

Registered Number: SC172470

CAIRN ENERGY HYDROCARBONS LIMITED
REPORT & FINANCIAL STATEMENTS
FOR YEAR ENDED 31 MARCH 2026

Cairn Energy Hydrocarbons Limited

Directors:

Hitesh Narendra Vaid (with effect from 17 July 2020 and resigned with effect from 4 November 2025)

Aamir Husain Rizvi (with effect from 7 June 2022)

Willem Anton Smit (with effect from 25 March 2022)

Independent Auditors:

MHA,

6th Floor

2 London Wall Place, London

EC2Y 5AU, UK

Company Secretaries

Amicorp (UK) Secretaries Limited

(Company Number: 04194501),

3rd Floor, 5 Lloyds Avenue,

London, EC3N 3AE

Registered Office:

Dept 6851, 1st Floor

211 Dumbarton Road, Mansfield Park , Glasgow

Scotland G11 6AA

Registered No:

SC172470

Cairn Energy Hydrocarbons Limited
Strategic Report

The directors present their strategic report for year ended 31 March 2026

Principal Activities and Business Review

Cairn Energy Hydrocarbons Limited (“Company”) is engaged in the exploration, development and production of oil and gas.

The Company has a 50% interest in the exploration area and a 35% interest in the development area of the Rajasthan block RJ-ON-90/1 (“Rajasthan”) in India. Average gross production from the Rajasthan block for the year was 70,397 boepd and working interest production was 24,639 boepd.

Joint operation partner, ONGC, has a 30% participating interest. The Rajasthan block is spread over 3,111 sq. kms west of Barmer district. The block consists of three contiguous development areas or DA: (i) DA 1, primarily comprising the Mangala, Aishwariya, Raageshwari and Saraswati or MARS fields; (ii) DA 2 primarily consisting of the Bhagyam, NI and NE and Shakti fields; and (iii) DA 3, comprising the Kaameshwari West fields.

The Mangala field was discovered in January 2004. This was followed by many other discoveries including the Aishwariya and Bhagyam fields. In the Rajasthan block, 38 discoveries have been established, since inception. The Mangala, Bhagyam and Aishwariya fields (collectively, the “MBA Fields”) are the largest in the Rajasthan Block and the Mangala field was the first to be developed, having commenced production of commercial crude oil in August 2009. In addition, the Company has completed the Mangala Processing Terminal (MPT), a centralised hub facility to handle crude oil production from the MBA Fields and other fields, such as Raageshwari, Saraswati and other satellite fields. Since June 2010, sales of crude oil from the Rajasthan Block are made through a pipeline (the “Pipeline”) of approximately 590 km running from the MPT to Salaya which further extends 73 km to Bhogat. In November 2015, the Salaya-Bhogat pipeline and terminal at Bhogat were commissioned. The terminal provides access to a larger market for Rajasthan crude. The Bhogat terminal is a 160-hectare site located eight km from the Arabian Sea coast at Bhogat in Jamnagar District, Gujarat.

We have successfully executed the Enhanced Oil Recovery (“EOR”) project in Mangala and has been replicated the same for Bhagyam and Aishwariya fields. We are also investing in developing Rajasthan potential beyond the MBA fields and presently focusing on - Barmer Hill, Satellite Fields. Also, gas development in the Raageshwari Deep Gas field continues to be a strategic priority. Infill drilling is ongoing across fields in Rajasthan to augment reserves and mitigate natural decline.

The Company derived gross revenue from oil and gas production of \$ 459.53 Mn (year ended March 2025: \$ 569.48 Mn) from permit interests in India. During the current year, the Company made a profit of \$ 49.27 Mn (year ended March 2025: profit of \$ 86.09 Mn). Dividend amounting to \$66 Mn has been paid during the year (year ended March 2025: \$ 187.88 Mn).

	Year ended March 2026 (\$'000)	Year ended March 2025 (\$'000)
Revenue	459,534	569,476
Operating Profit	90,117	123,394
Profit for the year	49,269	86,091
Margin (%)	10.72%	15.12%

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Operations & Projects

During the period, the Block achieved a total production of 25.7 mmboe. Cumulative production till 31 March 2026 is 806 mmboe.

The gross average production for the period ended March 2026 was at 70,397 boepd, 16% lower year on year (yoy). The natural decline in the MBA fields has been partially offset by infill wells drilling campaigns and well intervention activities in Mangala, Bhagyam, Aishwariya, ABH, Saraswati and RDG fields.

Development Area (DA) 1, primarily comprising the Mangala, Aishwariya, Saraswati and Raageshwari oil & gas fields, produced at a gross average of 60,509 boepd during the year.

DA 2 comprising of Bhagyam, NI and NE field produced gross average 9,791 boepd during the year.

DA 3 comprising KW2 produced gross average 97 boepd during the year.

Gas production from Raageshwari Deep Gas (RDG) averaged to 86 million standard cubic feet per day (mmscfd) in FY2026, with gas sales, post captive consumption, at 75 mmscfd.

With focus on developing the potential of resource base at Rajasthan, continuous efforts are being made to advance key projects to the production stage. The block comprises a rich set of project portfolio comprising of enhanced oil recovery projects, tight oil, tight gas, facility upgradation and appraisal prospects. Infill drilling is ongoing across fields in Rajasthan to augment reserves and mitigate natural decline.

As part of the growth projects in Rajasthan 422 wells have been drilled. Of these 359 wells have been hooked up till date.

Gas development in the Raageshwari Deep Gas field continues to be a strategic priority. In order to realize the full potential of the gas reservoir, a 5 well infill drilling campaign has been completed during fiscal year 2026.

To accelerate production and augment reserves infill drilling is being carried out across fields in Rajasthan asset; Aishwariya Lower Fatehgarh (LF) (17 wells), Tight Oil (ABH) (14 wells), Saraswati Infill (6 wells), Bhagyam Infill (4 wells) and RDG infill (5 wells). As of March 31, 2026, 21 wells have been drilled and 31 wells have been hooked up across these projects.

Sales

Crude oil sales arrangements are in place with Public Sector Refineries (PSU) and private refiners.

The Rajasthan crude is well established in the market, generating adequate demand and thereby creating value for its stakeholders. During fiscal year 2026, Crude oil price was benchmarked to Dated Brent, international benchmark crude for low sulphur crude grades.

Resource & Reserve Base

As at March 31, 2026, the gross hydrocarbons in-place in Rajasthan is at 5.3 billion boe. The gross proved plus probable reserves and resources stood at 1,085 mmboe, which includes gross reserves (2P) of 113 mmboe and gross resources (2C) of 972 mmboe.

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Section 172 Statement

The following section serves as our 'Section 172(1) statement' and explains how the Board considers the interests of key stakeholders and the broader matters set out in s172 (1) (a)-(f) of the Companies Act, 2006 (s172), when performing their duty to promote the success of the Company under s172, the Board's engagement with those stakeholders and their influence on decision-making.

The Board's Approach to s172 and Decision-Making

The Board is ultimately responsible for the long-term success of the Company. It recognises that this is dependent on fostering good relationships with its key stakeholders in the pursuit of sustainable growth for the benefit of the Company's shareholders. The Board therefore considers the interests of and the impact of its decisions on the Company's key stakeholders as part of its decision-making process. When making decisions, each Director ensures that he/ she acts in the way he/she considers, in good faith, would most likely promote the Company's success for the benefit of its members as a whole, and in doing so, have regard (among other matters) to those matters set out in s172 including:-

- (a) the likely consequences of any decision in the long term;
- (b) the interests of the company's employees;
- (c) the need to foster the company's business relationships with suppliers, customers, and others;
- (d) the impact of the company's operations on the community and the environment;
- (e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- (f) the need to act fairly between members of the company.

Information

The associated briefing papers circulated to the Board for consideration and approval, detail potential impacts, if any, on the members and other stakeholders and the long-term consequences for the business.

The s172 assessment is performed internally by the management, and where required, the Board may request external assurance of the quality of information provided.

Policies and Practices at Group level

The Company is a wholly owned subsidiary of Cairn India Holdings Ltd, which is ultimately controlled by Vedanta Resources Limited (VRL). At VRL level, there is an established stakeholder engagement standard, which governs the procedure for identifying key stakeholders and the decisions affecting the key stakeholders (including those matters in s.172) are delegated to VRL's subsidiaries and to the Group as a whole. A review of key stakeholders is undertaken every 3 years and discussed by the Group Executive Committee.

In line with the Group's delegated authority structure, stakeholder identification is undertaken at a Business Unit level. VRL's social responsibility performance standard aims to ensure effective engagement with all key stakeholders. A detailed synopsis on the Group's ongoing engagement with stakeholder groups including the local community, employees, shareholders, investors, lenders, civil societies, industry (including suppliers, customers, peers, media) and governments can be found in the relevant sections of the Annual Report of VRL.

Training

The relevance of stakeholder considerations in the context of the Board's decision-making has long been a part of the Board, as they are aligned to the Group's vision, values, and sustainability principles. We recognise the importance of keeping the interests of our stakeholders at the forefront of decision-making and continue to provide refresher training to Directors.

We have taken action to make the regular consideration of stakeholder interests a key part of the Company's business culture. The Board have received briefings on the Directors' duties as outlined in s172.

Maintaining our Licence to Operate and Compliance with Legislation

Our licence to operate is dictated by our reputation and the way the Company is perceived by its stakeholders. The Board's leadership ensures that the management runs the businesses in an ethical and responsible manner in relation to all stakeholders, whilst also considering the environmental impact of their decisions and complying with their statutory obligations to report on the same.

The Group has a Code of Business Conduct and Ethics, a Supplier Code of Conduct, and its Whistle-blower Policy, which reinforce the Board's commitment to operating in an ethical manner in the pursuit of its goals. The Company has also maintained its compliance with the Energy Savings Opportunity Scheme by reporting to the authorities on its energy consumption. In addition, the Board have considered their duties to the stakeholders by complying with the General Data Protection Regulations.

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Creating Value for our Stakeholders

The Company maintains ongoing dialogue with its stakeholders to understand their expectations and how their concerns can be addressed. The due consideration of stakeholder interests, while encompassing fair treatment to members of the Company and maintaining highest standards of governance, forms a vital part of the Board's deliberations.

The Board ensures that stakeholder considerations are taken into account in strategic decision-making by requiring that all strategic proposals coming to the Board include an analysis of stakeholder impacts, which form part of the discussions when making decisions. The Company Secretary provides support to the Board to ensure that sufficient consideration is given to stakeholder issues.

Principal Risks and Uncertainties

The Company is subject to a variety of risks including those which derive from the nature of the oil and gas exploration and production business and relate to the countries in which it conducts its activities. Outlined below is a description of the principal risk factors that may affect performance. Such risk factors are not intended to be presented in any order of priority. Any of the risks, as well as the other risks and uncertainties referred to in this report, could have a material adverse effect on business performance. In addition, the risks set out below may not be exhaustive and additional risks and uncertainties, not presently known to the Company, or which the Company currently deems immaterial, may arise or become material in the future.

Government of India Arbitration (DGH)

2. The Government of India ("GoI"), acting through the Directorate General of Hydrocarbons ("DGH"), had raised a demand up to 14 May 2020 for Government's additional share of Profit Oil based on its computation of disallowance of cost incurred over retrospective re-allocation of certain common costs between Development Areas (DAs) of Rajasthan Block; recovery of exploration costs incurred after the Exploration phase; and certain other matters aggregating to ₹ 9,545 Crore (US\$ 1,162 million) and applicable interest thereon representing share of Vedanta Limited and its subsidiary.

The Company had disputed the aforesaid demand and invoked arbitration as per the provisions of the Production Sharing Contract. The Company had received the Final Partial Award dated 22 August 2023 from the Arbitration Tribunal ('the Tribunal') as amended by orders dated 15 November 2023 and 8 December 2023 ("the Award"), dismissing the Government's contention of additional Profit Petroleum in relation to allocation of common development costs across Development Areas and certain other matters in accordance with terms of the Production Sharing Contract for Rajasthan Block, while allowing some aspects of the audit objections raised. Further, the Tribunal had decided that the Company was allowed to claim cost recovery of exploration cost as per terms of the Production Sharing Contract.

Pursuant to the Award, the Company had recognized a benefit of ₹ 2,381 Crore (US\$ 289 million) in revenue from operations in financial year ended 31 March 2024. The Company has adjusted the profit petroleum liability against the aforesaid benefit.

GoI filed interim relief application to the Tribunal on 3 February 2024 stating that the Company has unilaterally enforced the Award although the quantification of the same is pending. The matter was heard and the Tribunal vide its order dated 29 April 2024 denied GoI's interim relief application. GoI has filed an appeal before the Delhi High Court ("Section 37 Appeal") challenging Tribunal's order dated 29 April 2024. On 11 July 2025, the Delhi High Court dismissed GOI's Section 37 Appeal in Company's favour. GOI has filed a SLP before the Supreme Court challenging Delhi High Court's order dated 11 July 2025. The matter is listed for hearing on maintainability of the SLP on 29 July 2026. Without prejudice to its rights under the proceedings, the Group has paid a sum of ₹ 513 Crore (US\$ 57million) in Q3 FY26.

In the interim, Quantum Proceedings have commenced. The Group has filed its claim for US\$ 512 million before the Tribunal and GOI, while disputing the claim of the Group, has filed a claim of US\$ 210 million to the Tribunal. As Vedanta's claim of US\$ 512 million is largely on account of disintegration of the Virtual DAs (that were created on account of OM13 & OM19) into the main DA, we believe Vedanta Group has a good case on merits. GOI's claim of US\$ 210 million is based largely on the argument that the WP&B was not reviewed by GOI. It is Vedanta's submission that the WP&B were submitted to DGH for review. Hearing in the matter concluded in March 2026. We await the arbitral award.

GoI had also filed a challenge against the Award on 7 March 2024 in Delhi High Court ("Section 34 Application") and the matter was first heard on 14 March 2024. Notice has been issued in the matter. Till date, no stay has been granted on the operation of the Award.

Mitigation:

The Company is of the view that the challenge filed by GOI may not succeed, as the Court may not re-appreciate the evidence in Section 34 appeal as the interpretation by the Tribunal is plausible.

The Company believes that the GOI's claim of US\$ 210 mn in quantum proceedings as it is contrary to the Award and clarification issued by the Tribunal in the GOI's reconsideration application. The Quantum hearing has been concluded and an award is expected soon.

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Crude oil and natural gas reserves are estimates and actual recoveries may vary significantly

There are numerous uncertainties inherent in estimating crude oil and natural gas reserves. Reservoir engineering follows a subjective process of estimating underground accumulations of crude oil and natural gas. It is well understood that these cannot be measured in an exact manner. Through enhanced understanding of the reservoirs, achieved by undertaking additional work, these risks are gradually mitigated. Reserves estimations involve a high degree of judgement and it is a function of the quality of the available data and the engineering and geological interpretation. Results of drilling, testing, and production may substantially change the reserve estimates for a given reservoir over a period.

For these reasons, actual recoveries may vary substantially. Such variation in results may materially impact Company's actual production, revenue and expenditures.

Mitigation:

- Dedicated exploration cell with continuous focus on enhancing exploration capabilities.
- Appropriate organisation and adequate financial allocation in place for exploration.
- Strategic priority is to add to our R&R by extending resources at a faster rate than we deplete them, through continuous focus on drilling and exploration programme.
- Exploration Executive Committee (ExCo) has been established to develop and implement strategy and review projects group wide.
- Continue to make applications for new exploration tenements in countries in which we operate under their respective legislative regimes..
- Exploration-related systems being strengthened, and standardised group wide and new technologies being utilised wherever appropriate. [
- International technical experts and agencies are working closely with our exploration teams to enhance our capabilities.

International prices for oil & gas are volatile, and have a significant effect on us

The majority of our revenue is derived from sales of crude oil and natural gas in India. The price that we receive for these hydrocarbons is linked to their international prices. Historically, international prices for crude oil and natural gas have fluctuated as a result of many macro-economic, geo-political and regional factors. Additionally, there is continuous trend of shift to renewable energy sources which can have effect on future demand and prices of crude oil. Substantial or extended declines in international crude oil and gas prices could have an adverse effect on the economics of existing/ proposed projects, capex outlay, results of operations and financial condition.

Mitigation:

Company considers exposure to commodity price fluctuations to be an integral part of the its business and its usual policy is to sell its products at prevailing market prices and not to enter into price hedging arrangements. Finance standing committee reviews all forex and commodity related risks and suggests necessary courses of action as needed by business divisions.

Execution challenges in respect of Work Programme

To capitalize on the potential of our resources, Company has regular plans to implement sustenance and growth projects. Some of these projects have long execution timelines, have interdependencies, and are brown-field involving tie-ins with existing facilities. Company has entered into integrated development contracts for various projects; however, successful implementation of the work programme depends on integrated development contractor, equipment and services providers, construction contractors etc. Delivery of services and equipment as per schedule, of the right quality and cost, managing security of men and materials at remote sites, and ensuring all compliances are met, could pose a potential challenge.

Under our PSCs and the regulatory framework that we are governed by, we are required to obtain necessary approvals from our Joint Venture ("JV") partners, Management Committee (comprising of nominees of GoI, JV partners and our management), and other relevant regulatory authorities. Any delays due to above dependencies may delay our project execution and have an adverse impact on project completion and consequently on operational and financial performance.

Mitigation:

- Empowered organisation structure has been put in place to drive growth projects. Project Management systems streamlined to ensure full accountability and value stream mapping.
- Standard specifications and SOPs for all operations to avoid variability. Reputable contractors are engaged to ensure completion of the project on indicated timelines.
- Robust quality control procedures have also been implemented to check safety and quality of services/design/actual physical work.
- The Company and its business divisions monitor regulatory developments and requirements on an ongoing basis with our JV partners.

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Health and safety related performance of our staff including contractors / sub-contractors

Compliance with applicable health and safety requirements and regulations are an inherent part of our business which imposes controls on aspects such as, but not limited to, the storage, handling and transportation of petroleum products, employee exposure to hazardous substance etc.

The Company also depends on multiple contractors for the delivery of projects, construction, on-going operations, maintenance activities and road transportation of individuals and materials. Inadequate health and safety performance either on our part or non- performance of our contractors is considered a key risk to personnel safety and company's reputation.

Mitigation:

- Health Safety & Environment (HSE) is priority area for Company. Compliance with international and local regulations and standards, protecting our people, communities and the environment from harm and our operations from business interruptions are key focus areas.
- Policies and standards are in place to mitigate and minimise any HSE-related occurrences. Safety standards issued/continue to be issued to reduce risk level in high risk areas. Structured monitoring and a review mechanism and system of positive compliance reporting are in place.
- The Company has implemented a set of standards to align its sustainability framework with international practice. A structured sustainability assurance programme continues to operate in the business divisions covering environment, health, safety, community relations and human rights aspects, and is designed to embed our commitment at operational level.

Project Assessment and Delivery

Prior to sanction of any development project it is necessary to determine with suitable accuracy the resource base, the optimal production profile of the field, the costs of development, the time it will take to complete the development as well as commencing or concluding commercial arrangements with buyers for the sale of the oil or gas produced. Risks during the pre-sanction period are typically technical, engineering, commercial or regulatory in nature. Specific risks include the possible over-estimation of crude oil and natural gas initially in place and recoverable, inadequate technical and geophysical assessment, inaccurate cost estimations, not securing appropriate long-term commercial agreements or, where required, applicable governmental or regulatory consents, permits, licences or approvals. This can cause delays to the commercialisation of reserves and this may have a material effect on medium to long-term cash flow and income.

Post sanction, project delivery is particularly subject to technical, commercial, contractual, and economic risks. Projects can be unsuccessful for many reasons, including availability, competence and capability of human resources and contractors, mechanical and technical difficulties and infrastructure constraints, resulting in cost increases, delays in completion and deferral of income from production from the field under development. In addition, some development projects may require the use of new and advanced technologies or produce hydrocarbons from challenging reservoirs, which can exacerbate such problems.

Mitigation:

- Project management committee and project operating committee have been set to provide support to the outsourcing partner and address issues on time to enable better quality control as well as timely execution for growth projects.
- Discussions within teams as well as with partners have been initiated with an objective to optimise cost across all spheres of operations.
- Constant engagement with vendors/partners to ensure minimal project delay based on the current situation and plan to ramp-up.

Operational risks relating to plant uptime

The Company's revenues are dependent on the continued production from its operating facilities in India. Operational risks include maintaining asset integrity, which can be affected by a number of factors including not following prescribed operating and maintenance procedures resulting in reduced plant availability, unplanned shutdowns and/or equipment failure. The location of some of the Company's operations may get exposed to natural hazards such as cyclones, flooding and earthquakes, these factors may have an adverse effect on planned output levels, cost control, or a potentially material impact on the Company's reputation and the results of the Company's operations.

Mitigation:

- The Company has implemented a set of standards to align its sustainability framework with international practice. A structured sustainability assurance programme continues to operate in the business divisions covering environment, health, safety, community relations and human rights aspects, and is designed to embed our commitment at operational level.
- The company has appropriate policies in place for occupational health-related matters, supported by structured processes, controls and technology.

Non-suitability of our crude oil for Indian refineries could restrict our ability to monetize our reserves

Our PSC does not permit to export crude oil, which could restrict our ability to monetize reserves. Under the PSC the Company is obliged to sell 100% of its crude oil production to the GOI, which nominates the buyer(s). GOI has only nominated part of the Rajasthan crude production volume to PSU refineries and allowed for sale of balance volume to domestic private refineries.

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Mitigation:

The company has entered into annual contract with Private Sector Refineries for balance volume of crude oil. Also, the Bhogat terminal is now operational providing us with additional evacuation options for RJ crude oil across coastal refineries.

Regulatory uncertainties may impact the Company's business

The Company's business might be affected by changes in legal and regulatory conditions by the central, state, local laws and regulations such as production restrictions, changes in taxes, royalties and other amounts payable to the various governments or their agencies. Further, for executing its projects and running operations, various approvals are required from Joint venture partner and Government. Delay in securing such approvals can adversely impact the operations. Similarly, any demand from Government of India requiring additional profit petroleum, if crystalizes, will have adverse impact on company's financial performance.

Mitigation:

- The company monitors regulatory developments on an ongoing basis.
- Legal counsels within the company continues to work on strengthening the compliance and governance framework and the resolution of legal disputes, Competent in-house legal organisation is in place and the legal team have been strengthened with induction of senior legal professionals.
- Standard operating procedures (SOPs) have been implemented for compliance monitoring.

Exchange Rates

The Company's Statement of Cash Flows, Income Statement and Statement of Financial Position are reported in US Dollars and may be significantly affected by fluctuations in exchange rates.

Mitigation:

- Our forex policy prohibits forex speculation.
- Finance standing committee reviews all forex risks and suggests necessary courses of action as needed.
- Notes to the financial statements in the Annual Report give details on the accounting policy followed in calculating the impact of currency translation.

Inadequate insurance coverage

Consistent with good industry practice, an insurance programme is in place to mitigate significant losses. There is a risk, however, that the Company's insurance policies may not be sufficient in covering all losses which it or any third parties may suffer. If the Company suffers an event for which it is not adequately insured, there is a risk that this could have a material adverse effect on its business, results of operations and financial condition. The insurance programme is also subject to certain limits, deductibles and other terms and conditions.

Mitigation:

- Vedanta Resources Limited (Ultimate Parent company) has taken appropriate group insurance cover to mitigate this risk. An external agency reviews the risk portfolio and adequacy of this cover and assists us in our insurance portfolio.
- Our underwriters are reputed institutions and have capacity to underwrite our risk. □
- Established mechanism of periodic insurance review in place. However, any occurrence not fully covered by insurance could have an adverse effect on the business .

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Corporate Responsibility (CR)

The Company recognises that applying its CR Policies and ‘Guiding Principles’ in all activities is essential in maintaining its ‘licence to operate’ and business reputation. CR risks occur when any part of the business fails to implement these policies and ‘Guiding Principles’.

CR risks that could affect the Company’s ability to deliver projects on time and within budget include inadequate stakeholder engagement, failure to put in place appropriate controls to mitigate environmental and social impacts, not having adequate processes in place to protect human rights in activities in our ‘sphere of influence’ and the ineffective implementation of health and safety policies, which could also lead to health problems and injuries at the Company’s worksites.

The Company’s producing fields and construction projects carry significant health, safety and environmental risks.

Mitigation:

The Company seeks to minimise these risks through deployment of incident management systems. These provide the basis for managers and supervisors to conduct investigations and identify risk exposures and implement appropriate steps to minimise the risks to people, facilities and the environment.

Road transportation has been identified as a key safety risk in our activities and appropriate measures are in place aimed at minimising the potential for accidents or environmental impacts.

War, Terrorist Attack and Natural Disasters

The Company’s business may be adversely affected by a war, terrorist attack, natural disaster or other catastrophe.

Mitigation:

- The company has taken appropriate insurance cover to mitigate the risk.
- Established mechanism of periodic insurance review in place . However, any occurrence not fully covered by insurance could have an adverse effect on the business.
- Continuous monitoring and periodic review of security function.

Risks and uncertainties of Vedanta Limited, which includes this Company, are discussed in detail within the annual report of the parent undertaking, Vedanta Limited.

Streamlines Energy Carbon Reporting

The main operations of the company are based in India, as such, the company is below the de minimum limit for SECR and therefore no disclosures are made.

Signed by:

William Smit

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Approved by the board of directors and Signed on behalf of the board by Directors

Mr. Willem Anton Smit

Date : June 9, 2026

Cairn Energy Hydrocarbons Limited

Directors Report

The directors present their report and financial statements for year ended 31 March 2026

Directors

The directors who held office during the year and subsequently are as follows:

Hitesh Narendra Vaid (with effect from 17 July 2020 and resigned with effect from 4 November 2025)

Aamir Husain Rizvi (with effect from 7 June 2022)

Willem Anton Smit (with effect from 25 March 2022)

Financial Instruments

The Company's primary financial instruments comprise cash and short and medium-term deposits, loans and other receivables and financial liabilities held at amortised cost. The Company's strategy has been to finance its operations through a mixture of retained profits and bank borrowings. Other alternatives, such as equity finance and project finance are reviewed by the Board, when appropriate, to fund substantial acquisitions of oil and gas development projects.

The Company treasury function is responsible for managing investment and funding requirements including banking and cash flow monitoring. It must also recognise and manage interest and foreign exchange exposure whilst ensuring that the Company has adequate liquidity at all times in order to meet its immediate cash requirements.

The Company may from time to time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates.

During the year, the Company did not enter into forward foreign exchange options to hedge the exposure of future Indian Rupee requirements.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and these are summarised in note 22 to the financial statements.

Directors' benefits

In the current period no director has received or become entitled to receive any benefit or remuneration, other than benefits as emoluments or a fixed salary as a full-time employee of a related body corporate and Directorship fee is paid to the administrators for providing local directors service to the Company pursuant to the service contract entered with them. The directors of the Company are also directors or officers of other Companies.

Going Concern

The Company has prepared the financial statements on a going concern basis. Management has considered a number of factors in concluding on their going concern assessment.

The Company monitors and manages its funding position and liquidity requirements throughout the year and routinely forecasts its future cash flows and financial position.

The company has a strong financial position. Management has considered the Company's ability to continue as a going concern in the period up to September 30, 2027 ("the going concern period") and carried out detailed assessment.

Conclusion

Based on above assessment, Directors have a reasonable expectation that the Company will meet its commitments as they fall due over the going concern period. Accordingly, the Directors continue to adopt the going concern basis in preparing the financial statements.

Charitable and Political Donations

The Company did not make any political or charitable contributions in UK during year ended 31st March 2026 and the year ended 31st March 2025.

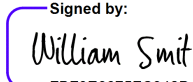
Creditors Payment Policy

It is the Company's payment policy to ensure settlement of suppliers' services in accordance with the terms of the applicable contracts. In most circumstances, settlement terms are agreed prior to business taking place.

Disclosure of Information to Auditors

The directors of the Company who held office at 31 March 2026 confirm, as far as they are aware, there is no relevant audit information of which the Company's auditors are unaware. In making this confirmation, the directors have taken appropriate steps to make themselves aware of the relevant audit information and the Company's auditors are aware of this information.

Signed by:


FBF9E6675FC942D
By Order of the Board
Mr. Willem Anton Smit

Date: June 9, 2026

Cairn Energy Hydrocarbons Limited

Directors' Responsibility Statement

The directors are responsible for preparing the Strategic Report, Directors' Report, and the Company's financial statements in accordance with applicable United Kingdom law and international accounting standards in conformity with the requirements of the Companies Act, 2006.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with UK adopted international accounting standards. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period.

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

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable, and understandable information;
- provide additional disclosures when compliance with the specific requirements in International Financial Reporting Standards is insufficient to enable users to understand the impact of particular transactions, other events, and conditions on the group and company financial position and financial performance;
- prepare the financial statements on a going concern basis unless it is appropriate to presume that the company will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act, 2006. 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.

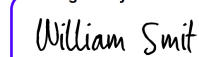
Under applicable law and regulations, the directors are also responsible for preparing Strategic report and Directors' report that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the website of Vedanta Limited, ultimate Parent company.

Cairn Energy Hydrocarbons Limited
Statement of Financial Position
As at 31 March 2026

	Notes	Mar-26 \$'000	Mar'25 \$'000
NON-CURRENT ASSETS			
Intangible exploration/appraisal assets	8	43,125	12,863
Property, plant and equipment – development/producing assets	8	247,014	284,550
Other receivables	10	108,863	72,553
		399,002	369,966
CURRENT ASSETS			
Trade and other receivables	11	191,203	251,188
Short - term investments	12	175,259	221,281
Cash and cash equivalents	13	7	9
Inventory	14	35,225	35,317
Total current assets		401,694	507,795
TOTAL ASSETS		800,696	877,761
CURRENT LIABILITIES			
Trade and other payables	15	208,081	281,100
Current tax liabilities		12,886	13,842
Total current liabilities		220,967	294,942
NON-CURRENT LIABILITIES			
Deferred tax Liabilities	7	57,032	41,209
Provisions	16	102,641	104,824
Total non-current liabilities		159,673	146,033
TOTAL LIABILITIES		380,640	440,975
NET ASSETS		420,056	436,786
EQUITY			
Called-up share capital	17	396,645	396,645
Retained Earnings		23,411	40,141
TOTAL EQUITY		420,056	436,786

Financial Statements of Cairn Energy Hydrocarbons Limited, registration number SC172470 were approved by the Board of Directors on June 9, 2026.

Signed by:



Signed on behalf of the Board

Mr. Willem Anton Smit

Date: June 9, 2026

The accompanying notes form an integral part of these financial statements

Cairn Energy Hydrocarbons Limited
Statement of Comprehensive Income
For the period ended 31 March 2026

	Notes	Mar-26	Mar-25
		\$'000	\$'000
Revenue	2	459,534	569,476
Cost of sales			
Production costs	3(a)	(230,904)	(316,226)
Depletion and decommissioning	8	(109,391)	(109,022)
Gross profit		119,239	144,228
Administrative expenses	3	(29,122)	(20,341)
Exploration cost written off	3	-	(493)
Operating profit		90,117	123,394
Finance income	5	11,879	11,899
Finance costs	6(a)	(9,905)	(5,441)
Other gains and losses	6(b)	4,618	(488)
Profit/(loss) before taxation		96,709	129,364
Taxation	7	(47,440)	(43,273)
Profit/(loss) for the year/ period		49,269	86,091
Total comprehensive income for the year		49,269	86,091

The accompanying notes form an integral part of these financial statements

Cairn Energy Hydrocarbons Limited
Statement of Changes in Equity
For year ended 31 March 2026

	Equity Share Capital \$'000	Retained Earnings \$'000	Total \$'000
	(Note 17)		
At 1 April 2024	346,645	141,931	488,576
Additions during the year (to CIHL) (Note 17 & 18)	50,000	-	50,000
Total comprehensive income for the period	-	86,091	86,091
Dividend distributed during the year	-	(187,881)	(187,881)
At 31 March 2025	396,645	40,141	436,786
At 1 April 2025	396,645	40,141	436,786
Additions during the year (to CIHL) (Note 17 & 18)	-	-	-
Total comprehensive income for the year	-	49,269	49,269
Dividend distributed during the year	-	(65,999)	(65,999)
At 31 March 2026	396,645	23,411	420,056

Cairn Energy Hydrocarbons Limited
Statement of Cash Flows
For year ended 31 March 2026

Particulars	Notes	Mar-26 \$'000	Mar-25 \$'000
Cash flows from operating activities			
Profit before taxation		96,709	129,364
Adjustments for:			
Depletion and decommissioning	8	109,391	109,022
Unwinding of discount on decommissioning liability	6(a)	4,780	4,419
Interest income	5	(9,258)	(10,048)
Profit/(Loss) on sale of Property, plant and equipment	6(b)	67	222
Dividend income	5	(2,621)	(1,851)
Interest expense and other finance charges	6(a)	5,125	1,022
Unrealized foreign exchange (Gain)/loss (net)		(4,685)	266
Provision for doubtful/bad debts		14,045	-
Impairment charge/ (reversal) (net)	3(d)	-	493
Operating cash flows before movements in working capital		213,553	232,909
(Increase)/Decrease in trade and other receivables		48,577	306,138
Increase/(Decrease) in trade and other payables		(58,482)	(180,124)
(Increase)/ Decrease in inventories		92	9,580
Cash generated from operations		203,740	368,503
Income tax paid		(32,750)	(43,387)
Net cash flows from operating activities		170,990	325,116
Cash flows from investing activities			
Purchase of Property, Plant and Equipment – development /producing assets and intangible exploration/appraisal assets		(117,248)	(98,208)
Proceeds from deposits matured		664,806	-
Proceeds from sale of short-term investments		-	771,510
Purchase of short-term investments		(612,240)	(849,995)
Interest received		-	301
Payments made to site restoration fund		(40,310)	(11,371)
Net cash (used in) investing activities		(104,992)	(187,763)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares		-	50,000
Dividend paid to parent on equity shares		(65,999)	(187,881)
Interest Paid/(Received)		-	510
Net cash (used) in financing activities		(65,999)	(137,371)
Net (decrease)/increase in cash and cash equivalents		(2)	(18)
Effect of foreign exchange rate changes		-	-
Cash and cash equivalents at the beginning of the year		9	27
Cash and cash equivalents at the end of the year	13	7	9

The accompanying notes form an integral part of these financial statements

Cairn Energy Hydrocarbons Limited
Notes to Accounts

For year ended 31 March 2026

1.1 Accounting Policies

a) Basis of preparation

The Company is a private company incorporated and domiciled in Scotland. The registered office is located at Dept 6851, 1st Floor, 211 Dumbarton Road, Mansfield Park, Glasgow, Scotland G11 6AA, UK.

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

The financial statements have been prepared on a going concern basis using historical cost convention and on an accrual method of accounting, except for certain financial assets and liabilities which are measured at fair value as explained in the accounting policies below.

The financial statements have been prepared in accordance with UK adopted international accounting standards as they apply to year ended 31 March 2026.

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Principal activities and Business in director's report. The financial position of the Company, its cash flows, liquidity position are presented in the financial statements and supporting notes. In addition, note 22 and 23 to the financial statements includes the Company's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Company has taken exemption under Section 400 of Companies Act 2006, from preparing consolidated financial statements as the results of the company and its subsidiaries are included in the consolidated results of Vedanta Resources Limited.

Going concern

The financial statements have been prepared on a going concern basis in accordance with IAS 1 Presentation of Financial Statements.

In assessing the Company's ability to continue as a going concern, management has considered the anticipated and existing effects of macroeconomic and geopolitical conditions on its operations, funding, and liquidity requirements throughout the year and routinely forecasts its future cash flows and financial position. The key assumptions for these forecasts include production profiles, commodity prices and financing activities. This assessment covers a period of at least twelve months from the reporting date and extends through to 30 September 2027 ("the going concern period").

Management has routinely forecasted future cashflows and financial position. The assessment also included sensitivity analyses over key assumptions such as market volatility, interest rate fluctuations, and valuation of financial instruments.

Based on this assessment, including consideration of downside scenarios and the availability of mitigating actions, management is confident in the Company's ability to meet its liabilities as they become due during the going concern period.

Accordingly, management has assessed the Company's ability to continue as a going concern basis. There are no material uncertainties or significant judgments that would cast doubt on this assessment, and thus no disclosures are required under IAS 1.25 or IAS 1.122.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification.

An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle and
- held primarily for the purpose of trading and
- expected to be realised within twelve months after the reporting period or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- it is expected to be settled in the normal operating cycle and
- it is held primarily for the purpose of trading and
- it is due to be settled within twelve months after the reporting period or
- it has substantive right at the reporting date to defer settlement of the liability for at least twelve months after the reporting date.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current only.

For liabilities with covenants that must be complied with after the reporting date, the Company may still classify the liability as non-current if it has the right to defer settlement at the reporting date. In such cases, the Company discloses the nature of the covenants, the date on which compliance is assessed, and the potential impact of any expected covenant breaches.

Basis of Preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and as adopted by the United Kingdom and the European Union, as they apply to the financial year ended 31 March 2026.

IFRSs as adopted by the EU differ in certain respects from IFRSs as issued by the IASB; however, none of these differences have a material impact on the financial statements for the years presented.

New Standards and Amendments Adopted in the Current Year

The Company has adopted the following new amendments and pronouncements applicable for the year ended 31 March 2026. Based on management's assessment, the application of these standards has not had a material impact on the financial statements in the current reporting period, and no material impact is expected in future periods:

1. Amendments to IAS 21 – Lack of Exchangeability

Standards Issued but Not Yet Effective

The following new and amended standards have been issued but are not yet effective as at the reporting date. The Company has not early adopted any of these standards and does not expect a material impact on its financial statements upon their initial application:

1. IFRS 19 – Subsidiaries without Public Accountability: Disclosures (effective 1 January 2027)
2. IFRS 18 – Presentation and Disclosure in Financial Statements (effective 1 January 2027)
3. Amendments to IFRS 9 and IFRS 7 – Classification and Measurement of Financial Instruments (effective 1 January 2026)
4. Annual Improvements to IFRS Accounting Standards – Volume 11 (2023–2025 cycle) (effective 1 January 2026)

The Company will continue to evaluate the potential impacts of these new requirements, if any, as further guidance and implementation developments become available.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

c) Presentation currency

The functional and presentation currency of the Company is US Dollars (“\$”). The Company’s policy on foreign currencies is detailed in note 1(j). The financial statement and disclosures are presented in thousand dollars except where specified.

The financial Statements are rounded off to nearest \$1,000.

d) Joint arrangements

A Joint arrangement is an arrangement of which two or more parties have joint control. Joint control is considered when there is contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Company participates in unincorporated joint operations which involves the joint control of assets used in the Company’s oil and gas exploration and producing activities. The Company accounts for its share of assets, liabilities, income and expenditure of the Joint Operation in which the Company holds an interest, classified in the appropriate Statement of Financial Position and Income Statement headings. The Company’s principal licence interests are jointly operated.

The Company has an interest in the following unincorporated Joint Operations:

	Working Interest
Block RJ-ON-90/1 exploration area	50%
Block RJ-ON-90/1 development areas	35%

e) Revenue Recognition

Sale of goods/ rendering of services (Revenue from contracts with customers)

Revenues from contracts with customers is recognised when control of the goods or services is transferred to the customer which usually is on delivery of the goods to the shipping agent at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. Revenue is recognised net of discounts, volume rebates, outgoing sales taxes/ goods and service tax and other indirect taxes excluding excise duty. Revenues from sale of by-products are included in revenue.

Company’s sales contracts provide for provisional pricing based on the price on the crude index, as specified in the contract. Revenue in respect of such contracts is recognised when control passes to the customer and is measured at the amount the entity expects to be entitled – being the estimate of the price expected to be received at the end of the measurement period. Post transfer of control of goods, provisional pricing features are accounted in accordance with IFRS 9 ‘Financial Instruments’ rather than IFRS 15 ‘Revenue from contracts with customers’ and therefore the IFRS 15 rules on variable consideration do not apply. These ‘provisional pricing’ adjustments i.e. the consideration received post transfer of control are included in total revenue and disclosed by way of note to the financial statements. Final settlement of the price is based on the applicable price of the period end.

Revenue from oil, gas and condensate sales represent the Company’s share in the revenue from sale of such products, by the joint operations, and is recognised as and when control in these products gets transferred to the customers. In computing its share of revenue, the Company excludes government’s share of profit oil which gets accounted for when the obligation in respect of the same arises.

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs part of its obligation by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration when that right is conditional on Company’s future performance.

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is received. The advance payments received plus a specified rate of return/discount, at the prevailing market rates, is settled by supplying respective goods over a period of up to twenty four months under an agreed delivery schedule as per the terms of the respective agreements.

As these are contracts that the Company expects, and has the ability, to fulfil through delivery of a non-financial item, these are presented as advance from customers and are recognised as revenue as and when control of respective commodities is transferred to customers under the agreements. The fixed rate of return/ discount is treated as finance cost. The portion of the advance where either the Company does not have a unilateral right to defer settlement beyond 12 months or expects settlement within 12 months from the balance sheet date is classified as a current liability.

Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company does not adjust any of the transaction prices for the time value of money.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

Tolling income

Tolling income represents Company's share of revenues from Pilotage and Oil Transfer Services from the respective joint ventures, which is recognized based on the rates agreed with the customers, as and when the services are rendered.

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.

Dividend Income

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

f) Property, plant and equipment**i) Oil and gas assets –(developing/ producing assets)**

The Company follows a successful efforts-based accounting policy for oil and gas assets. Costs incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Income Statement. All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within property, plant and equipment - development/producing assets on a field-by-field basis. Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any remaining costs associated with the part replaced are expensed. The cost of such quantity of crude oil inventory which is expected to be lying in the pipeline during the entire life of the pipeline (initial fill) is capitalised within the development assets.

Net proceeds from any disposal of development/ producing assets are credited against the previously capitalised cost. A gain or loss on disposal of a development/producing asset is recognised in the income statement to the extent that the net proceeds exceed or are less than the appropriate portion of the net capitalised costs of the asset.

ii) Exploration and evaluation assets

Exploration and evaluation expenditure incurred prior to obtaining the legal right to explore are expensed as incurred. Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence-by-licence basis. Costs are held, are not amortised or depreciated, within exploration/appraisal assets until such time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining exploration targets is capitalised initially within exploration/appraisal assets and subsequently allocated to drilling activities. Exploration/appraisal drilling costs are initially capitalised on a well-by-well basis until the success or otherwise of the well has been established. The success or failure of each exploration/appraisal effort is judged on a well-by-well basis.

Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is a reasonable prospect that these reserves are commercial.

Following appraisal of successful exploration wells, if commercial reserves are established and technical feasibility for extraction demonstrated, then the related capitalised exploration/appraisal costs are transferred into a single field cost centre within development/producing assets after testing for impairment. Where results of exploration drilling indicate the presence of hydrocarbons that are ultimately not considered commercially viable, all related costs are written off to the Income Statement.

Exploration & evaluation assets are subject to technical, commercial and management review, as well as review for indicators of impairment at least once a year and impairment loss, if any, is charged to Income statement

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus / deficit is recognized in the Income Statement.

iii) Depletion

The Company depletes separately, where applicable, any significant components within development/producing assets, such as fields, processing facilities and pipelines, which are significant in relation to the total cost of a development / producing asset.

The Company depletes expenditure on property, plant & equipment - development/producing assets on a unit of production basis, which is the ratio of oil and gas production in the period to the estimated quantities of commercial reserves at the end of the period plus the production in the period, generally on a field –by-field basis or group of fields which are reliant on common infrastructure.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

Commercial reserves are proven and probable oil and gas reserves, which are defined as the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. There should be a 50 per cent statistical probability that the actual quantity of recoverable reserves will be more than the amount estimated as proven and probable reserves and a 50 per cent statistical probability that it will be less.

Costs used in the unit of production calculation comprise the net book value of capitalised costs plus the estimated future field development costs required to access commercial reserves. Changes in the estimates of commercial reserves or future field development costs are dealt with prospectively.

iv) Assets under construction

Assets under construction are capitalised in the assets under construction account. At the point when an asset is capable of operating in the manner intended by management, the cost of construction is transferred to the appropriate category of property, plant and equipment. Costs associated with the commissioning of an asset and any obligatory decommissioning costs are capitalised until the period of commissioning has been completed and the asset is ready for its intended use.

g) Financial instruments – initial recognition and subsequent measurement

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

(a) Financial Assets –Initial Recognition

All financial assets are recognised initially at fair value with the exception of trade receivables recorded under IFRS 15 which are initially measured at transaction price, plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

For purposes of subsequent measurement, financial assets are classified as below based on the business model to which they relate, in accordance with IFRS 9:

Debt instruments at amortised cost

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

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- 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 the income statement. The losses arising from impairment are recognised in the income statement.

Debt instruments at fair value through profit or loss (FVTPL)

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortised cost or as FVOCI, is classified as at FVTPL.

Equity instruments

All equity investments in scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which IFRS 3 applies are classified as at FVTPL. For equity instruments which are classified as FVTPL, all subsequent fair value changes are recognised in the income statement.

(b) Financial Asset - Derecognition

The Company derecognizes 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.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

(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) Trade 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 trade receivables, contract assets and lease 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.

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:

- i) 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. 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 – Initial 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 trade and other payables, loans and borrowings including bank overdrafts and financial guarantee contracts.

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the income statement. The Company has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (Loans and Borrowings and Trade and Other payables)

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

Cairn Energy Hydrocarbons Limited
Notes to Accounts

(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 income statement.

(f) Equity instruments

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 recognised at the proceeds received, net of direct issue costs.

(g) 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 realize the asset and settle the liability simultaneously.

h) Leases

The Company assesses at contract inception, all arrangements to determine whether they are, or contain, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

At inception or on reassessment of an arrangement that contains lease, the Company separates payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities towards future lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right to use assets ('ROU')

The Company recognises right-of-use assets at the commencement date of the lease (i.e. the date when the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. The right-of-use assets are also subject to impairment. Right-of-use assets are also depleted on a unit of production basis similar to other Oil & Gas assets (Refer 1(f)).

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (and, in some instances, in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is generally not readily determinable and such rate is evenly charged throughout the lease term. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The Company's lease liabilities are included in Other Financial Liabilities.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

iii) Short term leases and leases of low value assets

The Company applies the short-term lease recognition exemption to its short-term leases of equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low value assets recognition exemption to leases of office equipment that are low value . Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

i) Inventories

Inventory of oil is valued at the lower of cost and net realisable value based on the estimated selling price. Cost is determined on a weighted average basis.

Inventories of stores and spares related to production activities are valued at cost or net realisable value whichever is lower on a first-in, first-out (“FIFO”) basis.

Net realisable value is determined based on estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j) Foreign currencies

The functional currency for entity is determined as the currency of the primary economic environment in which it operates. The Company translates foreign currency transactions into the functional currency, USD, at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in other currencies are translated into the functional currency at the rate of exchange prevailing at the Balance Sheet date. All Exchange differences arising are included in the Income Statement except for those incurred on borrowings specifically allocable to development projects, which are capitalised as part of the cost of the asset.

Non – monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively.)

Rates of exchange to \$1 were as follows:

Currency	As at 31 March 2026	Average year ended March 2026
Indian Rupee	93.8708	88.3576
Currency	As at 31 March 2025	Average year ended March 2025
Indian Rupee	85.4655	84.5527

k) Investments

The Company’s investments in subsidiaries are carried at cost less provisions resulting from impairment. The recoverable value of investments is the higher of its fair value less costs to sell and value in use.

Discounted future net cash flows for IAS 36 purposes are calculated using a consensus short and long-term oil price forecast and the appropriate gas price as dictated by the relevant gas sales contract, escalation for costs of and a post-tax discount rate. Forecast production profiles are determined on an asset by asset basis, using appropriate petroleum engineering techniques.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

l) Impairment

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. For purpose of impairment testing Company has identified CGU at PSC level as it is the smallest group of assets that generates cash inflows and are largely independent of the cash inflows from other assets or group of assets.

If any such indication exists 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.

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.

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 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. 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 income statement.

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.

m) Taxation

The tax expense represents the sum of current tax and deferred tax.

Current tax

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the reporting date and includes any adjustment to tax payable in respect of previous years.

Deferred tax

Deferred tax is provided, using the balance sheet method, on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Exceptions to this principle are:

- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future;
- When the deferred income tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except

a. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interested in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised

b. When the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

The carrying amount of deferred tax assets (including MAT credit available) are reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each balance sheet date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Deferred tax relating to items recognised outside profit or loss is recognised either in OCI or directly in equity.

Deferred tax assets and liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable entity and the same taxation authority and the Company intends either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

n) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purposes of the Statement of Cash Flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

o) Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs, allocated between share capital and share premium.

p) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Capitalisation of interest on borrowings related to construction or development projects is ceased when substantially all the activities that are necessary to make the assets ready for their intended use are complete or when delays occur outside the normal course.

q) Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of oil fields. Costs arising from the decommissioning of plant and other site preparation work are provided for based on their discounted net present value, with a corresponding amount being capitalised at the start of each project.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

The Company recognises the full discounted cost of dismantling and decommissioning as an asset and liability when the obligation arises. The decommissioning asset is included within property, plant & equipment development/producing assets with the cost of the related installation. The liability is included within provisions. The amount provided for is recognised, as soon as the obligation to incur such costs arises. These costs are charged to the income statement over the life of the operation through the depreciation of the asset and the unwinding of the discount on the provision. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations.

The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, new disturbance and revisions to discount rates. The adjusted cost of the asset is depreciated prospectively over the lives of the assets to which they relate. The unwinding of the discount is shown as a finance cost in the income statement.

Costs for restoration of subsequent site damage which is caused on an ongoing basis during production are provided for at their net present value and charged to the income statement as extraction progresses. Where the costs of site restoration are not anticipated to be significant, they are expensed as incurred.

Site Restoration Deposits pertaining to above liabilities are accounted for in conformity with IFRIC 5.

r) Provisions for liabilities and charges

Provisions are recognised when the company has a present obligation (legal or constructive), as a result of past events, and it is probable that an outflow of resources, that can be reliably estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to the net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the income statement as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimates.

s) Buyers' credit / suppliers' credit

The Company enters into arrangements whereby financial institutions make direct payments to suppliers for raw materials. The financial institutions are subsequently repaid by the company at a later date providing working capital timing benefits. These are normally settled up to twelve months.

t) Critical accounting judgement and estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, income, expenses and the accompanying disclosures and disclosures of contingent assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Significant estimates

Estimates and underlying assumptions are reviewed on an ongoing basis. The Company considers the following areas as the key sources of estimation uncertainty:

i. Oil & Gas reserves

Significant technical and commercial judgements are required to determine the Company's estimated oil and natural gas reserves. Oil & Gas reserves are estimated on a proved and probable entitlement interest basis. Proven and probable reserves are estimated using standard recognised evaluation techniques.

The estimate is reviewed annually. Future development costs are estimated taking into account the level of development required to produce the reserves by reference to operators, where applicable, and internal engineers. Net entitlement reserves estimates are subsequently calculated using the Company's current oil price and cost recovery assumptions, in line with the relevant agreements. Changes in reserves as a result of factors such as production cost, recovery rates, grade of reserves or oil and gas prices could impact the depletion rates, carrying value of assets (refer note 8 & note 3(e)) and environmental and restoration provisions.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

ii. PSC Extension

On October 26, 2018, the Government of India (GoI), acting through the Directorate General of Hydrocarbons (DGH) granted its approval for a ten-year extension of the Production Sharing Contract (PSC) for the Rajasthan Block (RJ), with effect from May 15, 2020 subject to certain conditions and pay additional 10% profit petroleum. Pending the outcome of arbitration and petition filed with Supreme court on applicability of policy, MoPNG vide letter dated October 21, 2022 has conveyed the grant of approval of extension of PSC for 10 years from 15 May 2020 to 14 May 2030 and the PSC addendum has been executed by the parties on October 27, 2022.

The Government of India ("GoI"), acting through the Directorate General of Hydrocarbons ("DGH"), had raised a demand up to 14 May 2020 for Government's additional share of Profit Oil based on its computation of disallowance of cost incurred over retrospective re-allocation of certain common costs between Development Areas (DAs) of Rajasthan Block; recovery of exploration costs incurred after the Exploration phase; and certain other matters aggregating to ₹ 9,545 Crore (US\$ 1,162 million) and applicable interest thereon representing share of Vedanta Limited and its subsidiary.

The Company had disputed the aforesaid demand and invoked arbitration as per the provisions of the Production Sharing Contract. The Company had received the Final Partial Award dated 22 August 2023 from the Arbitration Tribunal ('the Tribunal') as amended by orders dated 15 November 2023 and 8 December 2023 ('the Award'), dismissing the Government's contention of additional Profit Petroleum in relation to allocation of common development costs across Development Areas and certain other matters in accordance with terms of the Production Sharing Contract for Rajasthan Block, while allowing some aspects of the audit objections raised. Further, the Tribunal had decided that the Company was allowed to claim cost recovery of exploration cost as per terms of the Production Sharing Contract.

Pursuant to the Award, the Company had recognized a benefit of ₹ 2,381 Crore (US\$ 289 million) in revenue from operations in financial year ended 31 March 2024. The Company has adjusted the profit petroleum liability against the aforesaid benefit.

GoI filed interim relief application to the Tribunal on 3 February 2024 stating that the Company has unilaterally enforced the Award although the quantification of the same is pending. The matter was heard and the Tribunal vide its order dated 29 April 2024 denied GoI's interim relief application. GoI has filed an appeal before the Delhi High Court ("Section 37 Appeal") challenging Tribunal's order dated 29 April 2024. On 11 July 2025, the Delhi High Court dismissed GOI's Section 37 Appeal in Company's favour. GOI has filed a SLP before the Supreme Court challenging Delhi High Court's order dated 11 July 2025. The matter is listed for hearing on maintainability of the SLP on 29 July 2026. Without prejudice to its rights under the proceedings, the Group has paid a sum of ₹ 513 Crore (US\$ 57million) in Q3 FY26.

In the interim, Quantum Proceedings have commenced. The Group has filed its claim for US\$ 512 million before the Tribunal and GOI, while disputing the claim of the Group, has filed a claim of US\$ 210 million to the Tribunal. As Vedanta's claim of US\$ 512 million is largely on account of disintegration of the Virtual DAs (that were created on account of OM13 & OM19) into the main DA, we believe Vedanta Group has a good case on merits. GOI's claim of US\$ 210 million is based largely on the argument that the WP&B was not reviewed by GOI. It is Vedanta's submission that the WP&B were submitted to DGH for review. Hearing in the matter concluded in March 2026. We await the arbitral award.

GoI had also filed a challenge against the Award on 7 March 2024 in Delhi High Court ("Section 34 Application") and the matter was first heard on 14 March 2024. Notice has been issued in the matter. Till date, no stay has been granted on the operation of the Award. Next date of hearing is 20 July 2026. The Company believes that the Court may not re-appreciate the evidence in Section 34 Application, as the interpretation by the Tribunal is plausible.

iii. Restoration, rehabilitation and environmental costs

Provision is made for costs associated with restoration and rehabilitation of oil sites as soon as the obligation to incur such costs arises and a corresponding amount is capitalised at the start of each project. Such restoration and closure costs are typical of oil and gas industries and they are normally incurred at the end of the life of the oil fields. The provision for decommissioning of oil and gas assets is based on the current estimate of the costs for removing and decommissioning producing facilities, the forecast timing and currency of settlement of decommissioning liabilities and the appropriate discount rate.

The capitalised asset is charged to the income statement through the depreciation over the life of operation of the asset and the provision is increased each period via unwinding the discount on the provision. Management estimates are based on local legislation and/or other agreements. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology. Details of such provision are set out in note 16.

iv. Recoverability of deferred tax assets

Deferred tax assets have been recognised to the extent there are sufficient taxable temporary differences. This involves an assessment of when those assets are likely to reverse, and a judgement as to whether or not there will be sufficient taxable profits available to offset the assets. This requires assumptions regarding future profitability, which is inherently uncertain. To the extent assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognised in respect of deferred tax assets and consequential impact in the income statement.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

u. Contingencies and commitments

In the normal course of business, contingent liabilities may arise from litigation, taxation and other claims against the Company, A provision is recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation.

Where it is management's assessment that the outcome cannot be reliably quantified or is uncertain the claims are disclosed as contingent liabilities unless the likelihood of an adverse outcome is remote. Such liabilities are disclosed in the notes but are not provided for in the financial statements.

When considering the classification of a legal or tax cases as probable, possible or remote there is a judgement involved. This pertains to the application of the legislation, which in certain cases is based upon management's interpretation of laws of the land and the likelihood of settlement. Management uses in-house and external legal professionals to make informed decision. Although there can be no assurance regarding the final outcome of the legal proceedings, the company doesn't expect them to have a materially adverse impact on the financial position or profitability. These are set out in note 20.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

2 Revenue from Operations

	Year ended Mar 2026	Year ended Mar 2025
	\$'000	\$'000
Sale of products		
Revenue from sale of oil and gas	459,142	569,271
Sale of services	392	205
Revenue from contract with customers	459,534	569,476

Disaggregation of revenue

	Year ended Mar 2026	Year ended Mar 2025
	\$'000	\$'000
Sale of products		
Oil	363,459	441,059
Gas	95,683	128,212
Sale of products	459,142	569,271
Sale of services	392	205
Total revenue	459,534	569,476

a) Revenue from operations includes revenue from contract with customers of \$ 459.53 Mn (March 2025:\$ 569.48 Mn) of which \$ 459.14 Mn (March 25: \$ 569.27 Mn) is recognised at a point in time and \$ 0.39 Mn (March 2025:\$ 0.21 Mn) is recognised over a period of time.

3 Operating Profit

a) Operating Profit is stated after charging :

	Year ended Mar 2026	Year ended Mar 2025
	\$'000	\$'000
Cess/ Windfall tax on crude oil	86,726	136,774
(Increase) / decrease in inventory of crude oil	(3,502)	148
Other production costs	147,680	179,304
Production costs	230,904	316,226
Depletion and decommissioning	109,391	109,022
Administrative Expenses	29,122	20,341
Exploration cost written off	-	493

b) Continuing operations

All profits in the current and preceding year were derived from continuing operations.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

c) Auditors' Remuneration

Fees amounting to \$ 47,897 (the year ended 31 March 2025: \$ 46,857) is payable to the Company's auditors for the audit of the Company's annual accounts for the year 2025-26.

The Company has a system in place for the award of non-audit work to the auditors. Additionally, no Non Audit Services has been taken from the auditor during the year ended 31st Mar 2026.

d) Exploration cost written off

	Year ended March 2026	Year ended March 2025
	\$'000	\$'000
Unsuccessful Exploration cost written off	-	493
Total	-	493

4 Directors' Emoluments

Being in non-executive position no directors were entitled to any remuneration from the Company. Professional fee paid to the consultants for their directorship services to the Company amounted to \$ 31,946 year ended 31 March 2026 (the year ended 31 March 2025: \$ 23,285).

Average number of persons employed by the company is Nil (March 2025: Nil) excluding directors.

5 Finance Income

	Year ended Mar 2026	Year ended Mar 2025
	\$'000	\$'000
Bank deposit interest	3,922	5,787
Income from SRF deposit	5,118	3,961
Other interest income	218	300
Dividend income	2,621	1,851
	11,879	11,899

6(a) Finance Costs

	Year ended Mar 2026	Year ended Mar 2025
	\$'000	\$'000
Interest expense	3,612	3,364
Other finance charges	1,513	(2,342)
Sub Total	5,125	1,022
Other finance charges - unwinding of discount (note 16)	4,780	4,419
Total	9,905	5,441

Cairn Energy Hydrocarbons Limited
Notes to Accounts**6(b) Other gains and losses**

	Year ended Mar 2026	Year ended Mar 2025
	\$'000	\$'000
Profit/(Loss) on sale of Property, plant and equipment	(67)	(222)
Exchange gain/(loss) (net)	4,685	(266)
Total	4,618	(488)

Cairn Energy Hydrocarbons Limited
Notes to Accounts

7 Taxation on Profit

a) Analysis of tax charge during the year

	Year ended March 2026	Year ended March 2025
	\$'000	\$'000
Current tax on profit for the year	32,114	(70,985)
Current tax charge in respect of earlier years	139	2,085
Total current tax (a)	32,253	(68,900)
Origination and reversal of temporary differences	15,187	114,923
Deferred Tax - Special Items	-	-
Charge in respect of deferred tax for earlier years	-	(2,750)
Total deferred tax (b)	15,187	112,173
Total tax charge ((a)+(b))	47,440	43,273

b) Factors affecting tax charge for year

A reconciliation of income tax expense applicable to profit before tax at the applicable tax rate to tax expense at the Company's effective tax rate is as follows:

	Year ended March 2026	Year ended March 2025
	\$'000	\$'000
Profit before taxation	96,709	129,364
Corporation tax at the standard UK rate of 25%	24,177	32,341
Effects of:		
Permanent differences*	11,259	(4,436)
Effect of higher tax rate**	11,865	16,033
Tax charge relating to earlier years	139	(665)
Total tax charge	47,440	43,273
Effective tax rate	49.05%	33.45%

* this majorly pertains to foreign exchange movement impact of conversion of INR tax assets to USD.

**Profits from Indian branch of the Company is subject to Indian statutory tax rate of 38.22% (March 2025: 38.22%).

The Company has elected for branch exemption and the same has been accepted by HM Revenue and Customs and the year ended 31 March 2016 was the first period for which the foreign branch exemption applied to the Company. This exemption has the effect of exempting from UK Corporation tax all profits and losses attributable to the operations of the Indian branch of the Company.

The Company has accrued significant amounts of deferred tax. The majority of the deferred tax represents accelerated tax relief for the depreciation of property, plant and equipment and net of unused tax credits in the form of Minimum alternate tax (MAT) credits carried forward under Indian tax laws. Significant components of Deferred tax assets and (liabilities) recognised in the statement of financial position are as follows:

Cairn Energy Hydrocarbons Limited
Notes to Accounts

For year ended March 2026

Significant components of Deferred Tax assets & (liabilities)	Opening balance as at April 1, 2025	(Charged)/credited to statement of profit or loss	Exchange difference on translation of foreign operation	Closing balance as at Mar 31, 2026
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment, Exploration and evaluation and intangible exploration/appraisal assets	63,687	(22,639)	(637)	40,411
Others*	(116,473)	-	-	(116,473)
MAT credit entitlement	-	-	-	-
Other Temporary Differences	11,578	7,452	-	19,030
Total	(41,208)	(15,187)	(637)	(57,032)

For year ended March 2025

Significant components of Deferred Tax assets & (liabilities)	Opening balance as at April 1, 2024	(Charged)/credited to statement of profit or loss	Exchange difference on translation of foreign operation	Closing balance as at Mar 31, 2025
	\$'000	\$'000	\$'000	\$'000
Property, Plant and Equipment, Exploration and evaluation and intangible exploration/appraisal assets	57,572	4,504	1,611	63,687
Others*	-	(116,473)	-	(116,473)
MAT credit entitlement	-	226	(226)	-
Other Temporary Differences	13,798	(429)	(1,791)	11,578
Total	71,370	(112,172)	(406)	(41,208)

*Others includes Income not realised and one time impact of change in tax rate

Cairn Energy Hydrocarbons Limited
Notes to Accounts

8 Property, plant and equipment, Intangible exploration/appraisal assets

Particulars	Oil and gas properties	Sub Total Oil and Gas Properties	Intangible exploration/ appraisal assets	Total
	\$'000	\$'000	\$'000	\$'000
Gross Block				
As at 1 April 2024	3,153,534	3,153,534	50,362	3,203,896
Additions	110,723	110,723	3,812	114,535
Disposals/Adjustments	(3,426)	(3,426)	-	(3,426)
Unsuccessful Exploration cost	-	-	(493)	(493)
As at 31 March 2025	3,260,831	3,260,831	53,681	3,314,512
Additions	78,616	78,616	30,262	108,878
Disposals/Adjustments	(7,562)	(7,562)	-	(7,562)
As at 31 March 2026	3,331,885	3,331,885	83,943	3,415,828
Accumulated depreciation and depletion				
As at 1 April 2024	2,868,198	2,868,198	40,818	2,909,016
Disposals/Adjustments	(940)	(940)	-	(940)
Charge for the year	109,022	109,022	-	109,022
As at 31 March 2025	2,976,280	2,976,280	40,818	3,017,098
Disposals/Adjustments	(800)	(800)	-	(800)
Charge for the year	109,391	109,391	-	109,391
As at 31 March 2026	3,084,871	3,084,871	40,818	3,125,689
Net book value				
As at 31 March 2025	284,550	284,550	12,863	297,413
As at 31 March 2026	247,014	247,014	43,125	290,139

1. Oil and Gas Properties includes development assets under construction of carrying value \$ 308 Mn (31 March 2025 \$ 331 Mn).

2. Oil & Gas properties and exploration and evaluation assets net block represents share of jointly owned assets with the joint venture partners including the parent company Vedanta Limited.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

9 Investments in Subsidiaries

	\$'000
Cost and net book value:	
At 1 April 2024	-
Additions	-
Impairment of investment	-
Return of Equity	-
At 1 April 2025	-
Additions	-
Impairment of investment	-
Return of Equity	-
At 31 March 2026	-

The investment has been made in the following subsidiaries-

Name of subsidiary	Mar'26	Mar'25
Cairn Lanka Pvt Limited*	-	-

*Cairn Lanka Pvt Limited is under liquidation

Details of the primary investments in which the Company held 20% or more of the nominal value of any class of share capital are as follows:

Company	Country of incorporation	Registered Office	Proportion of voting rights and ordinary shares	Nature of Business
<u>Direct Holdings</u>				
Cairn Lanka Pvt Limited *	Sri Lanka	Lanka Shipping Tower No.99, St. Michael Road,	100%	Exploration & production

*Cairn Lanka Pvt Limited is under liquidation

10 Other receivables

	Mar'26	Mar'25
	\$'000	\$'000
Unsecured & considered good		
Site restoration deposits with banks	104,703	68,157
Claims and other receivables	-	-
Unsecured & considered doubtful		
Claims and other receivables	-	-
Less: Provision for expected credit loss	-	-
Financial (A)	104,703	68,157
Balance with government authorities ^a	4,160	4,396
Non-Financial (B)	4,160	4,396
Total (A) + (B)	108,863	72,553

a) Includes \$ 3.8 Mn (31 March 2025: \$ 3.8 Mn), being Company share of gross amount of \$ 11.4 Mn paid under protest on account of Education cess and Secondary Higher Education Cess for 2013-14 (refer note 20).

Cairn Energy Hydrocarbons Limited
Notes to Accounts

11 Trade and Other Receivables

	Mar'26	Mar'25
	\$'000	\$'000
Unsecured, Considered good		
Trade receivables	38,410	30,118
Joint Operations receivable	4,514	93,203
Claims and other receivables*	141,080	119,484
Unsecured, Considered doubtful		
Joint Operations receivable	19,596	17,602
Less: Provision for expected credit loss	(19,596)	(17,602)
Financial (A)	184,004	242,805
Unsecured, Considered good		
Amount receivable from Group Company	3,512	7,188
Joint Operations receivable**	3,687	1,195
Non – Financial (B)	7,199	8,383
Total (A) + (B)	191,203	251,188

**Includes prepayments of \$ 1.44 Mn (31 March 2024: \$ 1.64 Mn)

* Government of India (GoI) vide Office Memorandum (“OM”) No. O-19025/10/2005-ONG-DV dated 01 February 2013 allowed for Exploration in the Mining Lease Area after expiry of Exploration period and prescribed the mechanism for recovery of such Exploration Cost incurred. Vide another Memorandum dated 24 October 2019, GoI clarified that all approved Exploration costs incurred on Exploration activities, both successful and unsuccessful, are recoverable in the manner as prescribed in the OM and as per the provisions of PSC. Accordingly, the Company has started recognizing revenue, for past exploration costs, through increased share in the joint operations revenue as the Company believes that cost recovery mechanism prescribed under OM for profit petroleum payable to GoI is not applicable to its Joint operation partner. During FY 23-24, the Arbitration Tribunal has issued Final Partial Award which allowed for recovery of exploration costs. Accordingly The Company has recognized additional US\$ 3.68 Mn in FY 25-26. At year end, an amount of US\$ 154 Mn (31 March 2025: US\$ 149 Mn) is receivable from its joint operation partner on account of this. The Company is actively engaging with Joint operation partner and the same will be recovered through revenue in due course.

As at 31 March 2026 and 31 March 2025, the ageing analysis of trade and other receivables (Financial), is set out below:

	Mar'26	Mar'25
	\$'000	\$'000
Neither past due nor impaired	104,552	133,992
Past due but not impaired		
Less than 1 month	-	-
Between 1-3 months	-	-
Between 3-12 months	40,500	45,500
Greater than 12 months	143,655	131,470
Total	288,707	310,962

The movement in allowance for doubtful debts individually or collectively impaired is as set out below.

	Mar'26	Mar'25
	\$'000	\$'000
Joint operation trade receivables		
Opening balance	17,602	19,119
Movement during the period		
- Reclass from Non Current	-	-
- Movement	1,994	(1,517)
Closing balance	19,596	17,602

Cairn Energy Hydrocarbons Limited
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Included in the provision for expected credit loss are individually impaired Joint operation trade receivables with a balance of \$ 19.60 Mn (31 March 2025: \$ 17.60 Mn). These predominantly relate to outstanding Rajasthan cash calls from joint venture partner, Oil and Natural Gas Corporation (ONGC) which is currently being pursued by the management.

12 Short – Term Investments

	Mar'26	Mar'25
	\$'000	\$'000
Bank Deposits	73,080	135,383
Mutual funds	102,179	85,898
Total	175,259	221,281

Bank deposits are made for varying periods depending on the cash requirements of the Company and interest is earned at respective fixed deposit rates.

13 Cash and Cash Equivalents

	Mar'26	Mar'25
	\$'000	\$'000
Cash at bank	7	9
Total	7	9

Cash at bank earns interest at floating rates based on daily bank deposit rates. Short term deposits are made for varying periods from overnight deposits to three months depending on the cash requirements of the Company.

14 Inventories

	Mar'26	Mar'25
	\$'000	\$'000
Oil inventories*	12,906	9,404
Stores and spares	22,319	25,913
Total	35,225	35,317

* As on 31st March 2026 the inventory of finished goods is valued at cost, having total cost of \$ 12.91 Mn & Net Realisable Value of \$ 15.03 Mn.

* As on 31st March 2025 the inventory of finished goods is valued at cost, having total cost of \$ 9.40 Mn & Net Realisable Value of \$ 11.30 Mn.

15 Trade and Other Payables

	Mar'26	Mar'25
	\$'000	\$'000
Joint operation liabilities	40,162	125,541
Amounts owed to group companies	33	49
Profit petroleum payable	131,992	123,326
Dues to Joint Venture Partner	19,699	19,064
Operational buyers' credit/suppliers' credit	3,504	4,188
Other liabilities	127	84
Financial (A)	195,517	272,252
Statutory liabilities	12,564	8,372
Other liabilities	-	476
Non-Financial (B)	12,564	8,848
Total (A) + (B)	208,081	281,100

Cairn Energy Hydrocarbons Limited
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Operational buyers' credit/suppliers' credit are interest-bearing liabilities and are normally settled within a period of twelve months. These represent arrangements whereby operational suppliers of raw materials are paid by financial institutions, with the Company recognising the liability for settlement with the institutions at a later date.

16 Provisions

Provision for decommissioning – Non current

	\$'000
At 31 March 2024	103,831
Change in decommissioning estimate	(3,426)
Unwinding for the year	4,419
At 31 March 2025	104,824
Change in decommissioning estimate	(6,963)
Unwinding for the year	4,780
At 31 March 2026	102,641

Decommissioning costs are expected to be incurred during 2041 being the field life of Rajasthan oil and gas field. The provision has been estimated using existing technology at current prices which are escalated using an inflation rate of 2.1% p.a. (2025: 2% p.a.) and discounted using a real discount rate of 4.75% p.a. (2025: 4.75% p.a.). These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual decommissioning costs will ultimately depend upon future market prices for the necessary decommissioning works required that will reflect market conditions at the relevant time. Furthermore, the timing of decommissioning is likely to depend on when the fields cease to produce at economically viable rates. This, in turn, will depend upon future oil and gas prices, which are inherently uncertain. □

17 Share Capital

Authorised ordinary shares

Special Resolution was passed on 22 October 2009, whereby limit on the Authorised Share Capital of the Company was removed.

	31-Mar-26	31-Mar-26	31-Mar-25	31-Mar-25
	£1 Ordinary	Amount	£1 Ordinary	Amount
	Number	\$'000	Number	\$'000
Ordinary £1 shares	319,152,879	396,645	319,152,879	396,645
	319,152,879	396,645	319,152,879	396,645

Rights and obligations attaching to the shares

The rights and obligations attaching to the ordinary shares are set out in the Articles.

Each ordinary share carries the right to one vote at general meetings of the Company and is entitled to dividends.

Refer note 24 and 25 related to subsequent change in shareholding after 31 March 2026.

- 18** During year ended 31 March 2026, the Company issued Nil (March 2025: 39,727,500) equity shares of \$ Nil (March 2025: \$ 50,000,000) to its parent company, Cairn India Holdings Limited.

Cairn Energy Hydrocarbons Limited
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19 Capital Commitments

	Mar'26	Mar'25
	\$'000	\$'000
Oil and gas commitments:		
Property, plant and equipment – development activities	39,805	70,203
– exploration activities	7,659	1,560
Contracted for	47,464	71,763

The above capital commitments represent the Company's share of obligations in relation to its interests in joint operations. As the joint operation in which the Company participates involves joint control of assets, these commitments also represent the Company's share of the capital commitments of the joint operation itself.

Cairn Energy Hydrocarbons Limited
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20 Contingent Liabilities

Service tax – import of service

Vedanta Limited (erstwhile Cairn India limited) being the Operator of RJ-ON-90/1 block in which Company has participating interest, had received eleven show cause notices (SCN's) related to period April 1, 2006 to June 30, 2017, citing non-payment of service tax on various services. All SCN's have been adjudicated by the department and company has filed an appeal with respect to all the SCN's.

Out of the total service tax demanded by the Service tax authorities, \$ 4.6 Mn (31 March 2025: \$ 4.6 Mn) belongs to RJ-ON-90/1 block, and out of which Company's share will be \$ 1.2 Mn (31 March 2025: \$1.2 Mn).

Further, during the earlier period, 6 SCNs out of above has been closed pursuant to the Sabka Vishwas (Legacy Dispute Resolution Scheme) (SVLDRS) notified by the CBIC for the settlement of the pending tax litigations. Under this scheme, 6 applications were filed by the operator of the RJ Block for settlement of cases referred above and accordingly the payment was made for tax dues thus resulting in reduction of exposure on account of service Tax cases.

Thus, the net demand alleged w.r.t balance 5 SCNs for RJ Block is \$ 1.6 Mn and the company's share is \$0.6m. Consequently, the net contingent liability is \$ 0.5 Mn after considering provision created in books for \$ 0.03 Mn.

Oil cess

Rajasthan High Court vide its orders dated 19th Oct' 2016 and 13th Jan' 2017 in the case of Vedanta Ltd erstwhile Cairn India Limited (Operator of RJ ON- 90/1 block), held that Education cess ('E cess') and Secondary Higher Education Cess ('SHE cess') is payable on Oil Cess. The total amount shown as refundable for the period April'13 to Nov'13 is \$ 3.8 Mn (31 March 2025 \$ 3.8 Mn)

Consequent to High Court Orders, two Show Cause Notices ('SCN') issued for the period Dec'13 to Feb'15 have been adjudicated confirming the demand \$ 21.6 Mn (31 March 2025: \$21.6 Mn) plus applicable interest and penalty, Company's share in the same is \$ 7.6 Mn (31 March 2025: \$ 7.6 Mn).

Consequently, Vedanta Ltd erstwhile Cairn India Limited has challenged the cited High Court orders and two SCN's for the period Dec'13 to Feb'15 before the Hon'ble Supreme Court in Jan'2017. Stay has been granted by Supreme Court vide order dated 06-02-2017. Additionally, Statutory Appeals have also been filed before CESTAT Delhi against the demand order pertaining to period Dec'13 to Feb'15. Also, the Bench mentioned that pre-deposit is the mandatory requirement under the law for maintainability of the Appeal before CESTAT. Accordingly, pre deposit has been made and the Hon'ble Bench was pleased to direct the Registry to register the appeals and list them for hearing in due course.

Matter heard in CESTAT on 05th August 2022 and has been kept in abeyance until the issue attains finality before the Hon'ble Supreme Court. An application for early hearing filled on 05.12.2023 before Supreme Court. Thereupon, matter got listed for 22.02.2024, 07.08.2025, 28.08.2025, 6.11.2025 and 12.11.2025. However, the matter could not be taken up either due to paucity of time or an adjournment was moved by ASG. Hence, the matter is yet to be heard on merits and is now awaited for listing in due course.

Contractor Claims

Company is subject to various contractor claims and exposures which arise in the ordinary course of conducting its business. These are generally claims arising either after the settlement of dues or claims being made without performance under the contract on the contractor's part. In addition, there are certain cases pertaining to Land/ ROU disputes. The approximate value of claims against the Company excluding claims shown above is \$ 9.74 Mn (31 March 2025: \$ 11.68 Mn).

Cairn Energy Hydrocarbons Limited
Notes to Accounts

21 Related Party Transactions

The following table provides the nature of relationship with Group companies :

Name of Company

Cairn India Holdings Limited	Immediate Parent Company
Vedanta Limited	Indian Parent of Cairn India Holdings Limited
Vedanta Resources Limited	Holding company
Volcan Investments Limited	Ultimate controlling entity

The following table provides the total amount of transactions which have been entered into with Group companies during year and the balances outstanding at the Balance Sheet date:

	Mar'26	Mar'25
	\$'000	\$'000
Transactions during the period		
Dividend paid ⁽¹⁾	65,999	187,881
Brand fees paid to Vedanta Resources Limited	13,704	16,947
Issue of Equity shares ⁽²⁾	-	50,000
RJ Guarantee Commission	2,500	2,500
	Mar'26	Mar'25
	\$'000	\$'000
Outstanding balances		
Balances amounts owed to Cairn India Holding Limited	74	74
Balances amounts owed/ (receivable) to/from Vedanta Resources Limited	(3,018)	(6,118)
Balances amounts owed by Vedanta Limited	1	1

1) The Company paid total dividend of \$ 66 Mn (year ended 31 March 2025: \$ 187.88 Mn) to its holding company, Cairn India Holdings Limited.

2) During year ended 31 March 2026, the Company issued Nil (March 2025: 39,727,500) equity shares of \$ Nil (March 2025: \$ 50,000,000) to its parent company, Cairn India Holdings Limited.

3) Being in non-executive position no directors were entitled to any remuneration from the Company. Professional fee paid to the consultants for their directorship services to the Company amounted to \$ 31,946 for year ended 31 March 2026 (the year ended 31 March 2025: \$ 23,285).

4) The amounts outstanding are unsecured, repayable on demand and will be settled in cash. Interest, where charged, is at market rates.

Cairn Energy Hydrocarbons Limited
Notes to Accounts

22 Financial Risk Management: Objectives and Policies

Cairn India Holdings Limited, Company's immediate Parent, manages the financial risk of the Company along with of other subsidiaries within its control.

The Company's primary financial instruments comprise cash and short and medium-term deposits, loans and other receivables and financial liabilities held at amortised cost. The Company's strategy has been to finance its operations through a mixture of retained profits and bank borrowings. Other alternatives, such as equity finance and project finance are reviewed by the Board, when appropriate, to fund substantial acquisitions of oil and gas development projects.

The Company treasury function is responsible for managing investment and funding requirements including banking and cash flow monitoring. It must also recognise and manage interest and foreign exchange exposure whilst ensuring that the Company has adequate liquidity at all times in order to meet its immediate cash requirements.

The Company may from time to time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates. During the year, the Company did not enter into forward foreign exchange options to hedge the exposure of future Indian Rupee requirements.

The main risks arising from the Company's financial instruments are liquidity risk, interest rate risk, foreign currency risk and credit risk. The Board reviews and agrees policies for managing each of these risks and these are summarised below:

Liquidity risk

The Cairn India Holdings Group currently has surplus cash which it has placed in a combination of money market liquidity funds, fixed term deposits, mutual funds and marketable bonds with a number of International and Indian banks, financial institutions and corporates, ensuring sufficient liquidity to enable the Cairn India Holdings Group to meet its short/medium-term expenditure requirements

The Cairn India Holdings Group is conscious of the current environment and constantly monitors counterparty risk. Policies are in place to limit counterparty exposure. The Cairn India Holdings Group monitors counterparties using published ratings and other measures where appropriate.

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

	(in \$'000)				
	< 1 year	1-3 years	3-5 years	>5 years	Total
At 31 March 2026					
Trade and other Payables	195,517	-	-	-	195,517
	195,517	-	-	-	195,517
At 31 March 2025					
Trade and other Payables	272,252	-	-	-	272,252
	272,252	-	-	-	272,252

Cairn Energy Hydrocarbons Limited
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Interest rate risk

Surplus funds are placed on short/medium-term deposits at fixed/floating rates. It is Cairn India Holdings Group's policy to deposit funds with banks or other financial institutions that offer the most competitive interest rate at time of issue. The requirement to achieve an acceptable yield is balanced against the need to minimise liquidity and counterparty risk.

Short/medium-term borrowing arrangements are available at floating rates. The treasury functions may from time to time opt to manage a proportion of the interest costs by using derivative financial instruments like interest rate swaps. At this time, however, there are no such instruments.

The exposure of the company's financial assets to interest rate risk is as follows:

	Mar-26			(in \$'000) Mar-25		
	Floating rate	Fixed rate	Non-interest bearing	Floating rate	Fixed rate	Non-interest bearing
Financial Assets	102,179	177,783	184,011	85,898	203,541	242,814

The exposure of the company's financial liabilities to interest rate risk is as follows:

	Mar-26			(in \$'000) Mar-25		
	Floating rate	Fixed rate	Non-interest bearing	Floating rate	Fixed rate	Non-interest bearing
Financial Liabilities	-	3,504	192,013	-	4,188	268,064

Considering the net asset position as at 31 March 2026 and the investment in liquid investments, foreign currency bonds and foreign mutual funds, any increase in interest rates would result in a net profit and any decrease in interest rates would result in a net loss. The sensitivity analysis below has been determined based on the exposure to interest rates at the balance sheet date.

The below table illustrates the impact of a 0.5% to 2.0% increase in interest rate of floating rate of financial assets/ liabilities(net) on profit and represents management's assessment of the possible change in interest rates.

	(in \$'000)	
	31 March 2026	31 March 2025
Increase in interest rates	Effect on profit for the year	Effect on profit for the year
0.50%	511	429
1.00%	1,022	859
2.00%	2,044	1,718

A reduction in interest rates would have an equal and opposite effect on the financial statements.

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Foreign currency risk

The Company manages exposures that arise from non-functional currency receipts and payments by matching receipts and payments in the same currency and actively managing the residual net position. Generally, the exposure has been limited given that receipts and payments have mostly been in US dollars and the functional currency of the Company is US dollars.

In order to minimise Company's exposure to foreign currency fluctuations, currency assets are matched with currency liabilities by borrowing or entering into foreign exchange contracts in the applicable currency if deemed appropriate. The Company also aims to hold working capital balances in the same currency as functional currency, thereby matching the reporting currency and functional currency of most companies in the Company. This minimises the impact of foreign exchange movements on the Company's Statement of Financial Position.

Where residual net exposures do exist and they are considered significant the Company may from time to time, opt to use derivative financial instruments to minimise its exposure to fluctuations in foreign exchange and interest rates.

The carrying amount of the Company's financial assets and liabilities in different currencies are as follows:

	31-Mar-26	31-Mar-26	31-Mar-25	(in \$'000) 31-Mar-25
	Financial Assets	Financial Liabilities	Financial Assets	Financial Liabilities
USD	359,270	162,391	418,065	241,765
GBP	-	-	-	-
INR	104,703	33,126	114,188	30,487
Others	-	-	-	-
Total	463,973	195,517	532,253	272,252

The Company's exposure to foreign currency arises where a company holds monetary assets and liabilities denominated in a currency different to the functional currency. Set out below is the impact of a 10% change in the US dollar on profit/ (loss) arising as a result of the revaluation of the company's foreign currency financial instruments:

	(in \$'000)	
	31-Mar-26	
	Closing exchange rate	Effect of 10% strengthening of US dollar on net earning
INR	93.8708	7,158
GBP	1.32	-
	31-Mar-25	
	Closing exchange rate	Effect of 10% strengthening of US dollar on net earning
INR	85.4655	8,370
GBP	1.29	0

The sensitivities are based on financial assets and liabilities held at 31 March 2026 where balances are not denominated in the company's functional currency. The sensitivities do not take into account the company's sales and costs and the results of sensitivities could change due to other factors such as change in the value of financial assets and liabilities as a result of non-foreign exchange influenced factors. A 10% depreciation of the US\$ would have an equal and opposite effect on the company's financial instruments.

Credit risk

Credit risk from investments with banks and other financial institutions is managed by the Treasury functions in accordance with the Board approved policies. Investments of surplus funds are only made with approved counterparties who meet the appropriate rating and/or other criteria and are only made within approved limits. The respective Boards continually re-assess the Group's policy and update as required. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty failure.

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At the year end the Company does not have any significant concentrations of bad debt risk other than that disclosed in note 10 & note 11. Also, in case of receivables considered good there is low credit risk.

The maximum credit risk exposure relating to financial assets is represented by the carrying value as at the Balance Sheet date.

Capital management

The objective of the Company's capital management structure is to ensure that there remains sufficient liquidity within the Company to carry out committed work programme requirements. The Company monitors the long-term cash flow requirements of the business in order to assess the requirement for changes to the capital structure to meet that objective and to maintain flexibility.

The Company manages its capital structure and makes adjustments to it, in light of changes to economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital, issue new shares for cash, repay debt, put in place new debt facilities or undertake other such restructuring activities as appropriate.

No changes were made in the objectives, policies or processes during year ended 31 March 2026.

23 Financial Instruments

The Company calculates the fair value of assets and liabilities by reference to amounts considered to be receivable or payable on the Balance Sheet date. The Company's financial assets and liabilities, together with their fair values are as follows:

Financial assets

	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
As at March 2026	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	-	7	7	7
Trade and other receivables	-	184,004	184,004	184,004
Other assets	-	104,703	104,703	104,703
Short – Term investments	102,179	73,080	175,259	175,259
	102,179	361,794	463,973	463,973

Financial liabilities

	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
As at March 2026	\$'000	\$'000	\$'000	\$'000
Joint Operation trade payables	-	40,162	40,162	40,162
Dues to Joint Venture Partner	-	19,699	19,699	19,699
Operational buyers' credit/suppliers' credit	-	3,504	3,504	3,504
Amounts owed to group companies	-	33	33	33
Profit petroleum payable	-	131,992	131,992	131,992
Other Liabilities	-	127	127	127
	-	195,517	195,517	195,517

Financial assets

	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
As at March 2025	\$'000	\$'000	\$'000	\$'000
Cash and cash equivalents	-	9	9	9
Trade and other receivables	-	242,805	242,805	242,805
Other assets	-	68,157	68,157	68,157
Short – Term investments	85,898	135,383	221,281	221,281
	85,898	446,354	532,252	532,252

Cairn Energy Hydrocarbons Limited
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Financial liabilities

As at March 2025	Fair value through profit or loss	Amortised cost	Total carrying value	Total fair value
	\$'000	\$'000	\$'000	\$'000
Joint Operation trade payables	-	125,541	125,541	125,541
Dues to Joint Venture Partner	-	19,064	19,064	19,064
Operational buyers' credit/suppliers' credit	-	4,188	4,188	4,188
Amounts owed to group companies	-	49	49	49
Profit petroleum payable	-	123,326	123,326	123,326
Other liabilities	-	84	84	84
	-	272,252	272,252	272,252

All of the above financial assets are current and unimpaired with the exception of Joint Operation trade receivables. An analysis of the ageing of Joint Operation trade receivables is provided in note 10 & note 11.

Investments in equity of subsidiaries, associates and joint ventures which are carried at cost are not covered under IFRS 7 and hence not been included above.

Fair value hierarchy

IFRS 13 requires additional information regarding the methodologies employed to measure the fair value of financial instruments which are recognised or disclosed in the accounts. These methodologies are categorised per the standard as:

Level 1: fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: fair value measurements are those derived from inputs other than quoted prices that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from price); and

Level 3: fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Fair Value Hierarchy

Particulars	As at 31 March 2026		
	Level 1	Level 2	Level 3
Financial assets			
At fair value through profit or loss			
Short term investments – Investments in Mutual funds	102,179	-	-
Total	102,179	-	-

Fair Value Hierarchy

Particulars	As at 31 March 2025		
	Level 1	Level 2	Level 3
Financial assets			
At fair value through profit or loss			
Short term investments – Investments in Mutual funds	85,898	-	-
Total	85,898	-	-

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The fair value of the financial assets and liabilities are at the amount that would be received to sell an asset and paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used to estimate the fair values:

- Investments traded in active markets are determined by reference to quotes from the financial institutions; for example: Net asset value (NAV) for investments in mutual funds declared by mutual fund house. For other listed securities traded in markets which are not active, the quoted price is used wherever the pricing mechanism is same as for other marketable securities traded in active markets. Other current investments are valued by referring to market inputs including quotes, trades, poll, primary issuances for securities and /or underlying securities issued by the same or similar issuer for similar maturities and movement in benchmark security, etc.
- Financial assets forming part of Trade and other receivables, cash and cash equivalents (including restricted cash and cash equivalents), bank deposit and financial liabilities forming part of trade and other payables and short-term borrowings: Approximate their carrying amounts largely due to the short-term maturities of these instruments.
- Other non-current financial assets and financial liabilities: Fair value is calculated using a discounted cash flow model with market assumptions, unless the carrying value is considered to approximate to fair value.
- Long-term fixed-rate and variable rate borrowings: Listed bonds are fair valued based on the prevailing market price. For all other long-term fixed-rate and variable-rate borrowings, either the carrying amount approximates the fair value, or fair value has been estimated by discounting the expected future cash flows using a discount rate equivalent to the risk-free rate of return adjusted for the appropriate credit spread.
- Quoted financial asset investments: Fair value is derived from quoted market prices in active markets.

For all other financial instruments, the carrying amount is either the fair value, or approximates the fair value.

The changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationship and the value of other financial instruments recognised at fair value.

The estimated fair value amounts as at 31 March 2026 have been measured as at that date. As such, the fair values of these financial instruments subsequent to reporting date may be different than the amounts reported at each year-end.

24 Ultimate Parent Company

As on 31 March 2026, the Company is a wholly owned subsidiary of CIHL which is turn in subsidiary of Vedanta Limited. Vedanta Limited is a subsidiary of Vedanta Resources Limited (erstwhile Vedanta Resources Plc.). Volcan Investments Limited ("Volcan") is the ultimate controlling entity and controls Vedanta Resources Limited. Volcan is controlled by persons related to the Executive Chairman, Mr. Anil Agarwal. Volcan Investments Limited is incorporated in the Bahamas and does not produce Group accounts.

The results of the Company are consolidated into intermediate parent company, viz. Vedanta Resources Limited. The registered office of Vedanta Resources Limited, is C/O CSC CLS (UK) Limited, 5 Churchill Place, 10th Floor, London, United Kingdom, E14 5HU. Copies of Vedanta Resources Limited's financial statements are available on its website.

The Board of Directors of Vedanta Limited ("VEDL" or "Transferor Company" or "Demerged Company"), in its meeting held on 29 September 2023, had approved a Scheme of Arrangement ("the Original Scheme") for demerger of various businesses of the Company, namely, demerger of the Company's Aluminium (represented by the Aluminium Segment), Merchant Power (represented by the Power Segment), Oil & Gas (represented by the Oil and Gas Segment), Base Metals (represented by the Copper and Zinc International Segment) and Iron Ore (represented by Iron Ore segment and Steel business Undertakings), resulting in 6 separate companies (including Vedanta Limited, being the demerged Company), with a mirrored shareholding and consequent listings at BSE Limited and National Stock Exchange of India Limited ("the Stock Exchanges").

In December 2024, Vedanta Limited and other five resulting companies decided not to proceed with implementation of demerger of Base Metal undertaking into Vedanta Base Metals Limited, along with making appropriate updates to the Original Scheme ("the Scheme"). The non-implementation of the demerger of the Base Metals Undertaking shall not affect any other parts of the Original Scheme described above.

As provided in the Scheme and upheld by the Hon'ble National Company Law Tribunal, Mumbai Bench ("NCLT"), in its order dated 16 December 2025 read with order dated 21 January 2026, the appointed date is to be considered as the effective date, subject to the fulfilment of certain conditions. These conditions were completed on 01 May 2026, and accordingly, the Scheme became effective from 01 May 2026.

Pursuant to the effectiveness of the Scheme, the Oil and Gas Undertaking, including investment in the subsidiaries namely 'Cairn India Holdings Limited', 'Cairn Energy Hydrocarbons Limited' and 'Cairn Lanka Private Limited', have been transferred to and vested in the Vedanta Oil & Gas Limited (formerly known as Malco Energy Limited). However, pending MoPNG approval for transfer of Participating interest of VEDL, the said PI is being held by VEDL in trust for Vedanta Oil & Gas Limited.

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25 Subsequent events

Pursuant to the effectiveness of the Scheme (refer note 24), the Oil and Gas Undertaking, including investment in the subsidiaries namely 'Cairn India Holdings Limited', 'Cairn Energy Hydrocarbons Limited' and 'Cairn Lanka Private Limited', have been transferred to and vested in the Vedanta Oil & Gas Limited (formerly known as Malco Energy Limited). However, pending MoPNG approval for transfer of Participating interest of VEDL, the said PI is being held by VEDL in trust for Vedanta Oil & Gas Limited.

No transactions have occurred since the date of Balance Sheet or are pending that would have a material effect or requires adjustment to the accounting estimates and disclosures included in the financial statements at that date or for the period then ended.