

**THL Zinc Ltd**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

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**THL Zinc Ltd**  
**CORPORATE INFORMATION**

		<b>Date of appointment</b>	<b>Date of resignation</b>
<b>DIRECTORS:</b>	Bhavana Banymandhub	28-Apr-20	-
	Sevin Chendriah	14-Jul-20	-
	Gyaneshwarnath Gowrea	13-Aug-10	14-Jul-20
	Doomraj Sooneelall	30-Jun-15	28-Apr-20
<b>ADMINISTRATOR &amp; SECRETARY:</b>	IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324 Mauritius		
<b>REGISTERED OFFICE:</b>	C/o IQ EQ Corporate Services (Mauritius) Ltd 33, Edith Cavell Street Port Louis, 11324 Mauritius		
<b>BANKER:</b>	Standard Chartered Bank (Mauritius) Limited Units 6A and 6B 6th Floor, Standard Chartered Tower, 19-21, Bank Street, Cybercity Ebène Mauritius		
<b>AUDITOR:</b>	Ernst & Young 9th Floor NeXTeracom Tower 1 Cybercity Ebène Mauritius		

**THL Zinc Ltd****COMMENTARY OF THE DIRECTORS**

The directors present their commentary, together with the audited financial statements of THL Zinc Ltd (the "Company") for the year ended 31 March 2021.

**PRINCIPAL ACTIVITY**

The principal activity of the Company is to hold investments in companies incorporated only in India, Australia, Zambia, UK and South Africa.

**RESULTS AND DIVIDEND**

The Company's loss for the year ended 31 March 2021 is **USD 221,371** (2020: USD 715,648).

The directors do not recommend any payment of dividend for the year ended 31 March 2021 (2020: NIL).

The directors have assessed the impact of 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 their 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 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 automatically reappointed in the next annual meeting.

**THL Zinc Ltd**

**CERTIFICATE FROM THE SECRETARY**

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

We certify, as secretary of THL Zinc 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 2021, all such returns as required of the Company under the Mauritius Companies Act 2001.



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**For IQ EQ Corporate Services (Mauritius) Ltd  
Company Secretary**

**Date: 03 August 2021**

**INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THL ZINC LTD**

**REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS**

***Opinion***

We have audited the financial statements of THL Zinc Ltd (the "Company") set out on pages 7 to 29 which comprise the statement of financial position as at 31 March 2021, 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 2021, 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 221,371 for the year ended 31 March 2021, and its current liabilities exceed its current assets by USD 894,916,870, and as at that date the Company's total liabilities exceeded its total assets by USD 408,695,267. These conditions along with other matters set forth in note 17 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 Ltd Financial Statements For The Year Ended 31 March 2021", which includes the Commentary of the Directors and the 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.

INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THL ZINC 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.

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.



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INDEPENDENT AUDITOR'S REPORT  
TO THE MEMBERS OF THL ZINC LTD

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

*Use of our report*

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

*Companies Act 2001*

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

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

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



ERNST & YOUNG  
Ebène, Mauritius



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

Date: 3 August 2021



**THL Zinc Ltd**  
**STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021**

	<u>Notes</u>	<u>2021</u> <u>USD</u>	<u>2020</u> <u>USD</u>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	5	<b>460,693,544</b>	517,893,603
Loan receivable	6	<b>33,700,000</b>	26,200,000
<b>Total non-current assets</b>		<b>494,393,544</b>	544,093,603
<b>Current assets</b>			
Other receivables	7	<b>1,904,451</b>	1,221,285
Cash and cash equivalents		<b>7,831</b>	8,661
<b>Total current assets</b>		<b>1,912,282</b>	1,229,946
<b>TOTAL ASSETS</b>		<b>496,305,826</b>	545,323,549
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Issued capital	8	<b>9,001,000</b>	9,001,000
Other equity reserve	6(iii)	<b>(429,593,904)</b>	(429,593,904)
Retained earnings		<b>11,897,637</b>	12,119,008
<b>Shareholder's deficit</b>		<b>(408,695,267)</b>	(408,473,896)
<b>Non-current liabilities</b>			
Borrowings	10	<b>8,171,941</b>	40,000
<b>Total non-current liabilities</b>		<b>8,171,941</b>	40,000
<b>Current liabilities</b>			
Optionally convertible redeemable preference shares	9	<b>896,000,000</b>	896,000,000
Borrowings	10	<b>-</b>	55,610,000
Other payables	11	<b>829,152</b>	2,147,445
<b>Total current liabilities</b>		<b>896,829,152</b>	953,757,445
<b>Total liabilities</b>		<b>905,001,093</b>	953,797,445
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>496,305,826</b>	545,323,549

These financial statements have been approved by the board of directors and authorised for issue on 03 August 2021

Director

Director

The notes on pages 11 to 29 form an integral part of these financial statements.  
 Independent auditor's report on pages 4 to 6.

**THL Zinc Ltd**  
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Notes</u>	<u>2021</u> USD	<u>2020</u> USD
<b>Finance Income</b>	13	<u>683,180</u>	<u>521,025</u>
<b>Expenses</b>			
Filing and registration fees		(275)	(275)
Audit fees		(39,660)	(29,200)
Professional fees		<u>(14,325)</u>	<u>(10,550)</u>
		<u>(54,260)</u>	<u>(40,025)</u>
<b>Finance costs</b>	14	<u>(850,291)</u>	<u>(1,196,648)</u>
<b>Loss before tax</b>		<u>(221,371)</u>	<u>(715,648)</u>
Income tax expense	15	<u>-</u>	<u>-</u>
<b>Loss for the year</b>		<u>(221,371)</u>	<u>(715,648)</u>
<b>Total comprehensive loss for the year</b>		<u><u>(221,371)</u></u>	<u><u>(715,648)</u></u>

The notes on pages 11 to 29 form an integral part of these financial statements.  
Independent auditor's report on pages 4 to 6.

**THL Zinc Ltd**  
**STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Issued capital</u> USD	<u>Other equity reserve*</u> USD	<u>Retained earnings</u> USD	<u>Total equity</u> USD
At 1 April 2019	9,001,000	(429,593,904)	12,834,656	(407,758,248)
Loss for the year and total comprehensive loss	-	-	(715,648)	(715,648)
At 31 March 2020	<u>9,001,000</u>	<u>(429,593,904)</u>	<u>12,119,008</u>	<u>(408,473,896)</u>
At 1 April 2020	9,001,000	(429,593,904)	12,119,008	(408,473,896)
Loss for the year and total comprehensive loss	-	-	(221,371)	(221,371)
At 31 March 2021	<u>9,001,000</u>	<u>(429,593,904)</u>	<u>11,897,637</u>	<u>(408,695,267)</u>

\* Refer note 6(iii).

The notes on pages 11 to 29 form an integral part of these financial statements.  
Independent auditor's report on pages 4 to 6.

**THL Zinc Ltd**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

	<u>Notes</u>	<u>2021</u> USD	<u>2020</u> USD
<b>Cash flows from operating activities</b>			
Net cash used in operating activities	12	<u>(830)</u>	<u>(491)</u>
<b>Investing activities</b>			
Loan to related company	6	<u>(7,500,000)</u>	<u>(7,000,000)</u>
<b>Net cash used in investing activities</b>		<u>(7,500,000)</u>	<u>(7,000,000)</u>
<b>Financing activities</b>			
Loan from related company	10, 16 (e)	<u>7,500,000</u>	<u>7,000,000</u>
<b>Net cash generated from financing activities</b>		<u>7,500,000</u>	<u>7,000,000</u>
<b>Net decrease in cash and cash equivalents</b>		<b>(830)</b>	<b>(491)</b>
<b>Cash and cash equivalents at beginning of year</b>		<u>8,661</u>	<u>9,152</u>
<b>Cash and cash equivalents at end of year</b>		<u><u>7,831</u></u>	<u><u>8,661</u></u>

The notes on pages 11 to 29 form an integral part of these financial statements.  
Independent auditor's report on pages 4 to 6.

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**1 Company overview**

THL Zinc Ltd (the "Company") was incorporated in Mauritius, under the Mauritius Companies Act 2001, on 15 April 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 19 August 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 principal activity of the Company is to hold investments in companies incorporated only in India, Australia, Zambia, UK and South Africa.

**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).

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

**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, valued at cost less any provision for impairment. Investments are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

**(ii) Financial instruments**

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

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

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

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

**Debt instruments at amortised cost**

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

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

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

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**3(a) Accounting policies (continued)**

*(ii) Financial Instruments (continued)*

*(b) Financial asset - Derecognition*

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

*(c) Impairment of financial assets*

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

- i) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities and deposits.
- ii) Other receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

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

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

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

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

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

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

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

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

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

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

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

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

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**3(a) Accounting policies (continued)**

*(ii) Financial instruments (continued)*

*(d) Financial liabilities – Recognition & subsequent measurement (continued)*

*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.

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.

*(e) Financial liabilities – Derecognition*

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

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**3(a) Accounting policies (continued)**

**(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.

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 its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit or loss.

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

**(iv) Accounting for foreign currency transactions and translations**

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

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

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

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



**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**3(a) Accounting policies (continued)**

**(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.

All other assets are classified as non-current.

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

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

All other liabilities are classified as non-current.

**(vi) Cash and cash equivalents**

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

**(vii) Related parties**

Related parties are individuals and companies, including the management company, where the individual or the Company has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

**(viii) Interest income**

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

**(ix) Expense recognition**

Expenses are accounted for in statement of profit or loss on an accrual basis.

**(x) Taxation**

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

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

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

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

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

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

The Company has adopted, with effect from 01 April 2020, 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 definition of a Business
2. Amendments to IFRS 7 and 9 regarding Interest Rate Benchmark Reform
3. Amendments to IAS 1 and IAS 8 regarding definition of Material
4. Amendments to IFRS 16 regarding COVID-19 related rent concession

**Other Amendments**

A number of other minor amendments to existing standards also became effective on 01 April 2020 and have been adopted by the Company. The adoption of these new accounting pronouncements did not have a material impact on the accounting policies, methods of computation or presentation applied by the Company.

**Amendments to IAS 1 and IAS 8 Definition of Material :**

The amendments provide a new definition of material that states, "information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity." The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. These amendments had no impact on the financial statements of the Company.

**Standards issued but not yet effective**

There are no new standards that are notified, but not yet effective, upto the date of issuance of the Company's financial statements.

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**4 Significant accounting estimates and judgement**

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 19 for more details.

**Estimates and assumptions**

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

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

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

*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. 16(c) for more details.

*Impact of COVID-19*

The outbreak of novel Coronavirus (COVID-19) pandemic globally and the consequent lockdown restrictions imposed by national governments is causing significant disturbance and slowdown of economic activity across the globe.

The principal activities of the Company include financing its group companies through loans and investments. The Company has considered possible effects of Covid-19 on the recoverability of its investments, loans and receivables in accordance with IFRS. The Company has considered forecast consensus, industry reports, economic indicators and general business conditions to make an assessment of the implications of the Pandemic. Based on the assessment, there is no crucial impact of the pandemic on Company's operational existence for the foreseeable future and no adjustments are required in the financial statements for the year ended 31 March 2021.

The directors of subsidiaries have reviewed the business plan for the next 12 months in light of the current COVID-19 global pandemic. Subsidiaries were able to reduce their costs by invoking Force Majeure clauses in most of their contracts, Subsidiaries do not have any onerous contracts as a result of the pandemic and have enough cash resources and access undrawn facilities to be able to pay its debts as they fall due.

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**5. Investments in subsidiaries**

	<u>2021</u>	<u>2020</u>
	USD	USD
<i>At carrying value</i>		
At 1 April and 31 March	<u>460,693,544</u>	<u>517,893,603</u>

- (a) During the year 2013-14, the Company has provided for an impairment of USD 221,789,180 on its investment held in THL Zinc Namibia Holdings (Proprietary) Limited ("THLZNHL"). During the current year, THLZNHL has bought back 720 shares out of the 820 shares held by the Company for a consideration of USD 57,200,059. THLZNHL has taken over the Company's payables to Namzinc Pty (Principal amount of Loan USD 54,978,059 loan and interest accrued thereon USD 2,222,000) in lieu of this. The directors have re-assessed the investment in the subsidiary for indicators of impairment and are of opinion that no further impairment has to be provided for the investment. For COVID-19 related impact, refer note 4.
- (b) During the current year, the directors have assessed the investment in Black Mountain Mining (Proprietary) Limited (BMM) for indicators of impairment and are of opinion that no impairment has to be provided on this investment.
- (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 interests		Value of Investments at cost less impairment	
			2021	2020	2021	2020	<u>2021</u>	<u>2020</u>
							USD	USD
THL Zinc Namibia Holdings (Proprietary) Ltd	Mining	Namibia	100	820	100%	100%	431,089,121	488,289,180
Black Mountain Mining (Proprietary) Ltd	Mining	South Africa	740	740	69.5%	69.5%	251,393,603	251,393,603
Less: Impairment (Refer note 5(a))							(221,789,180)	(221,789,180)
					Total		<u>460,693,544</u>	<u>517,893,603</u>

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**6 Loan receivable**

		<u>2021</u> USD	<u>2020</u> USD
<b>Non-current</b>			
Loan to related parties			
Copper Mines of Tasmania Pty Ltd	note (i)	<u>33,700,000</u>	<u>26,200,000</u>
		<u>33,700,000</u>	<u>26,200,000</u>
		<u>2021</u> USD	<u>2020</u> USD
<b>Current</b>			
Loan to related parties			
Bloom Fountain Limited (BFL)	note (ii)	<u>3,536,419</u>	<u>3,536,419</u>
Provision for impairment-BFL	note (ii)	<u>(3,536,419)</u>	<u>(3,536,419)</u>
At 31 March		<u>-</u>	<u>-</u>

- (i) Pursuant to the board meeting of 6 July 2016, Copper Mines of Tasmania Pty Ltd. ("CMT"), a company incorporated under the laws of Australia has sought funds up to the tune of USD 10,000,000 from the Company. The Company agreed to grant the loan up to the amount of USD 10,000,000 to CMT at an interest rate of 2.3% per annum and repayable in one year. During the year 2017-18, the amount under the said facility has been extended upto USD 20,000,000 repayable in July 2019. During the year 2018-2019, the amount under the said facility has been extended upto USD 25,000,000 repayable in July 2020. During the previous year, the amount under the said facility was further extended upto USD 35,000,000 repayable in July 2021. The total amount outstanding under this facility as at 31 March 2021 is USD 33,700,000 (2020:USD 26,200,000) and accrued interest of USD 1,889,813 (2020: USD 1,206,647). The loan is unsecured in nature. The directors of the Company have assessed the business plans and future expected cash flows of CMT and basis the same are of the opinion that the outstanding balances are recoverable. Subsequent to the year end, the said facility has been further extended upto USD 45,000,000 repayable in July 2022.
- (ii) During the year 2015, the Company has entered into an agreement to provide a loan facility of USD 3,000,000 to Bloom Fountain Limited ("BFL"), a fellow subsidiary of the Company, for a period of 12 months at an interest rate of 2.6% per annum. The loan is unsecured in nature. On 1 February 2016, the amount under the facility was increased to USD 3,600,000 and repayment date was extended to 28 February 2019. The total amount outstanding under this facility as at 31 March 2017 was USD 3,536,419 and accrued interest of USD 173,400. The said outstanding balance along with the accrued interest thereon has been impaired during the year 2016-17 and charged to profit or loss. As at 31 March 2021, the amount outstanding under the said facility along with the accrued interest (net of impairment) is Nil (2020: Nil). During the previous years, the parties extended the loan till 31 October 2022 with an increased rate of interest of 7.11% effective from February 2020. The recoverability of Loan and Interest is not certain. Hence, the loan is impaired and interest is not being accrued. For COVID-19 related impact, refer note 4.

- (iii) The Company had advanced loans of USD 1,745,772,494 to Twin Star Mauritius Holdings Limited (TSMHL), a fellow subsidiary of the Company. TSMHL was holding shares of Cairn India Limited ("Cairn India"), another fellow subsidiary of the Company. During the year 2016-17, the merger of Cairn India into the Company's intermediate holding company, Vedanta Limited ("Vedanta"), was substantially completed and was implemented in the month of April 2017 by allotment of shares of Vedanta to the shareholders of Cairn India. As per the terms of the Scheme of merger, Vedanta and its subsidiaries (including TSMHL) did not receive any consideration in lieu of their holding in Cairn India which stood extinguished upon the merger being implemented. Hence, the Company made an impairment provision of USD 1,779,654,112 against the loan (including accrued interest) it had extended to TSMHL and the effects of the same were carried through the statement of changes in equity. During the year 2017-2018, subsequent to the liquidation of TSMHL, the Company recognised an additional impairment for the balance USD 716,331 through the statement of changes in equity. The loan payable to Cairn India Holdings Limited of USD 1,250,000,000 along with accrued interest of USD 100,776,539 was assigned to TSMHL which had the effect of recovery of the loan already impaired and an impairment reversal of an equivalent amount. Hence, net impairment reversal of USD 1,350,060,208 has been recognised in other equity. The balance loan of USD 429,593,904 was converted into equity and was written off during the year 2017-2018 due to filing for liquidation by TSMHL.

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**7 Other receivables**

	<u>2021</u> USD	<u>2020</u> USD
Advance others- Receivable from Bloom Fountain Limited (refer note 7 (i))	14,638	14,638
Accrued interest - Copper Mines of Tasmania Pty Ltd (Refer to note 6(i))	1,889,813	1,206,647
Accrued interest - Bloom Fountain Limited (Refer to note 6(ii))	173,400	173,400
Less: Impairment of accrued interest- Bloom Fountain Limited	(173,400)	(173,400)
	<u>1,904,451</u>	<u>1,221,285</u>

- (i) During 2017-18, Sesa Sterlite Mauritius holdings limited ("SSMHL"), a fellow subsidiary, which entered into liquidation, assigned its net assets to Bloom Fountain Limited (BFL), its parent company and hence the Company transferred its receivable from SSMHL to BFL amounting to USD 14,638.

**8 Issued Capital**

	<u>2021</u> USD	<u>2020</u> USD
<b>Ordinary shares</b>		
<u>Issued and fully paid</u>		
At 1 April and 31 March	<u>9,001,000</u>	<u>9,001,000</u>

The shares in the capital of the Company comprise of 1,000 ordinary shares of USD 1 per share and 90,000 ordinary shares of par value USD 100, issued to THL Zinc Ventures Ltd. The ordinary share carries voting rights and right to dividend.

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

- (i) 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 THL Zinc Ventures Ltd. Each OCRPS can be converted at the option of the investor into a variable number of equity shares, hence classified as current or can be redeemed anytime at the option of the Company.
- (ii) The Company has issued 2.4 million, 0.25% Optionally Convertible Redeemable Preference Shares ("OCRPS") of USD 1 each with a premium of USD 99 each to THL Zinc Holding BV. Each OCRPS can be converted at the option of the investor into a variable number of equity shares, hence classified as current or can be redeemed anytime at the option of the Company. In 2011-12, 440,000 shares were redeemed by the Company.

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

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

10 Borrowings	<u>2021</u>	<u>2020</u>
	USD	USD
<b>Non-Current</b>		
At 1 April	40,000	-
Loan from Twin Star Holdings Limited	-	40,000
Reclassified from current borrowings	8,131,941	-
	<u>8,171,941</u>	<u>40,000</u>
At 31 March	<u>8,171,941</u>	<u>40,000</u>
	<u>2021</u>	<u>2020</u>
	USD	USD
<b>Current</b>		
At 1 April	55,610,000	48,650,000
Additional loan from Namzinc (Pty) Ltd (Refer note 10 (i))	7,500,000	7,000,000
Loan repaid to Namzinc (Pty) Ltd (Refer note 5 (a))	(54,978,059)	-
Reclassified to non-current borrowings (Refer note 10 (i))	(8,131,941)	(40,000)
	<u>-</u>	<u>55,610,000</u>
At 31 March	<u>-</u>	<u>55,610,000</u>
(i) Pursuant to a board meeting of 29 November 2016, the Company entered into a loan agreement with Namzinc (Pty) Limited ("NPL"), a group company for an amount of USD 50,000,000 at an interest rate of 2.25% per annum and repayable within one year. During the year 2017-18, the amount under this facility has been extended to USD 100,000,000 payable in July 2020. During the previous year, the maturity of this loan was further extended to October 2022 with an increased interest rate of 3.50%. As at 31 March 2021, the amount outstanding under this facility was USD 8,131,941 (2020: USD 55,610,000) and accrued interest of USD 115,389 (2020: USD 1,513,447).		
(ii) During the year 2018-2019, the Company received a fresh loan from Twinstar Holdings Limited, a group company for a facility amount of USD 20,000,000 at an interest rate of 2.25% p.a. repayable in February 2020. During the year 2018-2019, an amount of USD 10,000,000 was drawn under this facility and an amount of USD 9,960,000 was repaid during 2018-2019. During the previous year, the maturity of this loan was further extended to October 2022 with an increased interest rate of 7.78% effective from February 2020. As at 31 March 2021, the amount outstanding under this facility was USD 40,000 (2020: USD 40,000) and accrued interest of USD 9,281 (2020: USD 6,173).		
<b>11 Other Payables</b>	<u>2021</u>	<u>2020</u>
	USD	USD
Audit fees	39,200	29,200
Interest on ORCPS	230,286	207,890
Amount due to THL Zinc Ventures Ltd (refer note 17)	333,000	333,000
Interest payable to Namzinc (Pty) Ltd (refer note 10 (i))	115,389	1,513,447
Interest payable to Twin Star Holdings (refer note 10 (ii))	9,281	6,173
Other payables	101,996	57,735
	<u>829,152</u>	<u>2,147,445</u>
At 31 March	<u>829,152</u>	<u>2,147,445</u>

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



**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

<b>12</b>	<b>Net cash used in operating activities</b>	<u>2021</u> USD	<u>2020</u> USD
	Loss before taxation	(221,371)	(715,648)
	<i>Adjusted for:</i>		
	- Interest income (Note 13)	(683,165)	(520,536)
	- Interest expense (Note 14)	849,446	1,195,668
		<u>(55,090)</u>	<u>(40,516)</u>
	Working capital changes:		
	- Change in other payables	54,261	40,025
	Net cash used in operating activities	<u>(830)</u>	<u>(491)</u>
<b>13</b>	<b>Finance income</b>	<u>2021</u> USD	<u>2020</u> USD
	Bank interest	15	489
	Other group companies interest income (refer note 17)	683,165	520,536
		<u>683,180</u>	<u>521,025</u>
<b>14</b>	<b>Finance costs</b>	<u>2021</u> USD	<u>2020</u> USD
	Interest expense on optionally convertible preference shares	(22,396)	(22,457)
	Interest expense to Namzinc Pty Ltd (refer note 17)	(823,942)	(1,172,071)
	Interest expense to Twin Star Holdings (refer note 17)	(3,108)	(1,140)
	Bank charges	(845)	(980)
		<u>(850,291)</u>	<u>(1,196,648)</u>

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**15 Income Tax**

The Company is subject to tax at the rate of 15% (2020: 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 19 August 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.

(i) Tax expense

	<u>2021</u> USD	<u>2020</u> USD
Current tax	-	-
	<u>-</u>	<u>-</u>

(ii) Tax reconciliation

	<u>2021</u> USD	<u>2020</u> USD
Loss before taxation	<u>(221,371)</u>	<u>(715,648)</u>
Tax at statutory rate of 15%	(33,206)	(107,347)
Less: Tax effect on exempt income	(2)	(73)
Effect of unused tax losses not recognised as deferred tax assets	<u>33,208</u>	<u>107,420</u>
Income tax expense	<u>-</u>	<u>-</u>

(iii) Tax Losses carried forward

<u>Loss relating to financial year ending</u>	<u>Carry forward up to financial year</u>	USD
31 March 2018	31 March 2023	75,562,898
31 March 2019	31 March 2024	694,487
31 March 2020	31 March 2025	716,137
31 March 2021	31 March 2026	<u>217,736</u>
<b>Total</b>		<u><u>77,191,258</u></u>

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.

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**16 Financial Instruments**

Fair values

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

	<u>2021</u> USD	<u>2020</u> USD
<b>Financial assets- at amortised cost</b>		
Cash and cash equivalents	7,831	8,661
Loan and receivables	<u>35,604,451</u>	<u>27,421,285</u>
	<u><u>35,612,282</u></u>	<u><u>27,429,946</u></u>
<b>Financial liabilities- at amortised cost</b>		
OCRPS (Refer note 9)	896,000,000	896,000,000
Loans and payables	<u>9,001,093</u>	<u>57,797,445</u>
	<u><u>905,001,093</u></u>	<u><u>953,797,445</u></u>

(a) Market risk

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.

(b) Interest rate risk

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.

	<u>Interest bearing</u>	<u>Non-interest bearing</u>	<u>Total</u>
	USD	USD	USD
<b>31 March 2021</b>			
<b>Financial assets- at amortised cost</b>			
Other receivables	-	1,904,451	1,904,451
Cash and cash equivalents	-	7,831	7,831
Loan receivable	<u>33,700,000</u>	-	<u>33,700,000</u>
<b>Total assets</b>	<u><u>33,700,000</u></u>	<u><u>1,912,282</u></u>	<u><u>35,612,282</u></u>
<b>Financial liabilities- at amortised cost</b>			
Other payables	-	829,152	829,152
OCRPS	<u>896,000,000</u>	-	<u>896,000,000</u>
Borrowings	<u>8,171,941</u>	-	<u>8,171,941</u>
<b>Total liabilities</b>	<u><u>904,171,941</u></u>	<u><u>829,152</u></u>	<u><u>905,001,093</u></u>
<b>31 March 2020</b>			
	<u>Interest bearing</u>	<u>Non-interest bearing</u>	<u>Total</u>
	USD	USD	USD
<b>Financial assets- at amortised cost</b>			
Other receivables	-	1,221,285	1,221,285
Cash and cash equivalents	-	8,661	8,661
Loan receivable	<u>26,200,000</u>	-	<u>26,200,000</u>
<b>Total assets</b>	<u><u>26,200,000</u></u>	<u><u>1,229,946</u></u>	<u><u>27,429,946</u></u>
<b>Financial liabilities- at amortised cost</b>			
Other payables	-	2,147,445	2,147,445
OCRPS	<u>896,000,000</u>	-	<u>896,000,000</u>
Borrowings	<u>55,650,000</u>	-	<u>55,650,000</u>
<b>Total liabilities</b>	<u><u>951,650,000</u></u>	<u><u>2,147,445</u></u>	<u><u>953,797,445</u></u>

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

Interest rate sensitivity

As at 31 March, 2021 and 31 March, 2020, the Company does not have any exposure to variable rate financial assets and liabilities, hence there is no interest rate risk.

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**16 Financial instruments (continued)**

(c) 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 directors have also assessed this in light of COVID-19 pandemic and have concluded that the assessment does not change.

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

	<u>2021</u>	<u>2020</u>
	USD	USD
Loans, interest and other receivables from related parties	35,604,451	27,421,285
Cash at bank	7,831	8,661
	<u>35,612,282</u>	<u>27,429,946</u>

(d) Currency risk management

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

*Currency profile*

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

	Financial assets	Financial liabilities	Financial assets	Financial liabilities
	<u>2021</u>	<u>2021</u>	<u>2020</u>	<u>2020</u>
	<u>March</u>	<u>March</u>	<u>March</u>	<u>March</u>
	USD	USD	USD	USD
United States Dollar	<u>35,612,282</u>	<u>905,001,093</u>	<u>27,429,946</u>	<u>953,797,445</u>

For the years ended 31 March 2021 and 31 March 2020, the Company does not have any exposure to foreign currencies. Therefore, sensitivity relative to foreign currencies has not been disclosed.

**THL Zinc Ltd**  
**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**  
**FOR THE YEAR ENDED 31 MARCH 2021**

**16 Financial instruments (Continued)**

(e) 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 maturity profile of the Company's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below:

<b>31 March 2021</b>	<b>Up to 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Financial liabilities</b>			
Other payables	829,152	-	829,152
OCRPS	896,000,000	-	896,000,000
Borrowings	-	8,171,941	8,171,941
<b>Total</b>	<b>896,829,152</b>	<b>8,171,941</b>	<b>905,001,093</b>

<b>31 March 2020</b>	<b>Up to 1 year</b>	<b>More than 1 year</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>Financial liabilities</b>			
Other payables	2,147,445	-	2,147,445
OCRPS	896,000,000	-	896,000,000
Borrowings	55,610,000	40,000	55,650,000
<b>Total</b>	<b>953,757,445</b>	<b>40,000</b>	<b>953,797,445</b>

**Reconciliation of liabilities arising From financing activities:**

	<b>Borrowings</b>		
	<b>Due within 1 year</b>	<b>Due after 1 year</b>	<b>Total</b>
	<b>USD</b>	<b>USD</b>	<b>USD</b>
<b>At 1 April 2019</b>	<b>48,650,000</b>	<b>-</b>	<b>48,650,000</b>
Cash flow	7,000,000	-	7,000,000
Reclassification from current to non-current	(40,000)	40,000	-
<b>At 1 April 2020</b>	<b>55,610,000</b>	<b>40,000</b>	<b>55,650,000</b>
Cash flow	7,500,000	-	7,500,000
Other Non cash adjustments (Refer note 5 (a))	(54,978,059)	-	(54,978,059)
Reclassification from current to non-current	(8,131,941)	8,131,941	-
<b>At 31 March 2021</b>	<b>-</b>	<b>8,171,941</b>	<b>8,171,941</b>

**Fair value estimation**

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date

THL Zinc LtdNOTES TO THE FINANCIAL STATEMENTS (CONTINUED)  
FOR THE YEAR ENDED 31 MARCH 2021

## 16 Financial instruments (continued)

(f) Capital risk management

For the purpose of the Company's capital management, capital includes issued capital 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, loans and borrowings, less cash and cash equivalents, excluding discontinued operations.

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

*Gearing ratio*

The gearing ratio at the year end was as follows:

	<u>2021</u>	<u>2020</u>
	USD	USD
Debt (i)	904,171,941	951,650,000
Cash and cash equivalents	<u>(7,831)</u>	<u>(8,661)</u>
Net debt	<u>904,164,110</u>	<u>951,641,339</u>
Equity (ii)	<u>(408,695,267)</u>	<u>(408,473,896)</u>
Net debt to equity ratio (times)	N/A	N/A

(i) Debt includes ORCPS of USD 896,000,000 (2020: USD 896,000,000), loan from Twinstar Holdings to USD 40,000 (2020: USD 40,000) and loan from Namzinc (Pty) Ltd amounting to USD 8,131,941 (2020: USD 55,610,000).

(ii) Equity includes all capital, other equity and reserves of the Company.

**THL Zinc Ltd****NOTES TO THE FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED 31 MARCH 2021****17 Related party transactions & balances**

During the year ended 31 March 2021, the Company traded with related parties. The nature and volume of

<b>Name of Company</b>	<b>Relationship</b>	<b>Nature of transaction</b>	<b>2021 USD</b>	<b>2020 USD</b>
THL Zinc Ventures Ltd	Holding company	Interest expense on OCRPS (Note 14)	17,496	17,544
THL Zinc Holding BV	Group company	Interest expense on OCRPS (Note 14)	4,900	4,913
Copper Mines of Tasmania Pty Ltd	Group company	Interest income (Note 13) Loan advanced (Note 6)	683,165 7,500,000	520,536 7,000,000
Twin Star Holdings Ltd	Group company	Interest expense (Note 14)	3,108	1,140
Namzinc (Pty) Ltd	Subsidiary	Interest expense (Note 14) Loan received (Note 10) Loan repaid/novated (Note 5(a))	823,942 7,500,000 54,978,059	1,172,071 7,000,000 -
Vedanta Resources Limited		Expenses reimbursement	45,240	38,535
<b><u>Outstanding balances</u></b>				
Vedanta Resources Limited	Intermediate holding company	Payable	(97,621)	(52,381)
Amount due to THL Zinc Ventures Ltd	Holding company	Payable Interest payable OCRPS (Refer Note 11)	(333,000) (180,759) (700,000,000)	(333,000) (163,263) (700,000,000)
Amount due to THL Zinc Holding BV	Related party	Interest payable OCRPS (Refer note 11)	(49,527) (196,000,000)	(44,627) (196,000,000)
Bloom Fountain Limited	Group company	Other receivable (refer note 7)	14,638	14,638
Copper Mines of Tasmania Pty	Group company	Loan receivable (Note 6) Interest receivable (Note 7)	33,700,000 1,889,813	26,200,000 1,206,647
Namzinc (Pty) Ltd	Subsidiary	Loan payable (Note 10) Interest payable (Note 11)	(8,131,941) (115,389)	(55,610,000) (1,513,447)
Twinstar Holdings	Group company	Loan payable (Note 10) Interest payable (Note 11)	(40,000) (9,281)	(40,000) (6,173)

**THL Zinc Ltd****NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 MARCH 2021****17 Related party transactions & balances (continued)****Other related party transactions**

IQ EQ Corporate Services (Mauritius) Ltd and its associates perform certain administration and tax related services for the Company. A sum amounting to USD 14,600 (2020: USD 8,825) which includes professional fees for the provision of directorship services of USD 2,000 (2020: USD 2,000) was expensed during the year in respect of the aforesaid services.

**Compensation to key management personnel**

No compensation to key management personnel was paid during the year ended 31 March 2021 (2020: Nil).

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

The Company's immediate holding company is THL Zinc Ventures Ltd, a Category 1 Global Business Company, established in Mauritius. The Company's intermediate holding company are Vedanta Limited, a company incorporated in India, and 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 Investments Cyprus Limited, which is beneficially owned by the Anil Agarwal Discretionary Trust. Volcan Investments Limited is incorporated in the Bahamas and does not produce Consolidated financial statements.

**19 Going concern**

The Company incurred a net loss of USD 221,371 (2020: USD 715,648) for the year ended 31 March 2021. As at that date, its total liabilities exceeded its total assets by USD 408,695,267 (2020: USD 408,473,896) and its current liabilities exceeded its current assets by USD 894,916,870 (2020: USD 952,527,498).

The Company has received a letter of support from Vedanta Limited, the intermediate 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 intermediate 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 2021.

The directors do not expect any significant Impact of COVID 19 considering the events upto the date of signing as well.