
	<u>USD</u>	<u>USD</u>	<u>USD</u>
Financial Assets			
Non-interest bearing	1,328,701	-	1,328,701
Variable interest bearing	-	85,000,000	85,000,000
Total assets	1,328,701	85,000,000	86,328,701
Financial Liabilities			
Non-interest bearing	1,273,394	-	1,273,394
Fixed interest bearing	546,519,617	-	546,519,617
Variable interest bearing	-	85,100,000	85,100,000
Total liabilities	547,793,011	85,100,000	632,893,011

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 March 2020 would have decreased equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit or loss and other equity.

	Profit/ (loss)	
	2020	2019
	USD	USD
Variable rate instruments	(2,000)	(1,000)
	<u>(2,000)</u>	<u>(1,000)</u>

THL ZINC HOLDING BV
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the year ended March 31, 2020

19 FINANCIAL INSTRUMENTS (CONT'D)

(c) Currency Risk Management

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

Currency profile

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

	Financial assets Mar-20 USD	Financial liabilities Mar-20 USD	Financial assets Mar-19 USD	Financial liabilities Mar-19 USD
Euro	244,922	2,525	82,322	109,871
United States Dollar	<u>86,119,362</u>	<u>632,701,250</u>	<u>86,246,379</u>	<u>632,783,140</u>

For the year ended 31 March 2020 and 31 March 2019, the Company does not have any material exposure to foreign currencies. Therefore, sensitivity relative to foreign currencies has not been disclosed.

(d) Liquidity risk

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

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

31 March 2020

	Up to 1 year USD	More than 1 year USD	Total USD
Liabilities			
Other payables	984,158	-	984,158
Optionally Convertible Redeemable Preference Shares	546,519,617	-	546,519,617
Long term borrowings	-	85,200,000	85,200,000
Total	<u>547,503,775</u>	<u>85,200,000</u>	<u>632,703,775</u>

31 March 2019

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

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

THL ZINC HOLDING BV
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
For the year ended March 31, 2020

19 FINANCIAL INSTRUMENTS (CONT'D)

(e) Capital risk management

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

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

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

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

Gearing ratio

The gearing ratio at the year end was as follows:

	<u>Mar-20</u> USD	<u>Mar-19</u> USD
Debt (i)	631,719,617	631,619,617
Cash and short-term deposits	<u>1,109,441</u>	<u>1,221,539</u>
Net debt	<u>630,610,176</u>	<u>630,398,078</u>
Equity (ii)	<u>(320,333,818)</u>	<u>(320,580,107)</u>
Net debt to equity ratio (times)	NA	NA

(i) Debt includes Optionally Convertible Redeemable Preference Shares of USD 546,519,617 (2019: USD 546,519,617) and borrowing from CIHL of USD 85,200,000 (2019: USD 85,100,000).

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

20 Earnings/ (loss) Per Share (EPS)

<u>Particulars</u>	<u>For the year</u> <u>ended</u> <u>31 March, 2020</u> USD	<u>For the year</u> <u>ended</u> <u>31 March, 2019</u> USD
Net Profit/ (Loss) after tax attributable to equity shareholders for Basic and Diluted EPS	246,289	(110,482)
Weighted average Number of equity Shares	3,738,000	3,738,000
Par Value per Share (EUR)	1	1
Earning Per Share - Basic and diluted	<u><u>0.07</u></u>	<u><u>(0.03)</u></u>

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

THL ZINC HOLDING BV
 NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
 For the year ended March 31, 2020

Particulars	For the year ended	For the year ended
	31 March, 2020	31 March, 2019
	USD	USD
21 Contingent liabilities		
Contingent liabilities and commitments (to the extent not provided for)		
(a) Claims against the company not acknowledged as debt	NIL	NIL
(b) Guarantees	NIL	NIL
(c) Other money for which the company is contingently liable	NIL	NIL

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

22 Related party transactions

Names of related parties and description of relation:

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

22 **Related party transactions (continued)**

Particulars	For the year ended March 31, 2020 (USD)	For the year ended March 31, 2019 (USD)
<u>1.Black Mountain Mining Pty Ltd.</u>		
Interest Income	4,239,402	3,883,872
Interest received	4,229,481	3,883,872
Loan Receivable	85,000,000	85,000,000
Loan Given	-	85,000,000
Receivable	9,921	-
<u>2.Bloom Fountain Limited</u>		
Receivable	1	1
<u>3. Monte Cello BV</u>		
Payment of Expenses	161,591	81,416
Receivable	229,131	67,540
<u>4.Lakomasko BV</u>		
Investment	191,055	191,055
Impairment provision on investment	(191,055)	(191,055)
Payment of Expenses	48,387	16,219
Payable	-	32,595
Receivable	15,791	-
<u>5.Vedanta Lisheen Holdings Limited (VLHL)</u>		
Investment	546,160,000	546,160,000
Impairment provision on investment	(516,160,000)	(516,160,000)
<u>6.Vedanta Limited</u>		
Dividend (reversal)	(77,276)	(33,384)
Dividend Payable	0	77,276
<u>7. THL Zinc Ltd</u>		
Investment in Preference Shares	196,000,000	196,000,000
Dividend (reversal)/ Income	(39,621)	4,900
Dividend Receivable	-	39,621
<u>8.Cairn India Holdings Limited</u>		
Interest Expense	4,035,945	3,707,341
Interest Payable	956,054	1,138,992
Interest Paid	4,218,885	2,568,349
Loan Payable	85,200,000	85,100,000
Loan Received	100,000	85,100,000

Other related party transactions

Amicorp Netherlands B.V. was appointed in place of Vistra NC BV to provide certain administration services including the provision of directorship services of USD 4,500 (2019: USD 6,305) for the Company. A sum amounting to USD 58,973 (2019: USD 49,126) was expensed during the year in respect of the aforesaid services.

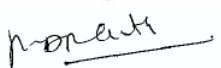
23 **Letter of Support**

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

24 **Events after the reporting period**

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

For Pathak H D & Associates LLP
 Chartered Accountants
 (Registration No. : 107783W/W100593)



Mukesh Mehta
 Partner
 Membership No. 43495
 Place : Mumbai
 Date: May 28, 2020

For and on behalf of THL Zinc Holding BV



Nitin Gupta
 Place : Gurugram
 Date: May 28, 2020