THL Zinc Ventures Ltd

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

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THL Zinc Ventures Ltd
CORPORATE INFORMATION

		Date of appointment	Date of resignation
DIRECTORS:	Sanjay Kumar Pandit	14-Feb-18	-
	Bhavana Banymandhub	28-Apr-20	-
	Sevin Chendriah	14-Jul-20	-

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

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

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

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

THL Zinc Ventures Ltd
COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of THL Zinc Ventures Ltd (the "Company") for the year ended 31 March 2022.

PRINCIPAL ACTIVITY

The principal activity of the Company is to hold investments in Namibian companies, engaged in mining and smelting of Zinc.

RESULTS AND DIVIDEND

The Company's loss for the year ended 31 March 2022 is **USD 226,082** (2021: USD 31,261).

The directors did not recommend the payment of dividend for the year ended 31 March 2022 (2021: NIL).

The directors have assessed the impact Covid-19 global pandemic on the Company and its subsidiaries. The Company and its subsidiaries do not have any onerous contracts as a result of the pandemic and have enough cash resources and access to undrawn facilities to be able to pay its debts as they fall due.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

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

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

The directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 2001.

They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITOR

The auditor, Ernst & Young, has indicated its willingness to continue in office and will be decided in the next annual meeting.

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THL Zinc Ventures Ltd

CERTIFICATE FROM THE SECRETARY

TO THE MEMBER OF THL Zinc Ventures Ltd
(SECTION 166(D) OF THE MAURITIUS COMPANIES ACT 2001)

We certify, as secretary of THL Zinc Ventures Ltd ("the Company"), that based on records and information made available to us by the directors and sole shareholder of the Company, the Company has filed with the Registrar of Companies, for the financial year ended 31 March 2022, all such returns, if any, as required of the Company under the Mauritius Companies Act 2001.

For IQ EQ Corporate Services (Mauritius) Ltd
Company Secretary

Date: 21 July 2022

EY
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Ernst & Young Mauritius
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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THL ZINC VENTURES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of THL Zinc Ventures Ltd (the "Company") set out on pages 7 to 27 which comprise the statement of financial position as at 31 March 2022, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Companies Act 2001.

Basis for Opinion

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

Material Uncertainty on the Going concern

We draw attention to Note 19 to the financial statements, which indicates that the Company incurred a net loss of USD 226,082 for the year ended 31 March 2022, and as at that date, is in a net current liability position of USD 699,874,553, and its total liabilities exceeded its total assets by USD 495,464,377. These conditions along with other matters set forth in Note 19 indicate the existence of a material uncertainty which may cast doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

The directors are responsible for the other information. The other information comprises the information included in the document titled "THL Zinc Ventures Ltd Financial Statements for The Year Ended 31 March 2022", which includes the Corporate Information, Commentary of the Directors and Certificate from the Secretary as required by the Companies Act 2001.

The other information does not include the financial statements and our auditor's report thereon.

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THL ZINC VENTURES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Responsibilities of the Directors for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THL ZINC VENTURES LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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

Use of our report

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Companies Act 2001

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

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

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

ERNST & YOUNG
Ebène, Mauritius

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

Date: 21 July 2022

THL Zinc Ventures Ltd
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2022

	Notes	2022 USD	2021 USD
ASSETS			
Non-current asset			
Investment in subsidiary	5	**204,512,176**	204,512,176
Current assets			
Other receivables	6	**458,198**	463,310
Cash and cash equivalents		**56,783**	13,260
Total current assets		**514,981**	476,570
TOTAL ASSETS		**205,027,157**	204,988,746
EQUITY AND LIABILITIES			
Equity			
Issued capital	7	**10,000,001**	10,000,001
Other equity reserve	5	**(504,488,824)**	(504,488,824)
Accumulated losses		**(975,554)**	(749,472)
Shareholder's deficit		**(495,464,377)**	(495,238,295)
Non-current liabilities			
Long term borrowings	9	**102,000**	-
		102,000	-
Current liabilities			
Optionally convertible redeemable preference shares	8	**700,000,000**	700,000,000
Other payables	10	**389,534**	227,041
Total current liabilities		**700,389,534**	700,227,041
TOTAL EQUITY AND LIABILITIES		**205,027,157**	204,988,746

These financial statements have been approved by the board of directors and authorised for issued on 21 July 2022

………………………………
Director

………………………………
Director

The notes on pages 11 to 27 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

THL Zinc Ventures Ltd
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 USD	2021 USD
FINANCE INCOME			
Interest income	12	**4,888**	4,890
ADMINISTRATIVE EXPENSES			
Filing and registration fees		**-**	(625)
Professional fees		**(204,181)**	(10,350)
Other expenses	13	**(3,181)**	-
Audit fees		**(5,200)**	(7,530)
		(212,562)	(18,505)
FINANCE COSTS	14	**(18,408)**	(17,646)
Loss before tax		**(226,082)**	(31,261)
Income tax expense	15	**-**	-
Loss for the year		**(226,082)**	(31,261)
Total comprehensive loss for the year		**(226,082)**	(31,261)

The notes on pages 11 to 27 form an integral part of these financial statements.
Independent auditor's report on pages 4 to 6.

THL Zinc Ventures Ltd
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2022

	Issued capital USD	Other equity reserve * USD	Accumulated losses USD	Total equity USD
At 1 April 2020	10,000,001	(504,488,824)	(718,211)	(495,207,034)
Total comprehensive loss for the year	-	-	(31,261)	(31,261)
At 31 March 2021	10,000,001	(504,488,824)	(749,472)	(495,238,295)
At 1 April 2021	**10,000,001**	**(504,488,824)**	**(749,472)**	**(495,238,295)**
Total comprehensive loss for the year	-	-	**(226,082)**	**(226,082)**
At 31 March 2022	**10,000,001**	**(504,488,824)**	**(975,554)**	**(495,464,377)**

** Refer note 5.*

THL Zinc Ventures Ltd
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 USD	2021 USD
Cash flows from operating activities			
Net cash used in operating activities	11	**(58,477)**	(150)
Investing activities			
Interest received on bank balance	12	**-**	2
Net cash generated from investing activities		**-**	2
Financing activities			
Loan from THL Zinc Holding BV		**102,000**	-
Net cash generated from financing activities		**102,000**	-
Net increase / (decrease) in cash and cash equivalents		**43,523**	(148)
Cash and cash equivalents at beginning of year		**13,260**	13,408
Cash and cash equivalents at end of year		**56,783**	13,260

The notes on pages 11 to 27 form an integral part of these financial statements.
Independent Auditor's report on page 4-6.

THL Zinc Ventures Ltd
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2022

1 Company overview

THL Zinc Ventures Ltd (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on 28 February 2008 as a private company. The Company was set up as a Category 2 Global Business License company and pursuant to a shareholder resolution of 18 November 2010, the Company changed its legal regime to a Category 1 Global Business License company. Following amendments brought by the Finance Act 2018, all Category 1 Global Business License companies will henceforth be known as Global Business Corporation ("GBC"). Therefore, effective as from 1 July 2021, the Company will now hold a GBC license. The Company's registered office address is c/o IQ EQ Corporate Services (Mauritius) Ltd, 33, Edith Cavell Street, Port Louis, 11324, Mauritius. The Company's principal activity is investment holding.

2 Basis of preparation

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

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

The Company has taken advantage of paragraph 4(a) of International Financial Reporting Standard "IFRS 10 - Consolidated Financial Statements", which dispenses it from the need to present consolidated financial statements. The Company is owned by Vedanta Resources Limited, which prepares group accounts that comply with International Financial Reporting Standards and these are available for public view from the company secretary, Vedanta Resources Limited 8th Floor, 20 Farringdon Street, London, EC4A 4AB , United Kingdom and at www.vedantaresources.com.

3(a) Accounting policies

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

(i) Investment in subsidiary

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

(ii) Financial instruments

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

(a) Financial assets – recognition & subsequent measurement

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

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.
The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows.

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

Financial assets at amortized cost (debt instruments)

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

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

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

3(a) Accounting Policies (continued)

(ii) Financial instruments (continued)

(a) Financial assets – recognition & subsequent measurement (continued)

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

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

(b) Financial asset - derecognition

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

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

Or

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

(c) Impairment of financial assets

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

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

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

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

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

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

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

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

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

3(a) Accounting policies (continued)

(ii) Financial instruments (continued)

(c) Impairment of financial assets (continued)

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

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

(d) Financial liabilities – recognition and subsequent measurement

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

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

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

Financial liabilities and equity instruments issued by the Company

Classification as debt or equity

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

Equity instruments

Ordinary shares are classified as equity

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

Compound instruments

The component parts of compound instruments issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. Conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to stated capital. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained profits. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

3(a) Accounting Policies (continued)

(ii) Financial instruments (continued)

(d) Financial liabilities – recognition and subsequent measurement (continued)

Compound instruments (continued)

Transaction costs that relate to the issue of the compound instruments are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

Financial liabilities at amortised cost

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

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

This category generally applies to borrowings.

(e) Financial liabilities – derecognition

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

(f) Offsetting of financial instruments

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

(iii) Impairment of non-financial assets

Impairment charges and reversals are assessed at the level of cash-generating units. A cash-generating unit (CGU) is the smallest identifiable group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets.

The Company assesses at each reporting date, whether there is an indication that an asset may be impaired. The Company conducts an internal review of asset values annually, which is used as a source of information to assess for any indications of impairment or reversal of previously recognised impairment losses. Internal and external factors, such as worse economic performance than expected, changes in expected future prices, costs and other market factors are also monitored to assess for indications of impairment or reversal of previously recognised impairment losses.

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

3(a) Accounting Policies (continued)

(iii) Impairment of non-financial assets (continued)

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

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

The carrying amount of the CGU is determined on a basis consistent with the way the recoverable amount of the CGU is determined. The carrying value is net of deferred tax liability recognised in the fair value of assets acquired in the business combination.

If the recoverable amount of an asset or CGU is estimated to be less than it's carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss.

Any reversal of the previously recognised impairment loss is limited to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had previously been recognised except if initially attributed to goodwill.

(iv) Accounting for foreign currency transactions and translations

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

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

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

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

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

(v) Current and non-current classification

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

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

3(a) Accounting policies (continued)

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

All other assets are classified as non-current.

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

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

All other liabilities are classified as non-current.

(vi) Cash and cash equivalents

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

(vii) Related parties

Related parties are individuals and companies, including the management company, where the individual or the

(viii) Interest income

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

(ix) Expense recognition

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

(x) Taxation

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

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

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

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

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

3(b) Application of new and revised standards

The Company has adopted, with effect from 01 April 2021, the following new and revised standards and interpretations. Their adoption has not had any material impact on the amounts reported in the financial statements.

1. Amendments to IFRS 3 regarding recognition under acquisition method
2. Amendments to IFRS 7, IFRS 9, IAS 39, IFRS 4 and IFRS 16 regarding Interest Rate Benchmark Reform - Phase 2
3. Conceptual framework for financial reporting under IFRS issued by the IASB
4. Amendments to IFRS 16 regarding COVID-19 related rent concessions

Standards issued but not yet effective

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

New pronouncements	*Effective date*	*Expected impact*
Reference to the Conceptual Framework – Amendments to IFRS 3	01 January 2022	Unlikely there will be a material impact
Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16	01 January 2022	Unlikely there will be a material impact
Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37	01 January 2022	Unlikely there will be a material impact
AIP IFRS 9 Financial Instruments – Fees in the '10 per cent' test for derecognition of financial liabilities	01 January 2022	Unlikely there will be a material impact
Classification of Liabilities as Current or Non-current – Amendments to IAS 1	01 January 2023	Unlikely there will be a material impact
Definition of Accounting Estimates – Amendments to IAS 8	01 January 2023	Unlikely there will be a material impact
Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2	01 January 2023	Unlikely there will be a material impact

4 Significant accounting estimates and judgements

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

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

Judgements

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

Functional currency

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

Going concern

The Company's management has made an assessment of the Company's ability to continue as a going concern and is satisfied that the Company has access to resources to continue in business for the foreseeable future. Refer to note 17 for more details.

4 Significant accounting estimates and judgements (continued)

Estimates and assumptions

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

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

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

Loans & other receivables

The Company uses the provision matrix as a practical expedient to measuring ECLs on Loans & other receivables based on days past due for grouping of receivables with similar loss patterns. Receivables are grouped based on their nature. The provision matrix is based on historical observed loss rates over the expected life of the receivables and is adjusted for forward looking estimates. Refer note no. 17(d) for more details.

5 **Investment in subsidiary**

	2022 USD	2021 USD
THL Zinc Ltd	**204,512,176**	**204,512,176**

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

	Company	Principal activity	Types of shares	No of shares Held 2022 and 2021	Proportion of ownership interests 2022	Proportion of ownership interests 2021	2022 USD	2021 USD
(a)	THL Zinc Ltd	Investment holding	Ordinary	91,000	**100%**	100%	9,001,000	9,001,000
(b)	THL Zinc Ltd	Investment holding	OCRPS	7,000,000	**78.1%**	78.1%	700,000,000	700,000,000
	Less : Impairment						(504,488,824)	(504,488,824)
	Total (b)						195,511,176	195,511,176
	Total						**204,512,176**	**204,512,176**

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

Post merger of Cairn India Limited with Vedanta Limited, THL Zinc Ltd, the subsidiary of the Company, recognised a provision for impairment against the loan including accrued interest it had extended to Twin Star Mauritius Holdings Limited ("TSMHL"), a fellow subsidiary, now liquidated. As a result, during the year 2016-2017, the Company made an impairment provision of USD 503,772,493 against its investment in OCRPS issued by THL Zinc Limited and the effects of the same were carried through the statement of changes in equity. During 2017-2018, a further impairment provision of USD 716,331 was made as TSMHL filed for liquidation and has no assets to repay back the payable to THL Zinc Ltd.

6 **Other receivables**

	2022 USD	2021 USD
Amount due from THL Zinc Ltd (refer note 16)	323,000	333,000
Interest on OCRPS	135,198	130,310
	458,198	**463,310**

The amounts due from THL Zinc Ltd, the subsidiary, pertains to current account transactions and ar receivable on demand.

7 Issued capital

Ordinary shares	2022	2021
	USD	USD
Issued and fully paid		
At 31 March	**10,000,001**	10,000,001

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

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

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

8 Optionally convertible redeemable preference shares ("OCRPS")

Issued to	No. of OCRPS of USD 1 each and premium of USD 99		Amount of liability	
	2022	2021	2022 USD	2021 USD
Vedanta Limited	**7,000,000**	7,000,000	**700,000,000**	700,000,000

The Company has issued 7 million, 0.25% optionally convertible redeemable preference shares ("OCRPS") of USD 1 each with a premium of USD 99 each to Vedanta Limited, the immediate holding company, incorporated in India pursuant to a board resolution dated 3 December 2010. Each OCRPS can be converted at the option of the investor into a variable number of equity shares, hence classified as current and can be redeemed at the option of the Company.

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

9 Non-current liabilities

	2022	2021
	USD	USD
Loan from THL Zinc Holding BV	102,000	-
	102,000	-

During the year 2021-22, the Company received a fresh loan from THL Zinc Holding BV, a group company for a facility amount of USD 1,000,000 at an interest rate of 7.74% p.a. repayable in January 2025. During the year 2021-22, an amount of USD 102,000 was drawn under this facility. As at 31 March 2022, the amount outstanding under this facility was USD 102,000 (2021:Nil) and accrued interest of USD 572 (2021: Nil).

10 Other payables

	2022	2021
	USD	USD
Audit fees	7,300	7,300
Other payables*	183,406	38,981
Interest accrued on loan	572	-
Accrued interest on OCRPS (refer note 16)	198,256	180,760
	389,534	**227,041**

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

11 Net cash used in operating activities

	2022	2021
	USD	USD
Loss before tax	(226,082)	(31,261)
Adjustments for:		
-Interest and other income (note 12)	(4,888)	(4,890)
-Interest and other expense (note 14)	18,068	17,496
Changes in working capital:		
Decrease in other receivables	10,000	-
Increase in other payables	144,425	18,505
Net cash used in operating activities	**(58,477)**	**(150)**

12 Finance income

	2022 USD	2021 USD
Interest on bank balance	-	2
Dividend income on pref. shares of THL Zinc Ltd	4,888	4,888
	4,888	**4,890**

13 Other expenses

	2022 USD	2021 USD
VAT expenditure	3,414	-
Forex difference	(233)	-
	3,181	**-**

14 Finance costs

	2022 USD	2021 USD
Interest expense on OCRPS	17,496	17,496
Interest expense on loan from THL Zinc Holding BV	572	-
Bank charges	340	150
	18,408	**17,646**

15 Income tax

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

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

The Financial Services Commission (“FSC”) issued a Category 1 Global Business License (“GBL1”) to the company on 18 November, 2010. Hence these regulations are applicable to the Company post 30 June 2021.

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

At 31 March 2022, the Company has unutilized tax losses of USD 335,506 (2021: USD 122,069). Losses incurred in an income year may be carried forward to be set off against net income of the following 5 income years only and accordingly tax losses of USD 12,878 for FY 2016-17 have lapsed as they were being carried forward for more than 5 years. The accumulated tax losses at 31 March 2022 are available for set off against any taxable income, as follows:

Loss relating to financial year ending	Carry forward up to financial year ending	Unutilised losses (USD)
31 March 2018	31 March 2023	**26,424**
31 March 2019	31 March 2024	**26,246**
31 March 2020	31 March 2025	**28,008**
31 March 2021	31 March 2026	**28,513**
31 March 2022	31 March 2027	**226,315**
		335,506

15 Income tax (continued)

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

Tax reconciliation

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

	2022 USD	2021 USD
Loss before income tax	(226,082)	(31,261)
Income tax @15%	(33,912)	(4,689)
Add - effect of unused tax losses not recognised as deferred tax assets	33,912	4,689
Income tax expense recognised in statement of profit or loss	-	-

16 Related party transactions

During the year ended 31 March 2022, the Company transacted with related parties. The nature and volume of transactions with the entities are as follows:

Name of company	Relationship	Nature of Transaction	2022 USD	2021 USD
THL Zinc Ltd	Subsidiary	Interest income on OCRPS (Refer note 12)	4,888	4,888
Vedanta Limited	Immediate holding company	Interest expense on OCRPS (Refer note 14)	17,496	17,496
Vedanta Resources Limited	Intermediate holding company	Reimbursement of expenses	84,796	15,755
THL Zinc Holding BV	Group Subsidiary	Loan received (Refer note 9)	102,000	-
		Reimbursement of expenses	60,128	-
		Interest expense (Refer note 14)	572	-
Outstanding balances				
THL Zinc Ltd	Subsidiary	Receivable (Refer note 6)	323,000	333,000
		Interest receivable on OCRPS (Refer note 6)	135,198	130,310
Vedanta Limited	Immediate holding company	Interest payable on OCRPS (Refer note 10)	(198,256)	(180,760)
Vedanta Resources Limited	Intermediate holding company	Other payables (Refer note 10)	(120,026)	(35,230)
Vedanta Limited	Immediate holding company	OCRPS (Refer note 8)	(700,000,000)	(700,000,000)
THL Zinc Holding BV	Group Subsidiary	Loan payable	102,000	-
		Other payables	(60,128)	-
		Interest payable on loan	(572)	-

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

THL Zinc Ventures Ltd
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FOR THE YEAR ENDED 31 MARCH 2022

16 **Related party transactions (continued)**

Other related party transactions

IQ EQ Corporate Services (Mauritius) Ltd and its associates perform certain administration and related services for the Company. A sum amounting to USD 12,300 (2021: USD 10,975) which includes professional fees for the provision of directorship services of USD 2,000 (2021: USD 2,000) was expensed during the year in respect of the aforesaid services. No compensation to key management personnel was paid during the year (2021: Nil).

17 **Financial instruments**

Fair values

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

Categories of financial instruments

	2022 USD	2021 USD
Financial assets-At amortised cost		
Other receivables	458,198	463,310
Cash and cash equivalents	56,783	13,260
	514,981	**476,570**
Financial liabilities-At amortised cost		
Optionally Convertible Redeemable Preference Shares (OCRPS) (refer note 8)	700,000,000	700,000,000
Other payables	389,534	227,041
Long term borrowings	102,000	-
	700,491,534	700,227,041

Does not include investment in subsidiary

(a) Currency risk management

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

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

17 **Financial instruments (continued)**

(a) Currency risk management (continued)

Currency profile

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

	Financial assets 2022	**Financial liabilities 2022**	Financial assets 2021	Financial liabilities 2021
	USD	**USD**	USD	USD
United States Dollars	**514,981**	**700,491,534**	476,570	700,227,041

The Company is not exposed to currency risk

(b) Market risk management

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

(c) Interest rate risk management

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

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

31 March 2022	**Interest bearing**	**Non-interest bearing**	**Total**
	USD	**USD**	**USD**
Financial assets - At amortised cost			
Other receivables	-	458,198	458,198
Cash and cash equivalents	-	56,783	56,783
Total assets	**-**	**514,981**	**514,981**
Financial liabilities - At amortised cost			
Optionally Convertible Redeemable Preference Shares ("OCRPS")	700,000,000	-	700,000,000
Other payables	-	389,534	389,534
Long term borrowing	102,000	-	102,000
Total liabilities	**700,102,000**	**389,534**	**700,491,534**

31 March 2021	**Interest bearing**	**Non-interest bearing**	**Total**
	USD	**USD**	**USD**
Financial assets - At amortised cost			
Other receivables	-	463,310	463,310
Cash and cash equivalents	-	13,260	13,260
Total assets	-	**476,570**	**476,570**
Financial liabilities - At amortised cost			
Optionally Convertible Redeemable Preference Shares ("OCRPS")	700,000,000	-	700,000,000
Other payables	-	227,041	227,041
Total liabilities	**700,000,000**	**227,041**	**700,227,041**

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

17 **Financial instruments (continued)**

(d) Credit risk

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

The Company is exposed to credit risk from its loans and other receivables and cash and cash equivalents.

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

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

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

	2022	2021
	USD	USD
Other receivables	458,198	463,310
Cash at bank	56,783	13,260
	514,981	**476,570**

(e) Liquidity risk management

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

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

31 March 2022	**Repayable on demand**	**Up to 1 year**	**More than 1 year**	**Total**
	USD	**USD**	**USD**	**USD**
Financial liabilities - At amortised cost				
Optionally Convertible Redeemable Preference Shares	**700,000,000**	**-**	**-**	**700,000,000**
Other payables	**183,406**	**206,128**	**-**	**389,534**
Long term borrowing	-	**-**	**102,000**	**102,000**
Total	**700,183,406**	**206,128**	**102,000**	**700,491,534**

17 **Financial instruments (continued)**

(e) Liquidity risk management

31 March 2021	Repayable on demand	Up to 1 year	More than 1 year	Total
	USD	USD	USD	USD
Financial liabilities - At amortised cost				
Optionally Convertible Redeemable Preference Shares	700,000,000	-	-	700,000,000
Other payables	38,981	188,060	-	227,041
Total	700,038,981	188,060	-	700,227,041

(f) Capital risk management

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

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

The Company monitors capital using a gearing ratio, which is net debt divided by total capital.

The capital structure of the Company consists of issued capital and equity.

Gearing ratio

The gearing ratio at the year end was as follows:

	2022	2021
	USD	USD
Debt (i)	700,102,000	700,000,000
Cash and cash equivalents	(56,783)	(13,260)
Net debt	700,045,217	699,986,740
Equity (ii)	**(495,464,377)**	**(495,238,295)**
Net debt to equity ratio (times)	**N/A**	N/A

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

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

The Company's immediate holding company is Vedanta Limited, a company incorporated in India. The Company's intermediate holding company is Vedanta Resources Limited a company incorporated in the United Kingdom. The ultimate controlling party of the Company is Volcan Investments Limited and its wholly owned subsidiary Volcan Investment Cyprus Limited, which is beneficially owned by the Anil Agarwal Discretionary Trust. Volcan Investments Limited is incorporated in the Bahamas and does not produce Group accounts.

19 **Going concern**

The Company has earned a net loss of USD 226,082 (2021: net loss of USD 31,261) for the year ended 31 March 2022 and as at that date, its total liabilities exceeded its total assets by USD 495,464,377 (2021: USD 495,238,295).

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

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

20 **Events after reporting period**

There have been no material events after reporting date which would require disclosure or adjustment to the financial statements for the year ended 31 March 2022.